

EUA prices €/t 20.11.2019 13:25

Product	Bid	Ask	Last	Change*
Spot**	23.42	23.46	23.39	-4.28 %
Dec-19	23.44	23.46	23.46	-3.96 %
Dec-20	23.57	23.60	23.59	-3.98 %
Dec-21	23.82	23.84	23.78	-4.12 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 20.11.2019 13:25

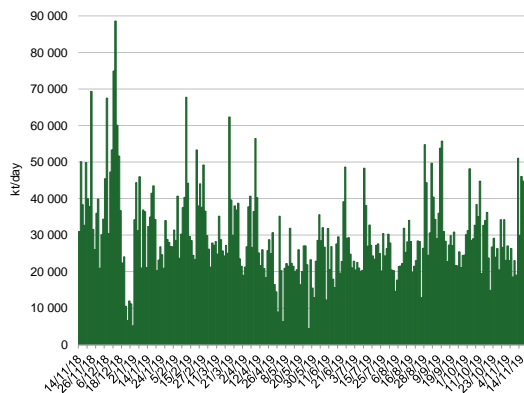
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.18	0.16	0.00 %
Dec-19	0.17	0.18	0.18	11.11 %
Dec-20	0.15	0.18	0.15	0.00 %

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	23.28	-4.08 %

*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 20.11.2019 13:25

Product	Unit	Prices*	Change*
ENO Q1-2020	€/MWh	42.35	-1.98 %
ENO 2020	€/MWh	36.98	-1.33 %
ENO 2021	€/MWh	34.40	0.29 %
ENO 2022	€/MWh	32.90	0.30 %
EEX, Base load Cal-20	€/MWh	45.11	-1.00 %
Brent crude	\$/bbl	61.17	-2.58 %
Natural gas UK (Q1-20)	p/therm	43.02	-0.20 %
Coal CIF ARA API2 2020	\$/t	64.00	1.17 %

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

Market Analysis

Last week, emission allowance prices fell. The main reason for the drop was Germany's coal phase-out bill under which the country's coal closures would take place without corresponding EUA cancellations. Emission allowances have been weak technically, too. On Monday, emission allowance prices climbed slightly despite a decline from the intraday high and remained below €25/t. On Tuesday, the market was volatile. The prices rose to the highest levels of the week, but the German news then pulled emission allowances down by 81 cents, with the day closing at slightly above €24/t. On Wednesday, a slight upward correction was seen, but on Thursday and Friday the prices took another downturn. On Friday, the market closed at €23.85/t. At the weekly level, emission allowance prices were down 99 cents. Last week's auction results were below the secondary market, and bid-to-cover ratios remained low.

This week, there will be 15.8 million EUAs in the market as the Polish auction will bring 4.7 million allowances to the market on Wednesday. The decline of emission allowances has continued at the beginning of this week and the prices have been testing the important support level of €23.40/t. On Tuesday, emission allowances climbed slightly.

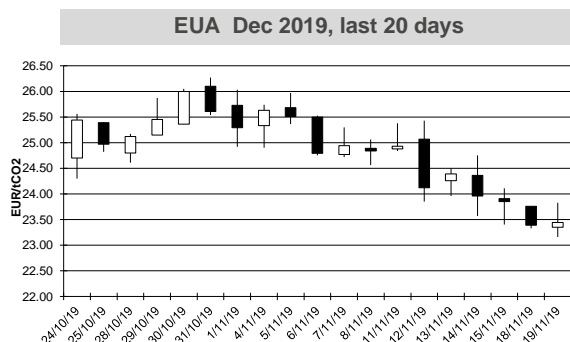
Market View

The weather is normal for the time of year and will stay warm in Europe in early December, reducing demand for emission allowances. Development in the financial markets has been strong as shares have climbed on trade hopes and on the slightly more positive economic picture, and US indexes have hit record highs.

This year, gas has been favored over coal in the dispatch order at the European level as gas prices have been low. Gas reserves are full and the abundant supply of LNG is keeping prices low. For example, in Germany coal-fired production has decreased by 45 TWh from last year, with the decrease replaced by gas and wind power. The favoring of gas in the dispatch order has also reduced the demand for emission allowances.

Changes in emission allowance prices may be seen after the expiry of the DEC-19 contract in mid-December, as the nearing expiry means less willingness to affect emission allowance prices. There will be a three-week break in auctions in December. The absence of auctions has traditionally lifted emission allowance prices, but this year's August auction break did not have any major price impact.

Technically, emission allowance prices have remained bearish. Emission allowances have now declined by around 25% from the July highs peaking close to €30/t. Regarded as an important resistance level, if €23.40/t was to break the October low of €22.03/t and €20.15/t would still lend support to emission allowance prices. Resistance levels are found at €24/t, €24.30/t and at the latest high of €25.61/t. We expect emission allowance prices to be moving in the €22.03–€24.30/t range.



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

On Agenda: Europe

The European Investment Bank (EIB) intends to stop funding fossil fuel projects by the end of 2021. The EIB's new energy lending policy will also exclude natural gas. Projects seeking EIB funding will need to show they can produce one kilowatt-hour of energy while emitting less than 250 grams of carbon dioxide. There are USD 200 billion worth of natural gas projects awaiting implementation, with the aim being to find a cleaner alternative to coal and oil. The decision's cut-off date is a year later than previously proposed as some EU member states would have wanted to continue investing in gas. ¹

On Agenda: Global

Global greenhouse gas emissions are still rising. Emissions have increased for the second consecutive year and are expected to rise until 2040 unless further action is taken to cut emissions. According to the World Energy Outlook 2019 of the International Energy Agency (IEA), emissions would need to be reversed almost immediately if the Paris emission targets were to be reached. According to the current most likely scenario, net-zero carbon emissions would not be reached until 2070 – creating a 20-year ambition gap. Economic growth has increased energy consumption, and increasing demand for energy in developing countries, too, is increasing global use of fossil fuels. Demand for coal grew for the second consecutive year, with 3/4 of this coming from the Asia Pacific region. The growth in demand will also continue for two more decades unless changes are seen in carbon policy. ²

CDM pipeline	20.11.2019 13:25	
	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
December 2019	Ursula von der Leyen as the president of the European Commission
12.12.2019	UK general elections
2.-13.12.2019	COP25 -meeting in Spain

Contacts:

Markus Herranen

Toni Sjöblom

Laura Pokka

E-mail: firstname.lastname@gasum.com

Sources:

[1 Reuters news](#)

[2 Bloomberg news](#)

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