

EUA prices €/t 16.8.2019 11:47

Product	Bid	Ask	Last	Change*
Spot**	26.16	26.18	26.28	-7.61 %
Dec-19	26.19	26.20	26.19	-8.09 %
Dec-20	26.46	26.48	26.46	-8.13 %
Dec-21	26.90	26.93	27.00	-7.78 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 16.8.2019 11:47

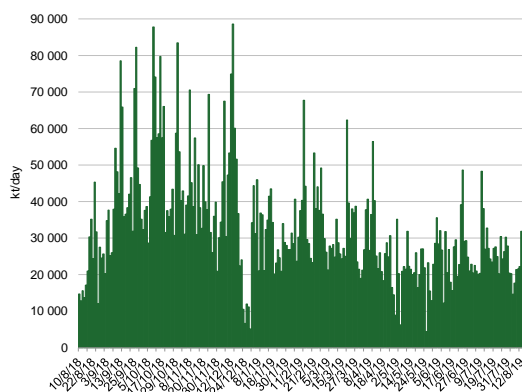
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.20	0.20	-5.00 %
Dec-19	0.17	0.22	0.21	0.00 %
Dec-20	0.15	0.21	0.20	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	25.98	-8.16 %

*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 16.8.2019 11:47

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	38.70	2.58 %
ENO 2020	€/MWh	35.79	0.08 %
ENO 2021	€/MWh	33.86	-0.86 %
ENO 2022	€/MWh	33.00	-0.76 %
EEX, Base load Cal-20	€/MWh	48.64	-3.27 %
Brent crude	\$/bbl	59.01	3.25 %
Natural gas UK (Q4-19)	p/therm	43.86	-3.23 %
Coal CIF ARA API2 2020	\$/t	64.10	-2.11 %

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

Market Analysis

Last week was bearish for emission allowances. At the start of the week, emission allowance prices were knocked below the often-tested resistance and support level of €29/t. The fall continued on Tuesday and Wednesday. There was major intraday price fluctuation in both directions during those days. Thursday saw a slight rebound, while on Friday the decline continued, with the €28/t resistance level tested during the day, but the day still closed above the level. The week's closing price was €28.18/t and at the weekly level the price of allowances retreated by 58 cents. Last week's auction results were conflicting; all except the Friday auction prices were above the secondary market prices, with the bid-to-cover ratio averaging 2.86. On the ICE, volumes during the first week of August were clearly weaker and averaged 16.1 million tonnes.

The current week has seen the downtrend for emission allowances continue. On Monday, emission allowance prices fell by around 5% to €26.70/t. On Tuesday, the price corrected above the €27/t level, but the decline has continued since Tuesday. This week's auction volumes were 2.2 million tonnes higher than last week's, but supply still remains halved due to the August holiday period.

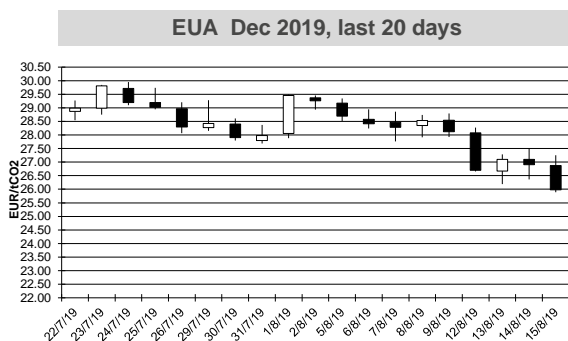
Market View

Support for emission allowance prices is very weak. Price volatility is, however, high and lack of liquidity may result in price swings in either direction in the event of changes. Apart from August's halved auction supply, there are hardly any price-supporting factors. There were no signs of growing demand in last week's auctions, and market participants have probably prepared in advance for the supply cut.

In the fuel markets the signals are bearish. The downtrend of coal continues and oil prices have been seeking direction after downward moves. The trade war between the U.S. and China is not showing any signs of easing, which is also eating into economic growth and, consequently, the demand for fuels. The IEA has lowered its oil demand forecasts for the remainder of 2019 and for 2020. Any escalation in the situation in the Strait of Hormuz could also have an impact on the oil market. The electricity and gas markets have also been undergoing a downtrend. Demand for emission allowances is not supported by the weather or renewables production, either.

The technical picture for emission allowances is bearish, with a downturn following the summer's rise. This week, the strong support level of €27/t was broken and emission allowance prices are approaching the deepest lows of July. Support levels are also found at €26.16/t and €25.5/t as well as at June's strong support level of €24.6/t. Resistance levels for emission allowance prices are found at €27.50/t, €28/t and €29.45/t. We expect emission allowance prices to be moving in the €26.50–€28/t range.

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		16.8.2019 11:47	
	Amount	Change	
Number of projects**	8380	-76	
Registered projects*	7808	53	
Volume of the pipeline by the year 2020, MtCO2e**	515	408.86	
Issued CERs, MtCO2e*	1985	198	

*Change compared to the previous report.

**Pipeline: UNEP/Risoe is updated monthly. Registered projects and issued CERs: UNFCCC

Upcoming events	
Date	Event
24.-26.8.2019	G7 Summit
23.9.2019	Climate Action Summit hosted by UN Secretary-General

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Sources:

[1 Helsingin Sanomat news \(in Finnish\)](#)

[2 Helsingin Sanomat news \(in Finnish\)](#)

[3 The Guardian news](#)

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Germany's economy is contracting. According to preliminary statistics, the country's GDP shrank by 0.1% in the second quarter. It is also possible that the figures for the next quarter will also be negative, which would mean Germany is in recession. The state of the German economy also affects the economy of Finland and Europe as a whole. German industrial output has declined and analysts' expectations have slumped to their lowest level in eight years. The problems started last autumn. Germany's carmaking industry is experiencing problems, and chemical industry growth has been restricted this summer by low water levels in the River Rhine. Uncertainties relating to the global economy have also contributed towards growth slowing: the China-U.S. trade war, Brexit and the threat of Trump imposing more tariffs on the EU have the biggest impact specifically on industry. China's economic growth is also slowing, which affects the demand for industrial products. Over the long term, the success of German car industry will depend also on technological advances, and China is still leading the development of low-emission electric cars. ^{1,2}

On Agenda: Global

The increased production of shale gas and oil in the U.S. has resulted in significant increases in concentrations of methane in the atmosphere. Methane emissions have been growing globally and, according to new research by Cornell University, the probable source is shale oil and gas produced by hydraulic fracturing, or fracking. Methane warms the atmosphere faster than carbon dioxide. The composition of methane found in the atmosphere has changed in a way that points to fracking being the source. Fracking has increased at a massive rate in the U.S. over the past ten years. However, the theory concerning the role played by methane emissions from shale oil and gas will still need to be tested before the conclusions can be supported broadly. Controlling emissions in fossil fuel production is in any case the low-hanging fruit to slow global warming. ³