

### EUA prices €/t 19.7.2019 11:49

Product	Bid	Ask	Last	Change*
Spot**	28.09	28.13	28.14	0.60 % ↑
Dec-19	28.13	28.16	28.14	0.64 % ↑
Dec-20	28.52	28.58	28.67	0.94 % ↑
Dec-21	29.05	29.13	29.12	0.48 % ↑

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

### sCER prices €/t 19.7.2019 11:49

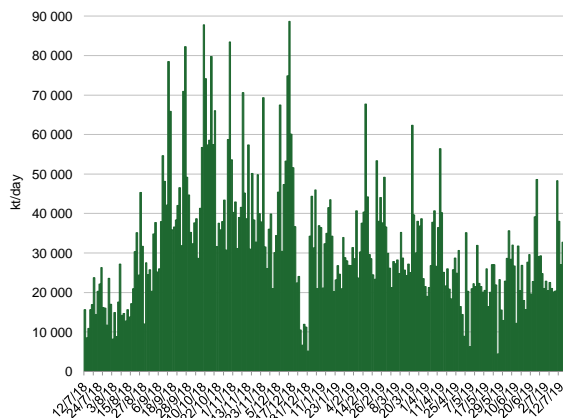
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.26	0.21	0.00 %
Dec-19	0.17	0.22	0.22	4.55 % ↑
Dec-20	0.15	0.21	0.20	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	27.92	0.61 % ↑

\*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 19.7.2019 11:49

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	42.85	4.43 % ↑
ENO 2020	€/MWh	38.00	-0.53 % ↓
ENO 2021	€/MWh	34.60	0.14 % ↑
ENO 2022	€/MWh	33.55	-0.75 % ↓
EEX, Base load Cal-20	€/MWh	51.71	1.82 % ↑
Brent crude	\$/bbl	63.89	-5.27 % ↓
Natural gas UK (Q4-19)	p/therm	48.01	-0.06 % ↓
Coal CIF ARA API2 2020	\$/t	67.45	-2.22 % ↓

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

## Market Analysis

Last week was a record week for emission allowances. The week started with a rise breaking a few resistance levels. On Tuesday, market volumes and prices decreased a little and the €27/t resistance level held. On Wednesday, emission allowances climbed back into positive territory, breaking through several technical resistance levels and ending up €1.63 during the day. The price increase was driven by a rise in the fuel market, lower auction supply and the German environment minister's comment on possible withdrawal of carbon permits issued in the system as Germany is closing its coal power plants. The day ended with €28.19/t, a fresh 11-year high. On Thursday, the price was slightly seeking direction but eventually closed at an increase of 10 cents. On Friday, the rise was stronger again although some downwards testing was also seen. The €28.79/t posted on Friday set a fresh 11-year high. Emission allowances ended up closing up €2.41 at the weekly level.

The current week will see all five EU Common Auction Platform (CAP) auctions. This week, emission allowance prices hit yet another new high on Monday but found the resistance level of €29.05/t. On Monday, the emission allowance RSI was also around 75%, which indicates overbuying, and indeed on Tuesday the prices took an upturn from the previous day's closing.

## Market View

The EUA auction calendar has been updated for the final months of 2019 and for 2020. From September to December, the auction sell volumes will be 2.744 million EUAs per auction. This does not entail a very large change and neither do the Polish and German auction volumes.

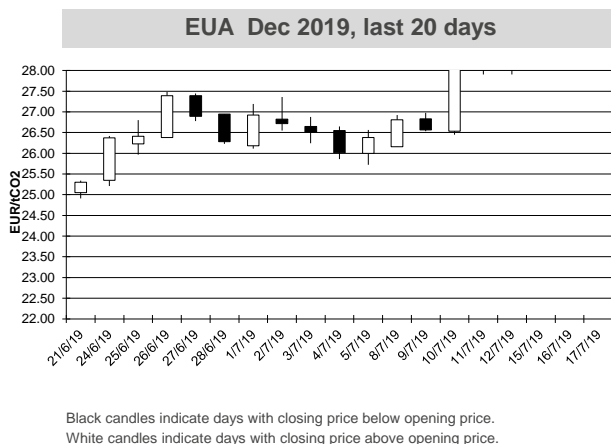
The bullish drivers that pushed prices to record levels have waned. In the fuel market, the rise of oil and coal prices has halted. Following a strong bull run, gas prices have taken a major downturn and emission allowance prices have recently taken direction from gas prices. ICE volumes have also been declining from the levels of Tuesday last week.

Over the medium term, however, there is support for the price. August's lower auction volumes will continue to support the price this month and next. According to a Reuters survey, analyst firms estimate the average price for 2019 to be €26.4/t and for 2020 to be €34.4/t, up 9% and 7% respectively.

Over the long term, uncertainty is still generated by the threat of a hard Brexit. The new European Commission President Ursula von der Leyen backing the inclusion of the transport and buildings in the EU Emissions Trading System and the reduction of the number of free allowances to airlines can be seen as price support. Even if becoming a reality, these decisions would take time and it is doubtful whether the EU will make decisions that would increase emission allowance prices if the prices remain at the current level.

Emission allowance prices have dropped from their record levels, but the outlook is cautiously positive. Support levels found for emission allowance prices are €28/t, the most recent old peaks of €27.85/t and €27.21/t and the psychological level of €27/t, while the resistance levels are €29.05/t as well as the all-time high levels of €29.69/t and €31/t.

## On Agenda: Europe



Exxon Mobil has lost in a court case at the European Union's Court of Justice. The court ruled that part of Exxon's natural gas processing plant in Germany should be classified as an electricity generator. This decision would result in a cut to its allocation of free pollution rights. If the ruling is followed by EU governments, about 3,000 factories that transfer heat or electricity to the grid will no longer qualify for all of their allocated permits. The court ruling could drive up emission allowance prices, depending on the reaction of EU governments. If the affected supply is not returned to the market by the EU ETS, there will be more emission trading demand in 2020. It is also possible that the allowances will be allocated to other facilities covered by free allocation. The court is yet to determine whether or not the case can be closed or needs to be discussed further. <sup>2</sup>

CDM pipeline 19.7.2019 11:49		
	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

## On Agenda: Global

New Zealand has decided to price the agriculture sector's carbon emissions starting from 2025. The biggest single sector generating greenhouse gas emissions in New Zealand is agriculture, accounting for almost 50% of the country's emissions. Of this, 71% is from livestock farming. Instead of including the sector in New Zealand's ETS, it was cheaper to price livestock emissions using a tax and discount system. Nitrous oxide emissions are examined at the process level and would therefore be included in New Zealand's ETS. New Zealand has also adopted the target of achieving zero emissions from electricity generation by 2035. <sup>2</sup>

Upcoming events	
Date	Event
22.-23.7.2019	ENVI -committee meeting
22.7.2019	The result of Britain's next Prime minister selection

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### Sources:

[1 Bloomberg news](#)

[2 Carbon Pulse news](#)

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