

Expectation

Oil



International oil prices ended the week with further losses. In a matter of just three weeks, the Brent front month contract has edged down around 10 %. Friday, it closed at 62,79 USD/bbl, down 2,02 USD/bbl for the day. The bullish sentiment caused by the OPEC-led production cuts from November has completely disappeared and focus is now on the fact that production in the US has increased significantly recently. Monday morning, the market appears to rebound however.

Gas



Friday was a rare day with gains on the European gas markets. The short end of the curve rose due to cold weather conditions, and the gains spread to the long end of the market later in the day. The upside was however limited by the losses on the related fuel markets. The bearish sentiment could very well return today.

Coal



The steady downside on the international coal markets continued Friday. The Chinese New Year is coming up this week, and this usually means decreasing demand in China. The Chinese increased their coal production in January in an effort to limit dependency on import, and the higher production has led to massively falling coal prices. The API 2 Cal-19 contract closed Friday at 76,08 USD/t, down 1,82 USD/t from Thursday.

Carbon



Despite the downside on the fuel markets, the European CO2 quota market edged up for a second straight day Friday. The last weeks have indicated that the quota market is currently acting uncorrelated to the fuel markets. The upside could be a result of increased demand from speculative traders and expectations of a tighter market due to the effects of the MSR reform. The benchmark quota contract closed at 9,23 EUR/t, up 0,11 EUR/t for the day.

Hydro



During the coming week, precipitation amounts are set to remain just around seasonal average in the Nordic area. The conditions are quite mild at the moment, with temperatures around 2 C above normal. This is set to continue to be the case throughout most of the week. From mid-next week, some weather models indicate that we could see the cold conditions return.

Germany



The losses currently seem unstoppable on the coal markets, and this means further losses on the German power market as well. The upside on the gas and carbon markets did take the top of the bearish sentiment, but the German cal-19 contract still fell 0,30 EUR/MWh to 32,80 EUR/MWh Friday. Further losses seem likely today.

Equities



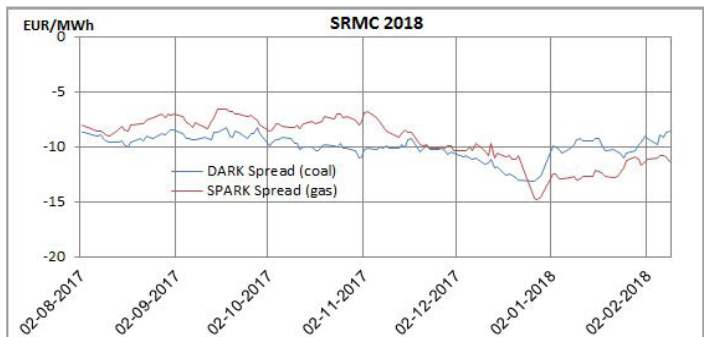
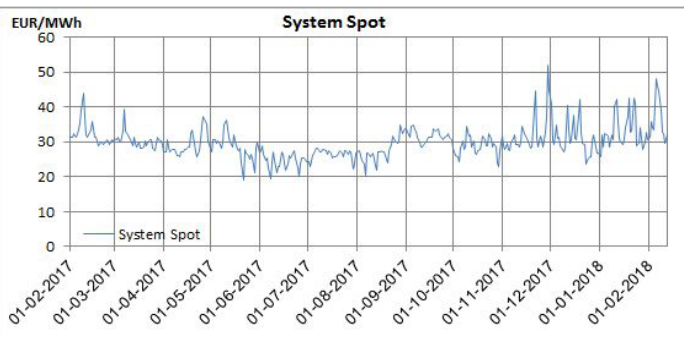
Friday, the losses continued on the European stock markets, where insecurity has risen during the last week. The Stoxx600 Index closed with a downside of 1,45 %. In the US however, the markets managed to recover later in the day and this could offer some support to the European markets during Monday's session.

Conclusion



On the Nordic power market, the short and long term contracts continued to move in different directions Friday. Cool forecasts caused an upside on the short end, where the Q2-19 contract rose 0,25 EUR/MWh to 26,50 EUR/MWh. The long end of the curve however, fell along with the coal market and the German power market. The YR-19 contract was down 0,25 EUR/MWh, settling at 25,60 EUR/MWh. Monday, slightly wetter forecasts and steadily declining fuel markets could cause losses across the market.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
10-feb	32,22	34,80	32,22	34,80	32,75	32,22	32,22	February	32,02	34,88	33,40	34,88	37,85	33,50	33,65	February	35,92	42,21	68,63
11-feb	11,52	21,37	29,71	29,71	29,71	29,71	29,50	Q2-18	31,20	32,18	27,85	28,80	33,70	26,15	26,50	Q2-18	35,50	36,43	76,95
12-feb	26,96	27,05	31,41	31,50	39,27	31,44	32,06	2019	29,73	31,48	28,00	28,40	31,48	25,55	25,60	2019	34,09	36,87	76,95



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