Following a fierce rally during the previous several sessions, the international oil markets retreated in Wednesday’s trading. The most recent data on US inventories were published yesterday and showed a new increase in the already huge supply glut. The Brent front month contract edged down 1.25 USD/bbl as a result, settling at 29.72 USD/bbl. Thursday, the first signals on the market point towards rising prices.

Once again, the day-ahead market on the NCG hub dropped to a record low yesterday, and there is no reason that prices could not drop further on a market with oversupply and low demand. The long end of the curve moved more or less sideways however, as the market still has hopes that the corona virus restrictions around Europe could lead to increasing demand during the coming months.

Like the gas market, the European coal market edged slightly up yesterday, as a glimpse of optimism has struck the otherwise bearish markets ahead of the gradual re-opening of several European countries in the coming weeks. The API 2 Cal-21 contract climbed a marginal 0.12 USD/t and settled at 52.82 USD/t. We expect another sideways session today.

The European carbon market still sees a technical support level around 19 EUR/t and the market still refuses to move below this point. Instead, the market traded sideways once again yesterday with the benchmark contract closing at 19.00 EUR/t. We expect the market to remain in this area Thursday as well.

Since yesterday, we have not received any noticeable changes to the weather outlook. The next week looks quite wet, but from around next weekend, precipitation amounts will decrease to around seasonal normal. Temperatures are expected to remain below average at least throughout next week. The outlook is rather neutral for the Nordic power market.

A rather neutral day on both the fuel and carbon markets could not cause any noticeable fluctuations on the long end of the German power market either. The country’s Cal-21 contract fell a marginal 0.18 EUR/MWh, settling at 35.86 EUR/MWh, while the short end of the curve moved slightly upwards. Thursday, the sideways trading on the fuel and carbon markets could very well continue and we therefore expect another neutral day in Germany as well.

Yesterday, the European stock markets moved more or less sideways, with the Stoxx600 Index edging down just 0.2 %. The market remains focused on financial statements from big companies, a signal about how the economy is getting through the corona virus crisis. Early Thursday, the Asian markets are trading down while the European futures are rather sideways.

Wednesday, the narrow range-bound trading on the Nordic power market continued, and fluctuations have been rather small for a lot of days now. The Q3-20 contract closed at 8.93 EUR/MWh, down just 0.02 EUR/MWh, as wetter weather forecasts were not enough to cause any real fluctuations. The YR-21 contract traded largely flat as well and settled at 21.54 EUR/MWh. Thursday, we expect another neutral day on the short end of the curve. The long end opens sideways as well, but the carbon market will once again be decisive.