

Market Analysis

Emission allowance prices fell last week along with very weak oil prices. Because of abundant oversupply, WTI oil prices retreated well into negative territory for a while. Weak oil prices also exerted downward pressure on coal and natural gas prices. Weak fuel prices in turn meant a fall in the German electricity market bringing downward pressure on emission allowance prices. Also index rises on the stock markets came to an end. Emission allowance prices closed at a weekly level of €20.74, which was down €0.96 on the week.

This week, emission allowance prices fell on Monday as fuel prices remained weak. Since Monday, the downward pressure on prices has eased and also the German electricity market showed a slight upswing. Emission allowance prices have been seeking a direction approaching the €20/t level. Share indexes have largely been rising, which has supported emission allowance prices and fuels.

EUA prices €/t 30.4.2020 12:20

Product	Bid	Ask	Last	Change*
Spot**	20.26	20.30	20.26	-5.23 % ↓
Dec-20	20.35	20.37	20.35	-5.31 % ↓
Dec-21	20.72	20.75	20.72	-5.21 % ↓
Dec-22	21.14	21.18	21.14	-5.01 % ↓

*Change compared to the previous report ** EEX spot

sCER prices €/t 30.4.2020 12:20

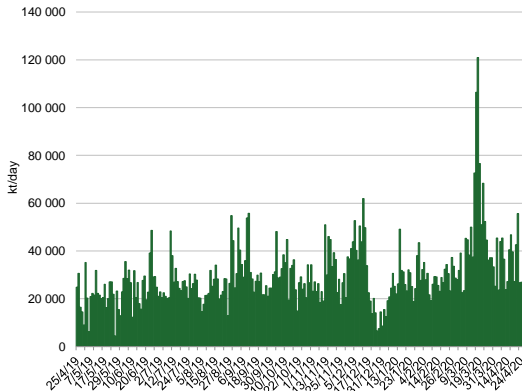
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.23	0.25	0.25	4.00 % ↑

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	20.72	-5.21 % ↓

*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



Market View

Very weak fuel prices have put downward pressure on emission allowance prices, which in turn has put downward pressure on the electricity markets. Demand for emission allowances may also show a slight fall as the support brought by the surrender date for emission allowances draws to a close at the end of April.

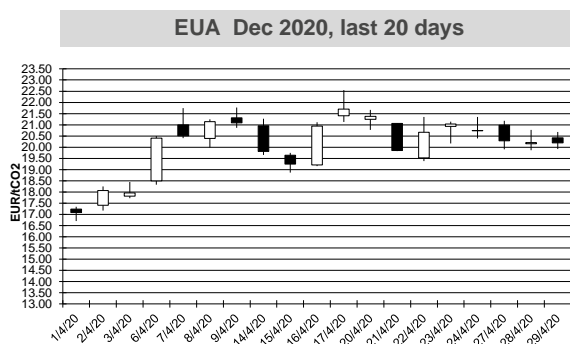
Overall market sentiment has remained comparatively positive with news of recovery and expectations that restrictions will be dismantled. Share indexes have been rising and have risen above the highest trading levels in April.

Technically, emission allowance prices have no clear near-term direction. A clear resistance level approaching €22 has formed. This level was among last year's lowest autumn levels. There is a strong support level at €18.90, which in mid-April was among the lowest trading levels. We expect emission allowance prices to move close to their existing level for the time being and to remain within the range mentioned. Any breach of the support and resistance levels would give the markets a clear signal of a reversal in the trend.

Energy prices 30.4.2020 12:20

Product	Unit	Prices*	Change*
ENO Q2-2020	€/MWh	8.55	-11.11 % ↓
ENO 2021	€/MWh	22.10	-2.26 % ↓
ENO 2022	€/MWh	25.15	-2.39 % ↓
ENO 2023	€/MWh	27.20	-1.10 % ↓
EEX, Base load Cal-21	€/MWh	37.13	-4.50 % ↓
Brent crude	\$/bbl	24.04	-40.10 % ↓
Natural gas UK (Q2-20)	p/therm	17.12	-18.39 % ↓
Coal CIF ARA API2 2021	\$/t	52.70	-5.79 % ↓

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



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

On Agenda: Europe

Analysts expect emissions within the EU Emission Trading System (ETS) to fall by twice as much as the previous forecast. A strong fall in emissions is expected following the decline in GDP. In addition, the low cost of natural gas, a mild winter and a growth in the share of renewable energy have contributed to the decrease in emissions. On the back of falling demand, analysts have lowered their price forecasts for emission allowances for the current year. Forecasts are also lower for the longer term. Refinitiv expects this year's price of emission allowances to average around €20/t. Refinitiv lowered the emission price forecast for the following emissions trading period (2021-2030) to be at a level of €20/t, which is €6.80 lower than the previous forecast. Refinitiv sees the price rising to its highest level between 2012-2023 and towards the end of the decade, when the price is expected to be around €22/t.¹

German chancellor Angela Merkel has confirmed that Germany will remain in the EU Green Deal and has come out in favor of raising the European Union's 2030 climate target to between 50% and 55% compared to the 1990 level. The current target is 40%. The chancellor urges governments to include investments in renewable energy and low-carbon technologies in their recovery packages.²

CDM pipeline	30.4.2020 12:20	
	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

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

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Sources:

[1 Carbon Pulse news](#)

[2 Carbon Pulse news](#)

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