

Expectation

Oil



Oil prices rose on Wednesday after U.S. crude inventories dropped and the bite of sanctions on Iran threatened to limit supply. Brent front month gained 0,68 USD/bbl to 79,74 USD/bbl. OPEC reduced its forecast on Wednesday for 2019 global oil demand growth, pointing to economic risks and in its monthly report, OPEC said world oil demand next year would rise by 1.41 million bpd, less than last month and the second reduction in the forecast. We expect the market to go down today.

Gas



The correction in European gas markets continued yesterday. Prompt prices slid on improving Norwegian supplies as well as ample supply meeting rather low demand in the UK. Longer out on the price curve contracts headed down on the general bearish move in the wider energy complex with coal, emissions and power prices slipping further. Winter-18 contracts in the NCG as well as TTF market areas slipped back towards 28 EUR/MWh having surpassed 29 EUR/MWh early this week. The market seems to try correct a bit to the upside today.

Coal



In line with neighbouring markets European coal contracts ended yesterday's session in negative territory. The API2 Q4-18 contract dipped 0,54 USD/t to settle at 100,10 USD/t. The front year suffered bigger losses to settle at 95,73 USD/t, down 1,02 USD/t on the day. Besides the wider bearish sentiment warmer than normal temperatures in central western Europa forecast for next week helped the move, while some "aggressive selling by banks" has been mentioned in the market as well. A bounce back today might not come unexpected.

Carbon



The Dec-18 once again starts the session lower this morning. Yesterday's close price was 22,95 EUR/t and it is traded (at the time of writing) at around 22,80 EUR/t. It will be interesting to see if prices will deteriorate further. Both gas and coal markets ended lower yesterday so there might be some contagion effects, no relevant changes in fuel substitution. We expect pure trading to be main price driver today. We expect marginal fall today.

Hydro



This morning's forecasts maintain the outlook of low pressure dominated and unsettled conditions staying into next week. However a continental high is showing some influence, giving warmer than usual temperatures. Further, precipitation amounts and the projected hydro balance are forecast weaker again. Day 11 to 15 might be seeing impacts by potential highs building over Eastern Europe/Russia as well as in southwestern Europe, hindering lows to move into Scandinavia. Drier development is still prone to rather high uncertainties though.

Germany



With the bearish sentiment dominating the energy complex German power prices dropped as well yesterday. Slipping fuels markets and dropping emissions put pressure on the price curve. Upon Nordics market close the Cal-19 contract traded in the range of 55,80 EUR/MWh. With another slide in the late session the contract slid further to a last trade on the EEX at 54,80 EUR/MWh, down 1,85 EUR/MWh compared to the previous day's last trade. We might see that prices found a lower support now, but risks to both sides remain and a largely depending on emissions.

Equities



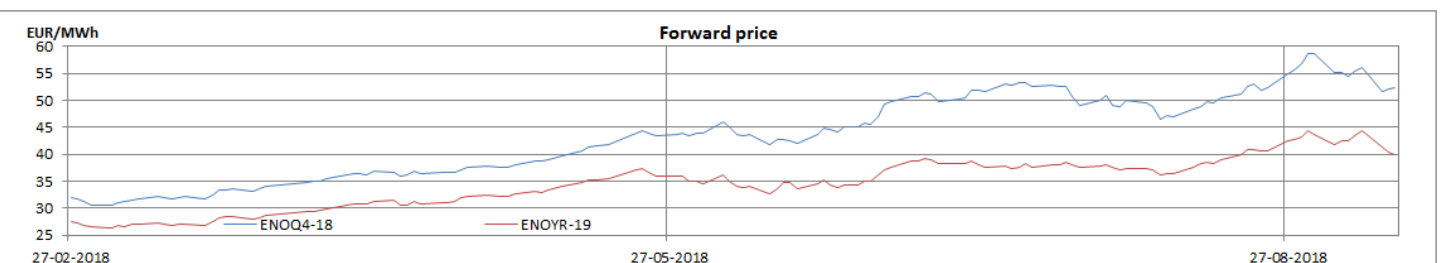
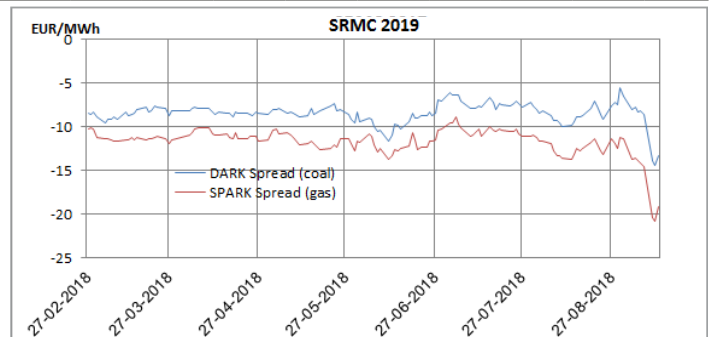
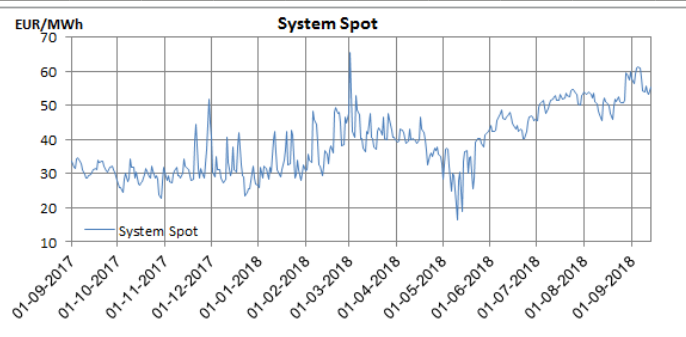
The vast majority of stock indices ended green yesterday. Today Asian markets are a little mixed but for example, the Nikkei is up. We assume sideways movements today. The ECB has a meeting today but no big releases are expected. Yesterday there were news that European and Italian industrial output figures were lower than expected so this might cause some fluctuations.

Conclusion



Yesterday delivered another session where the majority of the Nordic's price curve shifted lower. Major impulses were coming from the German power market sliding on weaker fuels and emissions. There has been happening a change of direction though late in the session as price levels bounced back to near the day's opening prices or even partly surpassed them. The Q4-18 contract closed at 52,25 EUR/MWh, 0,15 EUR/MWh above Tuesday's close. The YR-19 contract though stayed 0,35 EUR/MWh below the previous close to end the day at 40,00 EUR/MWh. This morning the market bounces back from the large corrections seen recently with solid gains on yesterday's closings.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
11-sep	53,71	57,59	57,17	57,55	57,20	52,23	54,00	August	55,90	58,25	58,25	58,25	57,50	52,05	52,00	August	55,17	62,52	68,63
12-sep	52,75	53,17	53,17	53,17	53,88	52,20	53,07	Q4-18	53,55	56,78	54,05	55,15	55,95	52,25	52,25	Q4-18	54,99	65,67	91,34
13-sep	69,58	69,58	56,98	67,37	56,98	53,67	55,23	2019	45,50	46,75	42,00	43,18	45,25	39,95	40,00	2019	53,27	59,18	91,34



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