

Expectation

Oil



International crude oil prices rose early in Tuesday's session, before falling late in the day to close at the same level where they started. The Brent front month contract closed the day at 62,29 USD/bbl, unchanged from Monday. Later this month, the OPEC countries and Russia will meet for a summit to discuss a possible prolonging of their current production cuts. Even though they manage to agree on this, the sentiment remains bearish due to high US production and concerns regarding global demand. We expect falling prices Wednesday.

Gas



Following a couple of days with sharply rising prices, the European gas markets retreated a bit again yesterday. The supply side has ramped up again following some production issues in Norway, and with LNG supply to Europe set to increase again, the market might have felt that the recent gains were overdone. Yesterday, the NCG Cal-20 contract fell 0,65 EUR/MWh, closing at 18,90 EUR/MWh.

Coal



Tuesday, the European coal markets returned to the bearish sentiment after a rare couple of days with increases. Prices are at the lowest level in around two yesterday, amid persisting oversupply, weak demand across Europe and losses on the related gas market. If the market should receive some support, it could come from Asia, where demand could increase if China and India are to face warm summers as was the case last year.

Carbon



On the European CO2 quota market, we saw a downturn in yesterday's session, where the benchmark quota contract edged down 0,22 EUR/t to settled at 24,98 EUR/t. The market has floated around 25 EUR/t for a couple of months now, awaiting further news regarding Brexit or broader EU policy changes before making any bigger fluctuations.

Hydro



The current very wet conditions in the Nordic area are set to be replaced by drier weather within the next couple of days. From then on, we expect a level just around seasonal average for the rest of this week and the most of next week. The Nordic hydro balance is expected in a minor surplus of 1,3 TWh in two weeks' time.

Germany



While prices rose on the short end of the German power market due to warmer weather and outages in the country's nuclear sector, the long end of the curve saw an opposite development. The Cal-20 contract edged down 0,65 along with the bearish coal and gas markets, settling the day at 47,40 EUR/MWh. We expect another day of losses Wednesday.

Equities



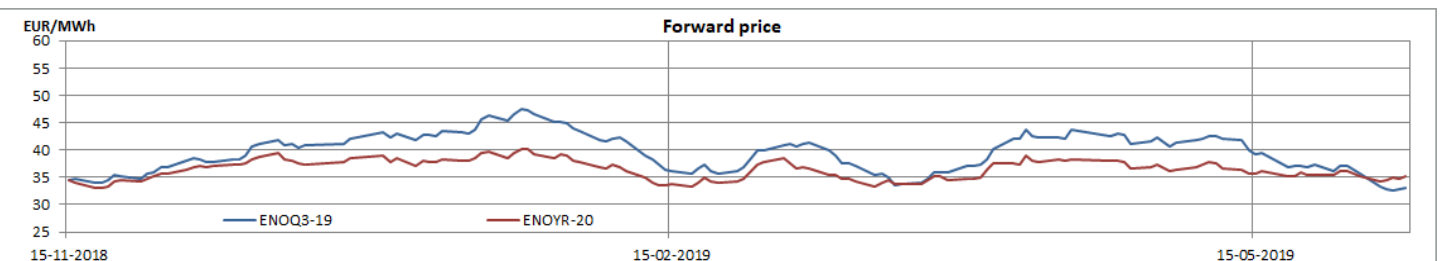
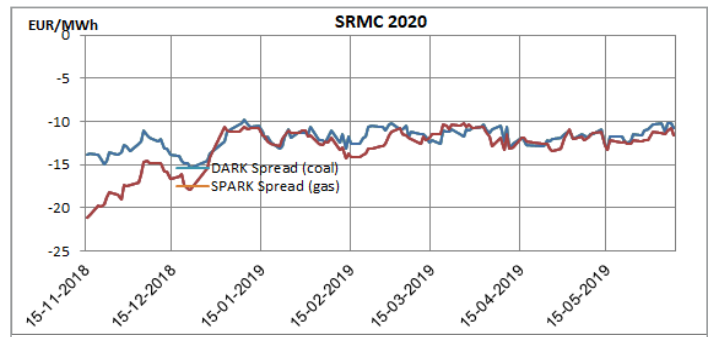
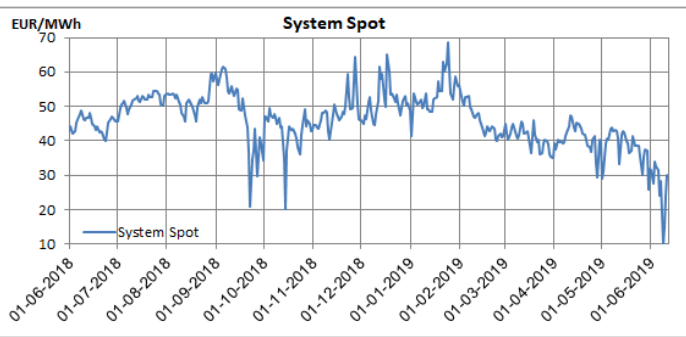
We saw a quite positive day on the European stock markets yesterday, as positive signals from China affected the development in Europe as well. The sentiment was not quite as bullish in the US, although there are hopes that Donald Trump will manage to strike a deal with China to end the countries' trade war later this month. The first signals from Asia early Wednesday are bearish.

Conclusion



Yesterday, the Nordic power market reopened following a three day weekend, and the market had to adjust to gains from Germany during Monday's trading. Later in the day however, the bearish signals grew stronger and most contracts ended up closing largely flat for the day. The Q3-19 contract fell 0,05 EUR/MWh, closing at 33,10 EUR/MWh, while the YR-20 contract was down 0,10 EUR/MWh, settling at 35,15 EUR/MWh. Wednesday, we expect another day with minor losses carried by bearish fuels and a downturn in Germany.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
10-jun	30,64	30,64	21,10	23,66	22,22	29,74	23,93	July	38,30	38,65	28,85	30,10	34,70	30,38	30,10	July	42,33	31,20	83,04
11-jun	36,69	41,72	23,98	32,50	35,86	31,97	30,14	Q3-19	41,05	41,70	34,10	35,28	39,10	33,33	33,10	Q3-19	42,89	33,02	0,00
12-jun	43,01	43,01	24,56	28,86	24,56	32,92	29,84	2020	40,10	41,90	36,40	37,75	39,45	35,18	35,15	2020	45,80	46,28	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.