

**NORDIC ELECTRICITY MARKET**

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**DAMP, MILD WEATHER PICTURE MAINTAINING DOWNWARD PRESSURE ON NEAR PRODUCTS**

Forecast to week 43:	
ENOFUTBLQ1-21	📉 Bearish (<0%)
ENOYR-21	📉 Bearish (<0%)
NP System	📉 Bearish (<0%)
NEDEC20	↔ Sideways (± 0,5%)

Market signals	spot	Q1-21	YR-21
Hydrologic balance	↓	↓	↓
Precipitation forecast	↓	↓	↓
Temperature forecast	↓	↓	→
Spot	↓	↓	↓
Production and transmission exch.	↓	→	→
Emissions allowance	→	→	→
Coal price	↑	↑	↑
German prices	↑	↑	↑
Technical analysis	↓	↓	↓

**FORECAST TO WEEK 43**

**POWER FUTURES**

**Front quarter**

After Monday, precipitation amounts will be high and temperatures will also start to rise after the early part of the week. The weather type will turn wetter and milder than normal, nor do the weather forecasts show any clear signs of the weather type turning dry or cold. Water basins in Norway are still high and a turn in the weather type to damp and mild will bring strong downward pressure on near products, which are also technically weak. We expect near products to continue falling.

**Annual products**

The damp and mild weather picture and weak near-term products will bring downward pressure on the nearest annual products. There is still quite much political uncertainty as trade agreement negotiations between the EU and UK continue. The spread of coronavirus in Europe and new lockdown measures announced also cause general uncertainty and concern. We expect the price of annual products to fall. However, natural gas has begun a very strong upward trend, which is supportive of the German electricity market. A strong natural gas price is also supportive of the price of coal. We therefore expect the downward pressure to be limited on products following the nearest annual product.

**SPOT MARKET**

The weather will turn wetter and flow rates will become higher again after the early part of the week. The week is starting on a chilly note for the time of year, but temperatures will rise to above normal after the early part of the week. Nordic wind power production will approach the normal level in the first half of the week but rise to a high amount in the second half, especially on Thursday. The start-up of the Loviisa 1 unit has been delayed but the unit is expected to return to production on Thursday. In Finland, wind power production will drop to a very low level on Tuesday, after which it will rise. We expect spot prices to fall after the early part of the week. We expect the system price to settle at an average level of €19.5/MWh. We expect the Finnish area price to settle at an average level of €35/MWh.

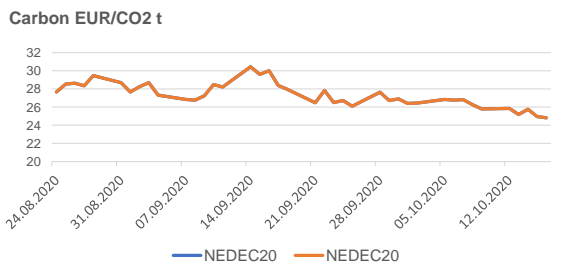
**EMISSIONS**

The important support level of €24.82/t will give direction during the current week. Breaking through the resistance level would bring a fall in the emission allowance price but the support level has held so far. The rise in the price of gas may be supportive of the emission allowance price but high auction availability, the worsening coronavirus situation and stricter lockdowns in Europe, and the likelihood of a hard Brexit are still exerting pressure on the market. We expect the emission allowance trend to remain weak and the emission allowance to trade at a price of between €24.50-€26/t.

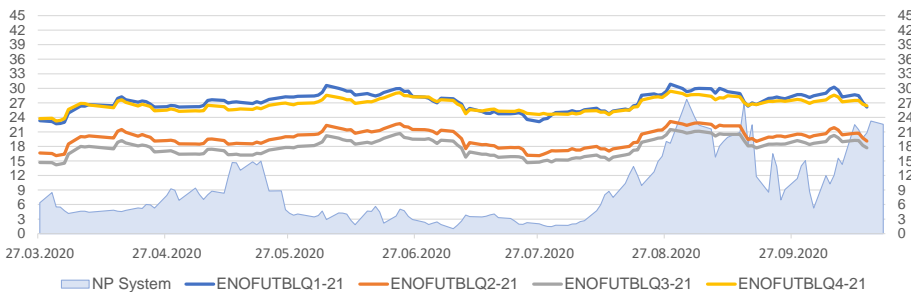
Product	Date	Value	% chg	Chg (EUR)
ENOFUTBLQ1-21	16.10.2020	26.15	-11.7%	-3.45
ENOFUTBLQ2-21	16.10.2020	19.10	-10.7%	-2.30
ENOFUTBLQ3-21	16.10.2020	17.70	-10.6%	-2.10
ENOFUTBLQ4-21	16.10.2020	26.40	-6.4%	-1.80
ENOYR-21	16.10.2020	22.45	-9.3%	-2.30
ENOYR-22	16.10.2020	24.20	-3.6%	-0.90
ENOYR-23	16.10.2020	25.20	-1.8%	-0.45
ENOYR-24	16.10.2020	26.77	-1.0%	-0.26
ENOYR-25	16.10.2020	27.10	0.2%	0.05
NEDEC20	16.10.2020	24.82	-3.8%	-0.98
NEDEC20	16.10.2020	24.82	-3.8%	-0.98

EPAD settlements			
16.10.2020 (€/MWh)	2021	2022	2023
SYHEL	15.00	7.75	4.48
SE1- NP System	-1.50	-2.70	-2.50
SE2 - NP System	-1.50	-2.70	-2.50
SE3 - NP System	2.48	2.25	2.05
SE4 - NP System	4.75	3.75	3.75

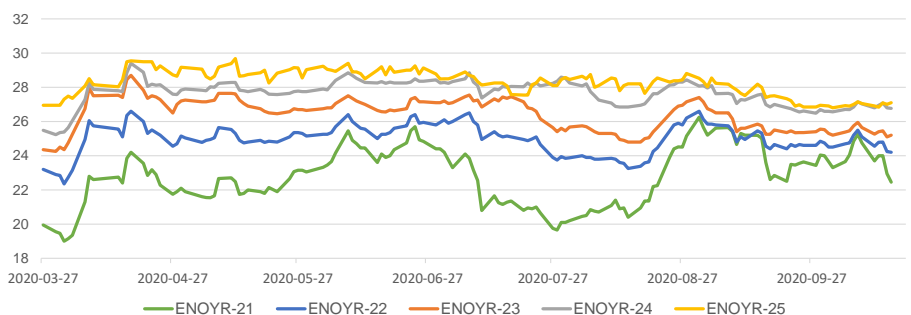
Week's spot price change				
Price area (€/MWh)	Date	Value	% chg	Chg (EUR)
NP System	18.10.2020	20.41	48.3%	6.65
NP Area FI	18.10.2020	36.62	9.5%	3.17
NP Area SE1	18.10.2020	29.48	29.8%	6.77
NP Area SE2	18.10.2020	29.48	29.8%	6.77
NP Area SE3	18.10.2020	30.27	31.7%	7.29
NP Area SE4	18.10.2020	30.27	31.7%	7.29



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



Years EUR/MWh



COMMENTS ON WEEK 42

**POWER FUTURES**

**Front quarter**

Last week the weather was still dry, and also temperatures fell towards the end of the week. Clearly higher spot prices were supportive of near products, which fell sharply regardless. The following week's weather picture, where the turn to very damp in the weather type gained further confirmation, brought downward pressure on near products. At the same time, the weather forecasts indicated the weather again turning warmer than normal. The turn of the weather type to damp and again mild caused near products to drop sharply.

**Annual products**

Last week, prices of annual products fell. The following week's damp weather picture and weak near-term products triggered downward pressure on the nearest annual products. The continuing weak emission allowance price, where among other things Brexit uncertainty maintained the downward movement, also brought downward pressure on annual products. Stronger fuel prices, however, limited the downward pressure.

**SPOT MARKET**

Last week, the weather was dry and flow rates again fell to below normal. Also, temperatures fell towards the end of the week, when the weather turned clearly cooler than normal. Demand for electricity rose compared to the previous week. Apart from on Wednesday and Thursday, Nordic wind power production was largely weaker than normal. Spot prices rose abundantly at the weekly level. The start-up of the Loviisa 1 unit was delayed and the unit had still not restarted last week. However, the Finnish area price rose less than the system price but the spread between the Finnish and system price remained high at the weekly level.

**EMISSIONS**

Last week, the emission allowance price continued falling. Auction results remained weak last week apart from on Friday, indicating continuing weak demand. Brexit negotiations failed to reach any conclusion last week and this worsened market sentiment from the start of the week, but the negotiations are continuing, and this slightly lifted the market on Wednesday. On Thursday, the emission allowance price tested the level of €24.82/t, but ultimately showed a slight rise. On Friday, the emission allowance price closed at €24.82/t, its lowest level for four months and down €0.98 on the week.

Indicator	ENOFUTBLQ1-21	ENQYR-21
Coal-fired production	2 %	2 %
Coal price	10 %	2 %
Gas price (NBP)	10 %	11 %
German price level	6 %	85 %
Spot	14 %	6 %
Crude oil Brent	0 %	6 %
Water reservoirs	10 %	3 %
EUR/USD FX rate	3 %	0 %
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	42	Chg	41	Chg
ENOFUTBLQ1-21	⬇️	-11.7%	⬇️	5.3%
ENQYR-21	⬇️	-9.3%	⬇️	6.2%
NP System	⬆️	48.3%	⬇️	170.6%
NEDEC20	⬇️	-3.8%	⬇️	-2.5%

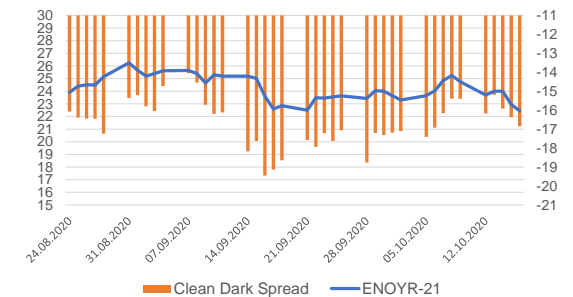
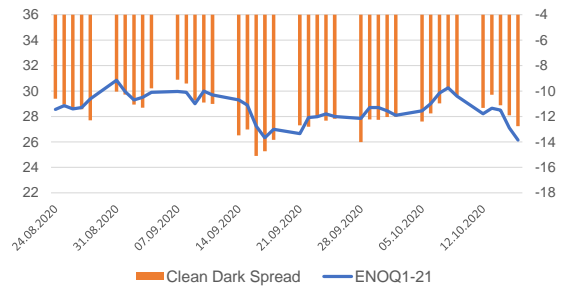
DETERMINANTS AFFECTING THE MARKET ON WEEK 43

**RESTRICTIONS IN PRODUCTION AND TRANSMISSION CAPACITY**

Ringhals 1 (881 MW), 25.10.-31.12.2020, maintenance before end of production, in use 700 MW  
 Loviisa 1 (507 MW), 29.8.-22.10.2020 maintenance, in use 0 MW  
 Forsmark 1 (984 MW), 20.9.-28.10.2020, maintenance, in use 0 MW  
 Oskarshamn 3 (1400 MW) 1.8. -9.11.2020 maintenance, in use 0 MW

FI-SE1 (1100 MW), 21.-25.10.2020 maintenance, in use 750 MW  
 EE-FI (1016 MW), 22.-23.10.2020 maintenance, in use 916 MW

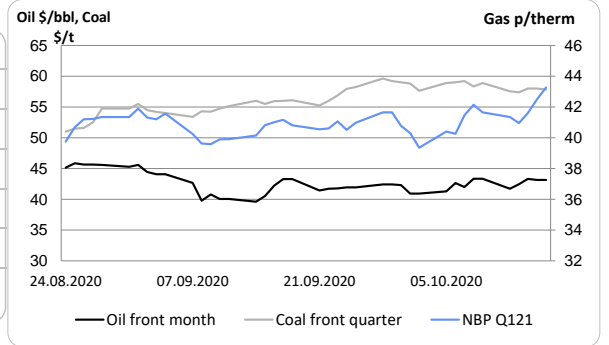
- Nordic nuclear power plants are currently operating at a capacity utilization rate of 74%
- RU-FI transmission profile varies due to capacity payments, average imports from Russia last week were 37 % of the maximum



**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	10.30
NP Area FI - NP System	5.50	3.10	6.40	8.70	5.54	3.78	2.81	5.10	16.55
NP Area SE1 - NP System	0.50	1.10	1.80	0.20	2.04	1.43	0.24	-1.00	4.27
NP Area SE2 - NP System	0.60	1.10	1.80	1.00	2.04	1.43	0.24	-1.00	4.27
NP Area SE3 - NP System	1.10	1.40	2.00	1.00	2.33	1.83	0.55	-0.58	9.75
NP Area SE4 - NP System	3.00	1.80	2.30	1.90	2.62	2.77	2.37	0.86	13.56

\*Average for period between 1.1.2020-19.10.2020.



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 Source for data: intStream, Tilastokeskus

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