

### EUA prices €/t 3.5.2019 11:47

Product	Bid	Ask	Last	Change*
Spot**	24.49	24.52	24.33	-12.62 %
Dec-19	24.57	24.59	24.57	-12.21 %
Dec-20	24.85	24.87	24.85	-11.87 %
Dec-21	25.20	25.23	25.02	-13.31 %

\*Change compared to the previous report \*\* EEX spot

### sCER prices €/t 3.5.2019 11:47

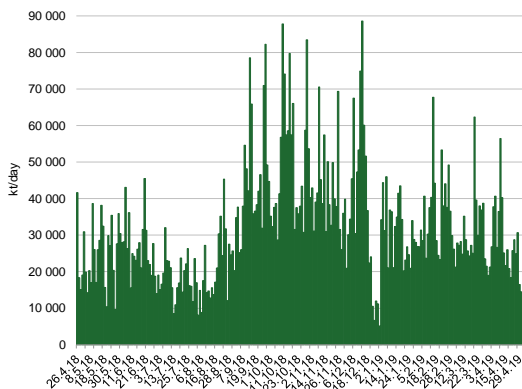
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.22	0.00 %
Dec-19	0.21	0.23	0.22	-4.55 %
Dec-20	0.20	0.23	0.22	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	24.35	-12.28 %

\*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 3.5.2019 11:47

Product	Unit	Prices*	Change*
ENO Q3-2019	€/MWh	40.75	-3.31 %
ENO 2020	€/MWh	36.25	-6.21 %
ENO 2021	€/MWh	32.69	-4.25 %
ENO 2022	€/MWh	31.99	-2.06 %
EEX, Base load Cal-20	€/MWh	48.52	-3.52 %
Brent crude	\$/bbl	70.06	-2.87 %
Natural gas UK (Q3-19)	p/therm	36.28	-6.00 %
Coal CIF ARA API2 2020	\$/t	70.10	-5.14 %

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

## Market Analysis

The rise in emission allowance prices calmed down during Easter week following market slowdown due to the public holiday. However, market support was still maintained by the end-of-April deadline for the surrender of emission allowances. On Friday April 26, however, the price took a sharp downturn. The downward price correction was triggered by a slowdown in buying interest due to the imminence of the end of April and the last day to surrender emission allowances. Also, weak fuel prices put downward pressure on the German electricity market and this in turn strengthened the correction in emission allowance prices.

During the current week, the first days saw emission allowance prices seeking direction close to the level of €26/t despite very low demand at auctions on Monday and the price settled at €0.26 below market price at that point. Earlier, €26/t had been a very strong support level, with buying interest generated close to the level. On Wednesday and Thursday, however, the price dropped below that level. In addition to reduced demand, downward price pressure has also been created by the continued weakness seen in natural gas price and the downward correction going on in the German electricity market.

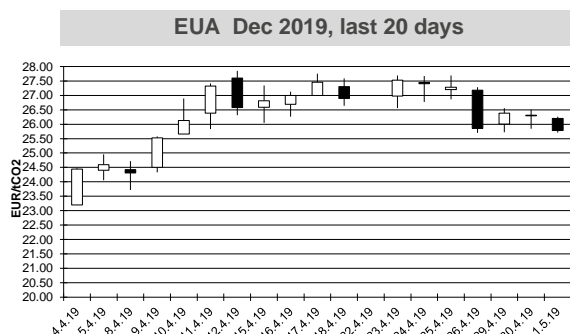
Trading volumes decreased from preceding weeks due to the Easter impact. On Friday last week, however, the volume already exceeded 30 million. In the current week, volumes have been low again and on May 1 in particular the level was very low.

## Market View

The clear downward trends in the prices of coal and natural gas have persisted and, so far, there are no clear technical signs of any upturn in fuel prices. Furthermore, fuel supply has also remained at a good level and stock levels are high. The downward correction of the German electricity market may continue due to weak fuel prices, also maintaining downward pressure on emission allowance prices. The weak price of natural gas in particular is creating downward pressure on emission allowance prices.

Demand for fuels and emission allowances is, however, supported by the weather growing colder in many parts of Europe. During the weekend and first days of next week in particular, the weather in Central Europe will be considerably colder than normal. The colder temperatures may halt the decrease in emission allowance and fuel prices. In addition, there is already an increased risk of at least a momentary upward correction in fuel prices following a long and strong fall.

Emission allowance prices have been falling over the past days and gone below the €26.0/t level, which was the nearest support level. Emission allowance demand may also stay more sluggish than in previous weeks now that the periodic demand peak created by the emission allowance surrender deadline at the end of April has passed. The downward correction may also continue during the days ahead, but the longer-term technical trend still points strongly towards higher prices. Therefore, the ongoing downward correction may end up being moderate. The next clear support level for the price is €23.5/t, after which the next strong support level is €20.5/t, which was the lowest trading figure for March.



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

## On Agenda: Europe

Analysts have raised the short-term emission allowance price forecasts as speculators anticipate a bullish market as the threat of a hard Brexit has declined. The interest of speculative players has pushed emission allowance prices up despite fundamentals having at the same time rather been drawing prices down. Last year's verified emissions were lower than expected and the competitiveness of natural gas against coal has increased considerably.<sup>1</sup>

In the UK, the Committee on Climate Change (CCC) advising the government will recommend that the government adopts a target of cutting fossil fuel emissions to net zero by 2050. The CCC also suggests that Scotland could reach the target already by 2045.<sup>2</sup>

According to the UK secretary of state for business, energy and industrial strategy, the government loan to British Steel so the company can meet payments for emission allowances was a unique one in exceptional circumstances and now all UK operators included in the EU ETS have surrendered allowances to cover last year's emissions. British Steel would have used the free allocation to settle the previous year's liabilities. However, the UK had to lend £120 million to British Steel as UK companies have been temporarily suspended from receiving free permits due to Brexit. Without the loan, British Steel would have faced a fine of €100/t for not meeting its emissions bill. This would have meant a fine of up to £600 million payable by the company with an annual turnover of £1.4 billion. On top of the fine, the company would also have been obliged to surrender the allowances.<sup>3</sup>

CDM pipeline	3.5.2019 11:47	
	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
31.5.2019	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 BNEF news](#)

[3 Carbon Pulse news](#)

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