There was no change to the ongoing downtrend on the international oil markets yesterday. The corona virus crisis continues to impact the market, and expectations of a huge decrease in global supply and an upcoming big oversupply on the market caused the bearish sentiment to continue. The Brent front month contract dropped another 3,88 USD/bbl to close at 24,85 USD/bbl, the lowest price level since 2003. Thursday, the market opens with a rebound but it is once again uncertain if it will last.

As the sharp downtrend across the markets continued Wednesday, there were further losses on the European gas markets as well. Even before the corona virus crisis, the market was oversupplied, and expectations to global demand are weakening further. Several contracts remain at an all-time low and further losses seem very likely.

After avoiding losses during the previous couple of days, the European coal market edged slightly down Wednesday. The sharply falling carbon emission prices have made coal-fired power generation more profitable, offering some support to a market which has been continuously bearish for several months. The API 2 Cal-21 contract closed yesterday at 56,57 USD/t.

On the European carbon market, the massive downturn continued yesterday. In a matter of just over a week, the market has dropped almost 40 % in one of the biggest crashes in the history of the market. The losses are all because of the corona virus crisis and the concerns about power generation, industrial and transport demand both in the near future and once the crisis is over. The market appears to rebound Thursday.

Early Thursday, we see a significantly drier and colder weather outlook for the Nordic area compared to yesterday’s forecasts. The 10-day outlook is now drier than seasonal average whereas temperatures are expected around normal most of the period. The outlook is definitely bullish for the Nordic power market.

Another day with a huge price drop on the carbon emission market caused a sharp downturn on the German power market as well. The crushing carbon market – caused by the corona virus crisis – is the main reason why the German Cal-21 contract has dropped 15 % to a two-year low over the last week. The first signs Thursday point towards a rising prices due to the rebounding carbon market.

There was no change to the bearish sentiment on the international stock markets yesterday. There is a general sentiment that this unprecedented crisis will get worse before it gets better, and with no signs of a turning point, the market is not done dropping. The first signals from Asia Thursday point towards another bearish session despite new crisis action from both the ECB and the US Fed.

Wednesday was another fiercely bearish day on the Nordic power market, with several contracts once again hitting an all-time low. A crashing carbon market and overall corona virus concerns remain the main topics. The Q2-20 contract was down another 0,80 EUR/MWh, closing at 20,65 EUR/MWh, while the Q1-21 contract dropped to 23,50 EUR/MWh, the lowest level since 2016. Today, we expect an upwards adjustment due to the cooler and drier weather forecasts and the upturn on the German market.