

## Expectation

Oil



The week opened with a largely neutral session on the crude oil market, where the Brent front month contract continues to trade just around the 70 USD/bbl marker. Yesterday, it fell 0,41 USD/bbl and closed at 70,23 USD/bbl, as US-China trade war fears and high US production overshadowed the bullish signals on the market. Early Tuesday, the market appears to rebound a bit, but we should not see any big upturn during the day.

Gas



There were falling spot prices on the European gas markets yesterday, and curve contracts edged down as well, as the weather forecasts predict rising temperatures, while the supply side on the market should remain strong. During the coming weekend, temperatures across Europe should have recovered to near seasonal normal following a long, quite cool period, something which should curb gas demand significantly.

Coal



As gas and oil prices fell, the European coal market edged down as well in Monday's session. Supply remains strong and demand weak, and as long as the gas markets keep on falling, this situation is not looking to change anytime soon. The API 2 Cal-20 contract fell 1,16 USD/t to 69,40 USD/t, only marginally above the one and a half-year low which was reached earlier this month.

Carbon



After closing last week with a quite noticeable downturn, the European market for carbon emissions initially edged up in Monday's session. The negative effects of the US-China trade war caused the market to plummet late in the day however, where the benchmark quota contract fell another 0,59 EUR/t and settled at 25,03 EUR/t. The first signals today point towards another bearish session.

Hydro



We are currently in the middle of a very dry period in the Nordic area, but the forecasts suggest wetter conditions starting early next week, where precipitation could increase to around or even above seasonal normal. The outlook is a bit wetter than what was forecasted yesterday, and should support a downside on the Nordic power market Tuesday.

Germany



The German power market initially traded up in Monday's session, but as the carbon market fell sharply late in the day, the German market followed this development. The country's Cal-20 contract closed at 48,05 EUR/MWh, down 0,35 EUR/MWh from Friday. Milder weather forecasts added to the bearish sentiment. We expect further losses today, especially on the short end of the curve.

Equities



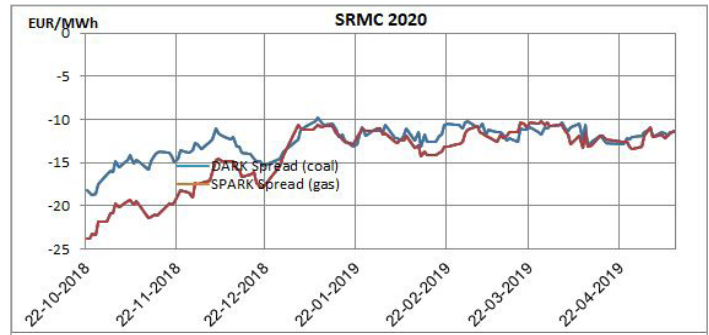
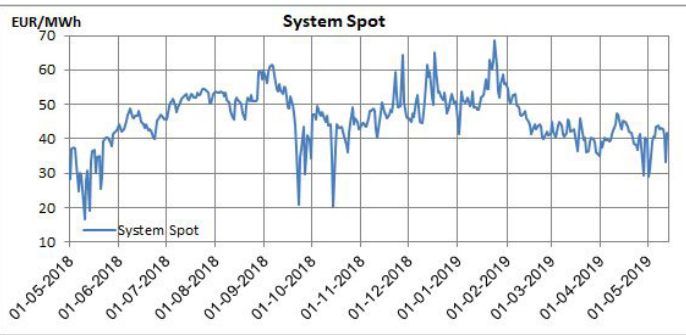
The negative sentiment across the financial markets continued in Monday's trading. The nervousness due to the escalating US-China trade war has completely taken all focus on the markets, and will likely continue to do so for at least the rest of the week. Furthermore, we will receive key figures on industrial production in the Eurozone, but the trade war issue appears to cause further downside.

Conclusion



We saw a quite neutral opening to the week on the Nordic power market yesterday. The Q3-19 contract was down a marginal 0,05 EUR/MWh, settling at 41,90 EUR/MWh, while the YR-20 contract was down 0,20 EUR/MWh, closing at 36,50 EUR/MWh. These numbers do not account for the quite big drop on both the carbon market and the German power market late yesterday, so we expect falling prices immediately Tuesday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
12-maj	19,55	19,55	11,99	11,99	11,99	41,89	33,21	June	42,68	43,75	40,65	41,25	44,38	40,80	40,85	June	45,65	35,63	88,99
13-maj	41,04	41,42	37,30	39,37	61,94	42,78	41,89	Q3-19	45,60	46,90	43,60	44,85	47,65	42,03	41,90	Q3-19	46,56	37,80	0,00
14-maj	43,91	46,65	41,89	46,15	54,06	42,96	42,90	2020	41,00	43,23	37,98	39,25	41,10	36,60	36,50	2020	48,21	48,08	0,00



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