Oil

On the crude oil market, we saw further losses in yesterday’s session, where the Brent front month contract edged down another 1.50 USD/bbl to 53.43 USD/bbl, and the downtrend continues early Thursday. Concerns that the corona virus will stall the global economic growth and as a result weaken oil demand are still very strong, and the topic will most likely remain the key price driver during the coming weeks.

Gas

After dropping heavily over the last weeks, the European day-ahead gas market has stabilized recently due to the cooler weather conditions that have started to dominate. In Germany for instance, temperatures have dropped to around seasonal average, and this boosts gas demand. The long end of the curve climbed slightly as well yesterday, but the overall sentiment on the market remains bearish.

Coal

Yesterday, the European coal market edged slightly up, following the carbon and gas markets upwards. The market still faces heavy oversupply but as temperatures in Europe have fallen to around or below average, demand is up, it adds to the bullish sentiment that Chinese import demand has increased due to the corona virus limiting domestic production. Thursday, the market opens with losses.

Carbon

The European carbon market managed to stabilize yesterday following some sharp losses earlier in the week. The benchmark contract edged up 0.08 EUR/t, closing at 24.26 EUR/t as increased buying activity and technical support prevented the market from falling further. We expect falling prices Thursday.

Hydro

Expected precipitation during the forthcoming ten days is slightly above average. The forthcoming three days look very dry, but from then on, the outlook gets wetter. Temperatures will rise to above average again by early next week and remain there for as long the eye goes. The outlook is bearish for the Nordic power market.

Germany

Despite the rising prices on both the gas, coal and carbon emission markets, the German power market continued downwards yesterday. The country’s Cal-21 contract edged down another 0.24 EUR/MWh, settling at 40.75 EUR/MWh. Thursday, we expect the downtrend to continue as the fuel markets all appear to edge down.

Equities

Wednesday, the European stock markets continued to plummet, but following a late recovery, we managed to end the day more or less where we started. The US markets turned bearish late in the day, as the concerns about the rapid spread of the corona virus outside the US is a massive bearish factor right now. The Asian markets are down early Thursday and we could see losses in Europe as well once the markets open.

Conclusion

Following two straight days with rather big gains, the Nordic power market retreated again yesterday. The weather forecasts had once again turned slightly wetter and milder, and the Q2-20 contract responded to this with losses, closing at 34.65 EUR/MWh, down 0.50 EUR/MWh for the day. The YR-21 contract fell 0.30 EUR/MWh and settled at 27.30 EUR/MWh. Thursday, the market appears to open sideways but we expect the sentiment to turn bearish during the day.