Oil
After dropping further in Thursday’s trading, the international oil markets managed to stabilize Friday. The market remains very doubtful regarding the new OPEC+ production deal, where it remains questionable if the countries will actually live up to what was agreed upon at the summit a little over a week ago. The Brent front month contract closed Friday at 28.08 USD/bbl, and falls further Monday, where prices are now at the lowest level of the century so far.

Gas
For a second straight day, the European gas markets traded up in Friday’s session. There is some optimism on the market following the announcement of nuclear production limitations in France during the remainder of the year, although oversupply continues to limit the upside significantly. We expect a calmer session today but further gains are possible.

Coal
On the European coal markets, we saw further gains in Friday’s session. Like the previous day, the uptrend was attributed to expectations of increased demand due to the French decision to cut nuclear production. France is a net exporter of power, which means that the French decision affects several countries across Europe, who now have to look for other energy sources.

Carbon
The optimistic sentiment on the European carbon market continued Friday, carried by the bullish fuel markets. The big story of the week, the French nuclear cuts, were the main price driver as the benchmark carbon contract climbed another 0,75 EUR/t, settling at 21.70 EUR/t. The rally appears a little overdone and we expect a downwards adjustment at some point this week.

Hydro
Over the weekend, we have received further dry weather forecasts for the Nordic area. Most of this week looks very dry, but the high pressure could disappear during the weekend, from where on precipitation amounts will likely increase to around normal again. Therefore, the outlook is bearish for the Nordic power market.

Germany
With further gains across the fuel and carbon markets, the German power market edged up as well in Friday’s trading. The country’s Cal-21 contract edged up another 1,11 EUR/MWh, closing at a 39,60 EUR/MWh, the highest level in more than a month. Monday, we could see the market edge down as the carbon market looks set for a bearish session.

Equities
On the last trading day of the week, we saw a positive sentiment both in Europe and in the US. Pharmaceutical companies claim to be making progress in their corona virus research and the markets responded bullishly to this. The S&P 500 Index ended up climbing 2,68 % during the day and the fight against the virus will likely be the main topic this week as well.

Conclusion
We saw rising prices on the long end of the Nordic power market Friday. The bullish run continued in Germany due to the rising fuel and carbon prices, and as a result, the Nordic YR-21 contract climbed another 0,35 EUR/MWh, settling at 24,20 EUR/MWh. Despite dry forecasts, the short end of the curve edged down, and the Q3-20 contract fell 0,43 EUR/MWh to 10,07 EUR/MWh. Monday, the market looks set to turn around as carbon is falling while the forecasts show wetter weather towards the end of this week.