

Expectation

Oil



This week opened the same way as last week ended, with rising prices on the international crude oil markets. The events of the weekend, where a British oil tanker was seized by the Iranian military in the Strait of Hormuz, have led to increased tensions regarding Iran, causing rising oil prices. The Brent front month contract closed the day at 63,26 USD/bbl, up 0,79 USD/bbl from Friday. We expect another increase today, although likely more limited than what we saw yesterday.

Gas



The week opened with a largely neutral sentiment on the long end of the European gas markets. The NCG Cal-20 contract edged down a marginal 0,18 EUR/MWh and closed at 19,08 EUR/MWh. The market remains well supplied, but an upcoming heat wave across Europe and shutdowns of several French nuclear reactors offset the bearish influence.

Coal



European coal prices rose early in Monday's session, before dropping back late in the day. The market has risen lately due to warm weather forecasts, higher freight costs and technical signals, but basically, we still see high supply and weak expectations to demand due to the ongoing fuel switch from coal to gas. Tuesday, we expect a neutral or slightly bearish development.

Carbon



On the European carbon emission market, we saw the same development as with the coal and gas markets yesterday, with rising prices early in the day, before the sentiment changed in the afternoon. The benchmark contract still closed at 28,99 EUR/t, up 0,10 EUR/t for the day. Activity is low and fluctuations happen based on relatively few trades compared to normal. Another day with sideways trading seems likely today.

Hydro



Nothing has changed early Tuesday in regards to the extremely dry outlook for the remainder of this and the beginning of next week. From then on, we could see slightly wetter conditions. The hydro balance continues to weaken and has now dropped to a deficit of 10,7 TWh and the outlook continues to offer bullish support to the Nordic power market.

Germany



Following a day with fluctuations throughout the session, the German power market settled more or less unchanged compared to where it opened. The country's Cal-20 contract closed at 52,31 EUR/MWh, up a marginal 0,06 EUR/MWh, as the minor downturn on the coal and gas markets was offset by warm weather forecasts. Tuesday, we could see another neutral session as the fuel markets do not appear to rise any further.

Equities



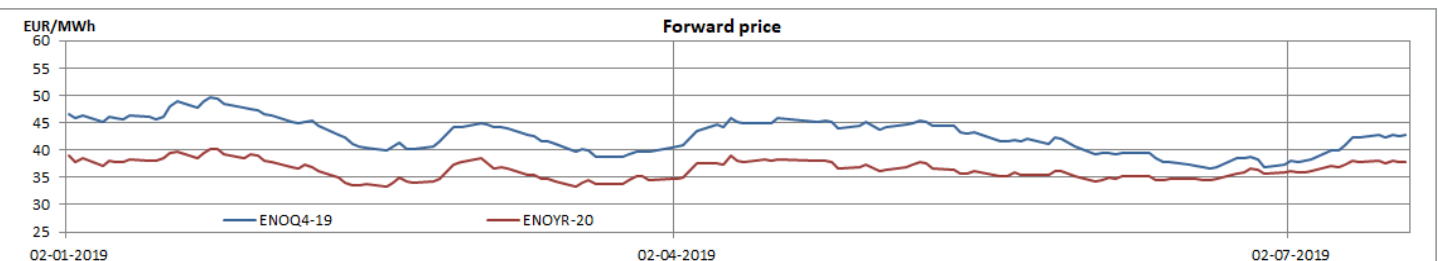
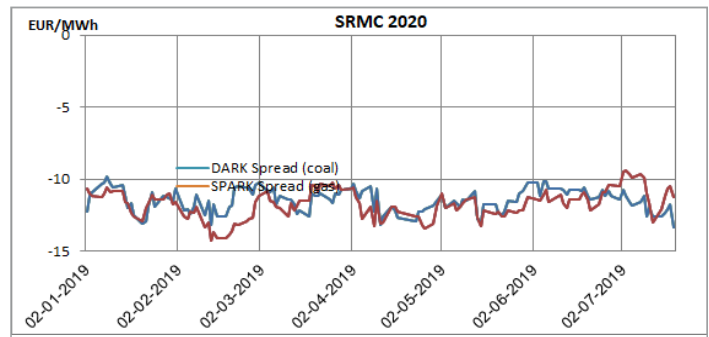
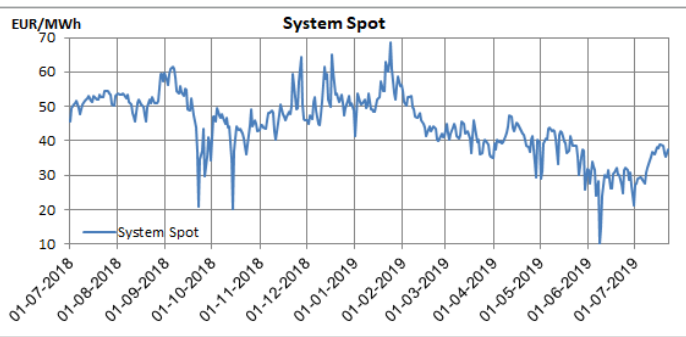
Both the European and the US stock markets edged up marginally in yesterday's trading. It was interpreted positively by the markets, that the US and China have scheduled new negotiations in the ongoing trade war. Furthermore, there are expectations that the US Fed might announce lower interest rates next week. The Asian markets appear to rise early Tuesday and we could see another bullish day in Europe as well.

Conclusion



Monday, the sentiment was bullish on the Nordic power market, both because of the warm and dry weather forecasts for the coming weeks and because of the initial gains on the fuel and carbon markets. The Q4-19 contract closed the day at 43,18 EUR/MWh, up 0,38 EUR/MWh from Friday, while the YR-20 contract climbed 0,27 EUR/MWh and settled at 38,12 EUR/MWh. Today, we expect further price climbs as the dry forecasts continue to affect the market.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
21-jul	35,00	35,49	35,12	35,12	40,98	35,14	35,38	August	42,00	44,55	41,20	42,20	46,85	39,48	39,20	August	48,56	32,21	86,48
22-jul	39,35	40,03	37,21	37,21	54,25	37,24	37,41	Q4-19	46,93	48,13	43,93	45,43	47,78	43,41	43,18	Q4-19	49,52	46,69	0,00
23-jul	46,57	46,57	37,74	42,47	59,40	37,74	38,02	2020	43,45	45,35	39,57	40,62	43,00	38,15	38,12	2020	51,22	48,80	0,00



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