

EUA prices €/t 14.6.2019 13:14

Product	Bid	Ask	Last	Change*
Spot**	24.74	24.75	24.74	3.52 % ↑
Dec-19	24.82	24.83	24.82	3.42 % ↑
Dec-20	25.11	25.13	25.12	3.26 % ↑
Dec-21	25.47	25.54	25.50	3.41 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 14.6.2019 13:14

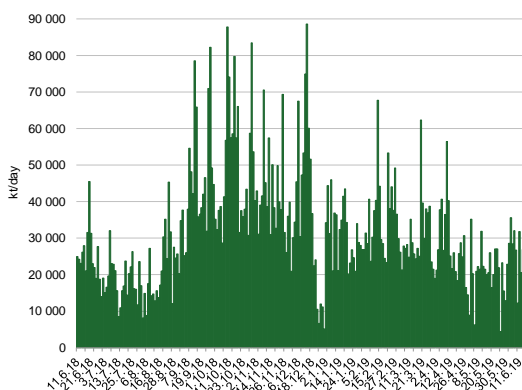
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.21	0.00 %
Dec-19	0.16	0.21	0.20	-5.00 % ↓
Dec-20	0.15	0.21	0.19	-10.53 % ↓

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	24.62	3.49 % ↑

*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 14.6.2019 13:14

Product	Unit	Prices*	Change*
ENO Q3-2019	€/MWh	31.70	-2.84 % ↓
ENO 2020	€/MWh	34.60	-0.72 % ↓
ENO 2021	€/MWh	32.90	-0.03 % ↓
ENO 2022	€/MWh	32.28	0.40 % ↑
EEX, Base load Cal-20	€/MWh	47.81	0.79 % ↑
Brent crude	\$/bbl	61.19	0.08 % ↑
Natural gas UK (Q3-19)	p/therm	30.78	-1.68 % ↓
Coal CIF ARA API2 2020	\$/t	64.40	-0.31 % ↓

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

Market Analysis

Last week, emission allowance prices were seeking direction, being largely determined by oil prices. Emission allowance prices were supported by the relatively high auction prices. The price of the DEC-19 product fluctuated over the week and in practice closed sideways. The price took a downturn on Monday in the wake of general energy market trends. On Tuesday, emission allowances picked up again as oil prices rose with the stock market. The stock market in turn was supported by the Federal Reserve chairman's comments sending the signal that interest rates might be cut. Towards the end of the week, the market took another downturn, again taking direction from oil. The week's emission allowance closing price was €24.51/t and at the weekly level the price ended up rising by €0.05. Last week's trading volumes were on average at the normal level at around 20 million EUA.

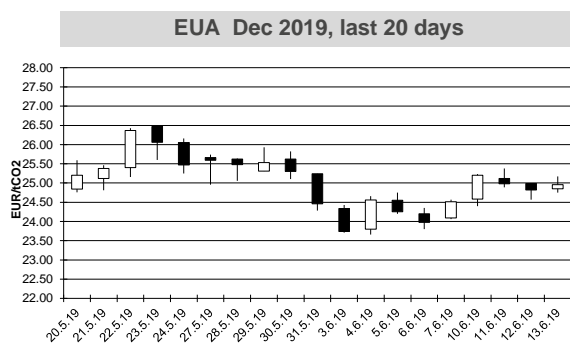
In the current week, the DEC-19 emission allowance opened bullish. The price has, however, been declining and there are no clear signs pointing at either direction. This week's auction supply is limited as Monday was a public holiday in parts of Europe. In addition, there are no Polish auctions this week. A total of 8.8 million tonnes of emission allowances will be placed in the Primary Market, which may lend support to DEC-19. Stronger oil prices may give direction for the entire energy complex and, consequently, emission allowance prices.

Market View

Market sentiment in the fuel market improved as the U.S. withdrew its tariff threat against Mexico. OPEC and Russia intend to extend their oil output cuts, and this may have a bullish effect on oil prices. Oil prices are also supported by the tensions in the Gulf of Oman. Oil prices may give direction for emission allowance prices at the moment. In the gas market, the front-year product price strengthened. In gas front-year products, the emission allowance price would have to exceed €28/t for a switch to gas-firing to take place. At the annual level, profit margins for coal-fired power generation remained positive, but with quarterly products natural gas-fired production is more profitable. A rise in quarterly gas product prices would reduce the margin for gas-fired energy production and steer towards coal burn, pushing emission allowance prices up.

Poland announced last week that it will renounce its Phase 4 transitional free allocation of emission allowances under Article 10c. It is not yet clear whether the allowances will be auctioned or whether Poland will transfer them to the Modernisation Fund. Over the short term, the decision is unlikely to affect emission allowance prices, but the news might have an impact on prices in the 2021–2030 period.

A dip below the technical level of €24.50/t took place last week as last week's downward trend continued. The 20-day moving average is also on a downward path, also indicating a downward trend over the short term. The price support levels are €23/t and €22.42/t while the resistance level is at €24.44/t.



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

CDM pipeline		14.6.2019 13:14	
	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
21.6.2019	EU Energy Council, strategy 2019-2024, for example climate change
1.7.2019	Finland's Presidency of the Council of Europe starts

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Sources:

[1 Kauppalehti news \(in Finnish\)](#)

[2 Carbon Pulse news](#)

[3 Carbon Pulse news](#)

On Agenda: Europe

The Estonian state-owned energy provider Eesti Energia has had to give notice to and temporarily lay off employees as the Estonian oil shale industry is experiencing difficulties. Expensive emission allowances and cheap imported electricity are the main reasons for the hardship of oil shale production. Oil shale production is important for Estonia in terms of self-sufficiency and security policy. It is possible that in the future Estonia will burn wood chips in oil shale boilers and focus on producing oil from oil shale.¹

There are calls for further transparency in the EU emission allowances market. According to an analyst, pressure on the emission allowance market could be eased by setting holder-specific limits to the number of allowances. Limits are needed as the number of allowances must approach zero by 2050. Another suggestion is to increase transparency by implementing reporting that reveals the trading positions of all speculators. This would enable the market to respond if large numbers of emission allowances are held by financial institutions or investment funds. The EU's response time for amendments to the ETS Directive is, however, regarded as too slow. Not all analysts find it a good idea to impose artificial limits, either.²

On Agenda: Global

India has decided to take further steps towards a voluntary emissions trading market for micro, small and medium-sized enterprises (MSMEs). There is no schedule yet for the pilot mechanism in the draft rules published, but the waste sector will not be included. MSMEs have large carbon footprints in India as they use old and inefficient technology. A pilot emissions trading scheme to curb air pollution has also been launched in India. These are clear signs of India's interest in harnessing market-based mechanisms to address environmental problems.³

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