

Expectation

Oil



Thursday, we saw a quite sudden downturn on the international oil markets, which retreated sharply after nearing a year-high earlier this week. The Brent front month contract fell 3,23 USD/bbl, the largest day-to-day loss of the year, before closing at 67,76 USD/bbl. The losses were caused by the latest report showing increased inventory levels in the US, and by the insecurity regarding the US-China trade war. We expect the market to rebound to at least some extent today.

Gas



The bearish sentiment from the oil markets spread to the rest of the fuel markets yesterday, and the continuously very strong supply level offered further bearish support to the gas markets in Europe. The NCG Cal-20 contract ended up falling 0,09 EUR/MWh, closing the session at 19,74 EUR/MWh. We expect further losses today.

Coal



On the European coal market, we saw further losses yesterday, where the market dropped to around a two-year-low. The market remains very bearish, with low demand, strong supply and high competition from the competing gas markets continuing to add pressure to the market. Furthermore, the US-China trade war causes insecurity across the markets.

Carbon



Thursday, an overall bearish sentiment across the fuel markets also spread to the carbon emission market, where the benchmark quota contract fell 0,31 EUR/t and closed the day at 26,06 EUR/t. Gas burn across Europe has decreased a bit recently, and this has also led to falling buying interest for quotas. The market also keeps an eye on the UK, where a possible upcoming resignation of Theresa May could be a gamechanger in the Brexit situation. We expect another downturn today, but the market should stay above 25 EUR/t.

Hydro



Friday morning, the Nordic weather outlook is largely unchanged compared to yesterday. High precipitation amounts are expected during the next week, but from then on, the level should decrease to around seasonal normal. Meanwhile, temperatures will likely rise to around average during the coming weeks from the current level below normal.

Germany



Yesterday, the German power market edged followed the fuel and carbon markets downwards, with the country's Cal-20 contract falling 0,28 EUR/MWh to close at 48,22 EUR/MWh. Low spot prices added to the bearish sentiment. Friday, we expect the market to edge down, as further losses on the fuel and carbon markets look likely.

Equities



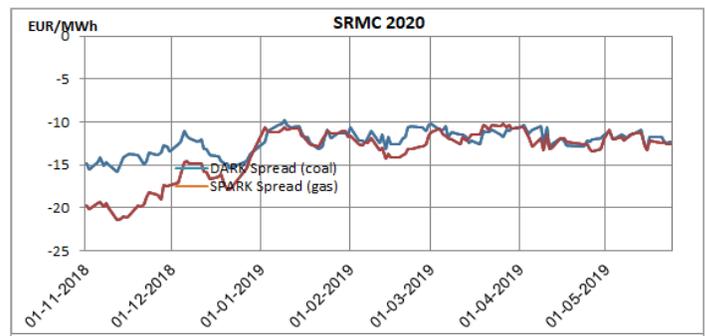
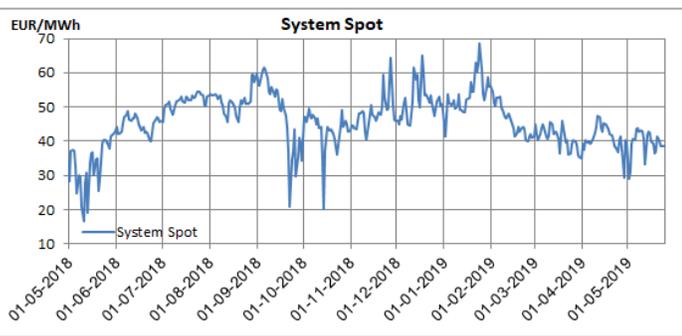
The bearish sentiment across the stock markets intensified yesterday, as all eyes are still on the US-China trade war, with no clear signs that a solution is on the way. Furthermore the European negotiations with the US are likely not set to continue before the US-China situation has been resolved. The bearish sentiment continues Friday in Asia.

Conclusion



There were falling prices across the Nordic power market yesterday, as bearish signals from the fuel markets and the carbon emission market were the most import price driver during the day. Drier forecasts limited the downturn on the short end of the curve. The Q3-19 contract closed at 36,75 EUR/MWh, down 0,24 EUR/MWh for the day, while the YR-20 contract fell 0,40 EUR/MWh and settled at 35,50 EUR/MWh. The market opens with sideways trading today, but we expect a downturn during the day.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
22-maj	40,13	40,56	38,64	40,41	59,45	38,64	38,67	June	38,88	39,23	35,37	36,70	39,48	35,90	35,95	June	44,69	33,64	92,85
23-maj	40,45	41,02	38,56	41,01	47,64	38,56	38,51	Q3-19	42,03	43,18	38,30	39,25	42,45	36,88	36,75	Q3-19	45,69	35,50	0,00
24-maj	38,41	39,45	38,41	39,45	51,36	38,41	38,38	2020	40,38	42,25	37,03	38,25	39,75	35,60	35,50	2020	47,75	48,10	0,00



The Morning report is produced on the basis of information about the Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservations for typing errors, calculation errors and assume no responsibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.