

Expectation

Oil



Following a weekend which included both an agreement between the US and China to take a three-month pause from the countries' trade war and signals from Russia and Saudi Arabia to re-establish a deal on production cuts, the international oil market rallied sharply yesterday. The Brent front month contract jumped 2,97 USD/bbl and closed at 61,69 USD/bbl following the single most bullish day of the year. There appears to be more upside on the market which continues to rise early Tuesday.

Gas



We saw rising prices on both the short and the long end of the European gas markets yesterday. The near-term contracts edged up due to weather forecasts indicating cooler conditions with less wind output, while the long end of the curve rose due to bullish support from the oil market. The NCG Cal-19 contract ended up rising 0,21 EUR/MWh to close at 23,09 EUR/MWh. We do not expect the bullish sentiment to continue today.

Coal



The European coal market opened the week with rising prices. Demand is set to increase as a rise in river levels across Europe now means that coal once again can be shipped from the coal terminals to utilities away from the ocean. Technical indicators and support from the related fuel markets added to the bullish sentiment.

Carbon



Weakening profit margins for coal-fired power generation offered bearish support to the European CO2 quota market yesterday. However, the general bullish sentiment across the markets offset this and at the end of the day, the benchmark quota contract had risen for a fourth straight day. It settled at 20,63 EUR/t, 0,13 EUR/t above Friday's close. After several days of gains, we expect falling prices Tuesday.

Hydro



This morning, the Nordic weather outlook is both wetter and milder than what we saw yesterday. Temperatures are still expected to decrease to below seasonal average later this week, but the forecasts today suggest more normal conditions. The Nordic hydro balance is expected in a deficit of 12,4 TWh in two weeks' time.

Germany



On the German power market, the rising prices across the fuel markets and on the carbon emission market, caused rising prices Monday. The country's Cal-19 contract rose 0,35 EUR/MWh to settle the day at 52,40 EUR/MWh. Temperatures in Germany are currently well above average, but an expected drop to below normal during the coming week could strengthen power demand. We expect the market to change direction and edge down today.

Equities



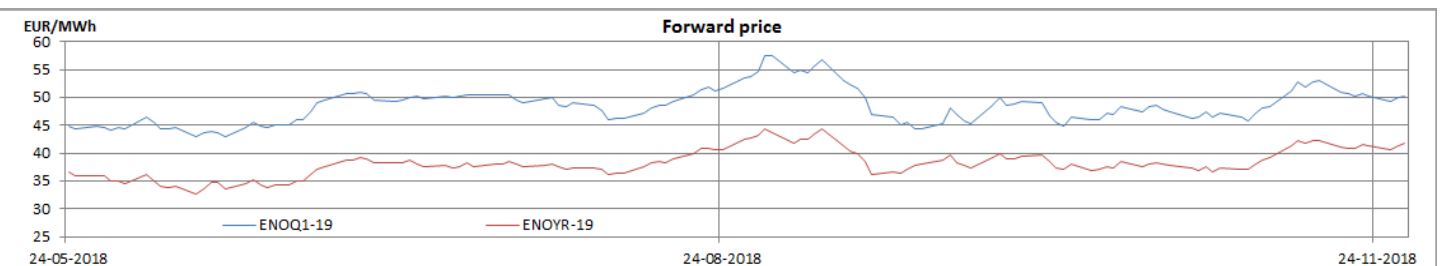
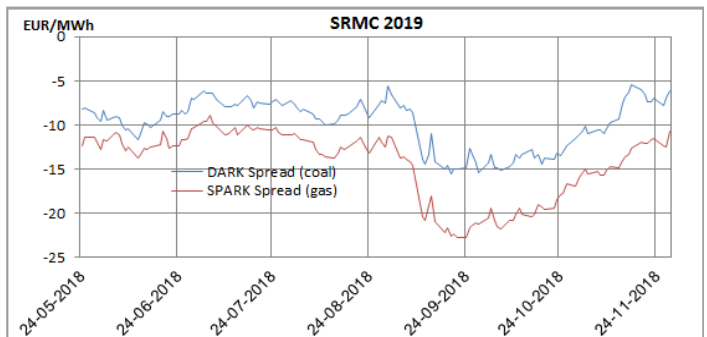
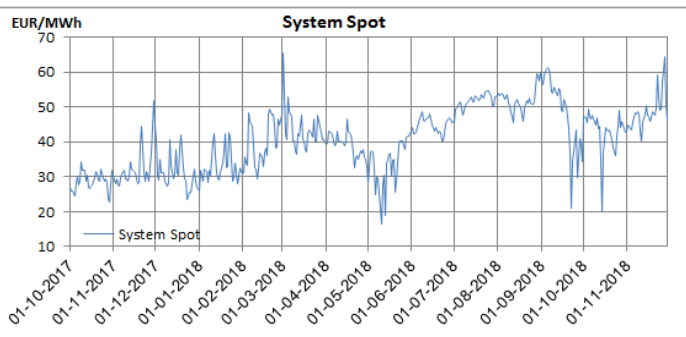
The week opened very positively on the international stock markets. Both the European and US indexes were up more than 1 % for the day, with the decisive factor being the news from the weekend, that the US and China have put a halt to the countries' trade war.

Conclusion



Cooler and drier weather forecasts, combined with strong gains across the fuel markets and on the carbon market, led to a bullish day on the Nordic power market yesterday. The O1-19 contract was up 0,47 EUR/MWh to settle at 50,85 EUR/MWh, while the YR-19 contract was up 1,00 EUR/MWh, settling at 43,30 EUR/MWh. Early Tuesday, the first signals are more bearish as the forecasts that come in this morning reverse yesterday's outlook.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
02-dec	33,61	40,32	44,52	44,52	44,52	45,23	44,96	November	52,63	55,84	55,26	57,76	58,14	53,56	53,51	Novem-	49,47	59,41	68,63
03-dec	47,30	47,40	47,42	47,52	48,80	47,43	47,48	O1-19	50,55	52,95	52,35	54,35	54,70	51,10	50,85	O1-19	49,29	59,01	97,24
04-dec	44,12	44,17	45,20	45,20	48,20	46,45	46,41	2019	48,35	50,05	45,28	47,10	48,83	43,43	43,30	2019	48,93	53,51	97,24



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