

## Expectation

Oil



We saw marginally falling prices on the international oil markets yesterday. The development followed a very bullish day Friday. The market remains focused on the US, where production is high, but the recent rig count showed a minor decline. Meanwhile, OPEC remains determined on cutting output. The Brent front month contract closed at 64,95 USD/bbl, down 0,56 USD/bbl for the day. We expect another day with limited fluctuations Tuesday.

Gas



Day-ahead gas prices across Europe have started to rise again, as weather forecasts agree that we will see a new cold wave hit from around the end of the week. It is questionable if the price level will rise to the extreme levels from the last cold wave, however. Further out the curve, the long-term contracts also rose further, as low storage levels could influence the market for a long time.

Coal



Despite gains on the related gas markets, and expectations of another cold wave hitting Europe during this week, coal prices still fell in yesterday's session. The signals from the very important Asian markets are bearish, and this also affects the development in Europe. The API 2 Cal-19 contract fell 0,85 USD/t yesterday, settling at 75,81. This is the lowest price level on the market for almost half a year.

Carbon



The European market for carbon emission allowances initially edged up yesterday, but later in the day, the upside faded. The benchmark quota contract fell 0,04 EUR/t, closing at 11,08 EUR/t, but it is unlikely, that the small downside should mean, that the upside on the market is coming to an end. The downside yesterday was most likely the result of a sell-off among traders following the recent gains, a move to secure profit. This could continue today.

Hydro



Starting today, both precipitation and temperature levels in the Nordic area are set to decline sharply. During the coming days, the temperature level will decline to around 7 degrees below average, meaning that demand will rise sharply on the Nordic power market. The high pressure-dominated weather will lead to minimal precipitation amounts throughout the rest of this week, and next week looks dry as well. The Nordic hydro balance has dropped to a deficit of 0,1 TWh. This is the first time since last autumn, that the balance is in a deficit.

Germany



Following five straight bullish sessions, the German power market only managed to move sideways yesterday. The weather forecasts are very cold, and gas prices rise, but the bullish signals were yesterday offset by falling prices on the coal and carbon markets. At the end of the day, the country's Cal-19 contract closed at 34,75 EUR/MWh, unchanged from Friday. Another neutral session seems likely today.

Equities



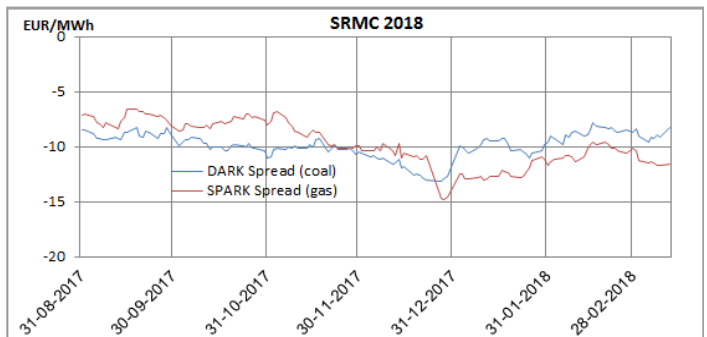
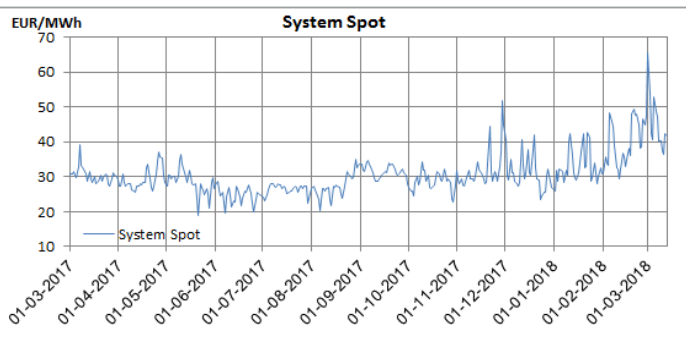
Monday, the European stock markets edged up, following the bullish effects of the US markets late Friday. The sentiment turned negative in the US later in the day, and we expect a bearish day on the European markets Tuesday.

Conclusion



Once again, the short end of the Nordic power market rose fiercely yesterday. The Q2-18 contract was up 1,25 EUR/MWh, closing at 31,10 EUR/MWh. This is the highest price level the contract has ever seen. The YR-19 contract also rose, closing at 27,15 EUR/MWh, 0,20 EUR/MWh higher than Friday, as the upside was curbed by falling coal and carbon emission allowance prices. Following two days with sharp gains in the short end of the curve, we expect a more neutral session today.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
11-mar	30,36	33,28	36,28	36,28	36,28	36,38	36,28	February	35,55	39,45	37,17	37,90	39,88	36,85	37,20	February	37,84	45,09	68,63
12-mar	41,53	41,53	42,19	42,19	42,22	42,62	42,38	Q2-18	33,80	35,63	32,05	32,98	36,43	30,75	31,10	Q2-18	37,75	41,08	72,84
13-mar	41,37	42,59	42,59	42,59	42,71	42,23	41,81	2019	31,05	32,78	28,98	29,83	32,48	27,10	27,15	2019	35,42	38,69	72,84



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