

## Expectation

Oil



Tuesday was bullish on the crude oil market, where new data showing that the Iranian exports are decreasing led to rising prices throughout the day, despite the fact that Saudi Arabia and Russia have signaled that they want to replace some of the market share lost by the Iranians. The Brent front month contract closed the day at 85,00 USD/bbl, up 1,09 USD/bbl from Monday. We expect a more neutral session today.

Gas



The mild weather which currently dominates most of the European continent leads to low demand across the gas markets. The spot markets edged down and despite the gains on the oil market, the long end of the curve also saw a slight downturn. LNG supply to Europe has ramped up again following a relatively dull period during the last few months.

Coal



Near-term demand is also decreasing on the European coal markets due to the mild autumn weather. The more distant contracts also edged down as it appears as if the market is stabilizing just below the 100 USD/t-barrier. There are however still some bullish signals on the market, as a tight situation in the Pacific area, where demand in China is still high, limits the losses. The API 2 Cal-19 contract closed the day at 97,17 USD/t, down 1,38 USD/t for the day. We could see a minor rebound today.

Carbon



On the European carbon emission market, we saw a sharp downturn yesterday, as the benchmark quota contract fell 1,15 EUR/t and closed at 20,79 EUR/t. Buying interest in yesterday's auction was limited, as the high temperatures result in weakening demand for coal, which also is a bearish signal for the carbon market. The market should calm down today.

Hydro



The different weather forecasts disagree about the outlook for the Nordic area currently. Yesterday, a very wet outlook helped the Nordic power market fall sharply, but this morning, the forecast is a bit drier. Temperatures are still expected to remain above average, so in total, today's forecasts is probably neutral for the Nordic power market.

Germany



For a second straight day, there were falling prices on the German power market yesterday, and the losses were quite big due to the noticeable downturn on both the gas, coal and the carbon emission markets. There might also have been a sentiment that the market has previously been priced too high, and traders used this opportunity to adjust downwards. The losses appear to continue today.

Equities



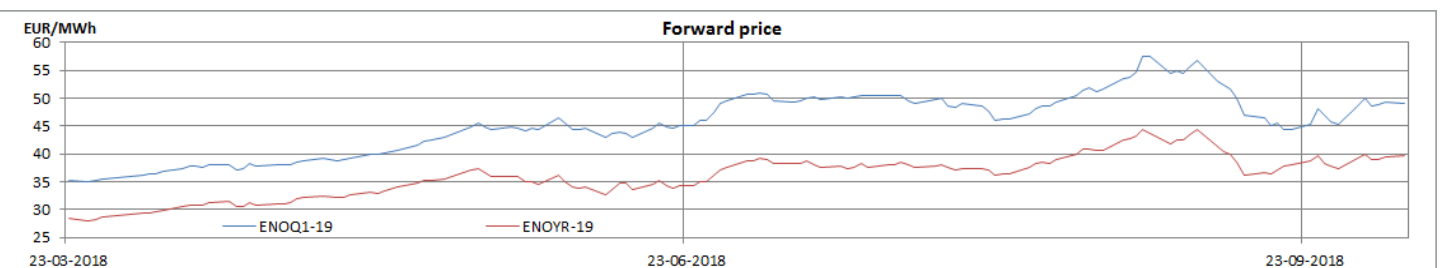
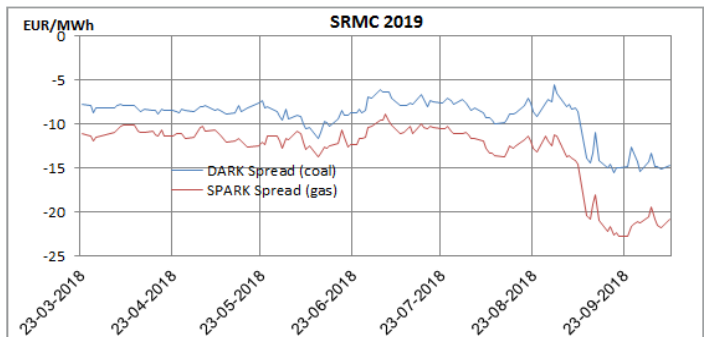
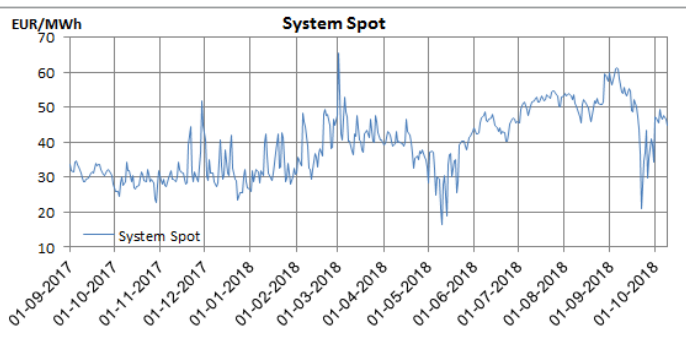
After initially opening the day with losses, the European stock markets recovered during Tuesday, as the Stoxx600 Index closed the day with a minor gain of 0,19 %. The development was a bit more negative in the US due to an increase in interest rates. The markets are still focused on the political situation in Italy, which might be the decisive factor for today's development.

Conclusion



The Nordic power market saw a massive downturn in Tuesday's trading, in response to the big losses in Germany and across the fuel markets, while mild weather outlook for the coming weeks added to the negative sentiment. The Q1-19 contract was down 2,32 EUR/MWh, closing at 46,68 EUR/MWh, while the YR-19 contract fell 1,05 EUR/MWh, settling at 38,50 EUR/MWh. This was a clear indication that the market is still nervous and can fluctuate a lot on a daily basis. We expect slightly falling prices today in response to a downturn in Germany.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
08-okt	46,23	59,74	47,13	59,56	47,48	46,23	46,65	November	49,58	52,70	48,20	50,40	49,95	46,20	46,20	Novem-	53,84	62,73	68,63
09-okt	43,63	66,09	45,91	62,20	45,91	43,63	44,79	Q1-19	44,08	48,21	48,58	50,18	51,58	46,93	46,68	Q1-19	53,62	64,94	99,33
10-okt	58,55	59,94	49,97	59,87	49,97	43,81	46,76	2019	43,78	46,18	40,63	41,94	44,71	38,63	38,50	2019	52,81	59,27	99,33



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