

EUA prices €/t 20.6.2019 12:12

Product	Bid	Ask	Last	Change*
Spot**	24.89	24.92	24.85	2.82 % ↑
Dec-19	24.97	24.99	24.98	2.84 % ↑
Dec-20	25.26	25.29	25.22	2.66 % ↑
Dec-21	25.65	25.71	25.67	2.84 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 20.6.2019 12:12

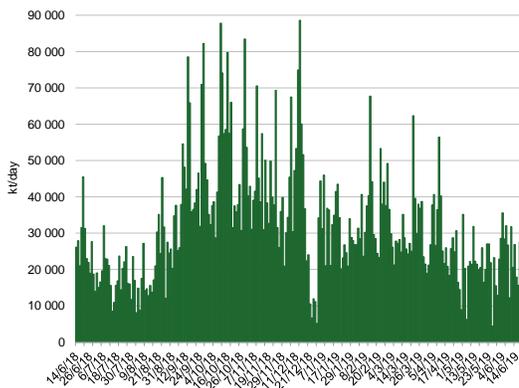
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.21	0.00 %
Dec-19	0.17	0.22	0.20	-5.00 % ↓
Dec-20	0.15	0.21	0.19	-5.26 % ↓

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	24.78	2.91 % ↑

*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 20.6.2019 12:12

Product	Unit	Prices*	Change*
ENO Q3-2019	€/MWh	31.85	-2.98 % ↓
ENO 2020	€/MWh	34.51	-1.56 % ↓
ENO 2021	€/MWh	33.15	0.54 % ↑
ENO 2022	€/MWh	32.63	1.47 % ↑
EEX, Base load Cal-20	€/MWh	46.97	-0.43 % ↓
Brent crude	\$/bbl	63.37	1.10 % ↑
Natural gas UK (Q3-19)	p/therm	28.37	-6.74 % ↓
Coal CIF ARA API2 2020	\$/t	62.20	-3.54 % ↓

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

Market Analysis

The market was seeking direction last week. The week got off to a bullish start with prices exceeding €25/t but with volumes being low. Volumes were kept low by the European public holidays. Prices fell on Tuesday in the wake of energy commodities. The decline of oil and emission allowance prices continued also on Wednesday. Brexit news may also have had an impact as the opportunities of Parliament to prevent a no-deal Brexit dwindled. On Thursday, the rise of oil prices also pulled emission allowance prices higher. Oil prices were driven up by the attacks on oil tankers that took place in the Gulf of Oman. Trading volumes were lower than the week before, amounting to 11 Mt on Monday and around 17 Mt on the other trading days. Dec-20 block trades were considerably voluminous at 3 Mt daily. Buying interest was high in EU auctions. On Friday, emission allowance prices closed at €25.05/t, taking emission allowances up by €0.54 at the weekly level. On Friday, the prices remained unchanged at the daily level. Friday's German auction price cleared 5 cents below market and the bid-to-cover ratio slid to the lowest level since the 1.48 seen in April.

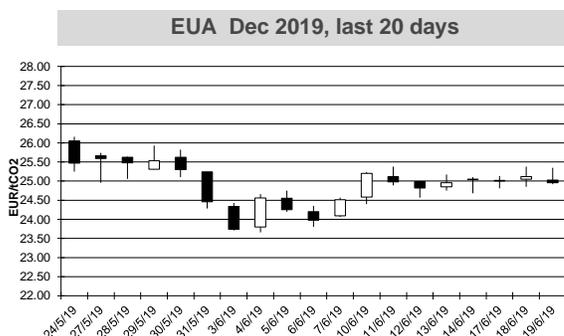
During the current week, emission allowance prices have closed in the €25–€25.20/t range. This week's larger auction volumes may create downward pressure on prices. There will be 16 Mt of emission allowances entering the market, and signs of weak demand have been seen recently, although there has been buying interest since the €25/t level was broken.

Market View

There are no clear market signs of emission allowance prices rising or falling. Emission allowance prices have been seeking direction at the ICE exchange. It can be expected that the prices will stabilize at the current level. The MACD could signal a bullish trend but other technical indicators are mainly neutral. The closest support and resistance levels for emission allowance prices are €24.35/t and €25.5/t.

EU leaders are discussing the climate strategy for 2050, which may have a supporting effect on emission allowance prices; 18 EU countries now support the net-zero carbon emissions goal for 2050. The market is following the results of the leadership election votes of Britain's Conservative Party. The first round of voting was won by the hardline Brexiteer Boris Johnson.

Signals concerning other fundamentals are somewhat mixed. Oil prices have been rising due to geopolitical tensions, with the expected OPEC output cuts also potentially supporting the prices. No increases can be seen in gas prices. The latest weather forecasts are for warmer weather towards the end of the month, which may increase the need for cooling and therefore generate support for emission allowance prices.



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

CDM pipeline	20.6.2019 12:12	
	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
22.6.2019	The result of Britain's next Prime minister selection
1.7.2019	Finland's Presidency of the Council of Europe starts

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Sources:

[1 Carbon Pulse news](#)

[2 Bloomberg news](#)

[3 Carbon Pulse news](#)

[4 Montel news](#)

On Agenda: Europe

Germany and other countries including Italy now support the carbon neutrality 2050 goal. In all 18 of the total of 28 EU Member States lend their support to the goal and it is possible that a decision in favor of the initiative will be made at the European Council meeting of June 20– 21. If the decision is taken, the European Commission could launch the drafting of new legislation. This would mean that operators subject to EU ETS would have to achieve net zero emissions by 2050. EU emissions trading is forecast to increase to €30/t at the beginning of next decade. According to analysts, the price could rise by another third if zero emissions are expected to be reached by 2050. ¹

According to Bloomberg, for the first time next year the cost of wind and solar power will fall below prices in the wholesale market in Germany, Britain and France. This means Germany's clean energy goals may be delivered without financial support from the government. This is a sign of renewable energy being mature enough to compete without support against fossil fuels in the market. Electricity in Germany is the most expensive in Europe and this is partly owing to renewables and their government subsidies. To avoid a huge subsidy bill, Germany is reducing the amount of carbon emission permits in circulation to increase the cost of burning coal. In 2018, life-cycle costs for wind and utility-scale solar power fell below market prices of electricity in Spain. The first support-free renewable energy projects are also already under construction in China, with further projects to be expected in the future. ²

On Agenda: Global

China is taking the first steps towards a voluntary carbon market. China's environment ministry has laid out rules for conferences and other events wishing to offset their emissions. The guidelines encourage organizers to reduce event emissions and offset any remaining emissions by buying emission allowances. The allowances would be cancelled, and the organizer could market the event as a zero-emission one. ³ According to a SEB bank analyst, a carbon price of €20/t or over would be enough to make coal an unprofitable fuel already in 2030. Coal and gas will be less and less profitable even if the prices of the fuels were to drop. Although emission allowance prices currently encourage gas-fired production, even gas will become unprofitable as cheaper renewables are introduced in the market. Currently, emission allowance prices would need to be around €80/t to force gas out of the market. By 2030 the figure is likely to be €35/t. SEB expects output from solar plants to rise to 478 TWh and from wind to 298 by 2025, which would mean a total increase of around 500 TWh from the current level. ⁴

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