

EUA prices €/t 22.3.2019 10:23

Product	Bid	Ask	Last	Change*
Spot**	21.06	21.10	21.07	-7.40 %
Dec-19	21.19	21.21	21.21	-7.21 %
Dec-20	21.52	21.55	21.53	-7.48 %
Dec-21	21.98	22.02	22.00	-7.32 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 22.3.2019 10:23

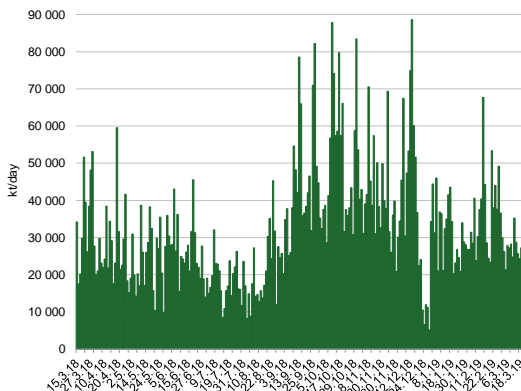
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.22	0.00 %
Dec-19	0.21	0.24	0.22	0.00 %
Dec-20	0.19	0.24	0.21	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	20.99	-7.29 %

*Change compared to the previous report **Last trade price

Daily traded EUA volume, ICE Futures Europe*

*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices 22.3.2019 10:23

Product	Unit	Prices*	Change*
ENO Q2-2019	€/MWh	36.15	-5.53 %
ENO 2020	€/MWh	34.43	-0.73 %
ENO 2021	€/MWh	32.37	2.07 %
ENO 2022	€/MWh	32.24	2.54 %
EEX, Base load Cal-20	€/MWh	45.87	-3.18 %
Brent crude	\$/bbl	68.11	1.10 %
Natural gas UK (Q2-19)	p/therm	37.50	-2.51 %
Coal CIF ARA API2 2020	\$/t	74.00	-1.15 %

*Change compared to the previous report **Last trade price

Market Analysis

Last week the emission price development was affected by Brexit voting in Britain's Parliament. The week opened on Monday bearish due to political uncertainty. Also on Tuesday the price decreased when the Britain's Parliament failed expectedly the Prime Minister's Brexit agreement draft. On Wednesday the Britain's Parliament voted against the no-deal Brexit, as expected. On Thursday the Britain's Parliament voted expectedly on more time for negotiations. So the uncertainty continues and there were no surprises. Downward pressure to emission price was caused by mild and windy weather and weak fuels, that pressed down the electricity market. Auction demand was also very low and the prices realized below the market prices. The closing price of the week was finally 22,47 € and at the weekly level the emission price finally closed 0,55 € lower.

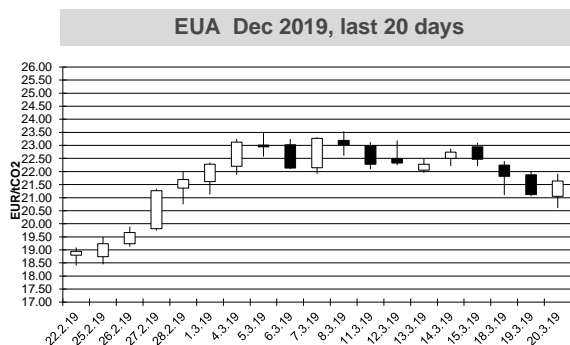
During this week the market has continued decreasing, when the fuel prices and especially gas price decreased. Also the political uncertainty on Brexit has continued. On Wednesday May decided to apply for additional time of at least 3 months on Brexit, which is till the end of June. This was negotiated on Thursday at the EU Summit. The meeting granted additional time at least till 12th of April, and 22nd of May, if Britain accepts the negotiated Brexit agreement during next week. This means, that at least at this moment the political uncertainty continues. The emission price has continued bearish except for a small correction on Wednesday, reaching 20,60 €/t at the lowest.

Last week the trading volumes increased slightly, but were still fairly moderate. The average trading volume last week was about 28 million allowances per day. On Wednesday this week the price fluctuated strongly and the trading volume increased to 62 million. The March options fell due on Wednesday.

Market View

The fuel prices have continued decreasing, pressing down also the electricity prices reducing the hedging interest from producers. Especially the gas price has decreased sharply and the gas condensate has turned out to be more competitive than coal condensate. This decreases widely the expected emission allowance demand in Europe. The gas price is expected to stay affordable when the stocks are at high level when the winter ends and additionally the LNG supply is focused more towards Europe when the Asian demand is met. The emission allowance supply has also been increased slightly by the free allocation. Technically the market is bearish as it undercut the rolling averages of 50- and 100- days and broke the support level of 21,35 €/t. At the market the buyers have been around 21 € during the last days. Next week's weather forecasts show both the temperatures and wind power production close to normal.

We expect the emission price fluctuation to continue to be strong due to continuing political uncertainty on Brexit. The agreement would support and hard Brexit would cause downward pressure. Technically the emission price is in its variation range of 18,5-26,0 €/t heading towards the lower trend line.



Black candles indicate days with closing price below opening price.
White candles indicate days with closing price above opening price.

On Agenda: Europe

The European Commission has informed to release the 2018 ETS data on 1st of April at 12:00 CET. The raw data is released regardless of how much data is collected by then. According to the first estimations, the emissions are expected to be decreased by more than 3% from the previous year. During this decade the emissions have decreased yearly except for 2017. The significant factor in emission reduction has been the increase of renewable energy. The release is not expected to cause any big market reaction, because the market is highly in surplus and MSR will balance the market. The Commission releases the site-specific emission data on 2nd of May and on 6th of May the data on CER's used by the actors.¹

The UK government has imposed fines nearly 900 000 £ on entities, that have not returned the corresponding amount of allowances. According to the EU legislation, there is a fine of 100€/t of the non-returned amount, and despite of this, the allowances should be bought from the market.²

The ICAP has released 19th of March a global Emission Trading Worldwide: Status report 2019. The report describes the regional emission trading systems and their most significant changes during the last year. There are currently 20 active carbon markets and the quantity and coverage has also been increasing. The significant enlargement and renewal procedures is also expected during the following years.³

CDM pipeline	22.3.2019 10:23	
	Amount	Change
Number of projects**	8456	-9
Registered projects*	7755	1
Volume of the pipeline by the year 2020, MtCO2e**	10614	-54
Issued CERs, MtCO2e*	1787	7

*Change compared to the previous report.

**Pipeline: UNEP/Risoe is updated monthly. Registered projects and issued CERs: UNFCCC

Upcoming events	
Date	Event
4.4.2019	Energy Authority (Finland) info day on emission trading's topical issues
30.4.2019	Due date for applications for next phase free allowances
23-26.5.2019	European elections

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Sources:

[1 Carbon Pulse news](#)

[2 Carbon Pulse news](#)

[3 ICAP report](#)

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