

Expectation

Oil



Last week ended with yet another quiet session on a crude oil market, which has failed to make any big fluctuations over the last few weeks. The daily price movements are often below 0,50 USD/bbl as mixed signals on the market to some extent offset each other. OPEC and Russia are cutting supply, but on the other hand, we see increased output in the US. The Brent front month contract closed Friday at 62,10 USD/bbl, up 0,47 USD/bbl. We expect another day with limited fluctuations today.

Gas



Mild weather and a strong supply side continues to offer bearish support to the European gas markets. Friday, day-ahead prices fell to a ten-month low in several Northwestern European countries, as temperatures are expected higher than normal for the coming week, while storage levels are well above average. Further out the curve, the NCG Cal-20 contract also edged down and closed at 20,34 EUR/MWh, 0,52 EUR/MWh lower than Thursday.

Coal



There were further losses on the European coal markets Friday, with prices dropping to around a one-year low on the most traded contracts. The signals from China are quite bearish, as limited coal burn and high stock levels make it unlikely that the country will ramp up import following the end of Chinese New Year. The situation is not much better in Europe, so it is quite likely that we will see the market edge further down this week.

Carbon



On a day with losses on the fuel markets, the European carbon emission market edged down as well. The benchmark quota contract fell 1,11 EUR/t and closed at 22,37 EUR/t. There are no big changes to fundamentals on the carbon market itself, as technical indicators continue to be the main price driver, and the quota price will likely remain in the 20-25 EUR/t range during the coming weeks as well.

Hydro



The weekend has not changed the fact that no winter seems on the way in the Nordic area. During the forthcoming ten days, temperatures are expected to remain well above average, and precipitation amounts should exceed normal as well. The forecasts should offer further bearish support to the Nordic power market Monday.

Germany



Friday, the German power market traded down along with the bearish fuel and carbon markets, and most contracts fell to the lowest price level of the year so far. The country's Cal-20 contract was down 1,23 EUR/MWh, closing at 47,47 EUR/MWh. Demand in Germany should not increase noticeably during the coming week, as temperatures are expected below average. We expect another bearish session Monday where the fuel markets continue to fall.

Equities



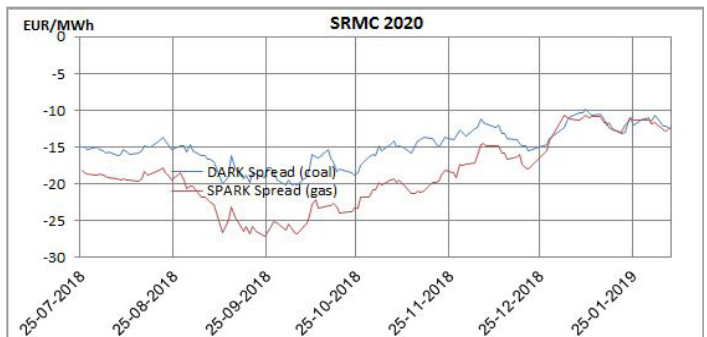
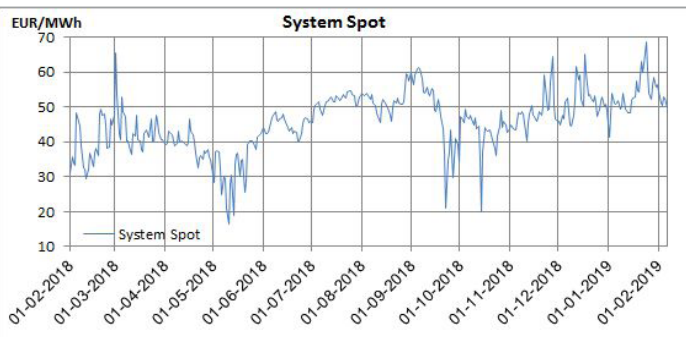
On the financial markets, the week ended with rather sideways trading last week. There were minor gains in the US, whereas the European markets traded slightly down. The US-China trade will return to focus this week as new talks between the two countries are expected. There appears to be a risk-off sentiment on the market following the negative development during the last few months.

Conclusion



We saw falling prices on the Nordic power market in Friday's session. Bearish fuel markets, combined with losses in Germany and mild weather forecasts for the coming weeks led to a clear negative sentiment. The Q2-19 contract fell 0,85 EUR/MWh and closed at 43,90 EUR/MWh, while the YR-20 contract was down 0,60 EUR/MWh, settling at 36,25 EUR/MWh. Monday, the mild forecasts are confirmed and the fuel markets continue to fall, making another bearish session on the Nordic power market very likely.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-feb	6,81	9,62	47,05	47,05	47,05	47,84	46,87	March	44,70	47,20	48,95	49,95	50,25	48,95	48,70	March	46,12	45,51	81,29
10-feb	32,99	34,34	45,51	45,51	45,51	47,32	46,57	Q2-19	46,05	47,03	44,65	45,90	47,20	43,85	43,90	Q2-19	46,54	43,67	0,00
11-feb	33,80	39,31	46,97	46,97	50,47	47,62	47,30	2019	40,73	42,70	38,30	39,35	40,50	36,35	36,25	2020	47,32	48,21	0,00



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