

## Expectation

Oil



As expected, the oil market calmed a bit down yesterday following the massive increases in Monday's session, but the price level still rose, with the Brent front month contract settling at 62,08 USD/bbl, up 0,39 USD/bbl for the day. All focus is now on Thursday's OPEC-Russia summit, where we will see if the countries will be able to come together to re-establish their production cut deal, which has fallen apart due to different reasons over the last few months. We expect falling prices Wednesday.

Gas



Tuesday, the European gas markets edged down in both the short and the long end. The supply side on the market is solid at the moment, as LNG import from other continents has ramped up significantly over the last months. Near-term contracts fell due to very mild weather forecasts for the rest of the week. Week 50 looks somewhat cooler however. Today, a quite neutral session seems likely.

Coal



On the European coal market, demand is increasing due to improving river levels in Central Europe. After an autumn where it has been difficult to transport coal from the large terminals at the sea to the inland power plants, the situation has now improved. This means higher demand for restocking. As a result, the API 2 Cal-19 contract edged up 0,47 USD/t in Tuesday's session, settling at 85,67 USD/t.

Carbon



European carbon emission prices initially edged down Tuesday, but the sentiment turned bullish later in the day. The benchmark quota contract closed at 20,73 EUR/t, up 0,10 EUR/t for the day and close to a two-month high. Demand is high right now ahead of the expiry of the current benchmark contract, the EUA DEC-18. The market opens bearishly today.

Hydro



Temperatures will most likely remain above average in the Nordic area for most of this week, but the conditions will turn cooler from early in week 50. This is quite unchanged from the outlook we saw yesterday, both in terms of temperatures and precipitation. We do not expect the outlook to provide any support in either direction to the Nordic power market Wednesday.

Germany



There were falling prices throughout the German power market yesterday, as the mild weather forecasts for the coming week overshadowed the rising prices on both the fuel and the carbon emission markets. The losses were largest at the short end of the curve. The Cal-19 contract was down 0,20 EUR/MWh and closed at 52,20 EUR/MWh. We expect the market to edge down along with oil, coal and carbon today.

Equities



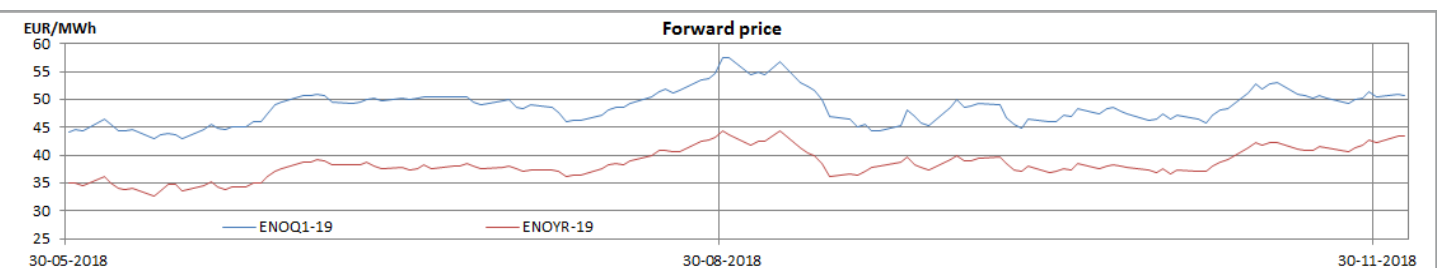
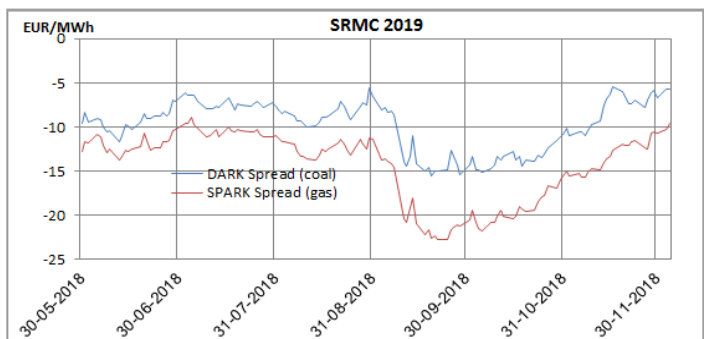
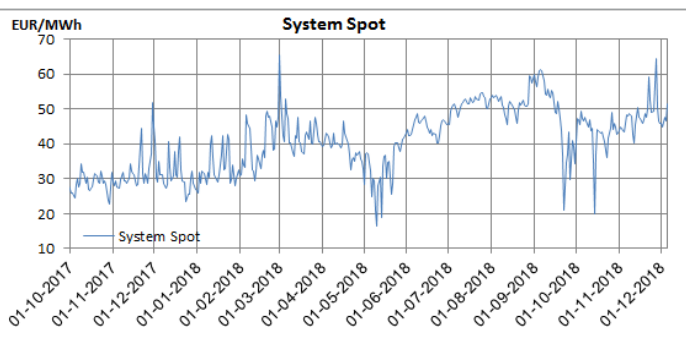
Following the positive start to the week Monday, the international stock markets turned bearish again Tuesday. In the US we saw very big losses, with the S&P 500 Index down more than 3 % as Donald Trump once again stated that he would impose new tariffs on China if the current trade war truce with China does not end up with a permanent agreement. This could lead to a negative day on the European markets Wednesday as well.

Conclusion



Milder and wetter weather forecasts led to falling prices on the short end of the Nordic power market Tuesday, where the Q1-19 contract was down 0,30 EUR/MWh, closing the day at 50,55 EUR/MWh. Further out the curve, rising coal and carbon prices offset the effects of the weather outlook, and the YR-19 contract therefore settled at 43,43 EUR/MWh, up a marginal 0,13 EUR/MWh. A slightly bearish session seems likely today, as the market receives bearish support from the fuel markets and Germany.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
03-dec	47,30	47,40	47,42	47,52	48,80	47,43	47,48	November	51,97	55,13	54,75	57,25	57,63	53,05	53,00	Novem-	49,50	58,06	68,63
04-dec	44,12	44,17	45,20	45,20	48,20	46,45	46,41	Q1-19	50,12	52,45	52,05	54,05	54,35	50,80	50,55	Q1-19	49,38	57,76	97,45
05-dec	54,05	58,95	51,45	52,03	55,71	51,17	51,38	2019	48,38	49,78	45,33	46,98	48,98	43,56	43,43	2019	49,16	53,06	97,45



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