

Expectation

Oil



Wednesday, the crude oil prices fell to their lowest level since November last year. It has been a recurring event during the last weeks, that prices fall Wednesday, when the US Energy Department announce the latest numbers on inventories in the country. This week, the data showed another noticeable upside, indicating that the production is still on the rise in the US, leading to an oversupply on the market. The Brent front month contract ended up falling as much as 1,72 USD/bbl, equaling around 4 %, before closing at 47,00 USD/bbl. We could very well see further losses Thursday.

Gas



Prices continued to slide on the European gas markets yesterday, partly influenced by the bearish sentiment on the related crude oil market. Demand on the prompt market is easing across Europe as temperatures are rising and it does not appear that the diplomatic issues in the Middle East regarding Qatar will cause LNG supplies to be disrupted any noticeable. On the British market, prices fell sharply due to cable work isolating the British market from continental Europe.

Coal



While both gas and oil prices fell in Wednesday's trading, the coal market continued to strengthen. The API 2 Cal-18 contract rose 0,13 USD/t, closing at 68,25 USD/t. While gas demand is low, the need for coal for electricity production remains fairly high in most of Europe, both because of high profit levels and because of reduced hydropower availability.

Carbon



European carbon emission prices edged slightly down late in Wednesday's session. The market continues to be very quiet and prices are moving within a narrow trading range. Auction supply has dropped a bit this week, but it is not having any major effect on prices since the level is set to rise again later during the month. The benchmark quota contract closed Wednesday at 4,94 EUR/t, down 0,07 EUR/t against Tuesday's close.

Hydro



The different weather models disagree quite a lot on the next ten days in the Nordic area. Most models do however show a quite dry ending to this week, while the precipitation level is set to increase from early next week. Temperatures have been above average for some time, but are set to decline to below seasonal normal from the beginning of next week.

Germany



Supported by a weakened spot market, the forward prices on the German power market edged down as well in yesterday's trading. The country's Cal-18 contract ended up falling 0,15 EUR/MWh, closing at 30,40 EUR/MWh. The downside was also caused by the falling carbon emission prices, although the slight upside on the coal market limited the losses.

Equities



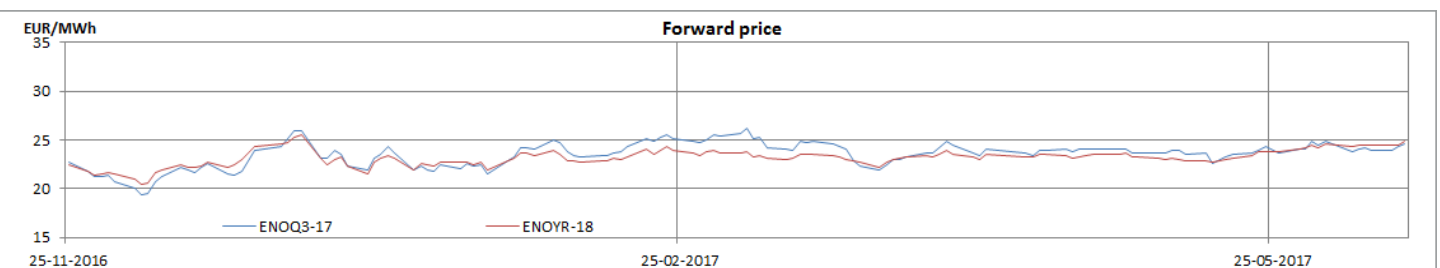
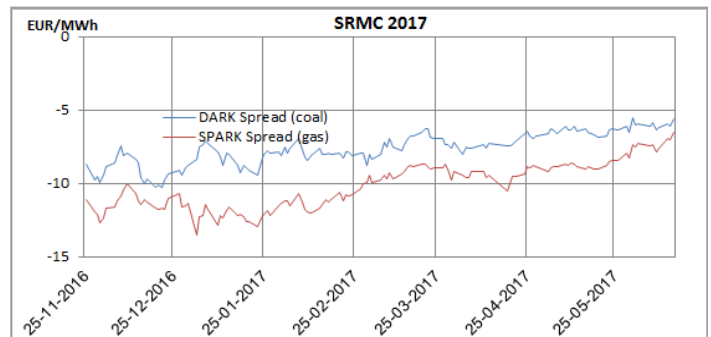
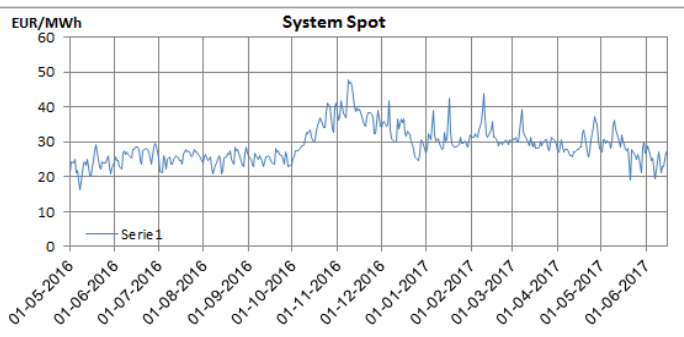
The European stock markets returned to the bearish sentiment yesterday, with the Stoxx600 Index down 0,30 % for the day. The biggest event of the day was the US Fed's decision to raise interest rates by 0,25 % for the second time this year. The falling oil prices also influenced the development, and the US markets also ended up falling.

Conclusion



One event overshadowed everything else on the Nordic power market yesterday. The German and Nordic governments agreed on a deal, that should make more capacity available for Nordic export to Germany. This means that the Nordic producers will be able to sell more electricity in Germany to higher prices, instead of too low in the Nordic area. As a result, the Nordic power prices rose, with the YR-18 contract up 0,45 EUR/MWh, closing at 24,90 EUR/MWh. The YR-19 and YR-20 contract were also bullish. We expect a largely neutral session Thursday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
13-jun	23,88	24,64	24,64	24,64	27,47	21,44	22,87	June	28,13	28,83	25,15	25,40	31,35	23,90	23,90	June	34,29	28,08	68,63
14-jun	36,02	36,02	32,59	35,65	36,93	24,06	27,29	Q3-17	27,38	28,55	26,00	26,00	29,60	21,84	22,20	Q3-17	33,97	28,78	67,45
15-jun	32,31	32,31	29,43	31,10	36,90	24,86	26,48	2017	25,95	28,12	26,40	26,60	31,07	24,33	24,47	2018	30,64	32,07	67,45



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