Oil

After opening the day bearishly, the international oil market returned to the fiercely bullish sentiment Friday. The market now believes that a new supply deal including all or two of Saudi Arabia, Russia and the US could be underway. Such an agreement could put an end to the price war which caused prices to drop during March. The Brent front month contract closed Friday at 34.11 USD/bbl, once again up around 15 % for the day. Monday, we expect much smaller fluctuations.

Gas

European gas prices rose for a second straight day Friday, following the oil market upwards. The NCG Cal-21 contract climbed 0.13 EUR/MWh and closed at 12.94 EUR/MWh. The downside on the market does indeed seem limited as the negative effect of the corona virus has already been priced in, although the future of the virus’ impact on long-term demand is still uncertain.

Coal

For a second straight day, we saw more or less sideways trading on the European coal market Friday. The market has failed to follow the oil market upwards as expectations of severely muted demand during the coming time due to the corona virus is still a major concern. Monday, we could see a bullish sentiment.

Carbon

On the last trading day of the week, the European carbon market moved sideways. The benchmark contract edged down a marginal 0.10 EUR/t, closing at 17.96 EUR/t. Fundamentals on the market remain bearish but despite the pressure, the market has managed to avoid losses recently. Fluctuations will remain high this week, where we expect rising prices Monday.

Hydro

Over the weekend, we have received some drier weather forecasts for the Nordic area. The outlook now suggests a period of high pressure from the middle of this week, and the total precipitation expected in the 10-day forecast is just slightly above normal, compared to close to twice the normal ahead in the forecasts ahead of the weekend. The outlook is bullish for the Nordic power market.

Germany

While the short end of the German power market edged down in Friday’s trading due to expectations of strong wind and solar generation, the long end continued rising. The corona virus’ impact on the fuel and carbon markets will continue to decide the movements on the German power market this week as well. We expect a bullish sentiment today.

Equities

On the financial markets, an otherwise quite bullish week ended with losses. The European Stoxx600 Index edged down 0.97 % and the negative sentiment continued in the US following Donald Trump’s warning of a couple of bad weeks ahead regarding the corona virus. The first signals early Monday point towards a rebound.

Conclusion

Friday, the wet and mild weather conditions, which have dominated the Nordic area for most of the year, continued to push down the short end of the curve. The Q3-20 contract fell 0.04 EUR/MWh and closed at 7.76 EUR/MWh, while the YR-21 contract climbed along with the German market and settled at 19.35 EUR/MWh, 0.20 EUR/MWh above Thursday. Monday, we could see an upwards adjustment due to bullish fuel and carbon markets and drier weather forecasts compared to ahead of the weekend.