

Expectation

Oil



On the international oil market, prices continued to rise in Wednesday's session, amid insecurity caused by renewed tensions in the Middle East. The Saudi Arabian oil production has been attacked the last few days by Yemeni rebels supported by Iran, and although the attacks have not caused any major damage, they still cause nervousness on the market. The Brent front month contract closed at 71,77 USD/bbl, up 0,53 USD/bbl for the day. We expect further gains today.

Gas



The European gas markets rebounded Wednesday, following a bearish sentiment earlier in the week. The NCG Cal-20 contract edged up 0,34 EUR/MWh, settling at 20,30 EUR/MWh. The market received bullish support from the rising oil and coal markets, although the strong supply side limited the upside to some extent.

Coal



Even though the coal market has improved a bit during the last couple of days, the overall sentiment on the market is still bearish. The market is oversupplied and demand is weak, primarily because of cheap gas, which has overtaken large parts of coal's role in the energy mix. Thursday, we expect the market to move further upwards.

Carbon



For a second straight day, the European carbon market edged upwards yesterday, although the increase once again happened late in the day. The benchmark quota contract was up 0,08 EUR/t, settling at 25,97 EUR/t. The previously very insecure market has traded within a range of 2 EUR/t, 25-27 EUR/t for more than a month now, and we expect this to continue for the coming time as well. The market will likely edge further up today due to the EU decision to withhold some quotas from the 2020 supply.

Hydro



Thursday morning, the Nordic weather forecasts show increasing precipitation during the coming days and the beginning of next week. From late next week, the level will have reached seasonal normal, and could keep on rising from there. Meanwhile, temperatures are set to fall a bit during the coming week. This is not far from what was forecasted yesterday.

Germany



The German power market saw mixed signals in yesterday's trading, where the country's Cal-20 contract ended up closing at 48,95 EUR/MWh, 0,15 EUR/MWh higher than the previous day. The bullish sentiment was supported by high spot prices and rising gas prices, while a neutral sentiment on the carbon market limited the upside. The market should follow fuels and carbon upwards today.

Equities



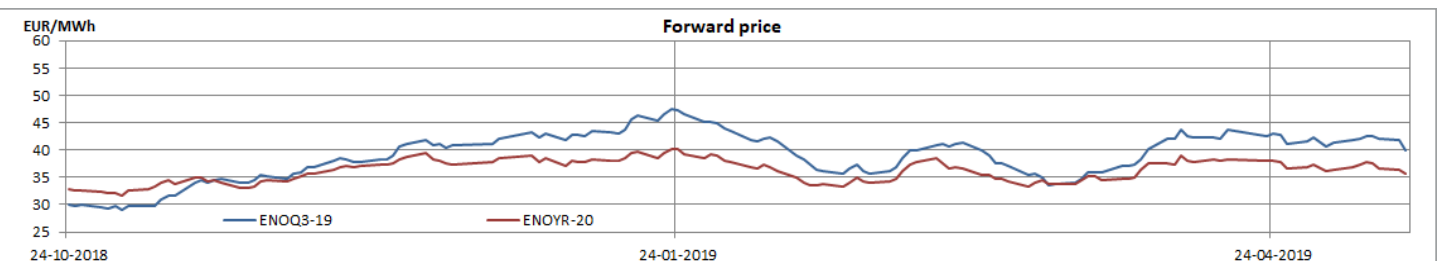
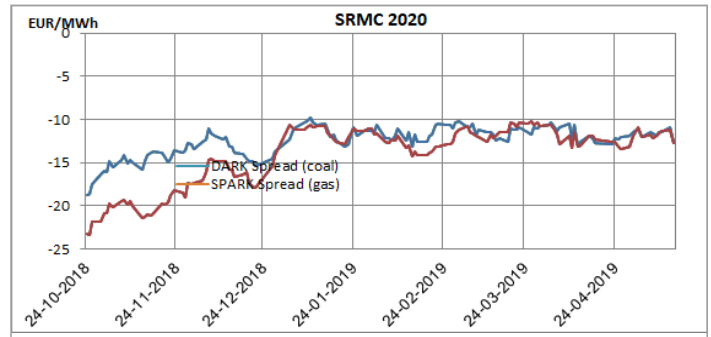
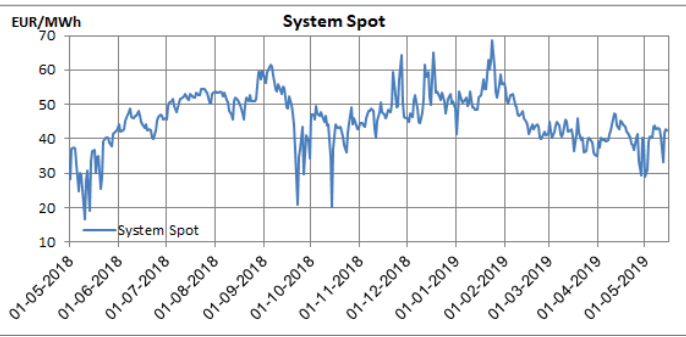
Yesterday, the international stock markets opened bearishly, as key figures from both China and the US were weaker than expected. Later in the day however, the sentiment changed due to Donald Trump's decision to postpone certain tariffs in the US-China trade war. The Asian markets are trading mixed Thursday morning.

Conclusion



On the short end of the Nordic power market, prices continued to fall in yesterday's session, as milder and wetter weather forecasts are currently dominating. The Q3-19 contract was down 0,65 EUR/MWh, settling at 39,30 EUR/MWh. The development was neutral on the long-term contracts, where the YR-20 contract closed at 35,75 EUR/MWh, unchanged from Tuesday. Thursday, we expect rising prices as the carbon market and the German power market appear to trade up.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
14-maj	43,91	46,65	41,89	46,15	54,06	42,96	42,90	June	40,83	41,13	37,85	38,35	40,85	38,05	38,10	June	45,90	35,53	87,79
15-maj	42,80	45,83	42,52	45,73	47,22	42,38	42,45	Q3-19	44,55	45,65	40,55	41,80	44,63	39,43	39,30	Q3-19	46,80	37,71	0,00
16-maj	39,73	39,73	38,82	39,35	44,31	39,98	40,10	2020	40,43	42,63	37,03	38,50	39,90	35,85	35,75	2020	48,75	48,98	0,00



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