

Expectation

Oil



In the US, there are signals that the country's oil production is once again on the increase. Inventory levels increased once again last week according to the official US data, and the rig count is up as well. Yesterday, this overshadowed the bullish effects the OPEC-Russia production cuts, who were agreed upon back in December. The Brent front month contract closed yesterday at 61,63 USD/bbl, down 1,06 USD/bbl for the day. The losses continue early Friday.

Gas



Over the last few days, the European gas markets have re-found some momentum after falling a lot during the last few weeks. Forecasts indicate cooler conditions in Northern and Western Europe from late next week, increasing demand on the market. Bullish technical indicators have added to the increased buying interest. We expect the market to change direction and edge down today.

Coal



The European coal market returned to the bearish sentiment yesterday, and dropped sharply due to weak demand and high selling activity. Stock levels across coal terminals in Europe area very high right now, and buying interest is low in China as well due to the country's New Year holiday. The API 2 Cal-20 contract fell to 78,95 USD/t, the lowest price level on the market for almost a year and 1,55 USD/t below the previous close.

Carbon



There were falling prices on the carbon emission market as well yesterday. Apart from the bearish support from the sharply falling coal market, the market had eyes on weak key figures from Germany, that could indicate decreased demand in the future. The benchmark quota contract therefore fell 0,22 EUR/t and closed at 23,48 EUR/t. We could see further losses Friday.

Hydro



Expected precipitation in the Nordic area during the next two weeks is marginally below seasonal average. The next 3-4 days look quite wet, but from then on, the conditions will once again turn drier as a high pressure starts dominating once again. Temperatures will fall during next week, but will most likely remain above average. The outlook is largely in line with yesterday's forecasts and should not offer any noticeable fluctuations on the Nordic power market.

Germany



Thursday, the bearish sentiment on both the coal and the carbon markets was the most important price driver for the German power market. The country's Cal-20 contract responded with a price fall of 0,64 EUR/MWh, settling at 48,50 EUR/MWh. The losses would likely have been even bigger, had it not been for the cooler weather forecasts for the coming weeks. Friday, it seems likely that we will see further losses as the fuel markets remain bearish.

Equities



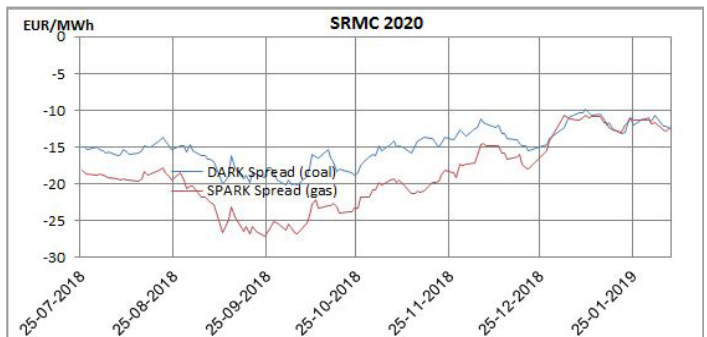
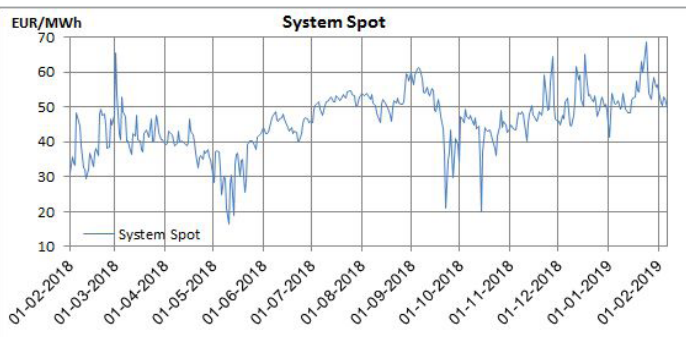
Yesterday, the most decisive topic on the European stock market were disappointing key figures from the Eurozone. The negative sentiment continued later in the day, as Donald Trump rejected further meetings with the Chinese President Xi ahead of the end to the countries' trade war truce on March 1. As a result of the event, both the European and the US markets edged down, and the downturn continues early Friday on a quiet Asian market.

Conclusion



On the Nordic power market, Thursday opened with rising prices due to the cooler weather conditions that most forecasts now agree, that we will see from late next week. On the long end of the curve however, the sentiment changed later in the day due to the heavy losses on the coal and carbon markets and in Germany. The Q2-19 contract ended up rising 0,35 EUR/MWh to 44,75 EUR/MWh, while the YR-20 contract was down 0,45 EUR/MWh, settling at 36,85 EUR/MWh. Bearish fuel markets and weak key figures from the Eurozone could cause another day of losses Friday.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
06-feb	53,04	53,52	53,52	53,52	56,58	53,52	52,88	March	46,12	49,02	49,95	51,20	51,23	49,95	49,70	March	47,63	47,20	80,55
07-feb	46,06	48,80	49,72	49,76	51,58	49,90	49,84	Q2-19	46,75	47,88	45,50	47,00	47,90	44,70	44,75	Q2-19	48,12	45,13	0,00
08-feb	40,75	43,28	48,67	48,67	50,09	49,60	49,14	2019	41,33	43,30	38,88	40,20	41,05	36,80	36,85	2020	48,75	49,24	0,00



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