

Expectation

Oil



Wednesday ended up as a very bearish day on the crude oil market, where the Brent front month contract fell 2,37 USD/bbl, to close the day at 72,28 USD/bbl. The ongoing trade war between the world's two largest economies, the US and China, continues to escalate, with China now imposing a 25 % tariff on US oil. The US sanctions against Iran did curb the losses a bit. We expect a minor rebound in Thursday's session.

Gas



The long end of the European gas markets moved more or less sideways yesterday, with bearish support from the related fuel markets offset by continuously warm weather and very high prompt prices. At the end of the day, the NCG Cal-19 contract ended up falling a marginal 0,01 EUR/MWh, settling the day at 21,47 EUR/MWh.

Coal



With bearish support from the oil and the carbon markets, the European coal market edged down yesterday. There are some weather forecasts indicating that the heatwave is about to cool off, and this was enough to drag the market downwards yesterday. Thursday, we expect the market to stabilize with either sideways trading or a small upturn.

Carbon



On a day with losses across the fuel markets, the European CO2 quota market also ended up edging down. There were quite big losses across the European power markets, which offered further bearish support to the market. The benchmark quota contract closed the day at 17,40 EUR/t, down 0,11 EUR/t against the previous close. We could see further losses today.

Hydro



During the next week, precipitation amounts in the Nordic area will be much higher than seasonal normal, as a low pressure is now dominating following weeks of heatwave and dry conditions. From mid-week-33, the level should be just around normal. Since the market has already priced in the wetter conditions, these forecasts do not support further losses on the Nordic power market Thursday.

Germany



Yesterday, the German power market had focus on the losses across the fuel markets, where especially the oil and coal markets edged down noticeably. Furthermore, the weather forecasts show milder conditions after some weeks of heatwave. These factors led to a bearish day for the country's Cal-19 contract, which fell 0,35 EUR/MWh and closed at 44,55 EUR/MWh. Thursday appears to open bearishly as well.

Equities



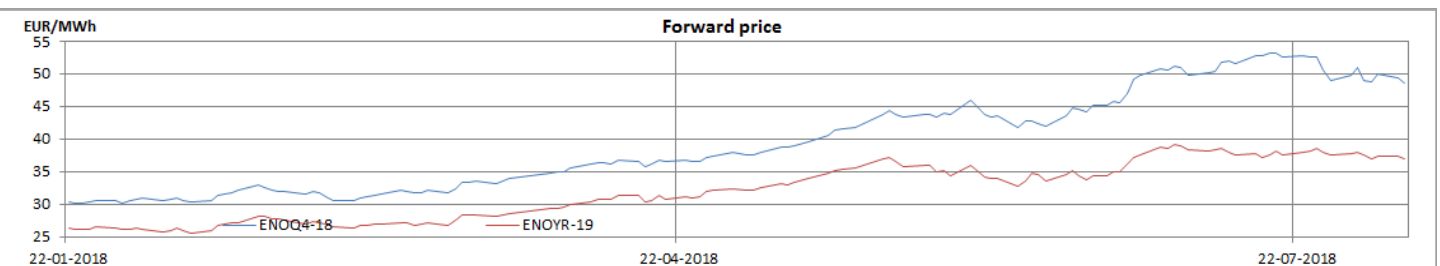
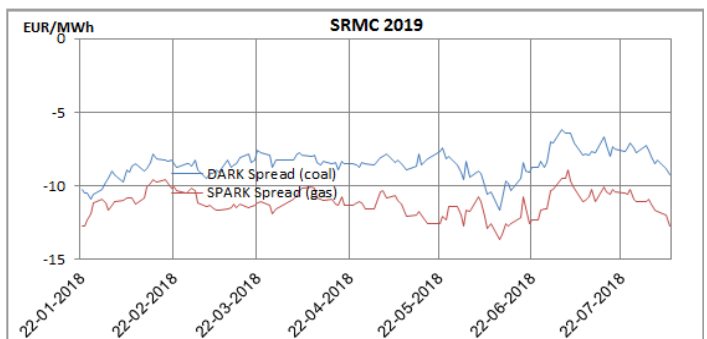
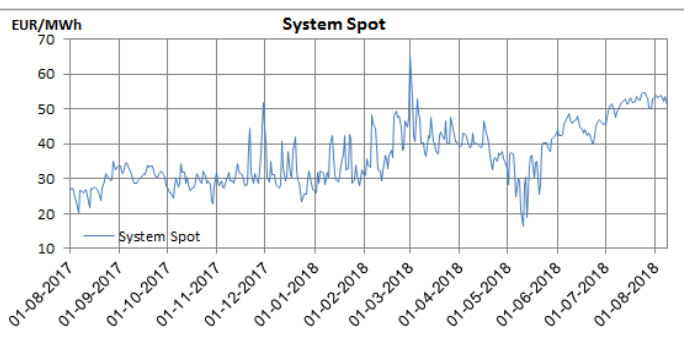
A further escalation of the trade war between the US and China was the primary event on the international stock markets yesterday. Both the European and the US markets edged down as a result, and we could see further losses today.

Conclusion



We have seen a clear weather change in the Nordic area, and the next week, precipitation amounts will be very high. This led to a fiercely bearish day on the Nordic power market yesterday, which was supported by losses on the fuel markets and in Germany. The Q4-18 contract ended up falling 2,20 EUR/MWh to 46,50 EUR/MWh, while the YR-19 contract was down 0,74 EUR/MWh, closing at 36,25 EUR/MWh. We expect a slight upwards correction today, at least on the short end of the curve.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
07-aug	64,68	65,19	58,33	63,87	58,62	53,79	53,52	August	51,13	56,55	53,50	54,25	55,50	46,00	47,00	August	48,98	51,56	68,63
08-aug	54,83	56,55	52,03	54,96	56,50	50,93	51,14	Q4-18	45,90	48,50	48,13	49,00	50,35	45,87	46,50	Q4-18	48,23	54,28	89,94
09-aug	55,18	55,68	51,18	55,16	51,18	51,41	50,53	2019	39,60	40,88	38,05	38,75	41,50	36,20	36,25	2019	45,54	49,50	89,94



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