

Expectation

Oil



The rather big fluctuations on the crude oil market continues. Wednesday, the market dropped again following the rebound during the previous session, as the market focused on weak expectations to global demand due to a slowing international economy. Data showing increasing US inventory levels added to the downside, as the Brent front month contract closed at 59,48 USD/bbl, down 1,88 USD/bbl for the day. Thursday, we could see prices fall further.

Gas



We saw falling prices on both the short and the long end of the European gas markets yesterday. The supply side was affected by increased flows from Norway following an outage earlier in the week, while the overall bearish sentiment across the market added to the downside. Today, the market could see a more neutral session.

Coal



Supply on the international coal markets remains very strong. In China, the coal production increased by 12 % in July, adding to the bearish sentiment on a market which has already seen some heavy losses recently. Other countries are increasing their production as well. As a result, prices edged down in Europe as well, with the API 2 Cal-20 contract down 0,72 USD/t, settling at 65,10 USD/t.

Carbon



The bullish sentiment on the European CO2 quota market was rather short-lived. Yesterday, prices started falling again, as the benchmark contract edged down 0,19 EUR/t to close at 26,91 EUR/t. Disappointing key figures from Germany caused an overall bearish sentiment across the markets, and a German economy in recession could also limit demand for emission allowances. The market has opened bullishly Thursday, but the sentiment could as always change quickly.

Hydro



Since yesterday, we have not seen any major changes to the Nordic weather outlook, as the forecasts continue to show drier conditions from early next week following a wet end to this week. As a result of the forecasts, the hydro balance is weakening, and is now once again expected in a minor deficit in two weeks time. The outlook is marginally bullish for the Nordic power market.

Germany



Yesterday, the concerns regarding the German economy which is on the verge of recession affected the country's power market as well. The Cal-20 contract fell 0,50 EUR/MWh to close the day at 48,65 EUR/MWh on a day where the signals from the fuel and carbon markets were bearish as well. Today, it seems likely that we will see a minor rebound.

Equities



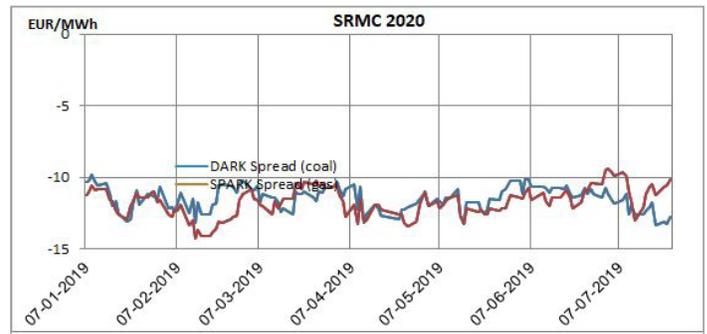
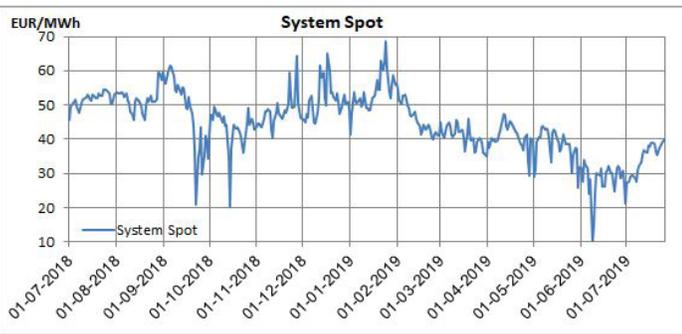
Germany was in focus on the financial markets yesterday. Disappointing key figures caused a negative sentiment on the fuel markets, where both the European and the US markets edged down. The losses on the oil market added to the sentiment. Thursday, focus will be on US key figures, while the market continues to keep an eye on the US-China trade war.

Conclusion



Wednesday, the Nordic power market changed direction a couple of times during the day, before closing with only minor fluctuations compared to the price level at the start of the session. Focus was on drier weather forecasts, but the losses on the fuel markets and the weak German economy offset the bullish signals. The Q3-19 contract closed at 38,60 EUR/MWh, down 0,05 EUR/MWh for the day, while the YR-20 contract was down 0,35 EUR/MWh, settling at 35,78 EUR/MWh. We expect a rebound today due to dry weather forecasts for next week and gains on the carbon market.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
13-aug	39,46	39,57	37,02	39,11	56,13	36,17	36,84	August	42,25	44,78	40,00	41,00	47,20	36,75	37,00	August	45,98	33,84	82,57
14-aug	39,48	39,55	35,09	39,02	55,75	34,41	35,32	Q4-19	42,93	44,15	39,55	41,55	45,60	38,60	38,60	Q4-19	46,42	43,08	0,00
15-aug	32,60	34,18	33,95	34,10	51,08	32,59	33,67	2020	41,41	43,16	36,91	38,58	41,88	35,93	35,78	2020	47,93	45,83	0,00



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