

Morning Report July 10 2024

Expectation

Oil



For a third straight day, the international oil market edged down yesterday, with the Brent front month contract closing the day at 84,66 USD/bbl. The downtrend continues early Wednesday. The market has fallen as the effects of the hurricane in the US earlier this week were not as bad as feared. Furthermore, key figures from China showed continuously high inflation, causing some concerns about demand in the world's second largest consumer.

Gas



The price falls on the European gas market continued without interruption Tuesday. Over the last month, some futures contracts on the TTF gas hub have fallen around 15 % amid high storage levels and improving supply from Norway. South and Central Europe could face increased demand in the coming days due to a heat wave, but this does not stop the market from falling today.

Coal



On the coal market, prices fell along with gas yesterday. The correlation between the two markets remains strong as coal has followed gas downwards over the last weeks. The API 2 2025 contract closed Tuesday at 110,45 USD/t and there could be further price falls on the was today, as the gas market also continues the downtrend.

Carbon



European carbon prices also fell in Tuesday's session. The benchmark contract has dropped back below the 70 EUR/t threshold but in general, fluctuations are small and liquidity quite low at the moment. It will likely take some movements on the related markets for carbon to see any major fluctuations over the coming summer holiday weeks.

Hydro



Since yesterday, the Nordic weather forecasts have not changed significantly. The next few days look quite dry, but from the weekend and during next week, rain amounts are once again expected above average. Temperatures are meanwhile set to remain above average until late next week. The outlook appears neutral for the Nordic power market since it is largely unchanged from yesterday.

Germany



German power prices continued to fall Tuesday, following the downtrend on the gas and carbon markets. The country's 2025 contract closed the day at 90,10 EUR/MWh. Today, the market faces further bearish pressure, since both gas and carbon continue the downtrend, and we could see prices drop to the lowest level since April.

Equities



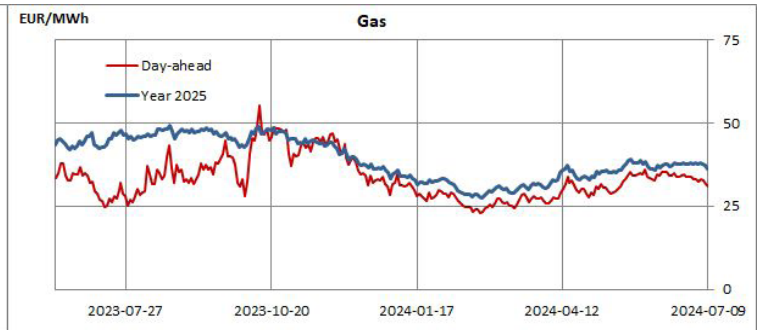
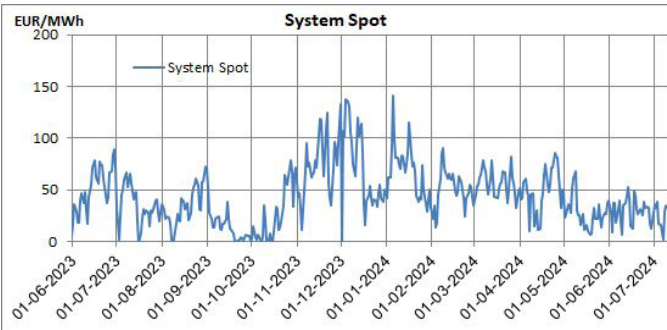
Renewed political uncertainty in France weighed on the risk appetite on the international stock markets yesterday. The Stoxx600 Index ended up falling 0,90 %, as it could last a while before we see a government formed. The bearish sentiment continued later in the day in the US, where Fed Chief Powell did not offer any new hopes of interest rate cuts. The first signals Wednesday are a bit more bullish.

Conclusion



There were no changes to the bearish sentiment on the Nordic power market yesterday. A long-lasting combination of wet weather forecasts, a narrowing hydro balance deficit and falling prices on the most important related markets have caused Nordic power prices to fall. The Q4-24 and 2025 contracts closed Tuesday at 44,00 EUR/MWh and 41,00 EUR/MWh respectively. We could very well see the development continue today, where gas and German power continues downwards.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Gas	TTF
08-jul	87,84	88,38	23,56	41,19	1,19	35,52	29,48	August	67,33	66,70	25,45	35,45	38,85	37,70	30,20	Day-ahead	30,78
09-jul	71,84	71,84	30,71	44,07	24,64	35,65	35,05	Q4-23	77,13	74,50	38,80	50,00	50,50	54,40	44,00	Year 2025	36,34
10-jul	64,18	65,46	24,15	53,76	21,70	36,13	31,63	2025	78,50	75,00	35,90	47,40	47,15	50,75	41,00		



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