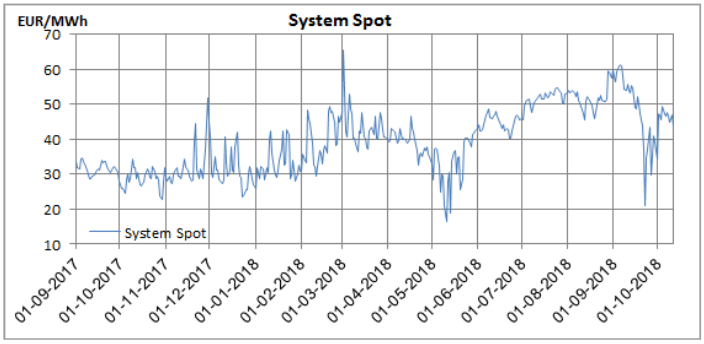
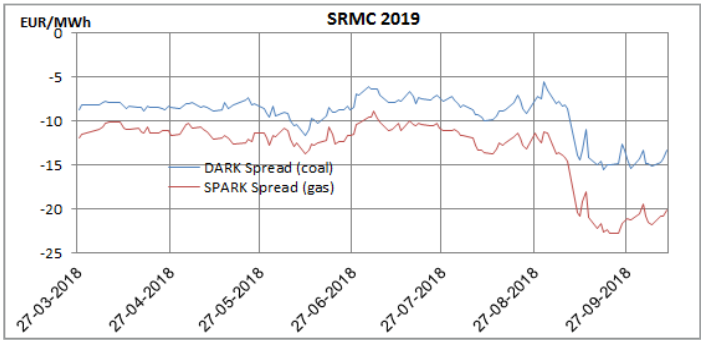
Morning Report October 11, 2018

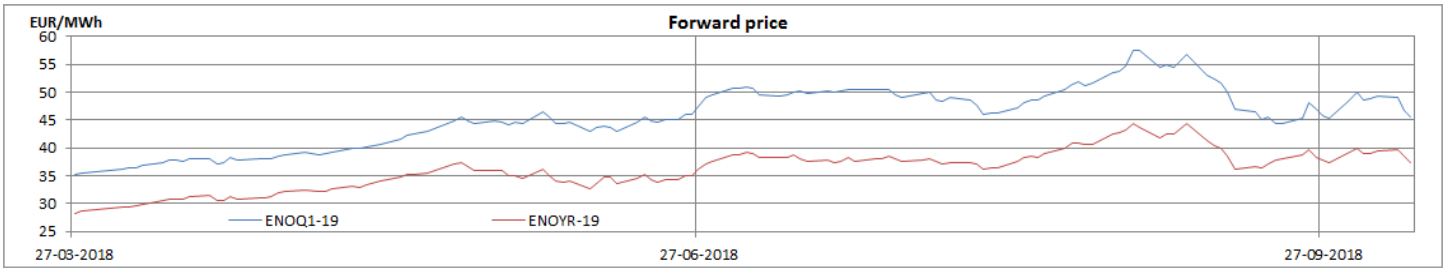
Energi Danmark SECURITIES

	Expectation	
Oil	↘	All the ground won on the crude oil market Tuesday was lost again during yesterday's session. The Brent front month contract fell 1,91 USD/bbl and closed at 83,09 USD/bbl, as new data showed that the US inventory levels are increasing sharply. The losses could have been even stronger, had it not been for supply issues caused by a hurricane in the Gulf of Mexico. We expect the market to edge further down Thursday.
Gas	↘	European gas prices continued to slide yesterday, amid mild autumn temperatures across the continent. The market also had focus on an improved supply picture and on the general bearish sentiment across the energy markets. The NCG Cal-19 contract ended up falling as much as 0,61 EUR/MWh, closing the day at 25,00 EUR/MWh.
Coal	↘	After briefly breaking above the 100 USD/t-barrier earlier this month, the European coal markets have now started to retreat. Yesterday, the market followed the oil and gas markets downwards, with limited physical demand adding to the negative sentiment. Renewables production is very high at the moment, which limits short term demand for coal. The market edges further down early Thursday.
Carbon	↘	On a day with very bearish signals from the fuel markets, the European market for carbon emissions saw another significant downturn. The benchmark quota contract was down 1,33 EUR/t, settling at 19,46 EUR/t. The overall bearish sentiment on the market is strong, and political uncertainty also influences the development as the EU countries failed to agree on a strengthening of the union's climate goals during negotiations earlier this week. Another very bearish day seems likely today.
Hydro	↘	The next few days look quite dry in the Nordic area, but the conditions are set to turn much wetter from around the forthcoming week-end. From then and one week on, precipitation amounts are expected well above average. This could cause the hydro balance to reach a surplus for the first time in several months. The bearish outlook supports a bearish sentiment on the Nordic power market.
Germany	↘	The German power market edged down for a third straight day yesterday, amid very strong bearish support from the fuel markets and the carbon emission market. The losses were relatively strong, as all the important key drivers for the German market pointed down-wards. The German Cal-19 contract closed at 52,00 EUR/MWh, down 2,15 EUR/MWh from Tuesday. We expect further losses today.
Equities	↘	Most international stock markets fell sharply yesterday, in a response to increased interest rates and fears that many US companies will post bad results due to the country's trade war with China. The US S&P 500 Index was down a massive 3 %, and the losses were almost just as big in the US. The bearish sentiment appears to continue in Asia Thursday morning.
Conclusion	↘	Wednesday was very bearish on the Nordic power market, with negative influence from both the fuel markets and the German power market pushing prices downwards. The Q1-19 contract fell 1,18 EUR/MWh, closing at 45,50 EUR/MWh, while the YR-19 contract was down 1,10 EUR/MWh, settling at 37,40 EUR/MWh. The negative sentiment seems very persistent and prices are also falling sharply early Thursday morning.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-okt	43,63	66,09	45,91	62,20	45,91	43,63	44,79	November	48,70	51,55	47,30	49,53	49,05	45,30	45,30	Novem-	52,11	61,00	68,63
10-okt	58,55	59,94	49,97	59,87	49,97	43,81	46,76	Q1-19	43,00	47,03	47,33	48,70	50,50	45,75	45,50	Q1-19	51,69	63,11	99,66
11-okt	42,00	52,56	45,13	52,56	49,44	41,00	43,69	2019	42,58	45,08	39,45	40,75	43,65	37,53	37,40	2019	50,76	57,48	99,66







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