

## Expectation

Oil



A positive sentiment has struck the crude oil market and prices continued to rise yesterday. The market seems confident that OPEC and Russia will manage to finalize an agreement to extend the current output cuts, easing the oversupply issues. It supports the upside that the US dollar has weakened a bit recently, which makes the dollar-bound oil more attractive for foreign investors. The Brent front month contract closed Wednesday at 56,94 USD/bbl, up 0,33 USD/bbl from Tuesday. Today's session appears to start with a slight downside.

Gas



Despite a downside on the spot market, long-term British gas prices continue the uptrend in yesterday's trading. The oil market continues to offer bullish support, and the market appears to fear that the current supply issues from Norway will continue during the forthcoming winter.

Coal



European coal prices rose to a two-week high yesterday. The Asian market is re-strengthening following a week of Chinese holiday last week and in Europe, the market continues to worry about the issues regarding the French nuclear sector. Should we see a massive safety-related shutdown of French nuclear reactors during the winter, demand for coal would increase significantly. This caused an upside for the API 2 Cal-18 contract, which rose 1,30 USD/t, closing at 82,00 USD/t. Further gains seem likely today.

Carbon



Following the extremely bullish session Tuesday, the European CO2 quota market saw a more relaxed trading day yesterday. The market now awaits the upcoming reform negotiations in the EU regarding a reform of the quota market, and we do not expect any noticeable fluctuations on the market before these have begun.

Hydro



We are currently in the middle of a mild and unsettled period in the Nordic area, where both temperatures and precipitation amounts are above average. During the forthcoming weekend, the conditions could turn a bit drier, but in total, the 10-day forecast is still wetter than seasonal normal. The Nordic hydro balance has strengthened during the recent wet period of time. It is now expected in a surplus of 10,0 TWh in two weeks' time.

Germany



A new scare hit the French nuclear sector yesterday, and this also affected the German power market. The French nuclear operators announced that 29 reactors in the country are facing significant risks in case of an earthquake. This caused the German power market to edge up, and the upside on the coal and gas markets support the development. The country's Cal-18 contract rose 0,55 EUR/MWh yesterday, closing at 35,96 EUR/MWh. It does however seem likely, that we will see a downwards adjustment today.

Equities



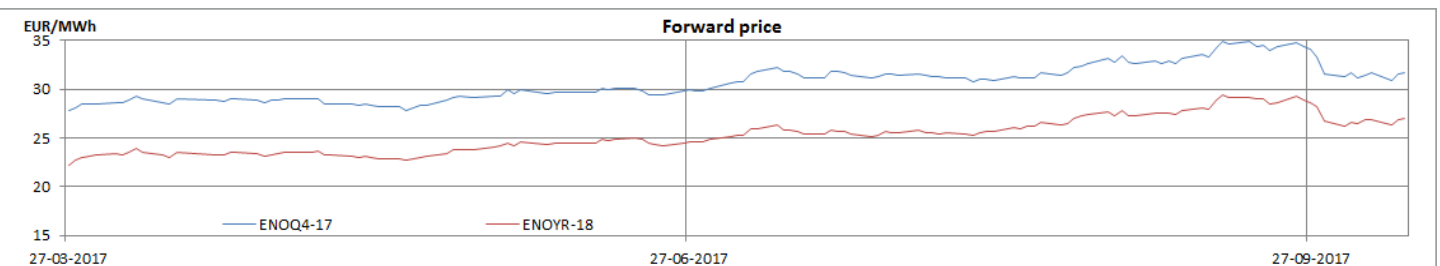
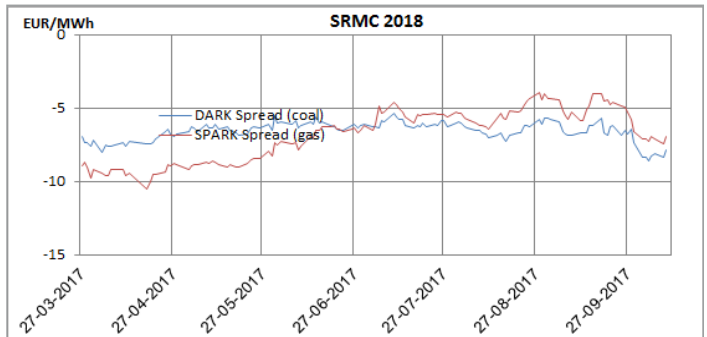
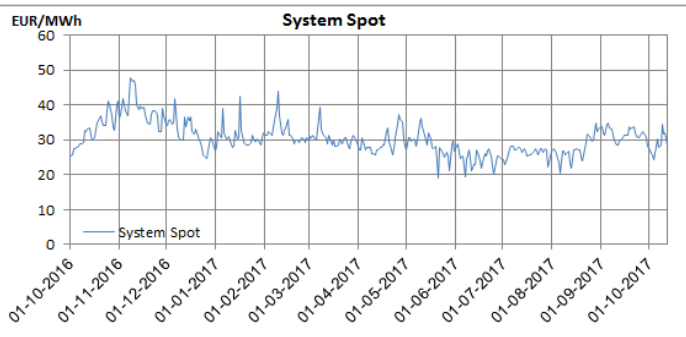
Wednesday was yet another quite neutral day on the European stock markets, where the insecurity regarding Catalonia is still a massive factor. Following the events Monday, the market appears to await the further development. In the US, the indexes were marginally bullish. The latest interest meeting did not offer any surprises and an increase in interest rates still looks very likely later this year.

Conclusion



For a second straight day, the Nordic power market edged up Wednesday. The upside was however more limited than what we saw Tuesday. Big gains on the German power market and on the fuel markets offered bullish support, but this was to some extent offset by wet weather forecasts and a strengthened hydro balance. The Q1-18 contract rose 0,05 EUR/MWh to 31,65 EUR/MWh, while the YR-18 contract was up 0,15 EUR/MWh, settling at 27,00 EUR/MWh. We expect a downside Thursday, supported by both falling German prices, wet forecasts and bearish fuel markets.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
10-okt	37,01	39,94	39,94	39,94	39,94	29,77	31,83	October	29,20	31,73	30,80	31,20	34,45	28,70	29,20	October	38,19	36,70	68,63
11-okt	32,46	37,31	50,57	50,57	50,57	28,98	31,92	Q4-17	31,55	33,30	33,83	34,24	37,85	31,55	31,65	Q4-17	36,54	38,16	66,79
12-okt	22,42	24,88	28,92	28,92	31,22	28,35	28,69	2018	29,30	31,50	29,28	29,75	33,85	26,68	27,00	2018	34,69	33,75	66,79



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