

Market Analysis

Last week emissions trading started on an upward note with emission allowance prices approaching the €27/t mark. Prices started to rise on Tuesday but ultimately closed on a downward note. The downward continued also on Thursday and Wednesday and prices dropped until Wednesday closed at €26.01/t. On Friday, prices approached their lowest of the week before ultimately rising to close at €26.38/t, which bumped up the price of an emission allowance by 10 eurocents on the week. The offer rate was high earlier in the week. Demand declined towards the end of the week with a greater auction offering than normal, with not even the weather buoying up demand for emission allowances.

This week, 7.6 million fewer emission allowances than last week are up for auction. The current week has seen an upward price trend for emission allowances. Demand for emission allowances can be explained by outages in French nuclear power production and weak German wind power production this week. No auction was held on Wednesday and emission allowance prices started to climb on the secondary market to reach record figures of €28.14/t.

Market View

August is expected to see lower volumes circulated on the market in emissions auctions as the holiday season gets under way in Europe. This could be seen as supporting the price in August-September if allowances are bought on the market to be stored. The market stability reserve (MSR) will have a reducing effect on the supply of allowances. The auction calendar will be revised to correspond to the amount of allowances withheld from EU emission auctions and placed in the MSR during the last quarter of 2019. Under the European Commission's publication 397 million surplus emission allowances are to be withdrawn from auctions between September 2019 and August 2020.

On the fuel markets, the prices of oil, gas and coal have risen. Gas continues to take burning priority in the short term. Water resources in the Nordic countries and Central Europe have decreased because of dry weather.

Emission allowance prices are at 11-year high. Resistance levels are €29/t and an all-time high level of €29.69/t and €30/t, which is also close to the 161.8% fibonacci level. Support levels are the previous peak €27.75/t as well as €27/t, €26.89/t and €26.49/t.

EUA prices €/t 12.7.2019 10:54

Product	Bid	Ask	Last	Change*
Spot**	28.10	28.14	28.13	6.43 % ↑
Dec-19	28.15	28.17	28.16	6.46 % ↑
Dec-20	28.54	28.57	28.55	6.58 % ↑
Dec-21	29.02	29.12	29.08	6.67 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 12.7.2019 10:54

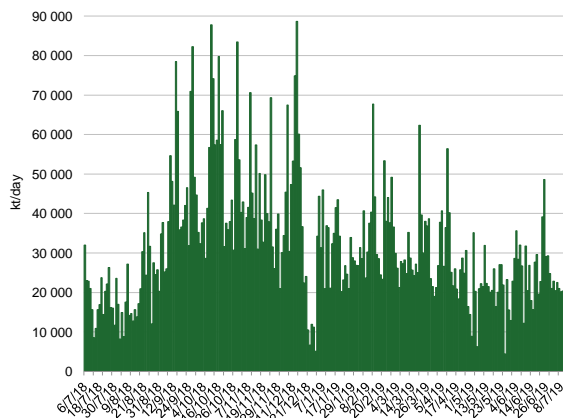
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.21	0.00 %
Dec-19	0.17	0.22	0.21	0.00 %
Dec-20	0.15	0.21	0.21	4.76 % ↑

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	27.95	6.51 % ↑

*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

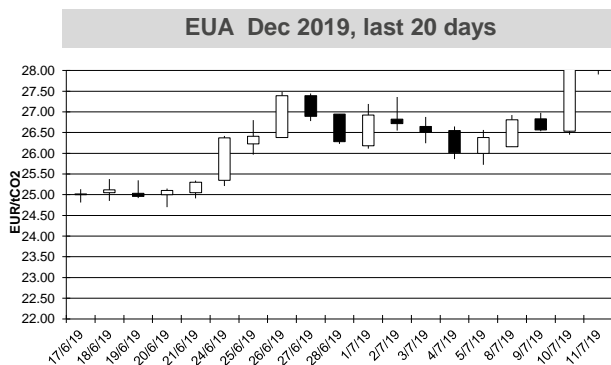


Energy prices 12.7.2019 10:54

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	42.20	10.24 % ↑
ENO 2020	€/MWh	38.10	5.91 % ↑
ENO 2021	€/MWh	34.60	2.60 % ↑
ENO 2022	€/MWh	33.80	2.43 % ↑
EEX, Base load Cal-20	€/MWh	51.86	6.52 % ↑
Brent crude	\$/bbl	67.05	4.89 % ↑
Natural gas UK (Q4-19)	p/therm	50.83	12.90 % ↑
Coal CIF ARA API2 2020	\$/t	69.10	7.81 % ↑

*Change compared to the previous report **Last trade 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 12.7.2019 10:54		
	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.-23.7.2019	ENVI -committee meeting
22.7.2019	The result of Britain's next Prime minister selection

Contacts:

Markus Herranen

Toni Sjöblom

E-mail: firstname.lastname@gasum.com

Sources:

[1 Carbon Pulse news](#)

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

[3 Carbon Pulse news](#)

On Wednesday, emission allowance prices reached an 11-year high. Allowance prices have been buoyed up by among other things a strong technical picture and a brief pause in auctions. Further support was brought by the promise of Ursula von der Leyen, incoming president of European commission, to tighten emission cuts targets from the current figure of 40% to 50% by 2030. Weather conditions have also supported emission allowance prices since there are currently weak wind conditions in Germany. In addition, nuclear power capacity in France is down by almost a third of capacity. Comments by the German Minister for the Environment about cancelling emissions allowances as part of a plan to run down coal facilities also exerted upward pressure on allowance prices on Wednesday. ¹

Next year, France is to introduce a tax on plane tickets in a move that will affect all airlines. The tax will range from €1.5-€18.0 and is expected to raise around €182 million in tax revenue. The plan is to invest the tax revenue raised in public transport in France. The tax was decided on Tuesday at a meeting of the Ecological Defence Council presided over by French president Emmanuel Macron. Macron has announced that the main goal of the second half of his term of presidency is measures to halt climate change. ²

In a speech on Wednesday, Ursula von der Leyen, incoming president of the European commission said that during her first 100 days she would put forward a legislative proposal to halve carbon dioxide emissions by 2030 and thus tighten emission cuts target from 40% to 50%. On top of this, she proposed studying the possibilities to include transport and buildings in the EU ETS. This higher target has been criticised as not being ambitious enough. The European parliament is in favour of a 55% emission cuts target. The Climate Leadership Coalition has said that an emission cuts target of 55-68% is needed by 2030 for the EU to be on track towards carbon neutrality by 2050. In addition, this target is required in order to remain within the more ambitious targets of the Paris Climate Agreement thereby keeping climate warming to 1.5C as recommended by the IPCC. ³

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