

Expectation

Oil



On the crude oil market, the price on a barrel of Brent oil is approaching 80 USD. Yesterday, the insecurity from the US withdrawal from the Iran deal, combined with other political tensions in the Middle East offered further support to an already bullish market. The Brent front month contract closed at 78,23 USD/bbl, up 1,11 USD/bbl from Friday, the highest price level the market has seen since 2014. We could very well see further gains today.

Gas



While the short end of the European gas markets edged moderately down yesterday, the more distant contracts on the market continued upwards. The market remains bullish because of the low storage levels across the continent and the relatively weak supply of LNG from other parts of the world, combined with what we have seen during the last few years.

Coal



The upside on the European coal market continued without any interruptions yesterday. The API 2 Cal-19 contract rose 2,03 USD/t and settled the day at 89,79 USD/t, as the market continues to receive bullish support from Asia, where demand is strong at the moment. The signals from the rest of the fuel complex offer further support. We could see further gains today, but most likely more limited than yesterday.

Carbon



Monday was relatively neutral on the European market for carbon emissions. The general sentiment on the market remains bullish, but increasing amounts of quotas put up for sales on the EU-sanctions auctions offset the bullish sentiment. The benchmark quota contract closed at 14,64 EUR/t, up 0,01 EUR/t from Friday.

Hydro



The next ten days look extremely dry in the Nordic area, with very low precipitation amounts until the end of next week. From then on, we could see slightly wetter conditions, but only with a level around seasonal normal. As a result of this, the hydro balance is weakening very much right now. It is expected in a deficit as big as 12,1 TWh in two weeks' time. The dry outlook supports further gains on the Nordic power market Tuesday.

Germany



Once again, the German Cal-19 contract reached an all-time high yesterday, settling the day at 41,20 EUR/MWh. The contract has now managed to breach the 40 EUR/MWh-barrier, meaning that there are no technical barriers to prevent further gains. The fuel markets continue upwards and as the German power market remains very dependent on coal, this is a massive influence. The upside will probably continue today.

Equities



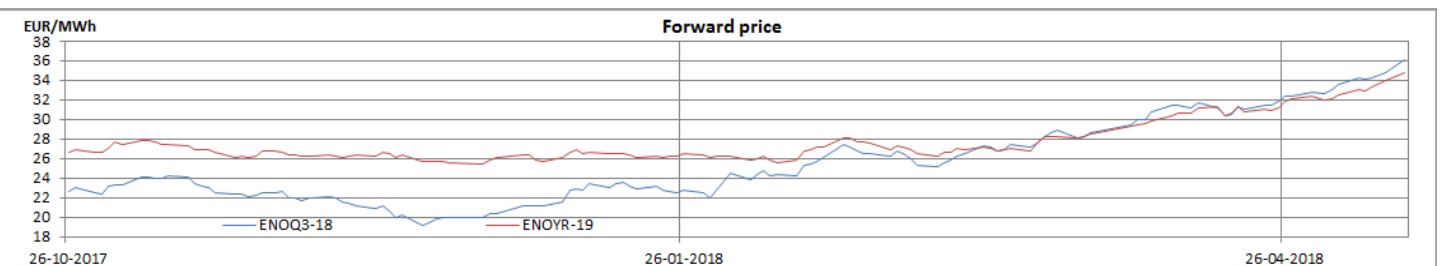
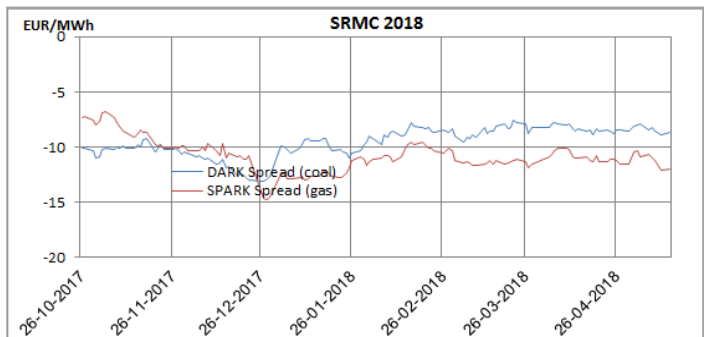
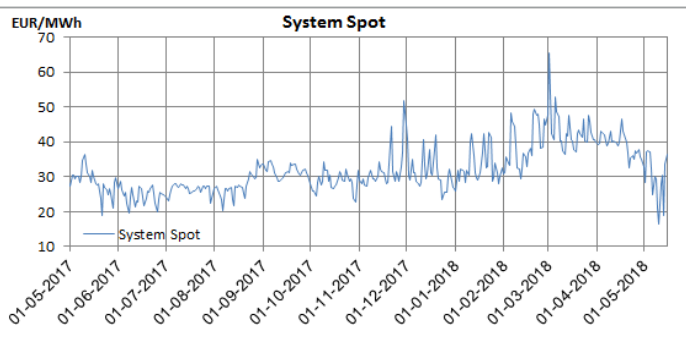
The week opened largely neutral on the international stock markets, where the US markets edged moderately up, while the European markets saw a minor downside. There were no major key data publications to cause any fluctuations on the market. The first signals from Asia Tuesday morning are a bit bearish.

Conclusion



A big upside opened the week on the Nordic power market. Very dry weather forecasts and a quickly weakening hydro balance, combined with further gains on the fuel markets and on the German power market led to another bullish day. The Q3-18 contract was up 1,40 EUR/MWh, closing at 36,15 EUR/MWh, while the YR-19 contract edged up 0,80 EUR/MWh, settling at 34,75 EUR/MWh. We expect further gains on both the short and the long end Tuesday.

| Spot | DK1 | DK2 | SE3 | SE4 | HEL | OSL | SYS | Forwards | DK1 | DK2 | STO | MAL | HEL | OSL | SYS | SRMC | Coal | Gas | Oil |
|--------|-------|-------|-------|-------|-------|-------|-------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 13-maj | 18,94 | 18,94 | 18,94 | 18,94 | 18,94 | 18,94 | 18,93 | May | 37,65 | 39,38 | 36,30 | 36,70 | 41,15 | 34,95 | 35,30 | May | 45,14 | 47,55 | 68,63 |
| 14-maj | 36,48 | 36,48 | 36,40 | 36,40 | 50,14 | 32,31 | 33,58 | Q3-18 | 41,55 | 42,20 | 38,65 | 38,65 | 43,25 | 35,07 | 36,15 | Q3-18 | 44,97 | 48,20 | 83,04 |
| 15-maj | 42,74 | 50,77 | 39,37 | 50,43 | 49,16 | 34,91 | 36,41 | 2019 | 36,78 | 38,53 | 35,90 | 37,15 | 39,25 | 34,70 | 34,75 | 2019 | 43,44 | 46,70 | 83,04 |



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