Oil
The week opened with further losses on the oil market. Expectations to global oil demand continues to decline, and even though OPEC and allies have agreed to new production cuts, the market does not feel it makes up for the reductions in demand caused by the corona virus. The Brent front month contract dropped another 2,51 USD/bbl yesterday, settling at 25,58 USD/bbl, while we saw a complete collapse in US oil prices. We expect further losses Tuesday.

Gas
Day-ahead prices on the European gas markets remain around record lows due to the very low demand caused by the corona virus, the continuously strong supply and the relatively warm weather across large parts of the continent. Long-term contracts edged down as well yesterday, offsetting some of the late gains from last week.

Coal
On the European coal market, we also saw falling prices yesterday. Last week ended with gains due to the news about nuclear cuts in France, but the overall sentiment is still bearish and prices started falling along with the related markets yesterday. The API 2 Cal-21 contract was down 0,16 USD/t, closing at 55,07 USD/t. We could see another day with modest losses today.

Carbon
Following a large price jump late last week, the European carbon market retreated in Monday’s trading, where the benchmark contract, EUA Dec-20, edged down 0,32 EUR/t and closed at 21,38 EUR/t. Weak demand and a feeling that last week’s rally was possibly overdone were likely the main drivers. We should see the market adjust further down today as prices still seem to high for the current reality.

Hydro
A very strong high pressure will dominate the Nordic weather picture during the forthcoming days, but from around the forthcoming weekend, the conditions will change and we will see more unsettled weather. In total, the 10-day forecast is slightly below average in terms of precipitation, but since it is wetter than yesterday, it is still bearish for the Nordic power market.

Germany
After reaching a one-month-high level Friday, the German Cal-21 contract retreated in Monday’s trading, with losses across the fuel and carbon markets as the main reason. Short term contracts fell as well due to low production from renewables, which added to the downside on the long end of the curve. Tuesday, another downturn seems likely due to the bearish sentiment on the fuel and carbon markets.

Equities
The week opened with a modestly positive sentiment on the European stock markets, with the Stoxx600 Index rising 0,67 %. Later in the day, the collapse in oil prices impacted the US markets and the S&P 500 Index ended up falling 1,79 %. The first signals from the Asian markets early Tuesday point towards a bearish session.

Conclusion
Following an overall bullish sentiment over the last couple of weeks, this week opened with falling prices on the Nordic power market. The losses in Germany and on the fuel, carbon markets were the main factors, and wetter long-term weather forecasts added to the downside. The Q3-20 and YR-21 contracts closed at 9,41 EUR/MWh and 23,55 EUR/MWh respectively, and we expect further losses today due to the bearish sentiment in Germany and the wetter weather outlook.