Oil

Thursday, we saw a sharp upturn on the international crude oil market. US President Donald Trump has made statements that he expects the price war between Russia and Saudi Arabia to end soon, and even though he did not specify how he expects this to happen, the market reacted bullishly. The Brent front month contract climbed 5.20 USD/bbl, equaling around 20 % and settled at 29.94 USD/bbl. Friday, we expect a downwards correction as the market might consider the recent gains a bit overdone.

Gas

The big upturn during the last few days on the oil market has offered some bullish support to the otherwise bearish related fuel markets. Yesterday, the European gas markets rebounded from the record lows reached in the previous session, with a shortfall in supply from Norway adding to the upside.

Coal

European coal prices rose as well yesterday, backed by the big price jump on the oil market. The API 2 Cal-21 contract climbed 0.16 USD/t, setting at 54.46 USD/t as the heavy global oversupply and expectations of low demand to continue due to the corona virus limited the upside. We expect another day with more or less sideways trading Friday.

Carbon

On the highly volatile European carbon market, we saw another turnaround yesterday. The market followed the fuel markets upwards and the benchmark contract, the EUA Dec-20, climbed 0.98 EUR/t before closing at 18.06 EUR/t. The ongoing corona virus crisis does however limit the upside significantly and we still see more room for losses in the coming time.

Hydro

Friday morning, the Nordic weather forecasts continue to point towards very wet conditions during the next few weeks. There is some insecurity as to exactly how the low pressures over the coming time will develop, but the overall picture remains above average in terms of both temperatures and precipitation. The outlook remains bearish for the Nordic power market.

Germany

With gains across the fuel markets and the carbon market, the German power market edged up as well yesterday. The country’s Cal-21 contract climbed 0.40 EUR/MWh and closed at 35,35 EUR/MWh, but like the fuel and carbon markets, the downside is still significant due to the uncertainty that the corona virus currently causes. We expect the market to continue upwards today as the market still has to make up for the gains on the fuel and carbon markets yesterday.

Equities

Yesterday, the financial markets received some mixed signals. The bullish run on the oil market was offset by the effects of the corona virus, which has led to a boom in US unemployment. The US S&P 500 Index ended up rising 2.8 % nonetheless. Early Friday, the first signals point towards a bearish session.

Conclusion

Continuously wet weather forecasts and bullish support from the fuel and carbon markets more or less offset each other yesterday, meaning that there were only limited fluctuations on the Nordic power market. The Q3-20 contract climbed a marginal 0.15 EUR/MWh to 7.80 EUR/MWh, while the YR-21 contract was up 0.15 EUR/MWh, settling at 19.15 EUR/MWh. Friday, we expect the market to return to the bearish sentiment as the weather forecasts remain mild and wet.