Oil

On the crude oil market, we returned to the bearish sentiment yesterday following a minor recovery Tuesday. The price war started late last week does not appear to be de-escalating, as the Saudis are still signaling a heavy increase in production. This will likely force other producers to follow suit if possible. The Brent front month contract closed yesterday at 35.79 USD/bbl, down 1.43 USD/bbl for the day. The losses continue early Thursday following the US travel ban which was imposed last night.

Gas

There were no major fluctuations on the European gas markets yesterday, neither on the short or on the long end of the curve. The fundamental situation is rather unchanged, with no signs of very cool weather and continuously plentiful supply. LNG supply to Europe is set to remain steady high during the coming time. We expect further losses today.

Coal

European coal prices retreated again yesterday after rebounding slightly during the previous day. The API 2 Cal-21 contract was down 0.09 USD/t, closing at 55.80 USD/t, just marginally above the 4-year low from earlier this month. The oversupply situation on the market is immense and there is no reason to think that this will change anytime soon.

Carbon

Once again, the European carbon market made only rather small fluctuations yesterday. The benchmark contract was down 0.18 EUR/t, settling at 23.92 EUR/t. The situation regarding the corona virus is getting increasingly uncertain, so it is not impossible that the carbon market will turn very bearish itself soon.

Hydro

During the next week, we will continue to see mild and wet weather in the Nordic area. From the 20th of March and on, the forecasts start to turn drier and cooler, as high pressure dominated weather will likely start dominating. In total, we regard the forecasts as rather neutral or slightly bullish for the Nordic power market.

Germany

On the German power market, we saw a downwards adjustment yesterday. Falling prices across the fuel markets and on the carbon market were supported by a very low spot price level due to windy conditions in the country. The sentiment remains bearish, as the corona virus concerns also continue to escalate.

Equities

A coordinated effort among European governments and central banks helped the European stock markets avoid further losses yesterday. Later in the day however, the US markets edged down following Donald Trump’s decision to ban all plane travel from Europe into the US. The first signals today indicate losses in Europe.

Conclusion

For a second straight day, we saw a more or less neutral session on the Nordic power market yesterday. The weather forecasts were slightly unchanged, and since the hydro balance surplus is not changing right now, the short end of the curve moves rather sideways. The Q2-20 contract closed at 11.70 EUR/MWh, down 0.05 EUR/MWh for the day, while the YR-21 contract was down 0.05 EUR/MWh, settling at 25.75 EUR/MWh. Despite the drier and cooler long-term weather forecasts, we still consider falling prices as the most likely scenario today.