

EUA prices €/t 23.10.2019 12:14

Product	Bid	Ask	Last	Change*
Spot**	25.06	25.08	25.14	1.75 % ↑
Dec-19	25.06	25.08	25.06	1.28 % ↑
Dec-20	25.25	25.27	25.29	1.27 % ↑
Dec-21	25.57	25.60	25.65	1.13 % ↑

*Change compared to the previous report ** EEX spot

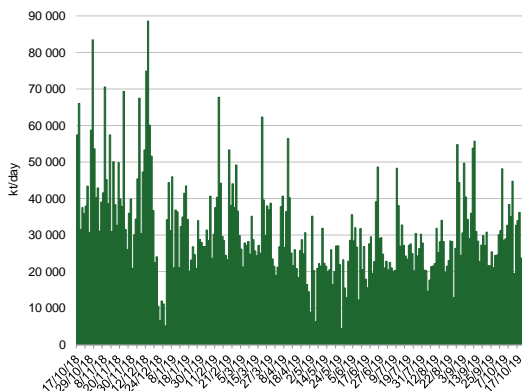
sCER prices €/t 23.10.2019 12:14

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.21	0.20	-5.00 % ↓
Dec-19	0.19	0.22	0.20	-5.00 % ↓
Dec-20	0.19	0.22	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 23.10.2019 12:14

Product	Unit	Prices*	Change*
ENO Q1-2020	€/MWh	42.40	0.35 % ↑
ENO 2020	€/MWh	35.47	0.90 % ↑
ENO 2021	€/MWh	33.37	0.66 % ↑
ENO 2022	€/MWh	32.30	-0.46 % ↓
EEX, Base load Cal-20	€/MWh	47.76	-0.46 % ↓
Brent crude	\$/bbl	59.06	0.61 % ↑
Natural gas UK (Q1-20)	p/therm	47.53	-12.06 % ↓
Coal CIF ARA API2 2020	\$/t	67.40	1.78 % ↑

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

Market Analysis

Last week, emission allowance prices were volatile, reacting easily to the turns in Brexit negotiations. The week started with a bearish candle in the wake of the trade war talks, albeit with the prices climbing considerably from the intraday lows. On Tuesday, hopes for a Brexit deal being struck pushed emission allowance prices into an intraday rise of €1.66. The market remained bullish on Wednesday, too. Thursday saw the volatile prices rise from the start of the day, but at the daily level the prices were down. The swings were caused by news of China's economy declining and by the Brexit news being conflicting. On Friday, the prices dropped and closed at €25.88. At the weekly level, emission allowances were up €1.36 or more than 5%.

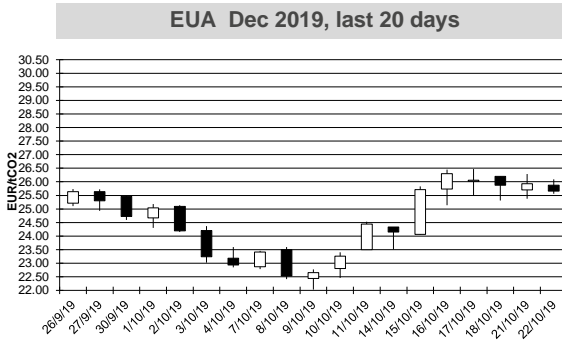
This week's auction supply is 15.8 million tonnes. With the Polish auction also scheduled, this exceeds last week's supply by 4.7 million tonnes. In the current week, the emissions market declined from the previous week's levels.

Market View

Weather in Central Europe will be warm for the time of year this week, but the forecasts for November are colder, which may lend support for emission allowance prices.

The Brexit twists and turns are the factor with biggest impact on the emission allowances market this week, too. Under legislation passed earlier, Boris Johnson was obliged to request a postponement to Brexit from the EU as British lawmakers did not endorse the Brexit agreement on Saturday. The fate of the Brexit agreement is likely to be decided by Parliament on Tuesday, and the market will take direction from the outcome. If the agreement is passed, the financial markets are projected to rise and the same can also be anticipated for the emission markets. If the vote is not in favor of the agreement, it is likely that the EU will grant the UK a Brexit extension. This would keep Britain within the EU ETS until the end of 2020. This means that the UK's 2019 allowances would probably be auctioned before April 2020, provided that the European Commission agrees to this, too. If the EU rejects Boris Johnson's extension request and the British parliament votes against the agreement, the hard Brexit would result in a sell spike in the market and the prices would plummet.

Technically, last week's rise was short-lived as bearish days will continue this week. The closest strong support level for emission allowance prices can be found at the support levels of €25.50/t and €25.41/t. Other support levels found are the psychological level of €25/t as well as €24.35/t. Resistance levels are found at €26.50/t and at the psychological level of €27/t, with any climb above this meaning a strong upward trend for emission allowances, as well as at €27.48/t. We expect emission allowances to be moving within the €24–28/t range.



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

CDM pipeline	23.10.2019 12:14	
	Amount	Change
Number of projects**	8374	-6
Registered projects*	7808	0
Volume of the pipeline by the year 2020, MtCO2e**	515	0
Issued CERs, MtCO2e*	2000	15

*Change compared to the previous report.

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

Upcoming events	
Date	Event
Week 43	The UK Parliament vote on Brexit deal
November 2019	Ursula von der Leyen as the president of the European Commission

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Sources:

- [1 Bloomberg news](#)
- [2 BBC news](#)
- [3 IEA news](#)

On Agenda: Europe

The European Union's emission reduction targets will not come cheap. Ursula von der Leyen, the incoming President of the European Commission, aims to push through the net-zero carbon target for 2050. The Commission estimates that investment in the energy infrastructure will need to increase by €175–290 billion. Poland is demanding financial aid to bear the costs of the environmental targets. It was in June that Poland, Hungary, the Czech Republic and Estonia last blocked the push towards Europe-wide climate neutrality. Von der Leyen has promised to create a Just Transition Fund to protect the regions most affected by the shift to net-zero emissions. The Polish Economic Institute has estimated that, to be effective, the EU fund needs at least €10–20 billion annually. Poland would be its largest beneficiary with €2.1 billion, with Greece and France ranking next with €1.7 and €1.6 billion, respectively. The EU's new climate targets currently have the support of 25 member states. ¹

Peatlands are a carbon sink, locking up five times more carbon in Europe than forests. According to a new study, however, peatlands are drying and may start releasing carbon into the atmosphere. The study found that 40% of peatlands were drier than they had been for a thousand years. ²

On Agenda: Global

Global solar power capacity will increase by 720 GW in the next five years, according to an IEA forecast. Renewable capacity is projected to grow by 1,200 GW or 50%. This is equivalent to the current total capacity of the U.S. This increase is, however, below what is required to meet global sustainable energy targets. ³

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