

Expectation

Oil



Yesterday, the oil market opened the day largely neutral, as market participants awaited further news from the trade war negotiations between the US and China. As positive signals came out from the meeting, the optimism reached the oil market, with the Brent front month contract rising to 58,72 USD/bbl, 1,39 USD/bbl above Monday's close. Prices continue to rise Wednesday, on hopes that a deal in the trade war will soon be reached.

Gas



European gas prices edged back up in yesterday's session, reversing much of the losses from Monday. Cooler weather forecasts and support from a quite strong crude oil market led to the bullish session, as the NCG Cal-20 contract rose 0,30 EUR/MWh and closed the day at 20,53 EUR/MWh. Prices are still close to a six-month low but a more permanent cool weather outlook for the end of January could potentially change this.

Coal



Most weather forecasts agree, that Europe will face a cold spell at the end of January, and this outlook also affected the development on the European coal market yesterday. The general expectation of increased demand during a cool period led to rising prices, but the bearish sentiment on the market has not changed as demand is low in China. A neutral session seems likely today.

Carbon



After a few bearish days recently, the European carbon emission market edged up yesterday, supported by the positive sentiment across the fuel markets. The market has eyes on upcoming negotiations in Germany as to how fast the country will exit coal from its energy mix, and the result of these discussions could influence the long-term demand for quotas significantly. The benchmark quota contract closed the day at 22,84 EUR/T, up 0,59 EUR/T for the day. We expect another day of price increases Wednesday.

Hydro



The weather outlook for the coming weeks in the Nordic area has turned a bit milder and wetter since yesterday. Both temperatures and precipitation are still expected well below average during the end of January, but the forecasts are however a bit milder than the very cool outlook from Tuesday. The change should offer a slight bearish support to the Nordic power market today.

Germany



On the German power market, we have seen the year open with some very big fluctuations, and this development continued yesterday. Gains across the fuel markets and on the carbon emission market, combined with cooler weather forecasts for the end of January, helped the market win back most of the losses from the previous session, as the Cal-20 contract closed at 48,10 EUR/MWh. Wednesday opens largely neutrally.

Equities



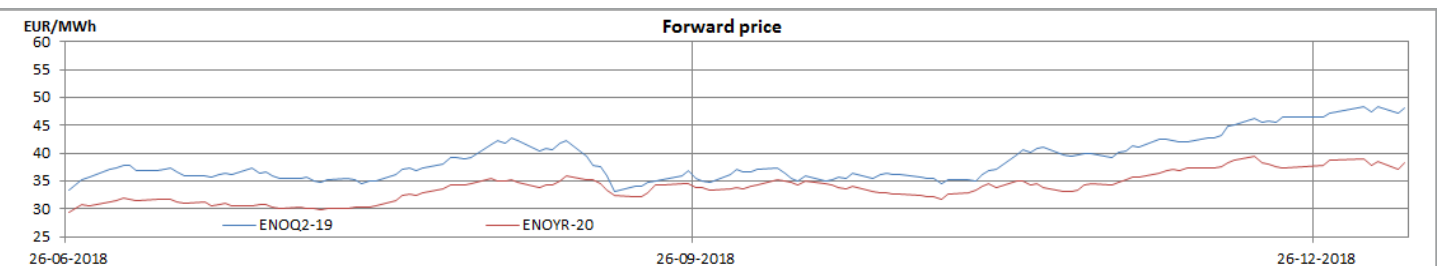
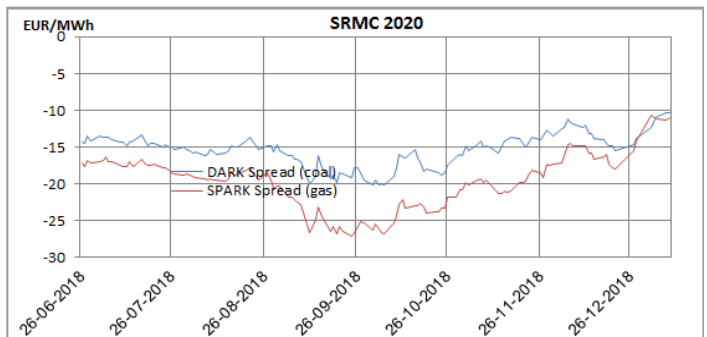
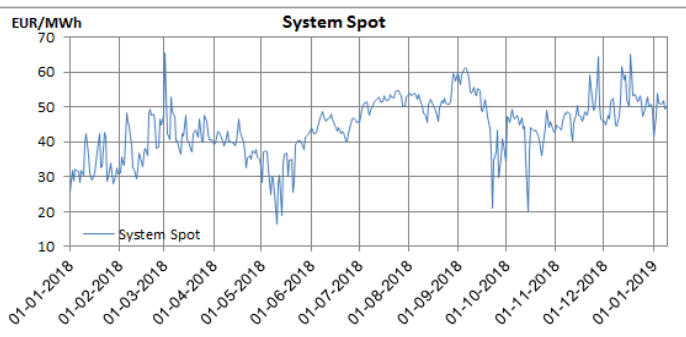
Despite disappointing key figures on German industrial production, the European stock markets rebounded yesterday from the previous day's downturn. The positive sentiment was caused by optimism regarding the US-China trade war and this also caused the US markets to edge up later in the day. The news from the trade talks will most certainly decide the direction on the markets today.

Conclusion



The Nordic power market edged up in yesterday's trading, with the upturn attributed to cooler weather forecasts and bullish support from both Germany and the fuel and carbon markets. The Q2-19 and the YR-20 contracts were both up exactly 1,00 EUR/MWh and closed the day at 48,10 EUR/MWh and 38,15 EUR/MWh respectively. We expect a slight downwards adjustment today due to milder weather forecasts, but fluctuations should be more limited than what we have seen earlier this week.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
07-jan	48,16	53,70	51,95	56,21	51,99	52,05	51,83	February	56,50	59,75	61,75	64,00	64,50	60,75	60,50	February	49,40	53,86	68,63
08-jan	34,50	34,50	49,50	49,50	52,07	49,63	49,50	Q2-19	50,30	51,40	49,50	51,35	52,90	48,05	48,10	Q2-19	49,01	48,93	72,03
09-jan	40,18	40,18	50,07	50,07	58,12	50,47	50,31	2019	43,58	45,00	40,20	41,65	42,85	38,10	38,15	2020	48,42	49,12	72,03



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