

## Expectation

Oil



There are currently some supply issues on the oil market, which cause insecurity among investors. Several OPEC countries face reduced production at the moment and lately, Canada also has had to face a diminished output. As a result of these factors, the oil prices continued to rise yesterday, with the Brent front month contract closing at 78,86 USD/bbl, up 0,79 USD/bbl from Monday. We expect a downwards correction today in response to further trade war tensions between China and the US.

Gas



On a day with bullish support from the related fuel markets, the European gas markets edged up as well. On the day-ahead market, prices rose due to outages and low wind power availability, and this supported the long end of the curve as well.

Coal



Prices continue to edge up steadily on the European coal markets, where the Cal-19 contract now is nearing 100 USD/t. The market receives bullish support from the oil and gas markets, and the situation is still tight in Asia due to high demand in China and India combined with supply disruptions in both Australia and Indonesia. The API 2 Cal-19 contract closed the day 92,94 USD/t, the highest price level on the market since 2014. We could see a slightly downwards adjustment today.

Carbon



The European market for carbon emissions continues edging up at the moment. Tuesday, the benchmark quota contract rose another 0,05 EUR/t to 16,05 EUR/t, amid high buying interest despite a declining amount of quotas put up for sale on the EU-sanctioned auctions. We could very well see further gains Wednesday.

Hydro



This morning, the dry weather outlook for the coming week is confirmed. The hydro balance continues to weaken due to the low amounts of precipitation. Temperatures are set to remain 2-3 degrees above normal throughout the next ten days. The unchanged weather forecasts support a neutral sentiment on the Nordic power market Wednesday.

Germany



Supported by rising coal, gas and carbon emission prices, the German power market edged up further in yesterday's trading. Almost every day, the Cal-19 contract reaches new record highs, yesterday 45,15 EUR/MWh, 0,30 EUR/MWh higher than Monday's close. The country remains affected by the oncoming nuclear outages in neighboring Belgium. We expect falling prices today.

Equities



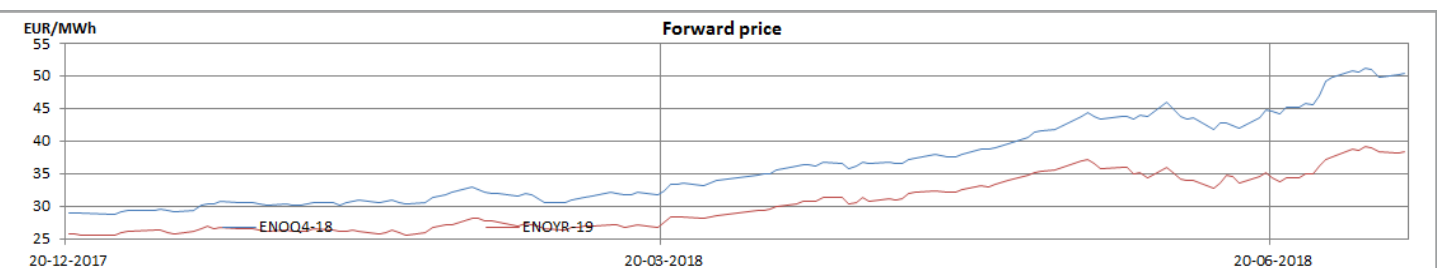
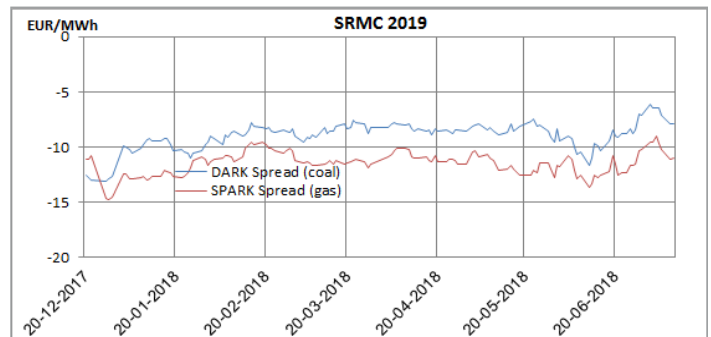
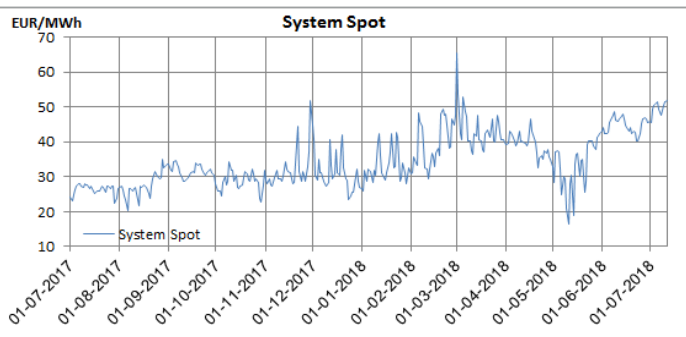
Following some bearish weeks, the international stock markets appear to have refound some optimism. Yesterday, both the US and the European markets edged up. Wednesday morning however, the development is bearish following signals from Donald Trump that he will intensify the trading war against the Chinese.

Conclusion



Most contracts on the Nordic power market edged up further in Tuesday's trading, as a mixture of very dry weather forecasts, a weakening hydro balance and rising prices on the related German power market continued to cause a bullish sentiment. The Q4-18 contract was up 0,35 EUR/MWh, closing at 50,50 EUR/MWh, while the YR-19 contract rose 0,15 EUR/MWh to 38,35 EUR/MWh. We expect a neutral day Wednesday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-jul	48,88	50,02	51,28	51,28	51,75	51,28	50,47	August	53,76	55,38	52,78	53,78	55,28	49,20	50,28	August	49,42	50,86	68,63
10-jul	53,13	53,79	53,57	53,67	53,70	53,58	51,51	Q4-18	48,50	50,12	52,25	53,00	53,65	49,87	50,50	Q4-18	48,57	54,45	90,38
11-jul	53,26	53,26	53,47	53,50	54,31	53,47	51,96	2019	40,83	42,15	40,00	40,85	42,85	38,30	38,35	2019	46,19	49,38	90,38



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