Oil

For a fourth straight day, we saw rising prices on the international oil markets Friday, although it is worth noticing, that trading activity was thin due to May 1st holiday in several countries. The Brent front month contract climbed another 1.17 USD/bbl, settling at 26.44 USD/bbl. The contract has now increased by 43 % in a matter of four days, due to hopes of production cuts from several countries. Monday, the first signs on the market are bearish.

Gas

Most European countries were closed due to May 1st holiday Friday and the thin trading activity did not provide any noticeable fluctuations for the gas markets. Outages in the Norwegian production and bullish support from the oil market has helped the market improve, but overall, the sentiment remains bearish due to heavy oversupply.

Coal

On a quiet day across the European energy markets, the coal markets edged slightly down in the thin trading registered. The market remains under pressure due to continuously high competition from gas and above-average stock levels in the European coal terminals. Monday, we could see another day with limited fluctuations.

Carbon

We saw falling prices on the European carbon market Friday, but like with the fuel and power markets, fluctuations were based on a rather small amounts of trades due to May 1st holiday. The benchmark contract ended up falling 0.60 EUR/t, closing at 18.97 EUR/t, and we expect falling prices in Monday’s trading.

Hydro

Since Friday, the weather outlook for the Nordic area has turned colder. Temperatures are now expected well below average for at least the next two weeks. Precipitation amounts on the other hand will likely remain above average and the outlook in total is likely rather neutral for the Nordic power market.

Germany

The German power market was closed Friday, but the falling prices on the important coal and carbon markets were of course important nonetheless. Monday, we could see falling prices as the market has to account for these movements and the carbon market continues downwards today as well.

Equities

Most European stock markets were closed Friday. This week, focus will still be on the news flow regarding the re-opening of the European countries following several weeks of lockdown. The first signals from Asia point towards a bearish session as the fears about the economic consequences of the corona virus are still big.

Conclusion

Friday, the Nordic power market was closed due to public holiday. Monday, we could see falling prices on the long end of the curve due to the bearish sentiment on the German power market and on the carbon market. The short end could very well trade more sideways due to the neutral weather forecasts.