Wednesday, international oil prices retreated. The International Energy Agency and OPEC have published new demand expectations offering hopes of increased demand, but the market still needs to see more evidence that buying interest is in fact ramping up. Furthermore, the US-China relationship is once again cold, which offers some negative sentiment. The Brent front month contract fell to 34.74 USD/bbl and continues downwards early Thursday.

Gas
Oversupply remains the key issue across the European gas markets. Even though flows from Russia are currently limited, the market still sees supply outpacing demand, especially now where demand is down due to the rising temperatures. We expect the market to edge further down in Thursday's trading, supported by the falling oil prices.

Coal
On the European coal market, we saw more or less sideways trading yesterday. The API 2 Cal-21 contract fell by just 0.13 USD/t, closing at 52.17 USD/t. The market still faces bearish fundamentals, as increased tensions between the US and China could add to the already dark future of coal, where demand is set to decrease further in Europe during the coming years.

Carbon
After reaching the highest price level in more than a month Tuesday, the European carbon market retreated modestly yesterday, where the benchmark contract fell 0.27 EUR/t and closed at 23.33 EUR/t. The market still faces overall bearish fundamentals and should be up for further losses if it came down to this. Speculative buyers and technicals have however prevented the market from falling lately.

Hydro
Since yesterday, we have not received any big changes to the Nordic weather outlook. A change to milder and wetter conditions is still expected from next week and on, but the market already appears to have priced this in and the outlook is therefore rather neutral for the market. The hydro balance surplus is expected at around 15 TWh in two weeks' time.

Germany
The German power market continued to track the movements on the carbon emission market yesterday, and therefore edged down. The country's Cal-21 contract fell 0.66 EUR/MWh, settling at 37.39 EUR/MWh. Short-term contracts fell as well. Thursday, the market looks set for another day with falling prices.

Equities
Yesterday, the positive sentiment on the European stock markets continued, possibly because of the new EU helping deal of 750 billion euro. The US markets were once again not quite as positive, and the markets now fear another Hong Kong crisis with demonstrations increasing again. The Asian markets see mixed movements early Thursday.

Conclusion
After opening the day slightly bullish, the Nordic power market retreated during the day Wednesday, and most contracts closed more or less where they started. The Q3-20 contract was down 0.05 EUR/MWh, closing at 9.30 EUR/MWh, while the YR-21 contract climbed a marginal 0.08 EUR/MWh, settling at 23.15 EUR/MWh. Thursday, we expect another day with limited fluctuations.