

## Expectation

Oil



Tuesday, we saw rising prices on the international oil markets. Tensions are high in the Middle East following the attack on some Saudi Arabian oil tankers in the Persian Gulf, possibly by either Iran or Iranian allies. This caused further insecurity on a market which is already focused on geopolitical concerns. The Brent front month contract edged up 1,01 USD/bbl, settling the day at 71,24 USD/bbl. The market falls back a bit early Wednesday.

Gas



On the European gas markets, we saw further losses in yesterday's session. On the short end of the curve, rising temperatures are curbing demand and causing falling prices, while an abundant supply situation and prospects of further LNG delivery offered further downside to an already bearish situation on the long end of the curve. We expect a rebound today.

Coal



The European coal market opened yesterday bearishly, but improved later in the day. The API 2 Cal-20 contract closed the day at 70,69 USD/bbl, up 1,29 USD/bbl for the day, after initially falling to the lowest level in one and a half year early in the day. Higher oil prices and bullish technical signals were likely the reason behind the upturn.

Carbon



Auction volumes are down a bit on the European carbon market this week, and the decreasing supply led to rising prices in yesterday's trading. The benchmark quota contract climbed 0,86 EUR/t and settled at 25,89 EUR/t. The gains happened very late in the session, and have therefore yet to be accounted for on the Nordic power market. The market has however calmed down when reaching 26-27 EUR/t recently, so the upside from here on appears limited. We should see a largely neutral session today.

Hydro



Early Wednesday, there are no noticeable changes to the weather forecasts for the Nordic area. Precipitation amounts are set to increase from the current very low levels next week, and temperatures are also on the rise. This is a bearish indication for the Nordic power market, but it has largely been accounted for already.

Germany



Yesterday, we saw rising prices on both the oil, coal and carbon emission markets, and the bullish sentiment also affected the German power market. The country's Cal-20 contract climbed 0,75 EUR/MWh and settled at 48,80 EUR/MWh, with most of the upturn happening after the Nordic market had closed. Shorter in on the curve, the development was not quite as bullish, as milder weather forecasts limited the upside. The market could very well rise further today.

Equities



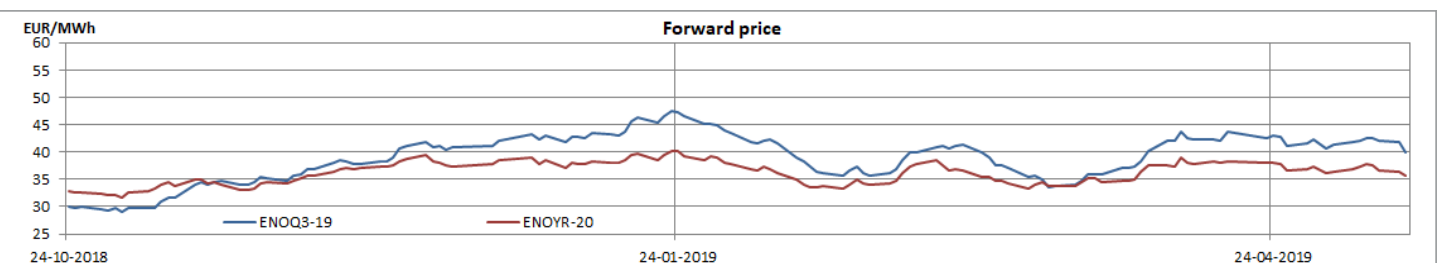
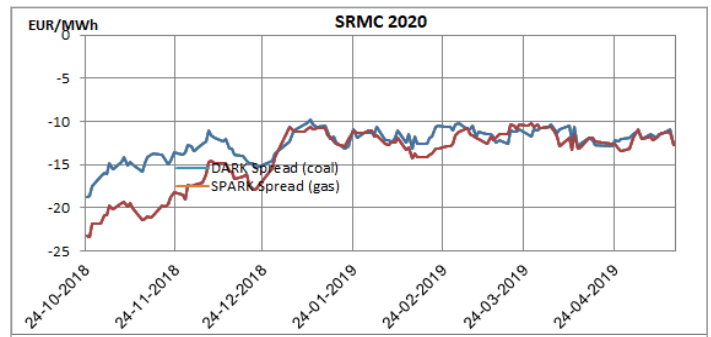
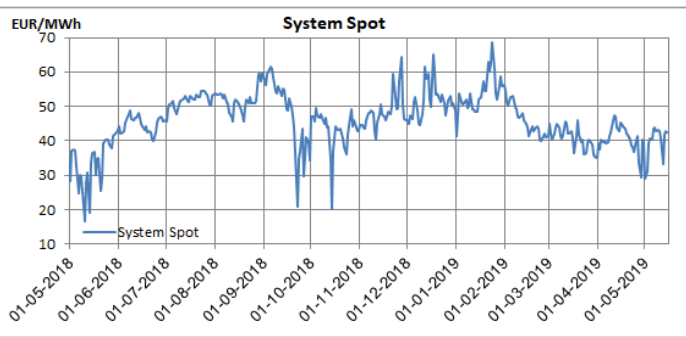
After opening the week with further losses, the international stock markets managed to stabilize yesterday following new tweets from Donald Trump indicating optimism regarding a solution to the US-China trade war. The optimism continues on the Asian markets early Wednesday.

Conclusion



The Nordic power market opened yesterday with losses, as the market had to account for a late downturn in Germany Monday. The bearish sentiment continued throughout the day as milder and wetter weather forecasts supported the downside. The Q3-19 contract fell 1,95 EUR/MWh to 39,95 EUR/MWh, while the YR-20 contract was down 0,75 EUR/MWh, settling at 35,75 EUR/MWh. The market will open Wednesday with rising prices due to the late rally on the carbon market and the German power market yesterday, and we expect an overall bullish day.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
13-maj	41,04	41,42	37,30	39,37	61,94	42,78	41,89	June	41,03	42,15	39,05	39,55	42,30	39,25	39,30	June	45,83	35,31	87,30
14-maj	43,91	46,65	41,89	46,15	54,06	42,96	42,90	Q3-19	44,35	45,15	41,53	42,70	45,55	40,08	39,95	Q3-19	46,75	37,42	0,00
15-maj	42,80	45,83	42,52	45,73	47,22	42,38	42,45	2020	40,38	42,55	37,28	38,50	40,00	35,85	35,75	2020	48,50	48,42	0,00



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