Oil

Friday, the international oil markets dropped further, and the Brent front month contract came close to fall below the 50 USD/bbl barrier. It settled at 50,52 USD/bbl, down 1,66 USD/bbl for the day. The market continued to follow the broader global economic movements, and everything pointed downwards due to the corona virus concerns. Early Monday, the market appears to rebound, but the virus concerns will continue to dominate this week as well.

Gas

Spot gas prices in Europe have stabilized due to the cooler weather, and with the forecasts showing below-average temperatures in Germany this week, we don’t expect the market to drop again this week. Much does however depend on the corona virus concerns, which had caused losses on the long end of the curve recently. The market appears willing to make an upwards adjustment Monday.

Coal

Friday, we saw more or less sideways trading on the European coal market, where the API 2 Cal-21 contract was up a marginal 0,20 USD/t, closing at 57,04 USD/t. The market does however remain close to the three-year low from the previous session and with no changes to the bearish fundamentals, new lows could be tested this week.

Carbon

Early Friday, the European carbon market edged further down, but recovered late in the day. The benchmark contract closed at 23,60 EUR/t, largely unchanged from the previous day. The market will likely fight to resist further losses this week, as the virus concerns from the fuel markets will also spill over to carbon.

Hydro

During the weekend, we have received further mild and wet weather forecasts. The high pressure-dominated cool and dry weather from last week was short-lived, and we now expect both temperatures and precipitation above average for most of the next two weeks. The outlook should offer further bearish support to the Nordic power market Monday morning.

Germany

The German power market continued downwards Friday, with the country’s Cal-21 contract dropping below 40 EUR/MWh for the first time in one and a half year, closing at 39,79 EUR/MWh. All eyes remain on the corona virus and the effects it has across the markets, and this will remain the case during this week. The first signals Monday point towards a rebound, but this could change fast during the day.

Equities

The big losses on the international stock markets continued Friday, and the week ended as the worst week for the European Stoxx600 Index since the 2008 financial crisis. Much is still based on fears and uncertainty, but also the financial effects of the shutdowns as governments try to stop the spread of the virus. Monday morning, the first signals in Asia point upwards.

Conclusion

Mild and wet weather forecasts, combined with losses in Germany and corona virus fears caused another bearish day on the Nordic power market Friday. The Q2-20 contract dropped another 0,74 EUR/MWh to close at 13,20 EUR/MWh, while the YR-21 contract was down 0,53 EUR/MWh, closing at 26,35 EUR/MWh. Monday, the mild and wet forecasts offer bearish support to the short end of the curve, but a recovering fuel market prevents the long end from falling.