After closing last week with two fiercely bullish sessions, the international oil markets traded down in Monday’s trading. The Brent front month contract was down 1,06 USD/bbl, settling at 33,05 USD/bbl. All eyes are still on the big oil producers, first and foremost Saudi Arabia and Russia, and whether they will be able to reach an agreement to end the price war and return to production cuts. Tuesday, the first signals point towards a return to the bullish sentiment as hopes of a new Saudi-Russian agreement are rising.

Large gains on the financial markets and spillover from the big upturn Friday on the oil market led to a bullish session on the European gas markets Monday. Following some days with decreasing death tolls, there are some hopes that the worst is now over in Italy and Spain regarding the coronavirus, and we could see further gains today. Fundamentally, the gas markets remain heavily oversupplied however.

On the European coal markets, we saw an upwards reaction as well yesterday. The overall optimism which that we are heading towards brighter times in the coronavirus times helped coal to edge up, with the API 2 Cal-21 contract rising 1,10 USD/t, settling the day at 55,43 USD/t. Tuesday, we expect prices to continue upwards.

The week opened with a very bullish session on the European carbon emission market. The gains were attributed to short covering and to the rising prices on the stock and fuel markets. The benchmark carbon contract, the EUA Dec-20, closed at 20,44 EUR/t, up 2,40 EUR/t for the day. The market appears to remain bullish today.

Yesterday's dry weather outlook is confirmed this morning, with precipitation expected just around average during the next week. From next week and on, there is a chance of more unsettled conditions, but the outlook is rather uncertain looking this far ahead. The forecasts are largely neutral for the Nordic power market as the drier outlook was to some extent priced in yesterday.

Monday, the gains on the coal, gas and carbon markets led to a bullish sentiment on the German power market as well. The country's Cal-21 contract rose 2,11 EUR/MWh, settling at 37,95 EUR/MWh, the highest level in around three weeks. There is a feeling of cautious optimism across the markets right now, but this can change quickly. We expect the market to continue to rise today.

On the financial markets, the week opened with a bullish day on both the European and the US markets. The European Stoxx600 Index climbed 3,73 %, a rather surprising jump given that the news from the US over the weekend had been rather negative. The first signals from Asia Tuesday point towards a neutral session.

Yesterday, we saw a rather big jump on the Nordic power market for several reasons. Firstly, the weather forecasts had turned cooler and drier over the weekend, and furthermore, the fuel and carbon markets and the German power market all rose on an overall bullish day, where we also saw some short-covering among traders. Therefore, the Q3-20 contract edged up 1,35 EUR/MWh, closing at 9,10 EUR/MWh, while the YR-21 contract climbed 0,95 EUR/MWh, settling at 21,30 EUR/MWh. We expect the short end of the curve to move sideways while the long end could rise along with fuels, carbon and Germany.