After finding some momentum early in the week, last week ended with a return to the bearish sentiment on the international oil markets. The market has not had the same kind of bullish reaction to the stimulus packages in both Europe and the US as the stock markets have. The Brent front month contract dropped to 24.93 USD/bbl Friday, just marginally higher than the 17-year low from the previous week. We could drop lower than that today, where the market remains bearish.

The already record low prices on the European gas markets fell further in Friday’s trading. The efforts taken across the continent to limit the spread of the corona virus are limiting demand on the already oversupplied gas market even further, and the topic could very well cause further losses during the coming week.

The European coal market also followed the overall downturn Friday, with the API 2 Cal-21 contract down 1.01 USD/t, settling at 56.57 USD/t. The market eyes increasing demand in China where the coronavirus appears to have topped, but a persistent heavy oversupply in Europe and slowing demand due to the virus, the potential upside is limited.

On the European carbon market, the losses continued Friday. The market has been heavily affected by the corona virus’ impact on demand across Europe, and with no signs that this situation is changing anytime soon, the market continues downwards. The benchmark contract fell to 16.39 EUR/MWh Friday, and volatility should remain high this week.

More than twice as much precipitation as normal is expected over the Nordic area during the coming ten days, which is even more than what was forecasted ahead of the weekend. Several low pressures will reach the area during the coming weeks, and the outlook remains a bearish signal for the Nordic power market.

On a day with falling prices on both the fuel and carbon markets, the German power market traded further down as well. The country’s Cal-21 contract edged down 1.07 EUR/MWh, closing at 34.55 EUR/MWh. The short end of the curve was hit as well, with the corona virus concerns still the major topic. We expect the market to continue downwards with the fuel markets Monday.

Following several days of gains, the international stock markets edged back down in Friday’s trading, possibly as speculative traders wanted to secure profit following the previous upturn. Some optimism has returned to the markets following the stimulus plans from the US Fed last week, but any news regarding the corona virus and how long the lockdown of the Western world will continue could change the sentiment rapidly.

Once again, the Nordic power market reached record lows in Friday’s trading, as both the weather forecasts and the signals from the fuel and carbon markets pointed downwards. The Q2-20 contract, just about to expire, fell another 0.30 EUR/MWh to 6.80 EUR/MWh, while the YR-21 contract was down 0.60 EUR/MWh and closed at 19.95 EUR/MWh. Further losses seem likely Monday at least on the short end of the curve as the weather forecasts have turned even wetter over the weekend.