

Expectation

Oil



Prices kept on falling on the international crude oil market yesterday. The Brent front month contract dropped another 1,25 USD/bbl, settling at 58,23 USD/bbl. The main bearish price driver right now is weak key figures from several of the world's leading economies, such as Germany and China, causing concerns regarding the global economy and oil demand in the coming years. We expect a rebound to some extent in Friday's session.

Gas



There were further losses on the European gas markets yesterday. Demand across the continent is relatively weak, and although the supply side is also under some pressure, it is not enough to stop the market from continuing downwards. The NCG Cal-20 contract edged down another 0,22 EUR/MWh, closing at 17,84 EUR/MWh, the lowest price level in more than a year.

Coal



The overall outlook on the coal market is very bearish right now. Production is increasing in China, and high inventory levels in Europe mean that demand will likely remain relatively subdued during the coming time as well. Meanwhile, the coal-to-gas fuel switch continues, and we could very well see further coal losses as a result.

Carbon



On the European carbon emission market, we saw another downturn yesterday, where the benchmark contract fell 0,93 EUR/t to close at 25,98 EUR/t. The market has turned its focus to the weakening global economy, and the disappointing key figures from Germany, which could impact allowance demand in the coming years. Friday, another downturn seems likely, but the market remains insecure.

Hydro



Early Friday, we see a bit uncertain Nordic weather outlook. The forecasts offer the possibility that we will see much drier weather from early next week, but there is also a chance that new low pressures will enter, depending on the development during the coming days. The market will react on the upcoming weather forecasts today.

Germany



Another day with falling prices on the fuel and carbon markets led to further losses on the German power market yesterday. The country's economy is not doing well right now, and the power market reacts to this with a downturn. The Cal-20 contract fell 0,65 EUR/MWh to 48,15 EUR/MWh, having now dropped 10 % in less than a month. Further losses seem likely today as the bearish sentiment is strong.

Equities



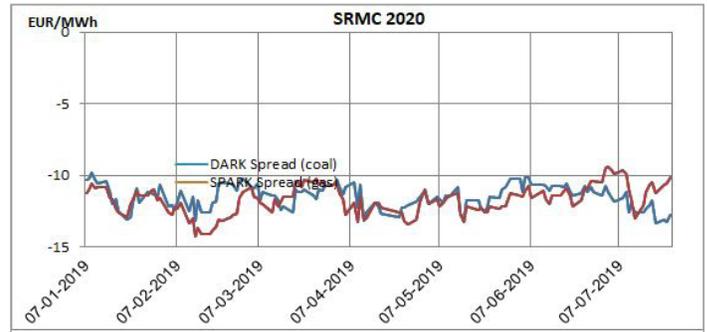
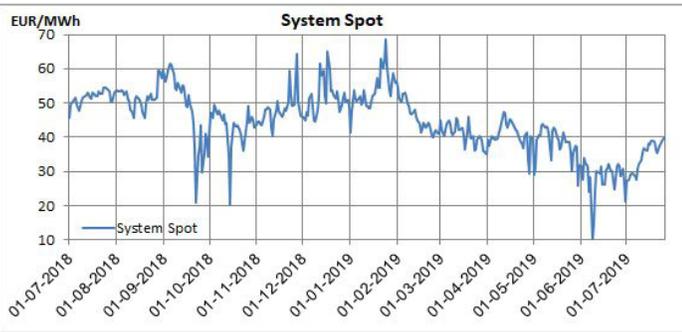
Thursday opened bearishly on the international stock markets, due to increasing trade war tensions and weak key figures from both Germany and China. Later in the day however, the sentiment became more positive, and the US S&P 500 index closed with a minor gain of 0,25 %. The late gains in the US yesterday could cause a bullish session in Asia and Europe today.

Conclusion



Even though the downside was limited by drier weather forecasts for the coming week, the Nordic power market edged further down in Thursday's trading nonetheless. The Q4-19 contract fell 0,25 EUR/MWh to 38,35 EUR/MWh, while the YR-20 contract was down 0,28 EUR/MWh, settling at 35,50 EUR/MWh. Continuously falling German power prices, caused by bearish fuels and carbon, were the main price drivers. Today, the development is highly uncertain but we see further losses as the most likely scenario.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
14-aug	39,48	39,55	35,09	39,02	55,75	34,41	35,32	August	41,65	44,28	40,35	40,85	47,05	36,60	36,85	August	44,95	33,48	82,79
15-aug	32,60	34,18	33,95	34,10	51,08	32,59	33,67	Q4-19	42,53	43,65	39,30	41,30	44,98	38,35	38,35	Q4-19	45,38	42,24	0,00
16-aug	36,60	37,26	34,72	36,21	50,70	33,26	34,34	2020	41,03	42,83	36,63	38,30	41,50	35,65	35,50	2020	46,91	45,22	0,00



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