

EUA prices €/t 23.8.2019 12:42

Product	Bid	Ask	Last	Change*
Spot**	25.59	25.63	25.63	-3.32 %
Dec-19	25.61	25.64	25.60	-3.40 %
Dec-20	25.86	25.91	25.89	-3.40 %
Dec-21	26.26	26.35	26.29	-1.83 %

*Change compared to the previous report ** EEX spot

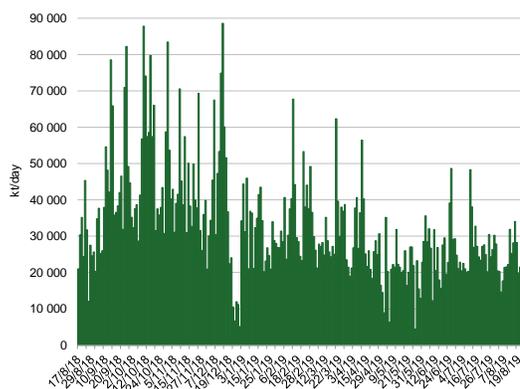
sCER prices €/t 23.8.2019 12:42

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.20	0.20	-5.00 %
Dec-19	0.19	0.22	0.21	0.00 %
Dec-20	0.19	0.21	0.20	0.00 %

*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 23.8.2019 12:42

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	38.00	-1.58 %
ENO 2020	€/MWh	34.55	-4.20 %
ENO 2021	€/MWh	33.10	-3.02 %
ENO 2022	€/MWh	32.40	-2.41 %
EEX, Base load Cal-20	€/MWh	48.32	-1.30 %
Brent crude	\$/bbl	59.82	2.69 %
Natural gas UK (Q4-19)	p/therm	41.93	-7.06 %
Coal CIF ARA API2 2020	\$/t	63.55	-2.52 %

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

Market Analysis

Last week, emission allowances started the week bearish. On Monday, several price support levels were broken. The breaking of the €27.85/t support level spurred the prices to a further decline and they dipped further below the 50-day moving average and below €27/t. On Tuesday, the day opened bearish but the prices ended up climbing back and closing above the Monday level. On Wednesday, there was yet another slight drop although the prices were shaking in both directions. On Thursday, they corrected back again after having climbed above the €27/t resistance level and ended up falling below the €26.49/t level. The same level curbed the price rise on Friday, with the week closing at €25.69/t. At the weekly level emission allowance prices posted a drop of €2.16 or 7.7%.

During the current week, auction supply is still below normal due to auction volumes being halved until the end of August. There is no Polish auction this week, either, which means the auction supply is only 5.8 million tonnes of allowances. This week has seen a slight increase in prices, with the €26/t level exceeded on Monday, but downward price corrections took place on Tuesday and Wednesday.

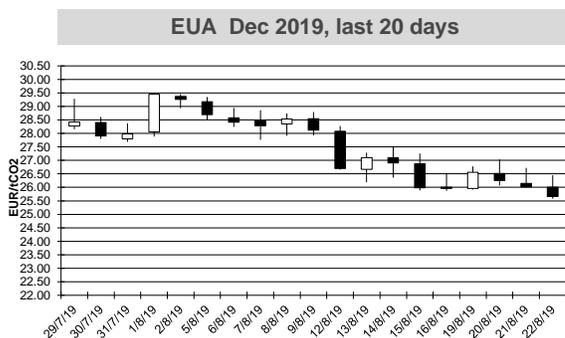
Market View

There is not much support for emission allowance prices. There is no auction on the coming Monday due to the British bank holiday. This coupled with the general dearth of auction volumes may provide price support towards the end of the week. However, auction demand has been relatively low during August regardless of the auction volume restrictions. Weather in Europe will be getting slightly warmer in the week ahead, which may increase the demand for cooling and, consequently, emission allowances. Renewable energy production will, however, stay strong and the electricity market situation appears stable. The downtrend of emission allowances has boosted coal-fired profit margins, which has increased coal-burning to some extent. The profitability of gas-fired production is, however, still higher than that of coal for annual products, potentially increasing resistance to emission allowance price hikes.

Political decisions can be expected in September at the earliest as the European Parliament is in recess until then. September will also see decisions made in Germany about the possible new carbon dioxide tax.

Support for emission allowance prices will remain rather weak and the prices are technically in decline. Last week's drop confirmed that the uptrend that started in June is now over. The downtrend is also supported by the price drop below the 100-day moving average – the first time since April. This week, prices have mainly stayed above the €26/t level. Support levels are found at €26/t and €25.5/t as well as the support level formed in June at €24.35/t. Resistance levels for emission allowance prices are found at €26.49/t, €27/t and €27.21/t. We expect emission allowance prices to be moving in the €25–€26.5/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		23.8.2019 12:42	
	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 Talouselämä news \(in Finnish\)](#)

[2 Bloomberg news](#)

Germany wants to put a price on all carbon dioxide emissions – including from transport and buildings. The country aims to cut its greenhouse gas emissions by 55% by 2030 compared to 1990 levels, but the current measures are not enough to close the gap. Germany is now planning new pricing for carbon dioxide emissions that would apply particularly to transport and buildings, which are not yet included in the EU's Emissions Trading Scheme (ETS) unlike industry, energy production and intra-European flights. A report produced for the German Government proposes that emissions from transport and buildings not included in the EU ETS be created their own emissions trading system or be subject to a separate carbon dioxide tax. The report also emphasizes that the EU ETS should cover all sectors of the economy in all EU Member States by 2030. Germany intends to take decisions on the new pricing model in September; for the emission cuts to be effective, the price of a tonne of carbon dioxide should be between €25 and €50. Germany's Federal Environment Agency and industry associations are in favor of the carbon tax. ¹

On Agenda: Global

The cost of producing hydrogen gas with renewables is likely to drop over the coming decades. According to Bloomberg's analysis, hydrogen production will become economical and hydrogen will play a growing role in reducing emissions from power production. For decades, hydrogen has been regarded as a zero-emission energy source, but the cost and difficulty of making it has kept the market small. According to the report, in the future hydrogen could be produced from wind and solar energy for the same price as natural gas in most of Europe. Large-scale production would mean that hydrogen could replace long-haul transport fuels and be used in steel-making and cement manufacture, which would result in emission reductions. Renewable hydrogen costs may drop as low as USD 1.40/kg while the current range is USD 2.50–6.80/kg. By 2050, the price of hydrogen could fall to a level equivalent to that of natural gas. However, to succeed, renewable hydrogen production will also need political support. ²

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