

EUA prices €/t 31.10.2019 12:58

Product	Bid	Ask	Last	Change*
Spot**	25.94	25.97	25.97	4.89 % ↑
Dec-19	25.96	25.97	25.96	4.70 % ↑
Dec-20	26.11	26.12	26.12	4.40 % ↑
Dec-21	26.39	26.40	26.39	3.90 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 31.10.2019 12:58

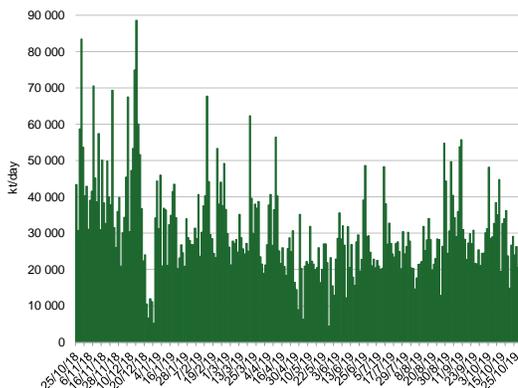
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.21	0.20	-5.00 % ↓
Dec-19	0.17	0.22	0.20	-5.00 % ↓
Dec-20	0.15	0.22	0.19	-5.26 % ↓

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	25.76	4.77 % ↑

*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 31.10.2019 12:58

Product	Unit	Prices*	Change*
ENO Q1-2020	€/MWh	42.40	0.35 % ↑
ENO 2020	€/MWh	35.98	2.31 % ↑
ENO 2021	€/MWh	33.60	1.34 % ↑
ENO 2022	€/MWh	32.65	0.61 % ↑
EEX, Base load Cal-20	€/MWh	46.90	-2.30 % ↓
Brent crude	\$/bbl	60.67	3.25 % ↑
Natural gas UK (Q1-20)	p/therm	44.95	-18.50 % ↓
Coal CIF ARA API2 2020	\$/t	64.20	-3.12 % ↓

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

Market Analysis

Last week, emission allowance prices were slightly bearish. During the first two days of the week, intraday prices were volatile, with intraday trading being within the €25.40–€26.30 range. On Monday, the prices climbed slightly from the start of the day, but Tuesday was bearish. On Wednesday, the day opened bearish from Tuesday's closing figures and the slide continued to below the €25/t level as Brexit uncertainties persisted and the market awaited information about the duration of the Brexit extension. On Thursday, upwards recoil could be seen in the prices, which ended at slightly below €25.50/t. On Friday, the prices slid to €24.97/t. At the weekly level, emission allowances were down by 97 cents. Trading volumes were somewhat low last week, and demand at auctions was rather weak, with the bid-to-cover ratios ranging between 1.41 and 2.3.

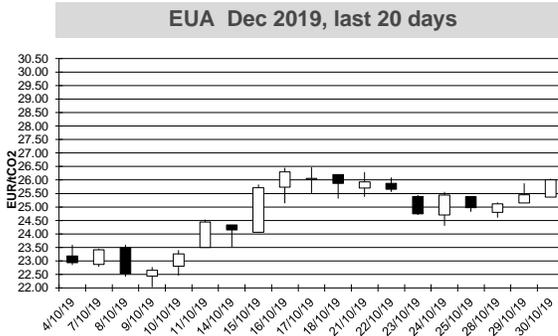
During the current week, the emissions allowance market has been bullish thanks to hopeful trade talks news and the Brexit deal having been agreed. Tuesday closed at €25.45/t. There will be 11.1 million emission allowances offered at auctions this week.

Market View

Weather in Central Europe is turning cool this week, and German wind power production will be weak. This may generate support in the emission allowances market. Gas has recently been first in the dispatch order in Germany.

The EU has granted the UK a Brexit extension until the end of January 2020. The extension is not intended for Brexit negotiations with the EU but, instead, for addressing the matter domestically within the UK. The UK may, however, leave the EU also earlier if the British parliament manages to achieve the ratification of the Brexit deal on the British side. The UK will have a general election in December as Prime Minister Boris Johnson does not believe the current Parliament will be able to deliver Brexit. If an agreement is reached before Johnson's deadline in November, the UK is likely to remain within the EU ETS until the end of the transition period for 2019 and 2020. The 2019 allowances would need to be surrendered in April 2020. If no agreement is reached before January 2020, the UK will not need to participate in the EU ETS. Even if an agreement is reached, uncertainties in the market and in emission allowance prices would be created by the timing of the auctions of UK allowances. If there is a rapid influx of UK supply, prices could be pushed down, although this is not in the European Commission's interests, either. This means the emission market is still steered by the Brexit risk.

Technically, emission allowances are still bearish despite the rise seen in the week before last. Emission allowance trading has not recently been technical but, instead, has rather been taking direction from factors such as Brexit. Support for emission allowance prices can be found at the support levels of €25.28/t and €24.30/t as well as €23.66/t. The support level of €25/t, which is also close to the 50-day moving average, has been very weak recently. Other resistance levels are found at €25.50/t, €26.06/t and at the psychological level of €27/t. We expect emission allowance prices to be moving in the €23–€26/t range.



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

CDM pipeline	31.10.2019 12:58	
	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
6.11.2019	UK Parliament's finalization of Brexit law
November 2019	Ursula von der Leyen as the president of the European Commission

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Sources:

- [1 Montel news](#)
- [2 Bloomberg news](#)
- [3 Kauppalehti news](#)

On Agenda: Europe

Portugal is bringing its coal exit forward by seven years. The country planned to close its two remaining coal plants in 2030 but now aims to exit coal use seven years ahead of schedule. With their combined capacity totaling 1,884 MW, the two plants will be closed in 2021 and 2023. They will be replaced by 1.2 GW of new hydro and 1.3 GW of solar capacity. ¹

Germany's wind power industry may lose around 40% of its jobs. Environmental rules are making license approval more difficult for onshore projects and sliding interest among investors is threatening to result in as many as 25,000 jobs being lost in the sector. Construction of new onshore capacity has dropped from 5.3 GW in 2017 to 0.3 GW in the first six months of 2019. Germany would need 4.7 GW of net new wind capacity to reach its target of a 65% share for renewables. Chancellor Merkel's government is embracing measures to speed up the approval of new wind sites. ²

On Agenda: Global

Offshore wind power may be able to meet the entire electricity demand of the world. According to the International Energy Agency (IEA), the falling costs of offshore wind could make the technology profitable against fossil-fueled energy. According to the IEA's forecast, the global average cost reduction would be 40% by 2030. Offshore wind currently provides around 0.3% of global power generation, but the IEA forecasts that offshore wind will be one of the largest sources of electricity in Europe. One of the reasons for this is that offshore wind yields higher power production and has less variable output than onshore wind and solar. This makes offshore wind more similar to a baseload power source. The IEA forecasts that the number of new installations will grow fivefold by 2030. Today most of the world's offshore wind power is in Europe, but growth has been seen in China and last year China installed more new offshore wind power than any other country. Increasing offshore wind power will also require expensive investment in transmission networks to transmit energy over long distances. Offshore wind has the technical potential to provide 36,000 TWh of power a year, which is 50% more than the world's total electricity consumption. ³

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