

NORDIC ELECTRICITY MARKET

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**DOWNWARD PRESSURE ON POWER MARKET MAINTAINED BY NERVOUS MARKET SENTIMENT AND CRASHING STOCK INDICES**

Forecast to week 12:	
ENOFUTBLQ2-20	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	↔ Sideways (± 0,5%)
NEDEC20	📉 Bearish (<0%)

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	↔	↓	↓

**FORECAST TO WEEK 12**

**POWER FUTURES**

**Front quarter**

The weather is mild and rainier than normal but will get momentarily drier and cooler towards the end of the week. However, the drier and cooler spell will probably be very short-lived, and precipitation rates and temperatures will rise above normal again next week. We expect quarterly products to fall.

**Annual products**

The general nervous market sentiment and falling stock indices are maintaining a downward pressure on fuel prices as well as emission allowance prices. On Monday, emission allowance prices broke through an important support level, providing further scope for downward movement in the prices. Annual products are technically very weak. We expect the downtrend of annual product prices to continue.

**SPOT MARKET**

The weather is milder than normal for the time of year until a momentary drop in temperatures towards the end of the week. Nordic wind power production will be abundant on Tuesday and Wednesday but will take a downturn after Wednesday, and for the rest of the week wind power output will be slightly weaker than normal. The annual outage of the Ringhals 1 nuclear power plant unit has begun. Finnish wind power production will be abundant in the first days of the week but will drop close to the normal level after Tuesday. The interconnection between Finland and Northern Sweden will be on reduced capacity at the weekend. We expect the system price at the weekly level to settle at a level close to that seen last week. We expect the Finnish area price to rise and settle at an average of €21.5/MWh.

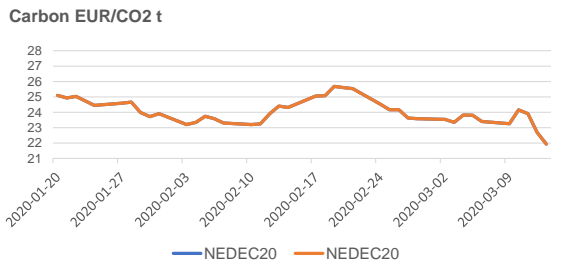
**EMISSIONS**

The nervous atmosphere, diving stock indices and weak economic outlook are maintaining downward pressure on emission allowance prices. The German power market is also very weak. On Monday, a significant emission allowance price support level (last autumn's lowest trading levels) was broken, which provides scope for further downward movement in emission allowance prices. So far, the psychological support level of €20 has held, but the next strong support level is as low as €18.8.

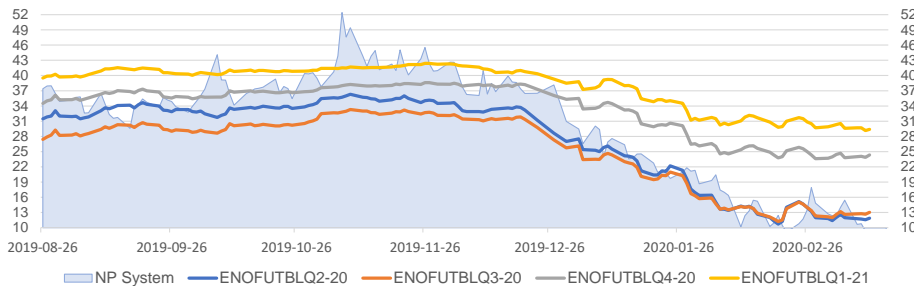
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ2-20	13.3.2020	11.85	-6.0%	-0.75
ENOFUTBLQ3-20	13.3.2020	13.03	-0.9%	-0.12
ENOFUTBLQ4-20	13.3.2020	24.35	-1.3%	-0.32
ENOFUTBLQ1-21	13.3.2020	29.40	-3.8%	-1.15
ENOYR-21	13.3.2020	25.20	-5.3%	-1.40
ENOYR-22	13.3.2020	27.25	-4.6%	-1.30
ENOYR-23	13.3.2020	28.30	-3.7%	-1.10
ENOYR-24	13.3.2020	28.70	-1.3%	-0.38
ENOYR-25	13.3.2020	29.65	-2.2%	-0.68
NEDEC20	13.3.2020	21.93	-6.3%	-1.47
NEDEC20	13.3.2020	21.93	-6.3%	-1.47

EPAD settlements	2021	2022	2023
13.3.2020 (€/MWh)			
SYHEL	8.45	4.50	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

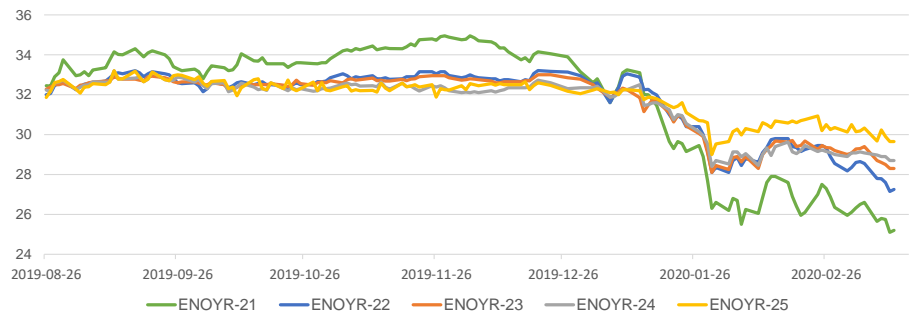
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	15.3.2020	9.13	-28.8%	-3.70
NP Area FI	15.3.2020	19.74	-26.3%	-7.05
NP Area SE1	15.3.2020	9.11	-34.0%	-4.69
NP Area SE2	15.3.2020	9.11	-34.0%	-4.69
NP Area SE3	15.3.2020	9.99	-54.9%	-12.18
NP Area SE4	15.3.2020	9.99	-54.9%	-12.18



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



Years EUR/MWh



COMMENTS ON WEEK 11

**POWER FUTURES**

**Front quarter**

Last week, quarterly products fell due to the weather type being wetter and milder than normal. Downward pressure on quarterly products was also created by the very nervous general market sentiment and huge drop in fuel prices. Towards the end of the week, quarterly products recovered slightly as the weather forecasts were showing cautious signs for a turn towards a dry weather type after the week ahead. Quarterly products ended up on a downward trajectory at the weekly level, however.

**Annual products**

Annual products took a major dip last week. Concerns about the spread of the coronavirus epidemic got stronger and stock indices dived. The weak economic outlook created strong downward pressure on fuel and emission allowance prices. Oil prices crashed when Saudi Arabia announced an oil output hike as OPEC and Russia failed to agree on oil production cuts. The collapsed oil price strengthened the nervous market sentiment and created strong downward pressure on coal and natural gas prices, too.

**SPOT MARKET**

Last week, the weather was mainly milder than normal but got momentarily cooler towards the end of the week. Nordic wind power production was abundant during the week, with the exception of Saturday. Wetter than normal weather forecasts and the high hydro balance strengthened the downward pressure on spot prices. Finnish wind power production was high on Monday, and the Finnish area price settled close to the system price. After Monday, Finnish wind power output weakened and the Finnish area price differed from the system price. However, at the weekly level the Finnish area price dropped more than the system price.

**EMISSIONS**

Last week, the nervous market sentiment and the huge drop in fuel prices as well as the declined German power market put downward pressure on emission allowance prices. However, last autumn's lowest trading levels served as a strong support level restricting further downward pressure.

Indicator	ENOFUTBLQ2-20	ENOYR-21
Coal-fired production	76 %	70 %
Coal price	77 %	69 %
Gas price (NBP)	80 %	70 %
German price level	6 %	85 %
Spot	93 %	87 %
Crude oil Brent	42 %	51 %
Water reservoirs	92 %	92 %
EUR/USD FX rate	1 %	1 %
Temperature	8 %	5 %
Precipitation	16 %	13 %

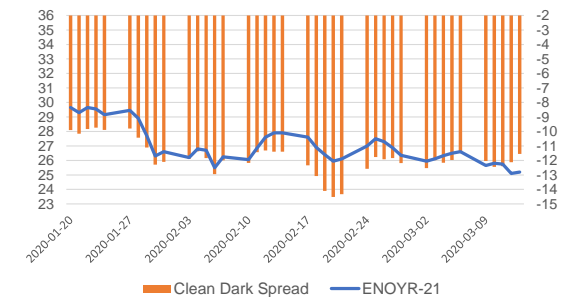
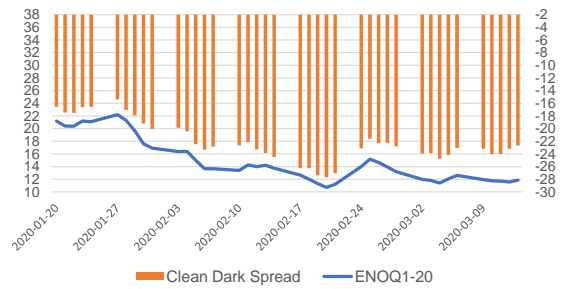
**Definition**  
The above figures measure the ability of market determinants to describe the price changes occurred in last 6 months. The affect is measured as Coefficient of Determination\*. Each variable is evaluated independently. We use a color scale to demonstrate efficacy, green (strong), yellow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

Forecast history	11	Chg	10	Chg
ENOFUTBLQ2-20	⬇️	-6.0%	⬇️	-4.5%
ENOYR-21	⬇️	-5.3%	⬇️	0.9%
NP System	⬇️	-28.8%	↔️	3.8%
NEDEC20	⬇️	-6.3%	⬇️	-0.8%

DETERMINANTS AFFECTING THE MARKET ON WEEK 12

**RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY**

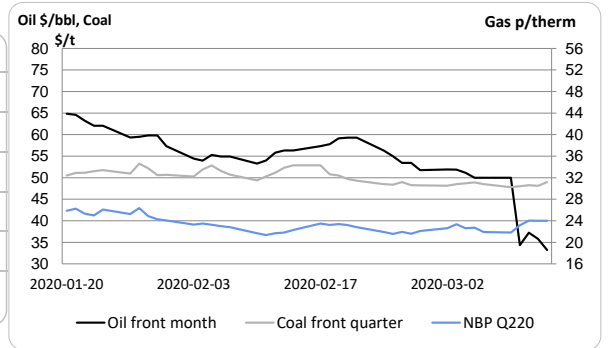
- Ringhals 1 (881 MW), 13.3.-10.4.2020, in use 13.-14.3.2020 440 MW, 14.3.-10.4.2020 0 MW
- SE1-FI (1500 MW), maintenance 21.-22.3.2020, in use 400-1500 MW
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 92%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 11 % 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	17.10
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	8.53
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	0.28
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	0.28
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	2.99
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	4.94

\*Average for period between 1.1.2020-16.3.2020.



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Source for data: intStream, Tilastokeskus

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