

EUA prices €/t 17.4.2020 14:20

Product	Bid	Ask	Last	Change*
Spot**	22.24	22.27	22.24	4.14 % ↑
Dec-20	22.35	22.36	22.35	4.12 % ↑
Dec-21	22.71	22.75	22.71	4.01 % ↑
Dec-22	23.07	23.15	23.07	3.77 % ↑

*Change compared to the previous report ** EEX spot

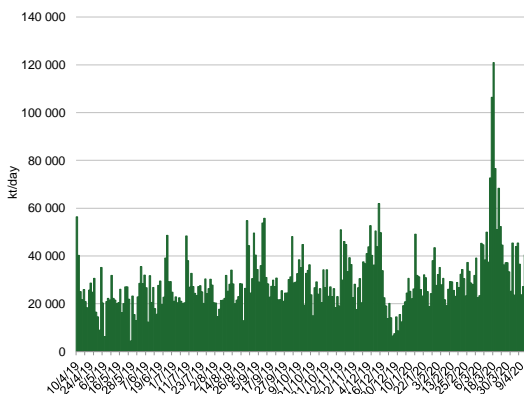
sCER prices €/t 17.4.2020 14:20

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.20	0.25	0.25	4.00 % ↑

*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 17.4.2020 14:20

Product	Unit	Prices*	Change*
ENO Q2-2020	€/MWh	10.50	9.52 % ↑
ENO 2021	€/MWh	23.85	5.24 % ↑
ENO 2022	€/MWh	26.35	2.28 % ↑
ENO 2023	€/MWh	28.45	3.34 % ↑
EEX, Base load Cal-21	€/MWh	38.76	-0.10 % ↓
Brent crude	\$/bbl	28.58	-17.84 % ↓
Natural gas UK (Q2-20)	p/therm	18.70	-8.39 % ↓
Coal CIF ARA API2 2021	\$/t	54.75	-1.83 % ↓

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

Market Analysis

Emission allowance price movements have been dictated by the Covid-19 crisis and the mood it has created in the stock markets. Emission allowances rallied last week in the wake of the stock and energy markets, which were supported by the drop in the number of Covid-19 cases in Italy and Spain. The market was also technically very strong and broke through the €20 support level already on Monday. The climb was accelerated further by the closing of earlier positions taken in support of the decline. On Tuesday, the market movements followed the stock market, rising over the day but closing near the day's lowest levels. On Wednesday, emission allowances climbed, supported by the stock markets. On Thursday, emission allowances recovered slightly as the energy market took a breather ahead of the OPEC+ meeting. Emission allowances closed above €21, however, up more than €3 on the week before.

At the start of this week on Tuesday emission allowances dropped, supported by the broad softening of the energy market. Price pressure was also created by the weak auction demand. On Wednesday, the downtrend of emission allowances continued, pulled by the stock markets and the IMF's weak economic outlook. On Thursday, emission allowances opened bullish and climbed back above €20.

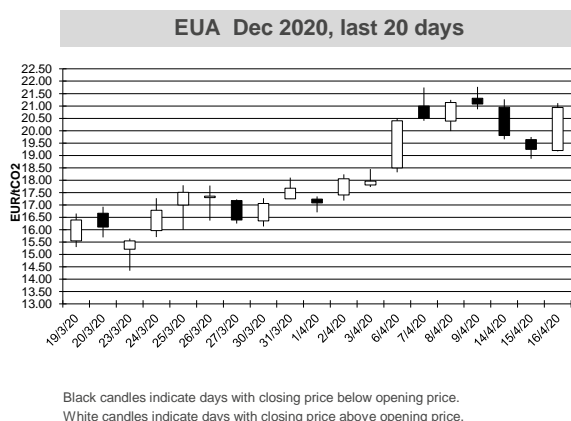
This week's auction supply is 14.3 million EUAs, which is lower than normal as the number of auctions was affected by the Easter holiday. Next week will see a return to normal in auctions and the supply will be 17.0 Mt. Trading in the market has only been at around 30 Mt despite the major price movements.

Market View

The Covid-19 crisis continues to be the strongest driver in the emission allowance market, too. Emission allowances recovered quickly to around €20, although the future path of the crisis is by no means clear as far as the real economy is concerned. Emissions in 2019 have been confirmed to be down by more than 8% and an even further fall is expected this year due to the restrictions and weaker economy. The OPEC+ alliance managed to agree on a 9.7 mbb/d production cut, but the market reaction was bearish as demand dropped even further. Coal and natural gas prices have also remained rather low and gas is still cheaper than coal in power production. The stock markets have remained quite strong. The surrender by the end of this month of allowances for 2019 emissions is still lending support to the emission allowance market.

The biggest price-setting factor is, however, the MSR structure of the EU ETS where surplus is removed in exceptional circumstances, too. At least so far the intent concerning the 2030 and 2050 targets has remained ambitious and there is no clear fear in the market of the situation changing due to the economic crisis.

Emission allowances are still technically bullish despite the corrective move seen early this week. The nearest support level for emission allowances is the Wednesday low at €18.8/t, and resistance is provided by last week's high at €21.7/t. We expect major swings in emission allowance prices to continue and the development to be rather on the soft side as the real economy is still broadly shut down in Europe. We expect the prices to be moving within the €18/t–€22/t range.



On Agenda: Europe

Goldman Sachs more than halved their forecast for EU carbon prices for next year, slashing the forecast for 2021 to €15/t and saying further reforms to the EU ETS are needed. The strong drop is justified by the significant changes seen in the emission allowance market, with demand declining due to factors including the Covid-19 epidemic and fuel switching.¹

Updated data on 2019 emissions confirmed that emissions have been cut by more than 8% compared with 2018. This was the biggest drop since the financial crisis. Emissions reduced by up to 12.5% in heat and power production as emission reductions were accelerated by the growing share of renewables and by fuel-switching from coal to natural gas. The only sector where emissions increased year on year was aviation, reporting an increase of around 4%. However, aviation accounted for around 4.2% of emissions under the EU ETS. Heat and power production accounted for around 61%.²

CDM pipeline	17.4.2020 14:20	
	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

On Agenda: Global

The Guangdong Province is becoming the first Chinese region to deviate from the central government's national ETS preparation timetable. Other regions are also expected to follow suit, which is raising concerns about the launch of the world's biggest ETS this year.³

Upcoming events	
Date	Event
30.4.2020	Surrender a number of allowances equal to total emissions in 2019
May 2020	MSR update for 9/2020 - 8/2021

Contacts:

Markus Herranen

Toni Sjöblom

Laura Pokka

E-mail: firstname.lastname@gasum.com

Sources:

[1 Carbon Pulse news](#)

[2 Carbon Pulse news](#)

[3 Carbon Pulse news](#)

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