

EUA prices €/t 5.6.2020 12:44

Product	Bid	Ask	Last	Change*
Spot**	22.34	22.36	22.34	4.66 % ↑
Dec-20	22.43	22.44	22.43	4.64 % ↑
Dec-21	22.77	22.79	22.77	4.48 % ↑
Dec-22	23.18	23.22	23.18	4.40 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 5.6.2020 12:44

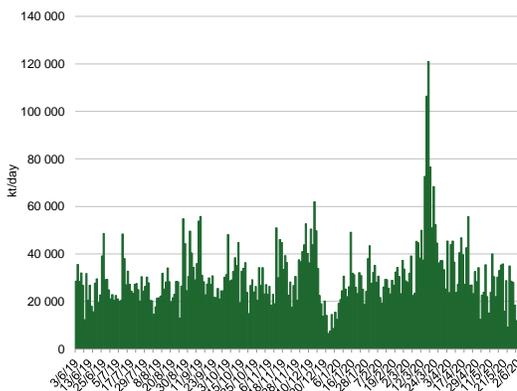
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.24	0.24	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	22.77	4.48 % ↑

*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 5.6.2020 12:44

Product	Unit	Prices*	Change*
ENO Q3-2020	€/MWh	9.90	5.56 % ↑
ENO 2021	€/MWh	23.65	2.20 % ↑
ENO 2022	€/MWh	25.54	0.74 % ↑
ENO 2023	€/MWh	26.80	0.19 % ↑
EEX, Base load Cal-21	€/MWh	38.17	-0.42 % ↓
Brent crude	\$/bbl	41.09	13.65 % ↑
Natural gas UK (Q2-20)	p/therm	14.55	15.68 % ↑
Coal CIF ARA API2 2021	\$/t	54.65	4.12 % ↑

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

Market Analysis

Emission allowance prices sought a direction last week ranging between €20.89-€22.16/t. The week opened on an upswing, with the upward trend from the previous week spilling over into Monday and Tuesday. Tuesday's rise was interrupted as the emission allowance price approached an important resistance level. The price ultimately started to retreat and a small fall was seen on Wednesday and Thursday. Friday saw a slight recovery and the emission allowance price closed at a level of €21.40. At the weekly level, the price remained flat. During the current week, disruptions on the coal market have lifted the price.

The following week's auction availability will rise 2.7 million tonnes to total 16.2 million tonnes when auction calendar returns to its normal autumn rhythm. Public holidays, when no auctions were held, have led to a decline in availability in recent weeks. The following planned reduction in auction availability is in August, when availability will halve for the period of the holiday season.

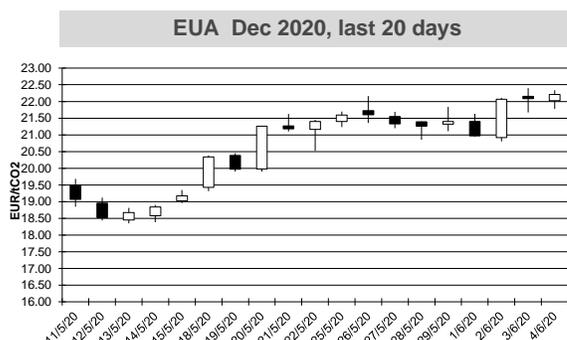
Market View

A slight rise was seen on the fuel markets this week with the news of coal supply disruptions from Russia. However, the rise seems to be over this time. TTF gas has risen over three days as it recoils from record low levels and in reaction to coal production difficulties, but the price is still low. This week's OPEC meeting, where a continuation of production cuts is on the table, may bring support for oil prices.

Germany has announced a €130 billion stimulus package. This can be seen as having a positive impact on the price of natural gas and emission allowances. Stock markets also continued to rise on the back of stimuli and the end of restrictions and positive sentiment may also affect the price of emission allowances. Fundamental demand for emission allowances is nevertheless still very limited. Gas prices are still low and the long-term outlook for demand is poor. Gas condensing power production is still a more profitable option than coal condensing and this reduces the demand for emission allowances. Demand for energy in Europe remains lower than normal.

Familiar old trade war tensions between the US and China, as well as Brexit, brings economic uncertainty. There is just four weeks to the deadline to seek an extension to the Brexit transition period. If not extension is applied for, the United Kingdom will exit the EU on WTO terms.

Technically, emission allowance prices have shown no major direction for around two weeks. The current week approached the level of €22.55/t but the level has held for the time being. Crossing this level would bring a clear upward trend in emission allowance prices. There is support for emission allowances at a price approaching €21.80/t, €21/t and €20.45/t. The resistance levels are the €22.55/t mentioned and €22/t, €22.26/t and €22.90/t. We expect emission allowance prices to move between €20 - €22.50/t.



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

CDM pipeline 5.6.2020 12:44

	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
18.-19.6.2020	The European Council Summit: Law draft on 2020 Climate neutrality law and checking the 2030 target on agenda
24.-25.6.2020	ENVI committee - vote on checking the regulation on marine emissions

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Sources:

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

On Agenda: Europe

The UK's has progressed with its plan for national emissions trading. The country will exit the EU ETS at the end of the current year when the Brexit transition period ends. The UK ETS emissions ceiling is calculated at 5% and the bottom price in use would be £15/t or about €16.80/t. The system also has a mechanism to prevent sudden price peaks. Around one third of the UK's emissions and around 1,000 installations and energy producers would come under UK ETS. The UK government is open to the idea of a link between the European and UK emission markets if this serves both parties. The agreement is part of the ongoing trade negotiations. ¹

On Agenda: Global

A report published by the World Bank showed that global emissions markets grew marginally in 2019. There was modest growth in governments' revenues, but increased interest in compensation projects, with most growth seen in forest management projects. Growing pressure from companies and individuals has put upward pressure on emission markets, but this year coronavirus are likely to have a downward effect on the markets. The global emissions markets contributed USD 45 billion to governments' coffers, USD 1 billion more than a year earlier. The corresponding growth in 2018 was USD 11 billion, most of which was growth of EU ETS. Almost half of the USD 45 billion have been earmarked for environment and development projects. Globally, 22% of emissions are under emission pricing mechanism, where there was a growth of 2%. There are 31 emissions market and 30 carbon dioxide taxes in the world. ²

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