Morning Report July 10, 2018

	Expectation	
Oil	↗	On the international crude oil markets, the week opened with a bullish sentiment. The upturn was primarily caused by prospects of tightening supply due to the effects of the trade war between the US and China. Furthermore, several OPEC countries, Angola, Libya and Venezuela, face production issues, that offset the increased output among other of the organization's countries. The Brent front month contract closed Monday at 78,07 USD/bbl, up 0,96 USD/bbl from Friday. There is still a noticeable upside on the market, which continues upwards today.
Gas	↗	Across Europe, gas prices edged up yesterday, carried by a very strong oil market and by strong demand on most of the continent. The upside was also supported by the fact that there are some maintenance work going on on important pipelines. The NCG Cal-19 contract closed the day at 21,53 EUR/MWh, 0,28 EUR/MWh higher than Friday.
Coal	↗	After taking a pause late last week, the European coal market returned to the strong bullish trend yesterday. The market receives support from the Asian-Pacific market, where demand is strong and where there are some supply issues going on. Furthermore, the impacts of the US-China trade war cause insecurity on the market. The upside is intact today.
Carbon	↗	Supply is decreasing on the European carbon emission market currently, but on yesterday's quota auction, demand was stronger than expected. The general fuel upside on both oil, gas and coal markets also offered bullish support. This led to an upturn on the market, where the benchmark quota contract rose 0,30 EUR/MWh to 16,00 EUR/MWh. There is still room for further gains.
Hydro	↗	For at least one more week, precipitation in the Nordic area will be well below average. The dry conditions continue to pressure the Nordic hydro balance, which is now in a deficit of a massive 35 TWh. Temperatures are currently 2-3 C above normal, and are expected to remain so for at least he forthcoming ten days.
Germany	↗	The already record-high German Cal-19 power contract rose further in Monday's trading, where there was bullish support from both oil, coal and carbon, while an insecure situation regarding the Belgian nuclear sector added to the upside. The contract closed at 44,85 EUR/MWh, 0,75 EUR/MWh higher than Friday. We could see further, although more limited, gains.
Equities	↗	The week opened with gains on the financial markets, where both the European and the US markets edged up. The markets remain focused on the trade war between the US on one hand, and Europe and China on the other. The effects of this are still somehow uncertain, but the market appears to trade further up today.
Conclusion	↗	On the Nordic power market, prices rose yesterday, after ending last week with a downturn. The market responded to continuously dry and warm weather forecasts, rising fuel prices and further gains on the German power market. There is still a clear upside on the market, and we expect further gains Tuesday on both short and long term contracts.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS
08-jul	48,91	48,91	48,91	48,91	48,91	49,19	49,08
09-jul	48,88	50,02	51,28	51,28	51,75	51,28	50,47
10-jul	53,13	53,79	53,57	53,67	53,70	53,58	51,51

Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS
August	52,73	55,03	51,90	52,90	54,40	48,32	49,40
Q4-18	48,30	49,85	51,90	52,65	53,35	49,52	50,15
2019	40,60	41,93	39,85	40,90	42,73	38,15	38,20

SRMC	Coal	Gas	Oil
August	49,26	51,09	68,63
Q4-18	48,44	54,66	91,29
2019	46,11	49,27	91,29