

EUA prices €/t 12.9.2019 11:50

Product	Bid	Ask	Last	Change*
Spot**	26.53	26.55	26.59	4.48 % ↑
Dec-19	26.54	26.55	26.55	3.47 % ↑
Dec-20	26.76	26.78	26.75	3.36 % ↑
Dec-21	27.14	27.19	27.23	3.60 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 12.9.2019 11:50

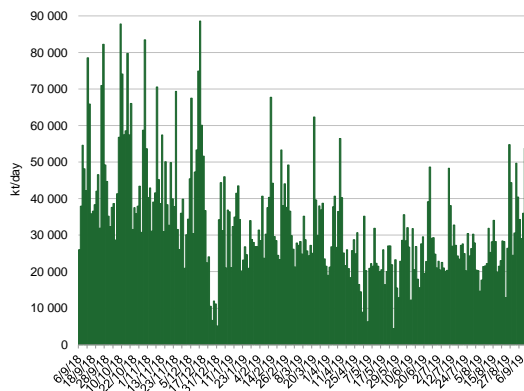
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.20	0.21	4.76 % ↑
Dec-19	0.17	0.22	0.21	0.00 %
Dec-20	0.15	0.21	0.20	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	26.34	3.53 % ↑

*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 12.9.2019 11:50

Product	Unit	Prices*	Change*
ENO Q4-2019	€/MWh	38.75	6.19 % ↑
ENO 2020	€/MWh	35.60	4.47 % ↑
ENO 2021	€/MWh	34.15	2.93 % ↑
ENO 2022	€/MWh	33.05	1.57 % ↑
EEX, Base load Cal-20	€/MWh	50.78	5.97 % ↑
Brent crude	\$/bbl	60.76	0.02 % ↑
Natural gas UK (Q4-19)	p/therm	45.87	13.44 % ↑
Coal CIF ARA API2 2020	\$/t	68.25	5.49 % ↑

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

Market Analysis

Last week, emission allowance prices took a downturn. On Monday, Brexit tensions pushed the prices down to levels last seen in June. On Tuesday and Wednesday, the prices were lifted by Brexit news as the House of Commons voted on a bill that would postpone Brexit until January 31, 2020. On Thursday, the prices dipped again in the wake of the bigger-than-expected drop in German industrial orders and on Friday the bearish sentiment of the market continued. The prices closed on Friday on a downward trajectory at €25.08/t, down €1.24/t at the weekly level.

During August, emission allowance prices declined by around 6% despite auction supply having been halved throughout the month. This week's auction volumes total 15.8 million tonnes, which is around double that of last week as there were auction-free days last week. On Tuesday this week, emission allowances surged, climbing through several resistance levels. This rise was triggered by news of there being substandard components at French nuclear plants. Tuesday closed at €26.72/t, up €1.7/t at the daily level.

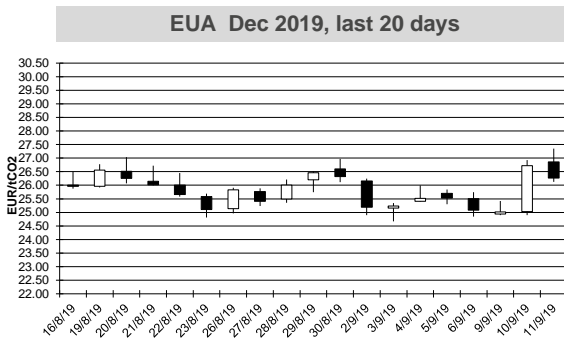
Market View

The threat of a hard Brexit has eased slightly now that the U.K. House of Commons has adopted the Brexit delay bill. This may provide slight support for emission allowance prices. If, however, Brexit is delayed until or beyond 2020, it is more likely that operators in Britain subject to emissions trading would have to comply with the EU ETS. If the British share of EUAs flood into the market at a rapid rate, emission allowance prices may drop.

French nuclear power maintenance work has been drawn out, in addition to which faulty welding has been detected at several French nuclear plants. If it turns out that reactors have to be shut down for repairs, this may lend support to emission allowance prices. It is not yet known, however, how the French Nuclear Safety Authority will address the matter and what measures will be taken in response to the problems. There may also be a downward correction in emission allowance prices from the Tuesday hike if no measures are taken due to the French situation.

Signals in the energy commodity markets are slightly contradictory. Coal reserves have been declining although still at levels higher than last year, and the price of coal has risen. Gas is still positioned first in the dispatch order. Both coal and gas prices increased on Monday due to the French nuclear power situation. On the other hand, gas fundamentals are still weak so there may be a downward price correction ahead.

Emission allowance prices are likely to take direction from the French nuclear power situation and Brexit developments as there is no clear direction provided by the fundamentals. The closest support after the price hike is at €26/t. Other support levels are the often-unbroken €25/t as well as €24.50/t. Resistance levels are found at the psychological level of €27/t as well as at €27.48/t. We expect emission allowance prices to be moving in the €25–€27/t range.



Black candles indicate days with closing price below opening price.
White candles indicate days with closing price above opening price.

CDM pipeline	12.9.2019 11:50	
	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
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 Montel news](#)

[2 EEA news](#)

[3 Reuters news](#)

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On Agenda: Europe

Germany is planning new legislation to accelerate growth in wind power in the country. Construction of new wind power has halted in Germany, which is posing a threat to the country's climate targets. The German energy and economy minister has commented that provisions on having a 65% share of renewables in power production will be laid down in legislation. The increase in wind power output has been 300 MW this year – a decline of 82% year on year. Renewables currently account for 44% of Germany's electricity production. The aim is to increase wind power capacity by 2.8 GW this year and by 2.9 GW per year after that. ¹

Climate change poses a threat to European agriculture. According to a European Environment Agency (EEA) report, yields of non-irrigated crops are projected to decrease in southern Europe by up to 50% by 2050. A substantial drop is also anticipated in farm income. Agriculture also plays a major role in reducing greenhouse gas emissions; agriculture accounts for around 10% of all greenhouse gas emissions in the EU. While greenhouse gas emissions have decreased, further investments will be needed to reach the EU greenhouse gas emission targets by 2030. ²

On Agenda: Global

Investment in action against climate change could yield trillions of U.S. dollars in benefits. Investing USD 1.8 trillion in projects that help communities adapt to climate change could fetch benefits worth USD 7.1 trillion. A report by the Global Commission on Adaptation, an initiative of political and business leaders, calls for governments to invest in climate adaptation as the current rate of action is not fast enough. The benefit-cost ratios are projected to range from 2:1 to 10:1. According to the report, climate adaptation can deliver dividends by avoiding future losses, accelerating innovation and delivering social and environmental benefits. ³