

Expectation

Oil



Last week ended with a second straight bullish session on the crude oil market following the huge price drops during the previous couple of weeks. The Brent front month contract edged up 1,15 USD/bbl, settling at 58,53 USD/bbl. The upturn was attributed to new data signaling a drop in European inventory levels and output cuts among the OPEC members. Still however, the market remains nervous due to the weak demand forecasts for the coming years. The market edges back down early Monday.

Gas



There were further losses on the European gas markets Friday, where the NCG Cal-20 contract dropped to the lowest price level in more than a year, settling at 18,09 EUR/t, down another 0,09 EUR/t from Thursday. Focus on the market remains on a very strong supply picture across the continent and on relatively weak demand. We expect another downturn today.

Coal



European coal prices fell along with the gas market Friday, and the short-lived rebound we saw during July appears to have completely disappeared again. Demand remains weak due to the fuel switch from gas to coal and the US-China trade war adds to the negative sentiment, as Chinese buyers are more hesitant to purchase the dollar-bound coal because the Chinese yuan is weakening against the US dollar.

Carbon



On the European CO2 quota market, prices edged down yet again Friday, where the benchmark contract fell 0,41 EUR/t and closed at 28,12 EUR/t. The market has for now stopped the bullish run as an overall bearish sentiment across the energy markets, worsening macroeconomic expectations and low liquidity are now the main focus points. Monday, the market opens with gains but the sentiment could change rapidly.

Hydro



Over the weekend, the Nordic weather outlook has turned even wetter for this week, while the outlook from week 34 and beyond looks a bit drier. Expected precipitation this week will likely be more than twice as high as seasonal normal, while the level could drop to around or below average from early next week. The outlook is largely neutral for the Nordic power market.

Germany



We saw another decline on the German power market Friday. For the first time in around a month, the country's Cal-20 contract dropped below 50 EUR/MWh, as the losses on the coal, gas and carbon markets caused a bearish sentiment. The contract closed at 49,85 EUR/MWh, 0,70 EUR/MWh lower than Thursday. It added to the downside, that spot prices were very low due to high wind power generation. Further losses seem likely Monday.

Equities



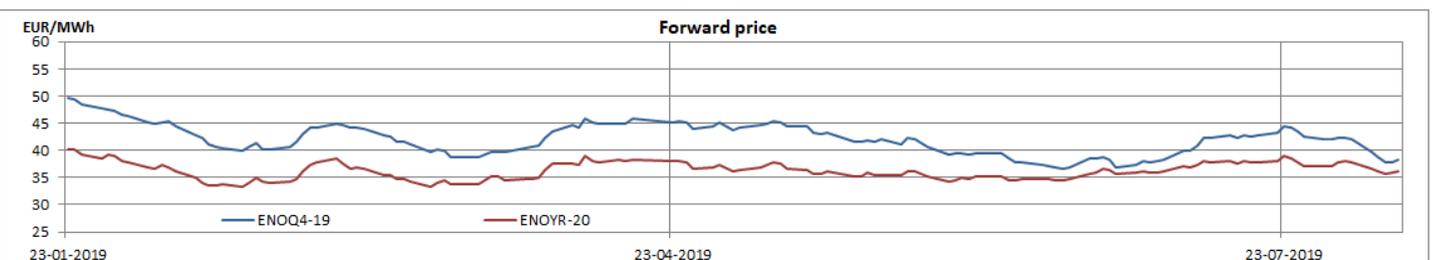
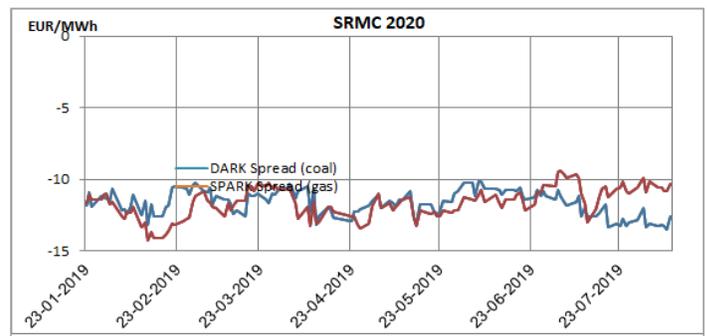
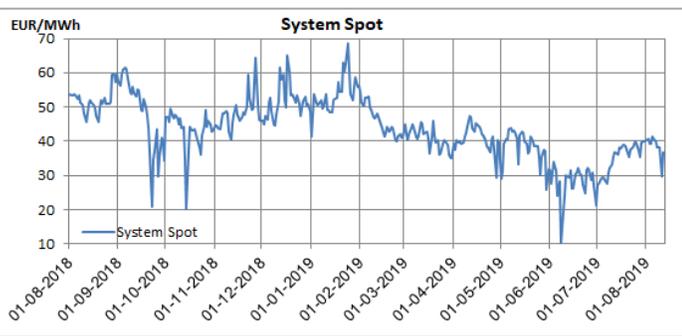
Regarding the US-China trade war, the rhetoric has become quite sharp again lately from Donald Trump, who is indicating that the planned talks between the countries could get cancelled. The stock markets responded with losses, with the European Stoxx600 Index dropping 0,84 %. We could see the negative sentiment continue today.

Conclusion



Despite the losses in Germany and across the fuel and carbon markets, we saw a minor upturn on the Nordic power market Friday. The upturn was attributed to traders securing profit ahead of the weekend. The O4-19 contract rose 0,47 EUR/MWh to close at 38,30 EUR/MWh, while the YR-20 contract rose 0,30 EUR/MWh and settled at 36,23 EUR/MWh. Monday, we expect a minor downwards adjustment to open the week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
10-aug	14,23	34,12	34,12	34,12	36,51	34,12	33,56	August	40,88	43,28	38,50	39,50	45,25	35,68	35,50	August	46,46	35,97	79,34
11-aug	13,31	28,77	28,54	28,54	28,54	28,76	29,83	O4-19	42,83	43,95	39,25	40,65	44,80	38,30	38,30	O4-19	46,93	44,61	0,00
12-aug	41,24	41,95	36,46	38,78	51,61	35,88	36,61	2020	41,81	43,61	37,78	39,03	42,01	36,38	36,23	2020	48,80	46,54	0,00



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