Oil

Tuesday, the oil markets traded further down. All eyes are still on Russia and Saudi Arabia, and the two countries’ possible return to the negotiation table after breaking their oil alliance last month. These hopes caused prices to jump last week, but as nothing is certain the market still awaits further news. The Brent front month contract closed yesterday at 31,87 USD/bbl, down 1,18 USD/bbl for the day. Wednesday, the market opens with a rebound.

Gas

The positive sentiment on the European gas markets continued yesterday. The NCG Cal-21 contract climbed another 0,10 EUR/MWh, closing at 13,49 EUR/MWh. It has now risen by around 10 % in a matter of just over a week, as the bullish oil and carbon markets overshadow the oversupply on the markets.

Coal

On the European coal markets, we saw another bullish session yesterday. There is some optimism across the markets due to falling daily death tolls in some of the countries worst affected by the corona virus, despite diminished demand and stock levels above average. Wednesday, we expect the increase to continue.

Carbon

Yesterday, the European carbon emission market traded further up, although some of the gains were erased late in the day. Following yesterday’s gains, the market has now climbed around 25 % over the last couple of weeks. The uptrend is somewhat surprising given the uncertain demand outlook as the impact of the corona virus is still very much up in the air.

Hydro

Wednesday morning, we see a quite wet weather outlook for Easter and most of next week in the Nordic area. Expected precipitation during the forthcoming ten days is around 6,5 TWh, close to twice as much as seasonal average. Temperatures are expected around average. The outlook is bearish for the Nordic power market as it is significantly wetter than what was forecasted yesterday.

Germany

Another overall bullish day on the European fuel and carbon markets caused further gains on the German power market yesterday. The country’s Cal-21 extended the three-week high from Monday, closing at 39,33 EUR/MWh. The late losses on the carbon market yesterday are yet to be accounted for and we therefore expect falling prices on the Nordic power market today.

Equities

The uptrend on the global stock markets continued early Tuesday, but the sentiment turned negative later in the day in the US. The Stoxx600 Index closed down 0,2 % as the optimism concerning progress in the fight against the corona virus could not carry through the day. Wednesday morning, the Asian markets are trading mixed.

Conclusion

Once again, the Nordic power market made quite a big price jump yesterday. The gains were primarily attributed to the initial big increase on the European carbon market and the ensuing upturn on the German power market. The Nordic Q3-20 contract rose another 0,90 EUR/MWh and settled at 10,00 EUR/MWh, while the YR-21 contract was up 1,50 EUR/MWh, settling at 22,80 EUR/MWh. Wednesday, we could see a downwards adjustment on at least the short end due to the noticeably wetter weather forecasts.