Oil

For the first time since 2017, the price on a barrel of Brent oil dropped below 50 USD/bbl yesterday, where the Brent front month contract dropped 1.14 USD/bbl to close at 49.99 USD/bbl. Besides the ongoing corona virus concerns, focus yesterday was on the OPEC summit, where the organization and Russia agreed to deepen output cuts by 1.5 million barrels per day for the rest of the year. This was however not enough to prevent the market from falling, and the losses continue early Friday.

Gas

Yesterday, the losses on the European gas markets continued. Expectations to global demand are falling due to the corona virus, which continues to spread across the world. The overall sentiment is bearish and the NGC Cal-21 contract fell another 0.14 EUR/MWh, closing at 14.66 EUR/MWh.

Coal

Like the other fuel markets, the European coal market edged down in yesterday’s session. The demand estimates that were set for coal ahead of the year will likely have to be revised due to the negative effects of the corona virus, and as the political feelings around coal are negative already, prices could easily continue to slide.

Carbon

On the European carbon market, we once again saw a more or less sideways sentiment yesterday. Despite the losses on the surrounding markets, carbon managed to avoid the same kind of fluctuations. The benchmark carbon contract ended up rising a marginal 0.03 EUR/t and closed at 23.86 EUR/t, but we expect a downwards adjustment Friday.

Hydro

Early Friday, yesterday’s forecasts are confirmed. The low pressure next week will not be as strong as previously expected and towards the end of the week, both temperatures and precipitation amounts will decrease to around seasonal average. In total however, we remain above normal during a 10-day span. The outlook is largely neutral for the Nordic power market.

Germany

As the corona virus continues to spread across Europe, fuel prices are falling as well, and this affected the German power market yesterday. The country’s Cal-21 contract edged down another 0.26 EUR/MWh, closing at 40.58 EUR/MWh, although the minor increase on the carbon market limited the downside. Friday, the downtrend could very well continue.

Equities

After a couple of positive days due to the expectations of countermeasures by the central banks, the international stock markets turned bearish again yesterday. The corona virus continues to spread and uncertainty is dominating. The European Stoxx600 Index was down 1.43 % and the losses could very well continue Friday.

Conclusion

Thursday, we saw a bullish sentiment on the Nordic power market carried by drier and cooler weather forecasts. Late in the day, the upside disappeared a bit however, due to falling fuel prices, but the Q2-20 contract still rose 0.65 EUR/MWh, closing at 12.05 EUR/MWh. The Yemen-21 contract was up 0.17 EUR/MWh, settling at 26.50 EUR/MWh. Friday, we expect falling prices as the losses on the fuel markets both yesterday and today offer bearish support.