

Expectation

Oil



The international crude oil markets returned to the bearish sentiment Wednesday. Production in the US is ramping up, and this is currently overshadowing the OPEC-Russia production deal, which will limit output among some of the biggest oil producers in the world significantly during 2018. The Brent front month contract closed Wednesday at 61,22 USD/bbl, down 1,64 USD/bbl. The current price level is the lowest on the market for more than a month. Thursday however, the first indications on the market show a slight rebound.

Gas



Wednesday, the downside continued across the European gas markets, both regarding short and long term contracts. The market has seen a noticeable downside recently, as the nuclear situation in France has improved and the upcoming winter does no longer appear critical for the French nuclear sector. This limits demand for gas. The NBP Winter-18 contract closed Wednesday at 51,21 p/th, down 0,49 p/th from Tuesday. We could very well see further losses Thursday.

Coal



There were only limited fluctuations on the European coal markets yesterday, where there were mixed signals that offset each other. There are some supply concerns in the Asian-Pacific region as forecasts show that the La Nina weather phenomena could disrupt production in Australia later this winter. These news were however offset by weak demand, making the day largely neutral on the market.

Carbon



Prices continued to fall on the European CO2 quota market yesterday, and the current price level of 7,27 EUR/t is the lowest we have seen since October. The downside is largely attributed to the fact that coal and gas prices are falling as well, causing a general bearish sentiment across the fuel complex. The downside appears to continue Thursday.

Hydro



There are no big changes to the Nordic weather outlook this morning. The rest of this week looks very wet, but from early next week, a high pressure will cause precipitation amounts to decrease significantly and drop below seasonal average. Temperatures will see a similar development, dropping from above to below normal early next week due to the arrival of the high pressure.

Germany



The downside on the coal and carbon emission markets led to further losses on the German power market Wednesday. The country's Cal-18 contract fell 0,19 EUR/MWh, settling at 36,75 EUR/MWh. The only reason that the downside was not even bigger was the fact, that the German spot price for Thursday was higher than expected. We expect further losses today.

Equities



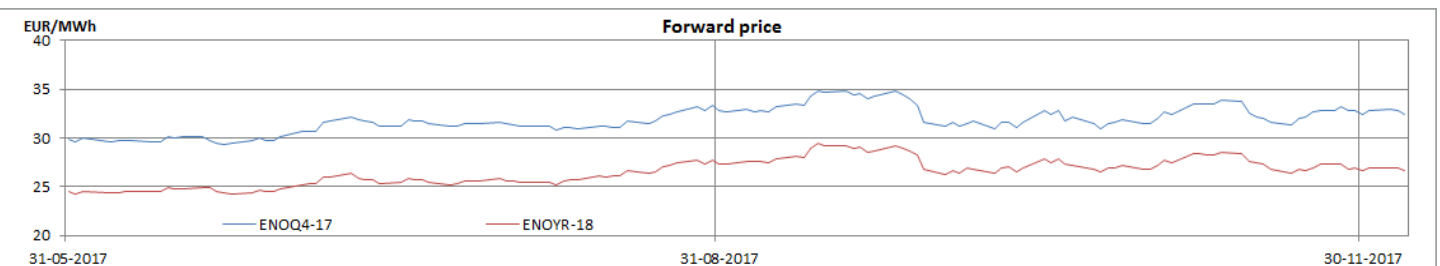
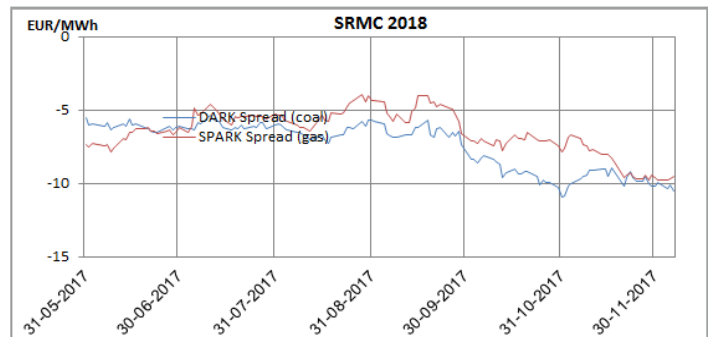
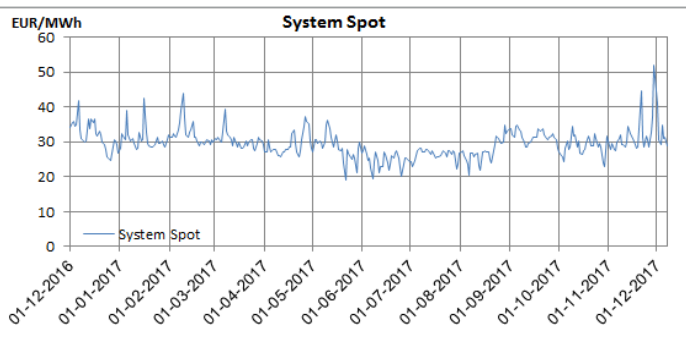
After opening very bearishly Wednesday, the European stock markets won back most of the losses later in the day. The day also closed largely neutral in the US, despite the relatively big losses on the oil market. Thursday, the market will have focus on key figures on unemployment rates in the US.

Conclusion



We saw falling prices on the Nordic power market yesterday, as both slightly milder weather forecasts and bearish fuel markets supported a downside, both on the long and on the short end of the curve. The Q1-18 contract fell 0,41 EUR/MWh, settling at 32,39 EUR/MWh, while the YR-18 contract was down 0,34 EUR/MWh, settling at 26,61 EUR/MWh. The first signals Thursday morning indicate another bearish sentiment during the day.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
05-dec	29,60	29,96	30,57	30,57	36,52	30,58	31,10	October	34,88	37,16	36,83	38,28	40,43	34,38	34,83	October	39,17	43,00	68,63
06-dec	27,53	27,53	31,07	31,07	33,15	31,10	31,31	Q4-17	33,19	34,97	34,54	35,99	38,24	32,09	32,39	Q4-17	38,54	42,42	76,87
07-dec	28,27	28,27	28,27	28,27	34,44	28,40	28,71	2018	30,51	32,11	28,89	29,71	33,61	26,26	26,61	2018	37,08	36,06	76,87



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