

EUA prices €/t 5.4.2019 15:33

Product	Bid	Ask	Last	Change*
Spot**	24.34	24.36	24.37	11.33 % ↑
Dec-19	24.42	24.44	24.44	11.13 % ↑
Dec-20	24.74	24.76	24.77	11.06 % ↑
Dec-21	25.15	25.19	25.14	10.50 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 5.4.2019 15:33

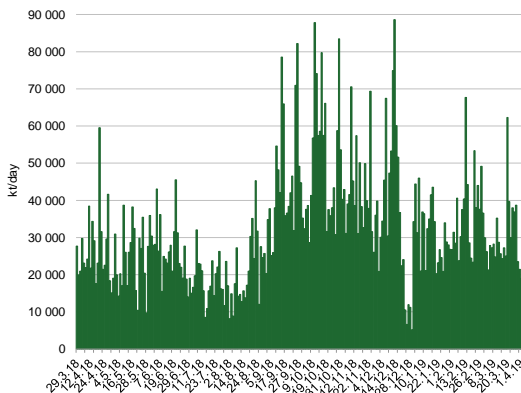
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.22	0.00 %
Dec-19	0.22	0.24	0.23	0.00 % ↑
Dec-20	0.19	0.24	0.22	0.00 % ↑

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	24.21	11.24 % ↑

*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 5.4.2019 15:33

Product	Unit	Prices*	Change*
ENO Q2-2019	€/MWh	37.70	2.92 % ↑
ENO 2020	€/MWh	36.33	3.17 % ↑
ENO 2021	€/MWh	34.09	4.22 % ↑
ENO 2022	€/MWh	32.43	1.63 % ↑
EEX, Base load Cal-20	€/MWh	46.87	-0.92 % ↓
Brent crude	\$/bbl	69.93	3.39 % ↑
Natural gas UK (Q2-19)	p/therm	36.55	-0.25 % ↓
Coal CIF ARA API2 2020	\$/t	70.00	-5.71 % ↓

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

Market Analysis

Last week the emission price started to increase. The emission price increased all other days except for Friday. On Monday and on Tuesday the market was supported by strong auctions. On Tuesday and on Wednesday the market was also supported by increasing energy markets. On Thursday the emission price increased and broke the technical resistance level, which, for its part, increased the purchase demand. On Friday there was a correction movement to earlier increase with the energy markets and additionally, the uncertainty due Brexit arose again when May's Brexit agreement failed for the third time. The week closed at 21.54 € and 0,87 € higher.

This week the emission price has continued increasing sharply. The week opened with uncertainty intra-day when the 2018 realized emissions were 4,2 % below the previous year's realized emissions. However, the market closed slightly bullish and also on Tuesday the emission price closed slightly bullish due to uncertainty caused by Monday's Brexit vote. On Wednesday the market was strongly bullish when the gas and electricity prices were increasing and Brexit compromise negotiations started between May and the opposition leader. On Thursday the market continued increasing strongly and supported by the energy markets, and technically the market broke the tops from 4 weeks earlier and is now at the highest level since January at around 24,4 €/t.

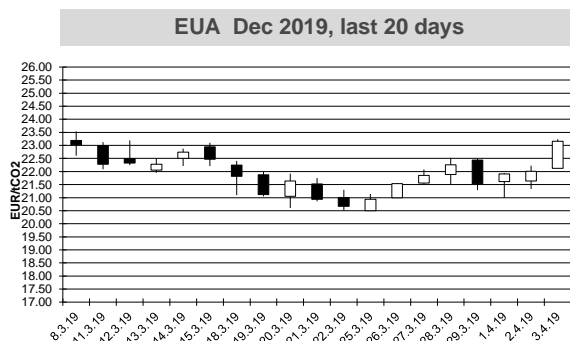
Last week the trading volumes decreased slightly from the previous week, however staying at good level. The average trading volume last week was about 32 million allowances per day. Wednesday was the busiest trading day with the volume of 39 million. The March futures fell due on Wednesday. During this week the volumes have been lower than last week for the beginning of the week.

Market View

The gas and electricity prices have been increasing partly also supported by cooler and less windy weather. Despite of the slight increase in gas price the gas is still cheaper fuel than coal in electricity production, which clearly decreases the emissions. Surely the price increase reduces the profitability of the switch for winter periods and affects the hedging need of energy companies right after the price change has occurred.

The political uncertainty still continues to be high around Brexit, although May and the opposition leader have opened a dialogue. May is again authorized to ask EU for additional time in the next week's EU summit.

We expect the emission price fluctuation to continue to be high when the political uncertainty continues around Brexit. The agreement would support, and hard Brexit downward pressure. Technically the emission price is in the variation range of 18,5 – 25,5 €/t heading towards the resistance level of the upper trend line. The lowest trading levels of March in 20,5 € have formed a new support level as well as last week's tops formed a weaker support level to about 22 €.



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

On Agenda: Europe

According to preliminary data, EU ETS emissions fell by 4,2 % (1679 – 73 Mt) from the previous year. The emissions decrease was bigger than expected, analysis house estimates varying between the decrease of 2,5 – 4,0. The emissions in energy production decreased by 6,4 % and also in industry the emissions fell by 1,5 % although the economic growth at the same time was 1,9 %. Behind the decrease of energy production -caused emissions there was the increase in renewable energy and also the fuel switch from coal to gas. Refinitiv (ex-Reuters) estimated the fuel switch effect to be about 20 Mt. The fuel switch was stipulated by, in addition to mutual price competitiveness of fuels, the strong increase in emission price during last year.¹

CDM pipeline	5.4.2019 15:33	
	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

In Germany there are still worries on emissions staying above the 2020 target of -40 %. Germany has set a target of -55 % by 2030. In addition to coal face-off, there have been discussions on expanding ETS to other sectors and setting a floor price on emission allowance. In the hearing on the German Parliament there was a suggestion on a minimum price of 40 €/t to energy and traffic sectors, which would increase yearly. The government supports more on separate emission tax, like in the Great Britain, which would, however, be targeted only to emissions outside the ETS.²

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

On Agenda: Global

China has released a new draft regulations on national ETS. Comments on draft are required by 2.5, which could be considered as a sign that the market is planned to be opened already during next year. The regulations are not taking any position on the market opening date. Market is available also to others than ETS actors, for example to financial actors. The emission limits are not set only based on climate targets, but also based on economic growth, the structure of the industry etc.³

Contacts:

Markus Herranen

Toni Sjöblom

E-mail: firstname.lastname@gasum.com

Sources:

[1 Montel news](#)

[2 Montel news](#)

[3 Carbon Pulse news](#)

Terms of delivery: The Emissions Trading Weekly (the "Review") is delivered via email to the Buyer's contact persons as an Adobe Acrobat pdf-document. All rights to the Review are reserved to Gasum Portfolio Services Oy. The Review, parts of the Review and the username and password that enable access to the Review, shall not be redistributed by the Buyer in any form to any third party, including subsidiaries, partly-owned companies and owners. Redistribution of the Review in any form is illegal and Gasum Portfolio Services Oy will fully enforce all available legal remedies in the event of such redistribution.

Gasum Portfolio Services Oy disclaims all warranties as to the accuracy, completeness or adequacy of information in the Review and does not assume any responsibility of delays in delivery of or access to the Review. The Buyer assumes full responsibility and risk of, and Gasum Portfolio Services Oy shall not be liable for, any loss which results from any transactions or decisions made by the Buyer on the basis of the Review supplied by Gasum Portfolio Services Oy. The Buyer shall accept sole responsibility for and Gasum Portfolio Services Oy shall not be liable for the use of the Review by the Buyer (or any user) and the Buyer shall hold Gasum Portfolio Services Oy harmless and fully indemnified against any claims, costs, damages, loss and liabilities arising out of any such use.