

Expectation

Oil



Growing corona virus figures in large parts of the world are rising doubts about the recovery in global oil demand following the first wave of the pandemic back in the first half of the year. Several European countries are reimposing lockdowns measures, and weak economic data from China added to the bearish sentiment. The Brent front month contract fell to 42,62 USD/bbl and the market continues down early Tuesday.

Gas



On the European gas markets, we saw the already year high price levels rise further in Monday's trading. This despite the rising corona virus concerns across the continent. Temperatures are expected to remain below average in Northern and Western Europe for the remainder of the month, and LNG import is expected to increase during winter to make sure supply is adequate. We expect the market to continue upwards today.

Coal



Along with gas, European coal prices increased in Monday's trading, with increasing demand due to cooler weather combined with supply concerns supporting the upside. Strike issues in Colombia and fears that the La Niña weather could limit production during winter helped the API 2 Cal-21 contract climb 1,13 USD/t, settling at 60,53 USD/t. The upside seems rather limited however as coal could soon be out of the money again if gas starts falling again.

Carbon



25 EUR/t remains a technical stronghold on the European carbon market, and despite the increasing corona virus concerns, which bring back memories of what happened in February and March, the market avoided further losses yesterday. Instead, the market traded more or less sideways, settling just around 25 EUR/t, but the pressure will remain strong over the coming days.

Hydro



Tuesday morning, there are no changes to the Nordic weather outlook, as the very wet conditions are set to continue at least throughout the forthcoming ten days. Meanwhile, the hydro balance surplus continues to grow, and the outlook is very bearish for the Nordic power market due to the high water level in the reservoirs.

Germany



The bullish sentiment on the fuel markets, expectations of higher demand due to falling temperatures and a carbon market which avoided losses helped the German power market rise in yesterday's trading. The upside was limited however due to the increasing corona virus concerns. The market opens with further gains today, where gas appears to continue upwards. Much depends on carbon however.

Equities



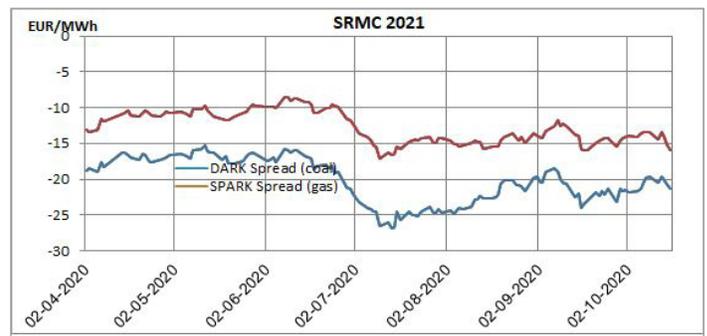
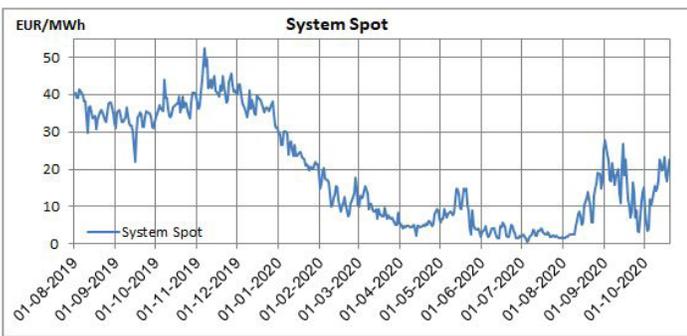
On the European stock markets, we saw a more or less neutral sentiment yesterday, but the US markets started falling later in the day as the patience is running out with the congress, which still fails to secure a new economic stimulus deal to help the country's economy. Following the late losses in the US yesterday, we could very well see a bearish day in Europe Tuesday.

Conclusion



The steady downturn on the Nordic power market continued yesterday, as wet weather forecasts are very bearish news at a time, where the water reservoirs in Norway are filled to the brink. The Q1-21 contract fell another 1,35 EUR/MWh, closing at 24,80 EUR/MWh, while the YR-21 contract edged down 1,35 EUR/MWh as well, closing at 21,10 EUR/MWh. Today's development seems rather uncertain. The weather forecasts continue to offer bearish pressure, but carbon will likely be the most important factor for the long end. We consider further losses to be the most likely outcome.

Spot	DK1	DK2	SE3	SE4	HEL	OSL	SYS	Forwards	DK1	DK2	STO	MAL	HEL	OSL	SYS	SRMC	Coal	Gas	Oil
18-okt	20,59	20,59	17,97	20,59	22,39	17,97	16,79	November	30,70	32,65	27,70	28,70	35,55	18,50	19,20	November	43,09	40,46	62,30
19-okt	40,65	40,60	37,76	38,88	39,23	25,80	22,56	Q1-21	28,18	28,93	29,80	32,80	40,18	24,70	24,80	Q1-21	43,68	42,23	0,00
20-okt	30,27	30,84	29,75	30,36	55,52	19,55	21,73	2021	31,55	33,28	25,10	28,60	36,60	21,10	21,10	2021	44,05	38,76	0,00



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