

Expectation

Oil



After opening the day slightly bearish, the crude oil market ended up rising once again Tuesday. There were no noticeable changes to the fundamentals on the market, as geopolitical concerns in the Middle East and insecurity about Iranian oil export following Donald Trump's withdrawal of the US from the Iran deal continue to offer bullish support. The Brent front month contract closed at 78,43 USD/bbl, up 0,20 USD/bbl from Monday. We expect another modest upside today.

Gas



There were further gains on the European gas markets yesterday, where both prompt and long-term contracts edged up in most countries. The market appears to just follow the general bullish trend from the oil and coal markets, although low storage levels add to the upside. The NCG Cal-19 contract settled the day at 20,88 EUR/MWh, 0,19 EUR/MWh higher than Monday. It was the eight straight day with gains for the contract, but the streak could potentially end today as the first signals are a bit more mixed.

Coal



After rising to multi-year highs Monday, the European coal market saw a rare day of losses in yesterday's session. The bullish signals from Asia are still quite strong on the market, but this was overshadowed by a weakening euro compared to the US dollar yesterday, making the dollar-bound coal more expensive for European investors. Wednesday opens with sideways trading.

Carbon



Tuesday, the European CO2 quota market edged down. The market reacted to news that a higher amount of quotas than previously anticipated will be put up for sale next year, and this was a bearish signal on a market which has seen tightening supply recently. The benchmark quota contract fell 0,32 EUR/t to 14,32 EUR/t. The market remains nervous, but we expect a slight rebound today.

Hydro



Until mid-next week, the weather in the Nordic area is expected very dry and warm, as a high pressure dominates. From then on, the conditions appear to turn a bit more unsettled, with precipitation amounts above average and slightly falling temperatures. Today's outlook supports a bearish sentiment on the Nordic power market since it is slightly wetter than what was forecasted yesterday.

Germany



After reaching an all-time high Monday, the German power market retreated a bit in yesterday's session. The market used the rare bearish sentiment on both the coal and carbon emission markets to trade down, with the Cal-19 contract falling 0,25 EUR/MWh to 40,95 EUR/MWh. Temperatures in Germany are expected approximately 2 C above normal during the forthcoming ten days. Wednesday, we could see another day with minor losses.

Equities



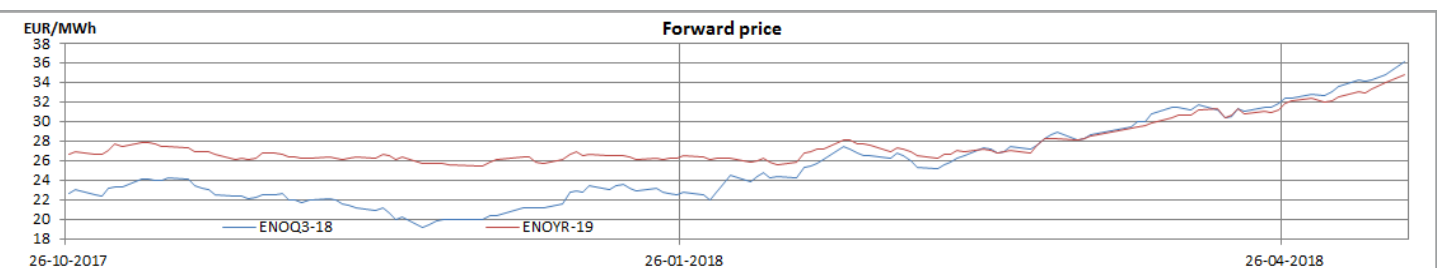
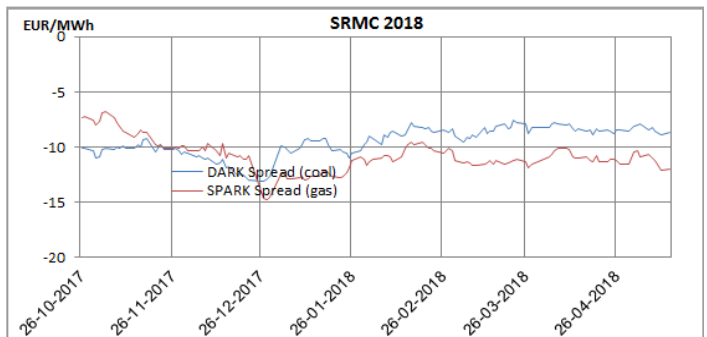
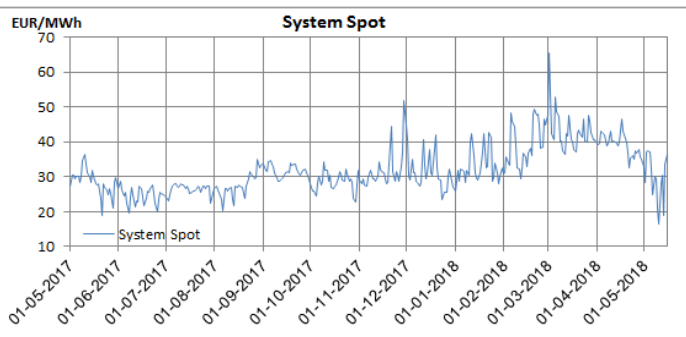
Increased interest rates in the US led to a bearish day on the country's stock markets yesterday, where the S&P 500 Index fell 0,68 %. The European markets were more neutral, but could very well make a downwards reaction today. Wednesday's most important key figure is US data on the country's industrial production.

Conclusion



Yesterday, the Nordic power prices continued to rally upwards, as the mixture of dry weather forecasts and a nervous sentiment on the fuel markets overshadowed the slight downside on the German power market. The Q3-18 contract rose 1,20 EUR/MWh to 37,35 EUR/MWh, supported by a weakening hydro balance, while the YR-19 contract was up 0,35 EUR/MWh, settling at 35,10 EUR/MWh. We expect a neutral or bearish session today in response to yesterday's losses on the quota market and in Germany.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
14-maj	36,48	36,48	36,40	36,40	50,14	32,31	33,58	May	37,65	39,38	36,30	36,70	41,15	34,95	35,30	May	45,14	47,55	68,63
15-maj	42,74	50,77	39,37	50,43	49,16	34,91	36,41	Q3-18	41,55	42,20	38,65	38,65	43,25	35,07	36,15	Q3-18	44,97	48,20	83,04
16-maj	39,91	69,94	38,77	69,94	72,14	34,86	36,62	2019	36,78	38,53	35,90	37,15	39,25	34,70	34,75	2019	43,44	46,70	83,04



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