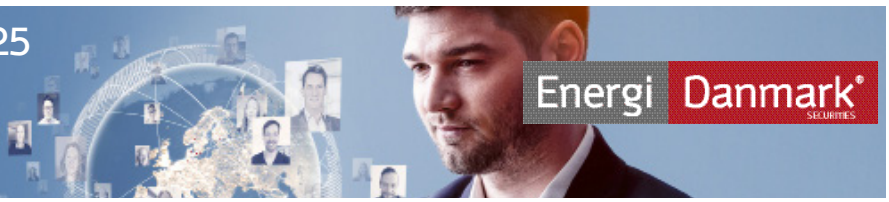
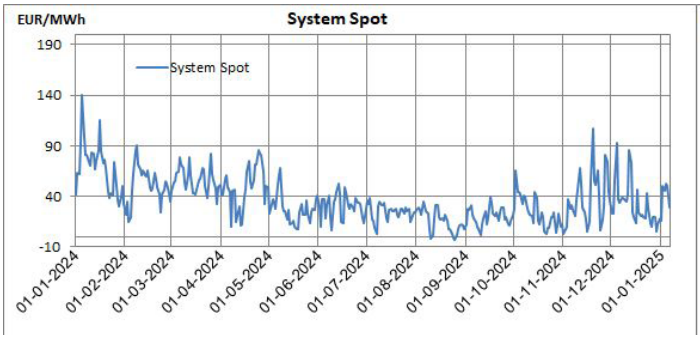
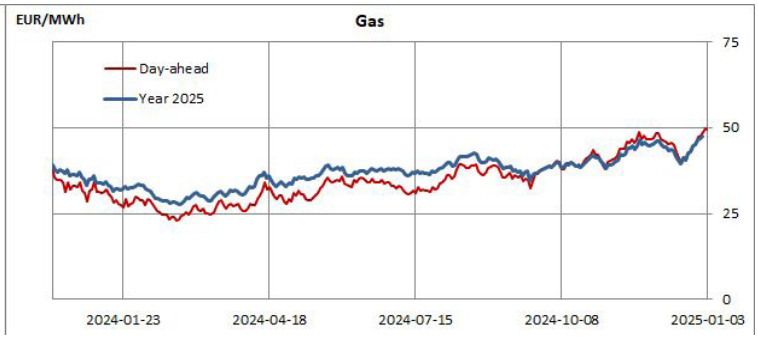
Morning Report January 6 2025



	Expectation	
Oil	↘	Last week ended with yet another bullish day on the oil market, where prices have been rising lately following the announcement from the Chinese government that it will add extra stimulus into the country's economy. Friday, the Brent front month contract therefore rose, but the uncertainty about both OPEC's production strategy this year and the effects of the presidency of Donald Trump limits the upside as prices are falling Monday morning.
Gas	↘	Following a sharp uptrend which has send the TTF front-month contract above 50 EUR/MWh in a matter of just a few weeks, we saw a downwards correction on the European gas market yesterday. The downturn was likely a correction as cold weather, the expiry of the Russian-Ukrainian gas transit deal and the overall uncertain geopolitical situation has led to a fiercely bullish sentiment lately. Prices continue to fall early Monday.
Coal	↘	European coal prices fell along with gas Friday and with the massive fluctuations we have seen on gas during the last month, it is very likely that coal will remain re-active and correlate with gas, also in the near future. The API 2 2025 contract closed the day at 111,61 USD/t and should fall today as well if the bearish sentiment on gas continues.
Carbon	↘	We have seen European carbon prices have been skyrocketing lately. Sharp price increases on the related markets, first and foremost gas, combined with low auction supply during the Christmas holiday period, have caused prices to surge, with the benchmark contract, the EUA Dec-25, closing Friday at 75,94 EUR/t, the highest level since June last year. It will be interesting to see what happens now where people start returning from holiday, as the first signals Monday are bearish.
Hydro	↘	Over the weekend, we have received wet and mild weather forecasts for the Nordic area. The second half of this week will likely be dominated by a short-lived high-pressure, as the region will see both precipitation, temperatures and wind output below normal, but from next week, wetter and warmer conditions will return. The outlook appears bearish for the Nordic power market this morning.
Germany	↘	On a rare day of falling gas prices in Europe, the German power market also edged down in Friday's trading. The gas-dependent country faces uncertainty as a large portion of Europe's gas imports have ceased at the end of 2024. The German 2025 contract closed Friday at 93,05 EUR/MWh and appears to retreat again Monday morning.
Equities	↗	The European stock markets have been through a bullish development recently, but closed last week with a downturn. The Stoxx600 Index fell 0,49 % followed by a more optimistic development in the US later in the day. The first signals from Asia early Monday are bullish and it seems likely that the sentiment will spread to Europe later in the session.
Conclusion	↘	On the Nordic power market, the downtrend resumed Friday with the most traded system futures dropping sharply. The Q2-25 contract now costs 19,25 EUR/MWh, its lowest level ever, whereas the 2026 contract fell to 34,75 EUR/MWh, the lowest level in three years. This is of course a massive contrast to the situation on related markets, where gas and carbon are close to year-high levels, but this is the result of a strong hydro balance surplus and mild forecasts. We expect the downtrend to continue today where the related markets are also down.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
04-jan	120,79	119,21	92,13	91,06	95,22	77,96	52,59	February	89,50	89,90	52,50	56,50	64,75	60,00	41,75	Day-ahead	49,43
05-jan	71,87	72,39	64,35	63,45	72,32	54,71	50,68	Q2-25	77,85	77,85	20,35	28,35	29,60	30,35	19,35	Year 2025	0,00
06-jan	24,58	25,35	24,69	25,13	79,23	30,32	28,55	2026	88,00	87,50	36,45	45,40	43,75	44,75	34,75		





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