

Expectation

Oil



With the OPEC forecasting higher demand for their oil in 2018 and seeing signs of a tightening global market, oil prices were supported yesterday. While the Brent front month gained 0,43 USD/bbl to settle at 54,27 USD/bbl, WTI settled at 48,23 USD/bbl, up 0,16 USD/bbl. The spread between both benchmarks remains elevated as the market still tries to assess the positioning of each. Though the U.S. inventories' picture is a bit distorted in the aftermath of hurricane Harvey, first analyses show that last week stocks have probably risen twice as much as expected. Probably the market remains cautious today, though deviations in official stock data to expectations could result in swings.

Gas



Yesterday, the NBP Win-17 contract traded down a bit after reaching a 7 month high on Monday. The fall should mainly be attributed to a lower coal price. Overall, the recent bullish price movement on gas is primarily driven by a continued stream of outages in Norway, low LNG deliveries and bullish commodity prices. A ramp up in Norwegian flows as processing plant Kollsnes returned after an unplanned outage as well as a recently softer energy complex might provide some downward momentum today.

Coal



Yesterday European coal futures retreated a bit from new recent highs set on Monday and coupled with weaker prices in the Asian-Pacific market. Settling the day at 80,81 USD/t the front year benchmark contract lost 0,34 USD/t. As this doesn't mean any relaxation of upwards pressure coming from Chinese import demand yet, this move might turn out to be a temporary halt only to the price development. Some profit taking after the recent sharp gains probably contributed here as well. Though some further losses might occur, we expect the market ending the day rather neutral.

Carbon



The emissions market ended the day in a sideways move with the Dec '17 benchmark contract closing at 6,89 EUR/t, a marginal 0,01 EUR/t up from Monday. Still, trading is done in rather big price ranges. Due to softer coal prices and German power dipping, emissions traded as low as 6,52 EUR/t before recovering towards the session's end. Some closing of long positions ahead of today's next meeting in the dialogue regarding the EU ETS reform might have also been part of this move down. Next noteworthy moves might only be seen once first results of this meeting are published.

Hydro



This morning weather forecasts continue to look dry and the precipitation level for the next 15 days is below the norm. The hydro-balance is 0,1 TWh down compared to yesterday, but is close to the norm at 2,8 TWh. With no significant changes to the forecasts, it should not have any significant effect on prices, but may still support the high level that the closest contracts have been traded at recently.

Germany



Yesterday prompt prices in Germany came under pressure as an expected surge in wind power generation sent the day-ahead tumbling to 13,61 EUR/MWh in the according auction. Chances are good the current record output of 38,4 GW will be surpassed. Long term contracts also ticked down in line with softer coal and emissions markets. The front quarter dipped 0,20 EUR/MWh to a closing at 38,75 EUR/MWh, the 2018 benchmark contract lost 0,30 EUR/MWh, ending the session at 34,95 EUR/MWh. Today starts in a wait and see mode likely to later take its main clue from further development in coal.

Equities



Asian markets open up this morning, following yesterday's record high S&P 500. It seems that global risk appetite is bigger than possible fears regarding tensions in geopolitics. Also economic damage from hurricanes seems to be at least short lived. Inflation figures from UK were little higher than anticipated and therefore some hawkish talks about future interest rate decision are growing. This normally has some impact on equity valuation but no effect on short term expectations. We expect small increase in equity prices globally.

Conclusion



Falling coal and CO2 prices as well as dipping German power prices led to weaker prices at the Nordic power market Tuesday. The very front end of the curve was kept up though due to the continued dry weather forecasts. The Q4-17 contract closed at 31,85 EUR/MWh, down 0,10 EUR/MWh, while the YR-18 contract fell 0,1 EUR/MWh before closing at 27,95 EUR/MWh. The dry weather seems to continue which will support rising prices at the front end of the curve, while the overall issue at the moment is coal market. Uncertainty regarding the French nuclear production is also one of the drivers keeping prices supported at the moment.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
11-sep	20,91	35,38	35,38	35,38	35,81	26,81	28,70	October	32,35	36,40	32,90	34,65	35,30	29,90	30,40	October	37,80	33,60	68,63
12-sep	25,24	33,00	33,00	33,00	33,00	28,82	29,50	Q4-17	32,20	35,18	33,83	34,35	36,85	31,41	31,85	Q4-17	37,26	35,59	66,74
13-sep	23,38	36,51	36,51	36,51	37,62	26,65	29,83	2018	30,25	32,15	30,00	30,20	34,05	27,60	27,95	2018	34,62	33,75	66,74



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