Oil

Over the last week, the spread of the corona virus outside of China has increased rapidly in pace, and this has caused some rather heavy losses across the markets. The crude oil market dropped to its lowest level in more than a year yesterday, with the Brent front month contract closing at 52.18 USD/bbl, 1.25 USD/bbl lower than Wednesday. The downturn continues Friday and we could see the contract drop below 50 USD/bbl.

Gas

The corona virus remains the most important topic across the fuel markets right now, and the European gas market retreated further yesterday. In other news, the market remains oversupplied, which adds to the downside, and we could be in for the cheapest summer in several years as storage levels are well above average.

Coal

On the European coal markets, the downtrend continued as well yesterday, with the API 2 Cal-21 contract down another 0.88 USD/t, settling at a three-year low of 56.44 USD/t. The market found some short-lived support earlier in the week, but the effects of the corona virus and the generally weak demand across Europe weighs heavier. We could very well see further losses today.

Carbon

As the bearish sentiment on the fuel markets continued yesterday, the European carbon market edged down as well. The market saw a sell-off which can only be attributed to the general negative feeling across the wider financial markets, with the benchmark carbon contract retreating 0.66 EUR/t, closing at 23.66 EUR/t. The downtrend continues today.

Hydro

Friday morning, we see a slightly wetter and milder start to March than what has been forecasted earlier this week. Both temperatures and precipitation amounts are expected above average in the first week of the month, and the hydrological surplus could grow further. The outlook will likely be a bearish driver for the Nordic power market Friday.

Germany

The spread of the corona virus also affected the German power market yesterday. The outbreak has caused a negative feeling across most of the global markets, and with losses on both the fuel and carbon markets, the German Cal-21 contract edged down another 0.43 EUR/MWh, closing at 41.32 EUR/MWh, the lowest level in one and a half year. The first signals today point towards another day with falling prices.

Equities

On the financial markets, the corona virus continued to cause fierce losses Friday. The S&P 500 Index dropped another 4.42 %, and as long as the corona virus continues to spread as rapidly as now, it is impossible to say how much further the markets will continue downwards. No other topics seem relevant right now as panic is spreading as fast as the virus itself.

Conclusion

Although the huge hydrological surplus and the low demand due to mild weather continues to weigh on the market, the corona virus has also become a big price driver on the Nordic power market right now. The Q2-20 contract was down 0.71 EUR/MWh, settling at 13.94 EUR/MWh, while the YR-21 contract closed at 26.88 EUR/MWh, 0.42 EUR/MWh below the previous close. Friday, it seems likely that the cloudy start to March will continue to weigh on the market. The outlook is bearish, and we could see further losses this week.