

Expectation

Oil



After falling sharply earlier during the week, the international crude oil market rebounded slightly in Friday's session. The rebound was probably just the result of traders closing their short positions, meaning that the higher buying activity pushed prices upwards. The Brent front month contract closed the day at 47,37 USD/bbl, 0,45 USD/bbl above the previous close. The bearish sentiment on the market does however remain in place, with prices at around a year-low level and with heavy supply in the US overshadowing OPEC production cuts.

Gas



On the European gas markets, prices are also close to their lowest of the year so far. On the British market, the downside on the long end of the market has been very persistent for some time now. Friday, the downside came despite a bullish sentiment on the spot market, which received some support from a couple of outages in the Norwegian production.

Coal



The European coal market has returned to the bullish sentiment, which has characterized most of the spring and the first part of the summer. Demand is high in Europe due to weak hydropower resources in several countries, and relatively low SRMC's on coal-fired power production. Prices therefore keep on rising and the API 2 Cal-18 contract closed Friday at 68,53 USD/, up 0,11 USD/t for the day. We expect further gains Monday.

Carbon



European carbon emission prices ticked a bit lower in Friday's trading, as market participants reacted to the fact, that auction supply will improve significantly throughout the summer. 131 million quotas will be put up for sale during the forthcoming six weeks, a clear improve from the current level. This caused the market to trade down, with the EUA DEC-17 contract closing the day at 4,88 EUR/t, 0,08 EUR/t below Thursday's close.

Hydro



Except for a couple of dry days in the middle of this week, the weather outlook for the next ten days in the Nordic area is quite wet. Several lows will enter the area from the west, leading to unstable conditions with lots of precipitation. The hydro balance is in a slight deficit of 2,4 TWh while temperatures look set to remain well below average for the next ten days.

Germany



Trading activity was weak on the German power market Friday, where several traders took the day off due to holiday. The influence from the bullish coal market was offset by falling gas and carbon prices and at the end of the day, the German Cal-18 contract ended up trading flat. It settled at 30,40 EUR/MWh, the same price level as Thursday.

Equities



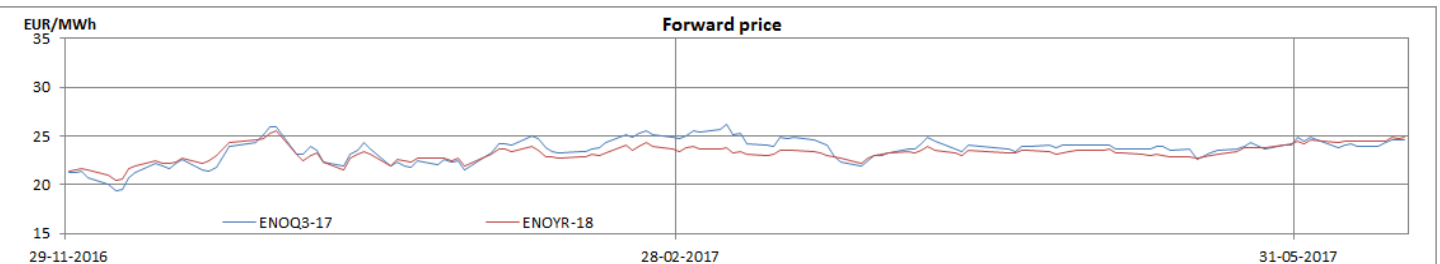
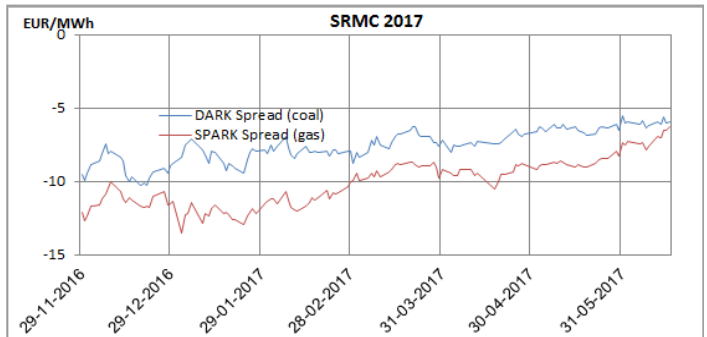
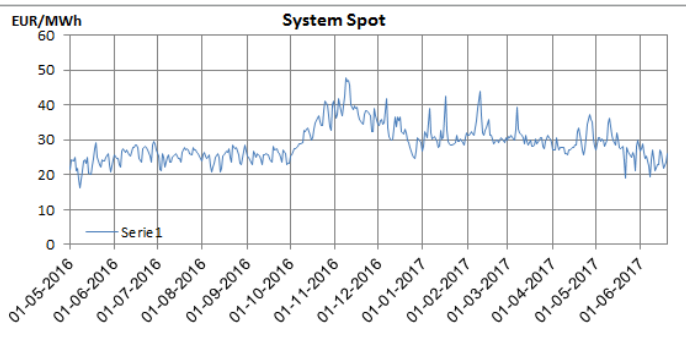
While the US stock markets were largely unchanged Friday, the European markets edged up. The Stoxx600 Index closed the day with an upside of 0,66 %. This week, there are no major events scheduled that could impact the markets and in general, the markets are starting to quiet down for summer.

Conclusion



Friday was slightly bullish on the Nordic power market. The day was influenced by weak trading activity and limited influence from Germany. The Q3-17 contract ended up rising a marginal 0,06 EUR/MWh, settling at 24,59 EUR/MWh, while the YR-18 contract was up 0,10 EUR/MWh due to the bullish coal market, closing the day at 24,80 EUR/MWh. This morning, the weather forecasts have turned a bit wetter and we therefore expect a downside on the short end of curve.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
17-jun	24,69	24,99	21,91	21,91	21,91	21,91	21,84	June	28,63	29,61	26,08	26,66	31,76	24,53	24,53	June	34,23	26,27	68,63
18-jun	28,75	28,75	23,80	24,85	24,09	23,80	23,73	Q3-17	27,63	28,80	26,50	27,13	30,00	22,34	22,70	Q3-17	34,01	27,37	65,80
19-jun	36,93	36,93	26,21	36,61	31,28	24,72	26,06	2017	27,08	28,55	26,80	27,00	30,45	24,56	24,70	2018	30,71	31,18	65,80



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