

EUA prices €/t 5.7.2019 13:16

Product	Bid	Ask	Last	Change*
Spot**	25.76	25.80	25.78	3.61 % ↑
Dec-19	25.82	25.84	25.82	3.25 % ↑
Dec-20	26.16	26.19	26.18	3.67 % ↑
Dec-21	26.62	26.68	26.60	3.50 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 5.7.2019 13:16

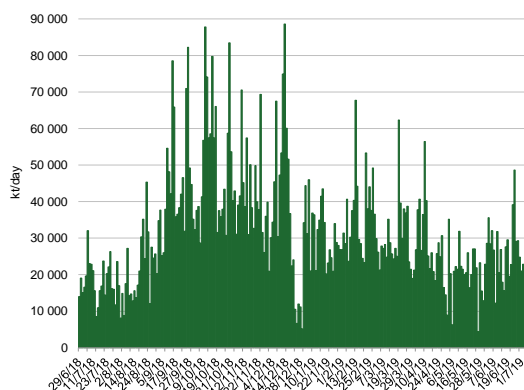
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.21	0.00 %
Dec-19	0.20	0.22	0.21	4.76 % ↑
Dec-20	0.20	0.21	0.20	5.00 % ↑

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	25.61	3.24 % ↑

*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 5.7.2019 13:16

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	38.03	16.25 % ↑
ENO 2020	€/MWh	35.80	3.60 % ↑
ENO 2021	€/MWh	33.75	1.78 % ↑
ENO 2022	€/MWh	33.08	1.36 % ↑
EEX, Base load Cal-20	€/MWh	48.37	2.89 % ↑
Brent crude	\$/bbl	63.60	0.36 % ↑
Natural gas UK (Q4-19)	p/therm	44.57	36.35 % ↑
Coal CIF ARA API2 2020	\$/t	66.75	6.82 % ↑

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

Market Analysis

Last week the rise in emission allowance prices approached the 11-year peak seen in April. On Monday, emission allowances started to rise driven by the very high temperatures forecast for Central Europe. Since wind power production was low, condensing power was used to meet the increased need for cooling and this was reflected in emission allowance prices. On Tuesday, emission allowances got off to a weak start but the announcement of a cancelled auction pushed the price up when the potential for a temporary reduction in availability buoyed up the market. Emission allowances rose to a monthly record on Wednesday, but on Thursday the trading price was in retreat as emission allowances were sold and gains capitalised. The fall spilt over into Friday for the DEC-19 product even though a good price was obtained in EU and German auctions and also the bid-to-cover ratio rose above two. The correction saw the price of emission allowances end up €0.98 higher on the week to close at €26.28/t. Volumes rose significantly last week and the DEC-19 product reached a volume of 30 million units during the first couple of days and 20 Mt towards the end of the week. Volumes of longer annual products also rose mid-week.

This week emission allowance prices have been seeking a direction and the price has fluctuated between €26.46 - €26.98/t. Last Friday's fall in the price was corrected on Monday. On Wednesday and Thursday the price dipped slightly. This week auction volumes are high, with five auctions. The current week's EU auctions also included the emission allowances intended for the auction cancelled on Tuesday the previous week. This week's volumes are the year's highest to date and this may restrict any price hikes.

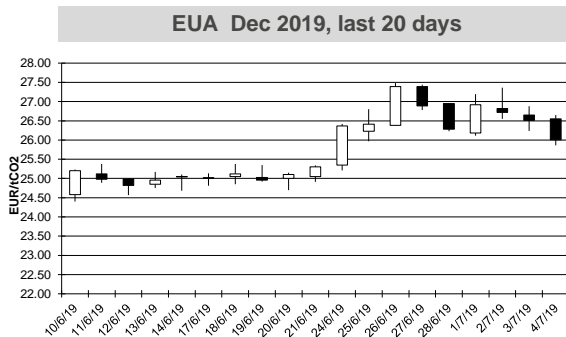
Market View

August is expected to see lower volumes circulated on the market in emissions auctions. This could be seen as supporting the price this month if emission allowances are bought on the market to be stored.

There is not much support from the fuel market to buoy up emission allowance prices. Oil prices rose somewhat driven by a slight warming in trade relations between the United States and China. No rise was seen in the price of coal. Gas availability is good and storage capacity is full, which explains the low price. This means burning gas takes priority over burning coal. Demand for emission allowances is expected to fall unless the weather picture shows a significant warming.

Emission allowance prices which remained largely unchanged last week started to rise for a few days and broke many hurdles. Nevertheless, the price soon saw a downward correction and so far this week has closed at between €26.51/t - €26.92/t. The trend is flat and volumes are in slight decline. The closest support levels for the emission allowance price are €26/t and €25.73/t. The resistance levels are nearer to €27/t, €27.21/t and €27.48/t, which last week restricted the rise in price.

On Agenda: Europe



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

CDM pipeline		5.7.2019 13:16	
	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
9.7.2019	Implementing act for EU Emissions Trading Directive: deadline for providing feedback
22.7.2019	The result of Britain's next Prime minister selection

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Sources:

- [1 Reuters news](#)
- [2 European Commission news](#)
- [3 Carbon Pulse news](#)

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In the UK, the target to achieve net zero emissions by 2050 has been enshrined in law. To reach the target the UK must invest in renewable electricity products, end sales of new petrol and diesel vehicles by 2035 and cut lamb and beef consumption by 20%. The previous target was to slash emissions by 80% by 2050 compared with 1990 levels. The UK has already reduced greenhouse gas emissions by 43.5% from 1990 levels largely due to renewable energy such as wind power production. ¹

A petition brought before the European Commission is demanding, among other things, a price floor for carbon dioxide emissions. The goal is also to do away with the free allocation of allowances to industry as well as to impose carbon dioxide tariffs on products imported into the European Union. Also according to the petition, windfalls from emissions trading should be used to fund renewable energy and energy saving projects. The petition must obtain a million statements of support from at least seven member states within a year so that the Commission can analyse and give a reply as to whether or not the initiative is to be followed up. ²

On Agenda: Global

Even a low carbon dioxide price could reduce investments in new coal condensate plants in China. Even an additional cost of 50 yuan or roughly €6.5 per tonne would be large enough to make investments unviable. Eight provinces in China have been given permission to build additional coal condensate power. The country has eight local emissions trading pilot programmes in which only prices in the Beijing area move north of 50 yuan. China plans to introduce national emissions trading next year and this would regulate 3-3.5 billion tonnes of carbon dioxide. ³