

EUA prices €/t 18.3.2020 12:12

Product	Bid	Ask	Last	Change*
Spot**	16.30	16.34	16.30	-45.83 %
Dec-20	16.39	16.41	16.39	-45.27 %
Dec-21	16.76	16.80	16.76	-43.14 %
Dec-22	17.12	17.21	17.12	-41.36 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 18.3.2020 12:12

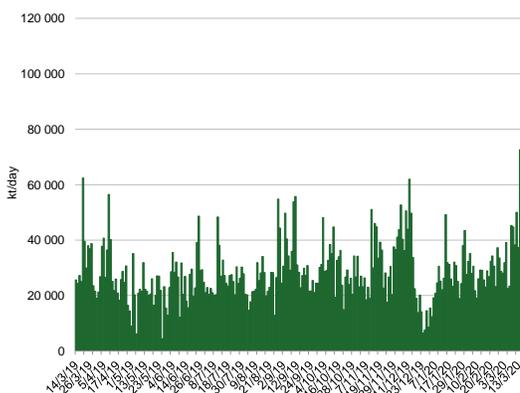
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.23	0.23	-8.70 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	16.76	-43.14 %

*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 18.3.2020 12:12

Product	Unit	Prices*	Change*
ENO Q2-2020	€/MWh	9.60	-24.48 %
ENO 2021	€/MWh	22.90	-12.01 %
ENO 2022	€/MWh	25.30	-9.88 %
ENO 2023	€/MWh	27.00	-6.30 %
EEX, Base load Cal-21	€/MWh	36.55	-7.47 %
Brent crude	\$/bbl	27.86	-31.51 %
Natural gas UK (Q2-20)	p/therm	22.38	2.84 %
Coal CIF ARA API2 2021	\$/t	55.95	1.70 %

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

Market Analysis

Last week, emission allowance prices plummeted. On Monday, emission allowance prices took a downturn in the wake of the oil market crash. The prices declined below €23/t but then corrected upwards, closing at €23.28/t. On Tuesday, the prices climbed above €24/t as stimulus hopes lifted the market. On Wednesday, direction was sought close to the same level. On Thursday, emission allowance prices reacted to the coronavirus situation and the slump of the financial markets, dropping by 6% within the day to €22.5/t. The decline continued on Friday as the US president's announcement of the transatlantic travel ban came as a new blow to the markets. On Friday, emission allowance prices closed at €21.94/t. At the weekly level, emission allowance prices were down by €1.48. The decline continued on Monday this week, and Tuesday saw prices plummet to sub-€20/t levels.

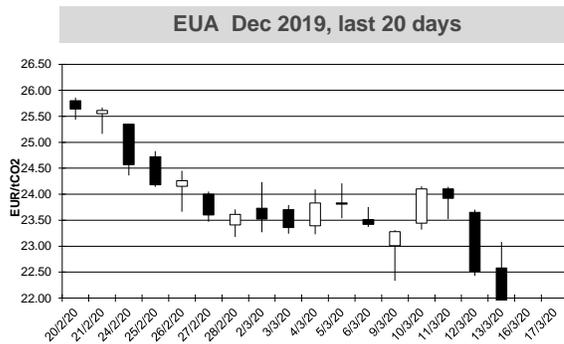
Auction demand was strong last week. Trading volumes in the secondary market were also high throughout the week, with the ICE daily volumes averaging 36.1 million tonnes. This week's auction supply was supposed to be 16.2 million tonnes, but Tuesday's EEX auction was cancelled due to low demand. The allowances will be auctioned at a later date.

Market View

Emission allowance prices have plummeted as the general market sentiment is globally very weak as the coronavirus epidemic is spreading. Action taken across Europe to curb the spread is reducing consumption, and the fear is that the impacts of the epidemic are plunging the world economy into a recession. Stimulus measures by the ECB, Fed and other central banks have not affected the bearish market sentiment. Emission allowance prices are likely to continue to follow the other markets; there is no end in sight so far to the coronavirus epidemic, making any major recovery of the markets unlikely. The decreasing demand for emission allowances, as people are staying home and industrial reductions expected, is likely to maintain downward pressure on the emission allowance market until the situation normalizes. Warmer-than-normal weather is also continuing in Europe.

European-wide measures have also resulted in European Parliament sessions being cancelled. Last week, the European Commission introduced its new Industrial Strategy to create "green jobs". The plan supports developments such as the role of hydrogen as an energy carrier.

Emission allowance prices are technically very weak, having fallen through several important support levels between €24/t and €19/t to their lowest level within the year. However, the RSI is signaling overbuying, which may support a slight upward correction in emission allowance prices. Support for emission allowances can be found at the late-February 2019 low of €18.83/t, at €17/t and at the November 2018 low of €15.80/t. Resistance to emission allowance prices climbing is provided by €20/t, €20.90/t and €22.26/t. We expect emission allowance prices to remain within the €16-t-€20/t range.



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

CDM pipeline	18.3.2020 12:12	
	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
31.3.2020	Clarification of emissions submitted to FINETS system
May 2020	MSR update for 9/2020 - 8/2021

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Sources:

- [1 Montel news](#)
- [2 Carbon Pulse news](#)

On Agenda: Europe

The UK will maintain the existing carbon tax for another year. The tax is GBP 18 per tonne and was due to end in 2021, but the UK has now decided to maintain it until 2022 to support development towards carbon neutrality. The tax will also provide the government with time to prepare the UK's own emissions trading system that could be linked to the EU ETS. The government also intends to prepare a carbon emissions tax as an alternative to a standalone UK ETS. The UK carbon tax was introduced in 2013 and has helped to reduce coal-fired production in the UK from 25% to last year's 2%. ¹

On Agenda: Global

The UN has agreed to allow six offsetting programs for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). The approved programs are the UN Clean Development Mechanism (CDM), the China GHG Voluntary Emission Reduction Program, the Gold Standard based in Switzerland, the American Carbon Registry, the Climate Action Reserve and the Verified Carbon Standard (Verra). In addition, the World Bank's Forest Carbon Partnership Facility and the Gulf Organisation for Research and Development's Global Carbon Council will become eligible once the meeting of the 19-member Technical Advisory Body (TAB) has accepted them. Emissions units, or carbon credits, eligible for use in CORSIA's 2021–2023 pilot phase will be restricted to those issued between 2016 and 2020. The International Civil Aviation Organization (ICAO) estimate of the Eligible Emission Unit (EEU) for the first period is 103 million, less than a fifth of the supply. ²

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