

Expectation

Oil



After a recovery late last week, the international crude oil markets opened this week with a downturn. The Brent front month contract closed Monday at 62,29 USD/bbl, down exactly 1,00 USD/bbl against the previous close. The general global economic concerns caused especially by the US trade war against China weighed heavier on the market than OPEC and Russia's supply curbs, which are set to end later this month, but could potentially be extended throughout 2019. We expect a minor rebound today.

Gas



During the last couple of trading days, the European gas markets have recovered sharply following an otherwise bearish start to June. Demand has increased sharply recently due to cooler weather forecasts and limited availability from renewables. Furthermore, the market sees some supply issues due to a production outage in Norway. Further gains seem likely Tuesday.

Coal



European coal prices have edged higher for three straight days now, a very rare event on a market which has been overall bearish throughout 2019. The upturn has been caused by higher prices on the competing gas markets, but continuously weak demand and no signals that the Asian market is ramping up limits the upside. The API 2 Cal-20 contract closed Monday at 66,79 USD/bbl, up 0,64 USD/bbl against the previous close.

Carbon



Monday, the European carbon emission market rose to the highest price level of the month so far. The benchmark quota contract was up 0,71 EUR/t, settling at 25,20 EUR/t, although it is worth noticing, that the upturn happened on a market which saw low liquidity due to public holiday in several countries. Today, activity on the market will likely ramp up, so Tuesday's trading will likely signal if the recent gains are permanent.

Hydro



Over the weekend and Monday, the weather forecasts in the Nordic area have turned a bit drier and cooler. The next couple of days look quite wet, but from then on, the outlook projects below-average precipitation until late June. Temperatures are expected just around seasonal normal during the same period. The outlook should support an upside on the Nordic power market Tuesday.

Germany



Yesterday, the German power market continued upwards on a day with rising prices on both the gas, coal and carbon emission markets. The country's Cal-20 contract rose 0,60 EUR/MWh, settling at 48,05 EUR/MWh, with cooler weather supporting the upside. Tuesday, we expect the upside to fade out and a neutral sentiment seems more likely.

Equities



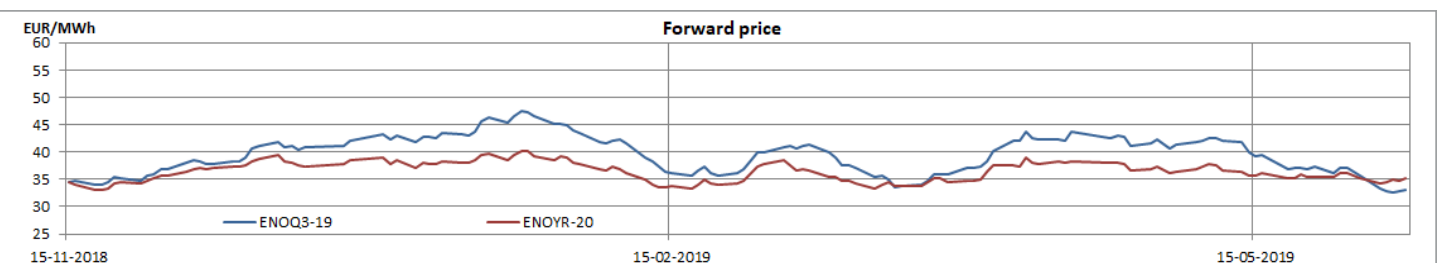
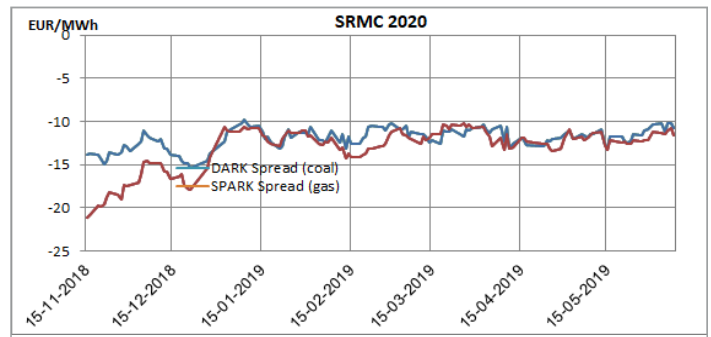
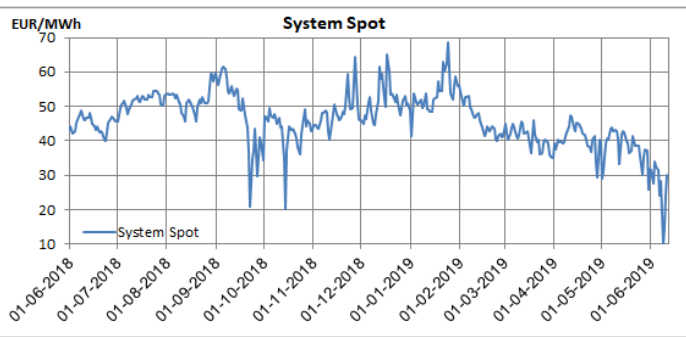
Monday, trading activity on the European stock markets was limited, but the Stoxx600 Index edged up 0,21 % in thin liquidity. In the US, the upturn was even stronger, with the S&P 500 Index rising 0,47 % for the day. The markets were calmed down by the fact that the US trade war against Mexico appears to be cancelled, but the unresolved situation regarding the conflict with China is still an issue, as is a weak US job report which was published Friday last week.

Conclusion



Yesterday, the Nordic power market was closed due to public holiday. Last week ended with minor increases on both the short and the long end of the curve, with the Q3-19 and the YR-20 contracts settling at 33,15 EUR/MWh and 35,25 EUR/MWh respectively. Today, the market has to respond to drier weather forecasts and yesterday's gains in Germany, and we therefore expect rising prices.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
09-jun	18,35	18,35	9,78	14,80	11,89	26,19	15,01	July	37,11	37,46	29,18	30,18	34,98	30,46	30,18	July	43,21	32,61	84,53
10-jun	30,64	30,64	21,10	23,66	22,22	29,74	23,93	Q3-19	40,20	40,70	34,13	35,15	39,65	33,38	33,15	Q3-19	43,76	34,48	0,00
11-jun	36,69	41,72	23,98	32,50	35,86	31,97	30,14	2020	40,15	41,95	36,50	37,85	39,40	35,28	35,25	2020	46,65	47,75	0,00



The Morning report is produced on the basis of information about the Nordic power market from sources which Energi Danmark A/S finds reliable. We attempt to continuously keep data correct and up to date. Energi Danmark A/S assume no responsibility for the accuracy of the contents of this report. Energi Danmark A/S makes reservations for typing errors, calculation errors and assume no responsibility for any loss or damage arising from the direct or indirect consequences following use of this material. Estimates and recommendations can be changed with no prior notice or warning. The report is confidential and only intended for clients of Energi Danmark A/S. Information contained in the report is of general nature and cannot be defined as advice. Readers are urged to seek closer advice in relation to specific questions. This material is not to be published or in any other way passed on for unauthorized use.