

Expectation

Oil



Oil prices slipped on Tuesday, weighed down by exemptions from Washington that will allow Iran's biggest oil customers to keep buying from Tehran, as well as concerns that an economic slowdown may curb fuel demand growth. Also this morning oil prices are dipping and Brent front month is trading at 71,78 \$/bbl down 0,35 \$/bbl from last close. Output from the world's top-three producers Russia, the United States and Saudi Arabia, broke through 33 million bpd for the first time in October. These three countries now meet more than a third of global consumption. The increasingly well supplied market has turned sentiment, which until early October was largely bullish, pushing Brent to four-year highs of more than \$86 per barrel ahead of the Iran sanctions.

Gas



The European gas markets were quite flat yesterday. During the last weeks, the direction of gas prices has generally been downwards due to milder weather and relatively good supply situation. Today there are little higher quotations on the market. However, we do not expect any price adjustment upwards based on current weather regime. We expect sideways movements.

Coal



The coal market continues to be squeezed by mild weather across Europe. API2-19 coal is pressured by the continued mild weather on the continent and high carbon stock in (ARA) terminals. The yearly coal contracts fell throughout the morning Tuesday and bottomed out at 88,35 USD which is -2,4 USD down compared to Monday. The coal market hit a 6-month low Yesterday and further upcoming fall seems to be realistic on the long term. But this morning the market is rising.

Carbon



The Dec '18 contract as well as the emissions market as a whole are extremely volatile at the moment. During the last week, we have seen a downward direction where according reasoning may lay in option market strike levels and speculative profit taking. In the long term, if prices are evaluated from a fundamental perspective (substitution prices), one should expect higher prices than current market levels. Today, we expect small increases in the EUA pricing because of short term corrective movements after the latest price dive.

Hydro



The mild weather seems to continue to dominated the overall weather situation in the northern region. We are facing a fairly dry period with some precipitation around the weekend. The relatively dry weather is reducing the total hydrological balance and supporting rising Nordic power prices.

Germany



Due to the falling coal prices Yesterday the German power market was traded down during the day. By the end of the day the market closed slightly up though supported by the rising carbon prices. The YR-19 contract closed at 48,85 EUR/MWh which is 0,05 EUR/MWh up compared to Mondays closing price. The forward prices are rising this morning on stronger coal and carbon prices.

Equities



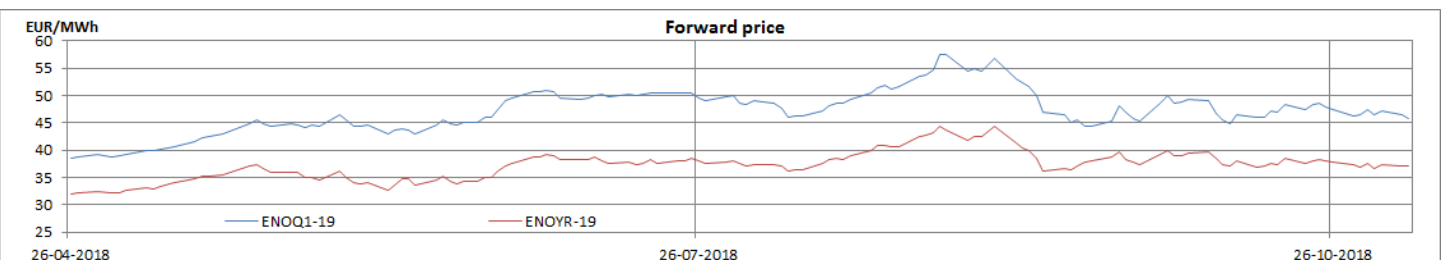
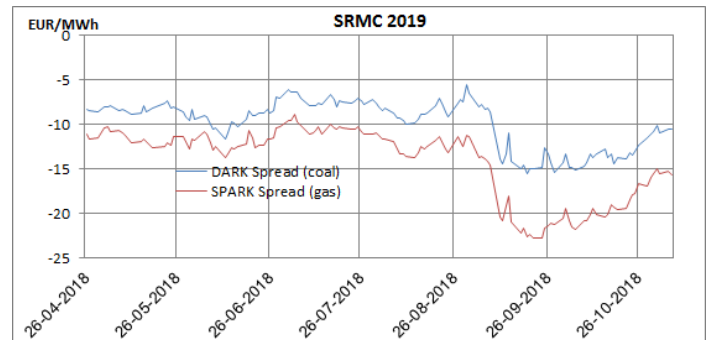
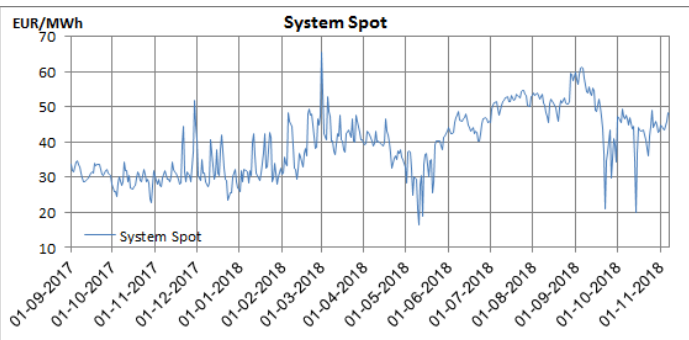
Yesterday, the equity markets have increased slightly in the U.S., but in Europe the majority of indices ended in negative territory. Today, the Asian markets show mainly losses. It seems that mid-term election results in the U.S. may have consequences so that the Trump administration has to focus more on decisions which can be made without congress support. It appears there is no reason to expect new tax cuts but trade war issues may have lost a little steam lately. We expect markets to formulate views about mid-term election results and the direction can be found later on today. We expect sideways movements today.

Conclusion



Wet weather forecasts and falling coal prices were pulling the Nordic power market downwards yesterday. The rising carbon market was though limiting the fall. The Q1-19 contract closed at 45,70 EUR/MWh down 0,75 EUR/MWh compared to Mondays closing price, while the 2019 contract only fell 0,05 EUR/MWh before closing at 37,00 EUR/MWh. Dry weather forecasts, rising German power, rising carbon and rising coal prices are supporting rising Nordic power prices.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
05-nov	56,62	56,62	47,52	55,11	47,52	45,11	45,83	November	42,05	47,38	47,85	49,60	49,80	45,90	45,85	November	48,59	57,37	68,63
06-nov	57,89	57,89	51,20	57,04	51,20	47,20	48,19	Q1-19	44,65	48,01	47,60	49,20	51,10	45,95	45,70	Q1-19	48,02	57,23	97,15
07-nov	55,11	55,32	52,60	54,91	52,60	45,63	48,07	2019	41,70	43,90	39,28	40,45	43,85	37,13	37,00	2019	47,50	52,66	97,15



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