

EUA prices €/t 30.8.2019 12:20

Product	Bid	Ask	Last	Change*
Spot**	26.71	26.74	26.74	1.57 % ↑
Dec-19	26.73	26.74	26.74	1.46 % ↑
Dec-20	26.96	26.99	26.96	1.26 % ↑
Dec-21	27.36	27.40	27.38	1.21 % ↑

*Change compared to the previous report ** EEX spot

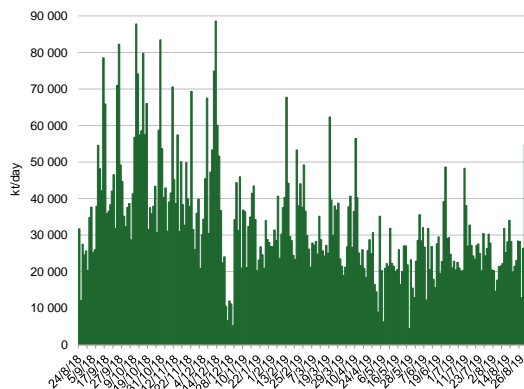
sCER prices €/t 30.8.2019 12:20

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.20	0.20	0.00 %
Dec-19	0.17	0.22	0.21	0.00 %
Dec-20	0.15	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 30.8.2019 12:20

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	36.80	-4.62 % ↓
ENO 2020	€/MWh	34.56	-0.55 % ↓
ENO 2021	€/MWh	33.10	-0.45 % ↓
ENO 2022	€/MWh	32.55	-0.15 % ↓
EEX, Base load Cal-20	€/MWh	47.61	-1.53 % ↓
Brent crude	\$/bbl	60.83	0.16 % ↑
Natural gas UK (Q4-19)	p/therm	42.15	-1.39 % ↓
Coal CIF ARA API2 2020	\$/t	64.00	0.39 % ↑

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

Market Analysis

Last week, emission allowance prices remained bearish. The week started with a bullish day and the DEC-19 product climbed back above the €26/t level where the previous week had dropped. The auction result was also strong, with the prices slightly above the secondary market. On Tuesday a rise above €27/t was attempted, but the prices reversed course and ended falling. The same pattern followed on Wednesday, with a climb attempted in the first hours of the day but the prices ending up dropping at the daily level. On Thursday, emission allowance prices dropped below €26/t due to the Brexit situation and Italy's political uncertainty. On Friday, trade war tensions and the downward movement of the financial market kept emission allowance prices on a downward trajectory and the Friday closing price was €25.10/t. At the weekly level the prices ended up retreating by 86 cents.

This week, auction volumes were 0.9 million tonnes higher than last week, totaling 6.7 million tonnes. There was no auction on Monday due to the British bank holiday, but the biweekly Polish auction is scheduled for this week. The current week is the last one with the auction volumes halved. The current week also got off to a bullish start, approaching the €26/t level on Monday. Tuesday, however, corrected to a dip. The Wednesday morning slide eased slightly in the afternoon.

Market View

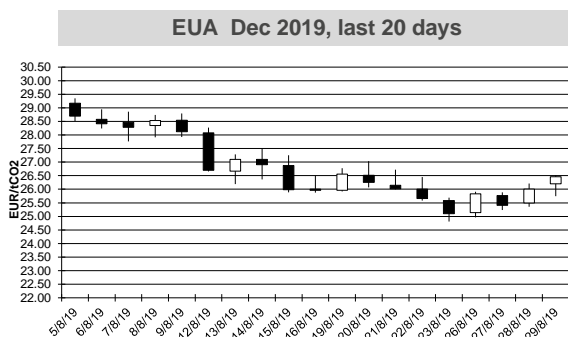
The persistent trade war tensions are already affecting the economy in Europe, too. Germany's GDP in Q2 has been declining and the country is on the brink of a recession. The financial and fuel markets have been sensitive to the twists and turns of the trade war. The price of oil is pointing the way for the entire energy system and the trend for the fuel has been bearish. Gas price has also dipped to new lows, and the dispatch order favors gas as the profit margins for coal-fired production are negative.

For the current week, the weather in Europe will be hot during the daytime hours, which may lend slight support to emission allowances this week. In September, European decision-making bodies will return from their summer holiday. For example, the European Parliament's Committee on Industry and Energy meet on September 3 and the Committee on Environment on September 4. The incoming European Commission will also start taking shape in September.

Emission allowance prices have dropped by 15% during August despite the auction supply having been low due to the holiday season. The short-term forecast is bearish, and the September resumption of full-sized auctions does not support emission allowance prices.

The drop in emission allowance prices below €25.56/t in turn would mean weakness in prices. Other support levels are found at €25/t as well as €23.66/t, the level from which the June uptrend began. Resistance levels for emission allowance prices are found at €26.49/t – which is also close to the 100-day moving average – as well as at €27/t and €27.21/t. We expect emission allowance prices to be moving within the €24–€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 30.8.2019 12:20

	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
ab. 20.9.2019	Germany's decision on CO2 pricing
23.9.2019	Climate Action Summit hosted by UN Secretary-General

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Sources:

[1 Carbon Pulse news](#)

[2 Nikkei news](#)

The European Commission has adopted the Auctioning Regulation for the post-2020 period. Under the Regulation, 450 million EUAs will be auctioned on the European Energy Exchange (EEX) and the revenues will be allocated to the Innovation and Modernisation Fund starting in 2021. According to analysts, this should not have a major impact on emission allowance prices. The Regulation also provides a procedure for Member States in the event that they want to voluntarily cancel allowances when implementing national coal phase-out policies. The volumes of the cancellations should be deducted from the Member States' auction volumes after the market stability reserve (MSR) adjustments are made for the respective year. The International Emissions Trading Association (IETA) hopes that the clear cancellation procedure results in cancellations corresponding to the reduced demand.¹

On Agenda: Global

China has taken the lead over the U.S. and Japan in wind and solar power production. China's own capacity as well as its companies' share of global markets is higher than those of the two countries previously in the lead. China's wind power capacity has soared 22-fold and solar 700-fold in a decade, which has also been reflected in global capacity growth. China accounts for 30% of the world's renewables production, with the U.S. producing 10%. China intends to increase the share of renewables in its own overall power mix to 30% from the current rate of less than 10%. China controls 71% of the global solar panel market, and China's ambitions to place renewables in the foreign markets are also among the roots of trade tensions between China and the U.S. The U.S. has imposed tariffs on inexpensive Chinese photovoltaic modules to protect its domestic solar industry.²

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