

NORDIC ELECTRICITY MARKET

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DOWNWARD PRESSURE CREATED BY WETTER-THAN-NORMAL WEATHER PICTURE AND NERVOUS MARKET SENTIMENT

Forecast to week 10:

ENOFUTBLQ2-20	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	↔ Sideways (± 0,5%)
NEDEC20	📉 Bearish (<0%)

FORECAST TO WEEK 10

POWER FUTURES

Front quarter

Over the weekend, the weather forecasts started to indicate a slight increase in precipitation and higher temperatures. The weather has turned rainier and milder than normal again. The weather type will, as a rule, continue as wetter and milder than normal, and the weather forecasts are not showing signs of new cold or dry spells. We expect quarterly products to fall.

Annual products

The wetter and milder weather forecasts are also exerting downward pressure on the front-year product. The general market sentiment has been very nervous and a corrective downward move has been seen in the stock markets. The nervous market sentiment has pushed fuel and emission allowance prices down. On Monday, the market sentiment was calmer amid prospects for stimulus measures. We anticipate that the major swings will continue, however, and expect the markets to remain nervous for the time being. We expect annual products to fall.

SPOT MARKET

The weather has turned milder than normal for the time of year again. Temperatures will be dropping in the days ahead towards Friday, but the weather will remain slightly milder than normal. The weekend will see a rise in temperatures. Nordic wind power production will as a rule be weaker than normal. On Wednesday, wind power output will rise close to normal but will be at its weakest within the week on Thursday and Friday. On Sunday, wind power output will increase slightly above the normal level. Nuclear power output has risen to the normal level. We expect the system price at the weekly level to remain close to the level seen last week. Finnish wind power production will increase after the first days of the week and will be abundant on Wednesday and Thursday. Towards the end of the week, Finnish wind power output will decline to a level below normal. We expect the Finnish area price to settle at a level close to last week's average level.

EMISSIONS

The nervous mood may still continue in the stock markets, which may maintain the downward pressure on fuel prices, the German power market and emission allowance prices. Downward pressure may also be created by increased supply as the UK auctions restart on Wednesday. During the current week, German wind power production will be lower than normal, which may provide slight support. We expect a fall in emission allowance prices, however.

Market signals

	spot	Q2-20	YR-21
Hydrologic balance	↓	↓	↓
Precipitation forecast	↓	↓	↓
Temperature forecast	↓	↓	↓
Spot	↔	→	→
Production and transmission exch.	↑	→	→
Emissions allowance	↓	↓	↓
Coal price	↓	↓	↓
German prices	↓	↓	↓
Technical analysis	↔	↓	↓

Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ2-20	28.2.2020	13.20	17.9%	2.00
ENOFUTBLQ3-20	28.2.2020	13.35	16.0%	1.84
ENOFUTBLQ4-20	28.2.2020	24.33	1.4%	0.33
ENOFUTBLQ1-21	28.2.2020	30.50	1.9%	0.57
ENOYR-21	28.2.2020	26.35	1.0%	0.25
ENOYR-22	28.2.2020	28.55	-2.4%	-0.70
ENOYR-23	28.2.2020	29.20	-1.6%	-0.48
ENOYR-24	28.2.2020	29.00	-1.5%	-0.45
ENOYR-25	28.2.2020	30.35	-1.3%	-0.40
NEDEC20	28.2.2020	23.58	-7.7%	-1.96
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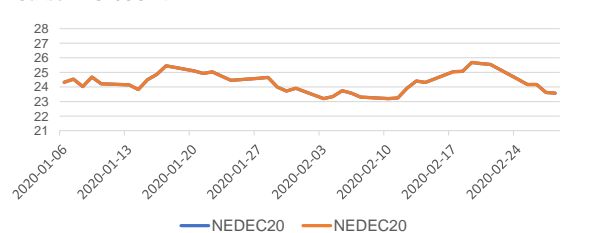
EPAD settlements

28.2.2020 (€/MWh)	2021	2022	2023
SYHEL	8.30	4.70	3.75
SE1-NP System	-1.50	-2.25	-2.25
SE2 - NP System	-1.50	-2.25	-2.25
SE3 - NP System	1.25	1.35	1.35
SE4 - NP System	2.60	2.60	2.60

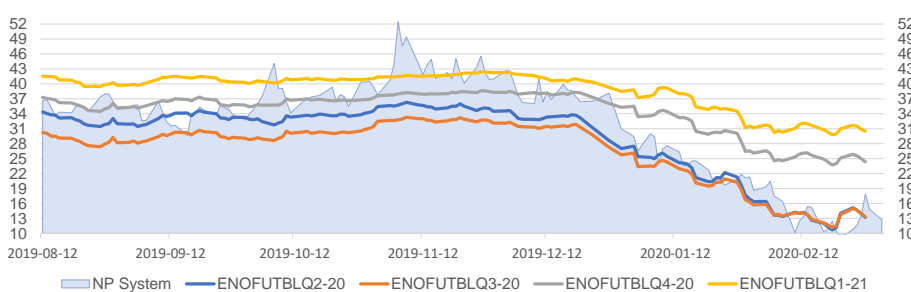
Week's spot price change

Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	1.3.2020	12.71	30.4%	2.96
NP Area FI	1.3.2020	32.84	71.6%	13.70
NP Area SE1	1.3.2020	18.88	89.9%	8.94
NP Area SE2	1.3.2020	18.88	89.9%	8.94
NP Area SE3	1.3.2020	24.31	79.9%	10.79
NP Area SE4	1.3.2020	24.31	79.9%	10.79

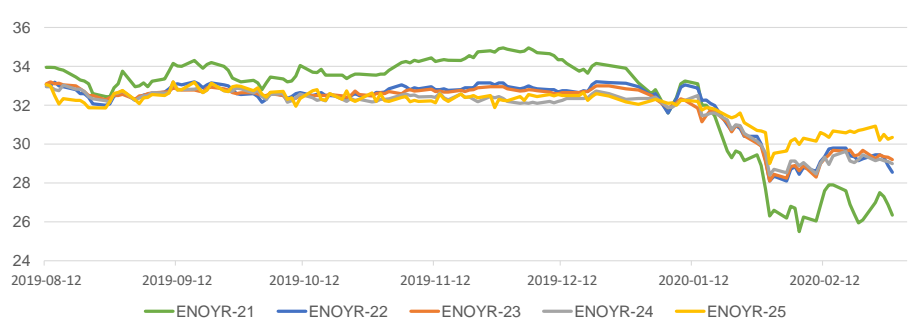
Carbon EUR/CO2 t



Quarters EUR/MWh (left), NP System EUR/MWh (right)



Years EUR/MWh



COMMENTS ON WEEK 9

POWER FUTURES

Front quarter

Last week, quarterly products were supported by the weather type turning dry and also considerably cooler than in the previous weeks. The early days of the week saw quarterly products rise. However, the weather forecasts showed wetter and milder conditions again for the week ahead, so the dry period appeared to be short-lived. Quarterly products declined towards the end of the week but were clearly up at the weekly level.

Annual products

The dry weather and the climb of the quarterly products in the first days of the week resulted in the front-year product also climbing in the early days of last week. After the early part of the week, the climb of the front-year product halted in the wake of quarterly products, and the front-year product took a downturn towards the end of the week. Downward pressure on annual products was created by next week's wetter weather picture and the plummeting stock indices reflecting concerns about the spread of the coronavirus epidemic. The concerns raised the risk of economic slowdown, and fuel as well as emission allowance prices also dropped. Annual products further ahead from the front-year product closed on a downward trajectory at the weekly level.

SPOT MARKET

Last week after the first days of the week, temperatures dropped to a level below normal for the time of year. Spot prices rose as power demand increased. Wind power production also declined after the start of the week to a level below normal. At the weekend, temperatures and wind power output recovered again and spot prices fell. At the weekly level, however, spot prices were clearly up. Finnish wind power output was below normal after Monday. The Finnish area price also settled clearly above the system price at the weekend and rose more than the system price at the weekly level.

EMISSIONS

The bearish stock markets were putting downward pressure on fuel prices, the German power market and also on emission allowance prices last week. Downward pressure on emission allowance prices was also created by the confirmation of the restart of the UK auctions on March 4.

Indicator	ENOFUTBLQ2-20	ENOYR-21
Coal-fired production	66 %	58 %
Coal price	71 %	61 %
Gas price (NBP)	76 %	65 %
German price level	6 %	85 %
Spot	90 %	82 %
Crude oil Brent	29 %	41 %
Water reservoirs	90 %	88 %
EUR/USD FX rate	23 %	26 %
Temperature	8 %	5 %
Precipitation	16 %	13 %

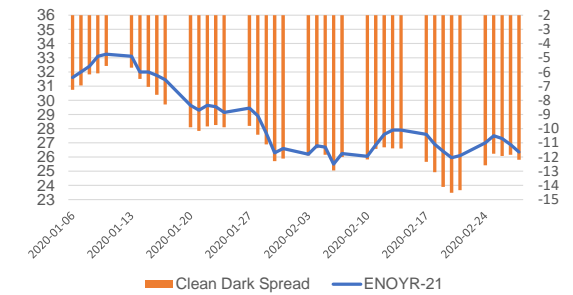
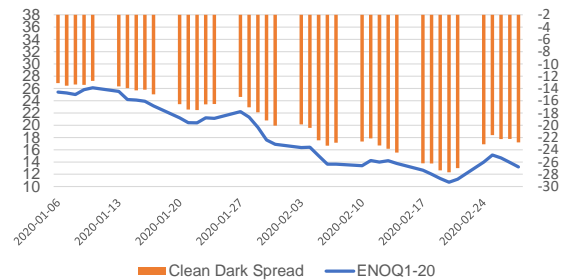
Definition
The above figures measure the ability of market determinants to describe the price changes occurred in last 6 months. The affect is measured as Coefficient of Determination*. Each variable is evaluated independently. We use a color scale to demonstrate efficacy, green (strong), yellow (moderate), red (weak)

Forecast history	9	Chg	8	Chg
ENOFUTBLQ2-20	↗	17.9%	↘	-18.5%
ENOYR-21	↗	1.0%	↘	-6.5%
NP System	↗	30.4%	↘	-40.2%
NEDEC20	↘	-7.7%	↘	5.1%

DETERMINANTS AFFECTING THE MARKET ON WEEK 10

RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY

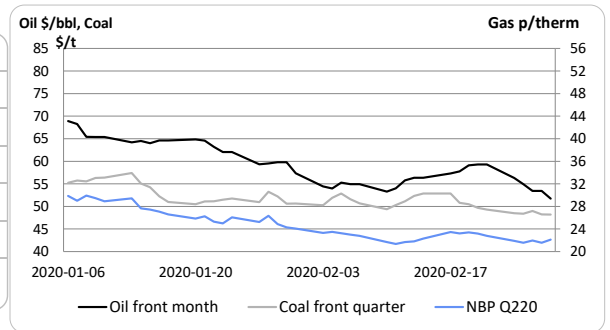
- FI-EE (1016 MW), maintenance 6.-12.3.2020, in use 658-1016 MW
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 100%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 20 % of the maximum



AVERAGE SPOT PRICE AND EPAD

Price area (€/MWh)	2012	2013	2014	2015	2016	2017	2018	2019	2020*
NP System	31.20	38.10	29.60	21.00	26.91	29.41	43.99	38.94	18.53
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	6.59
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	-0.49
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	-0.49
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	1.50
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	3.05

*Average for period between 1.1.2020-2.3.2020.



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Source for data: intStream, Tilastokeskus

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