

### EUA prices €/t 18.6.2020 11:05

Product	Bid	Ask	Last	Change*
Spot**	22.86	22.88	22.86	3.15 % ↑
Dec-20	22.93	22.94	22.93	3.14 % ↑
Dec-21	23.27	23.28	23.27	3.14 % ↑
Dec-22	23.68	23.70	23.68	3.04 % ↑

\*Change compared to the previous report \*\* EEX spot

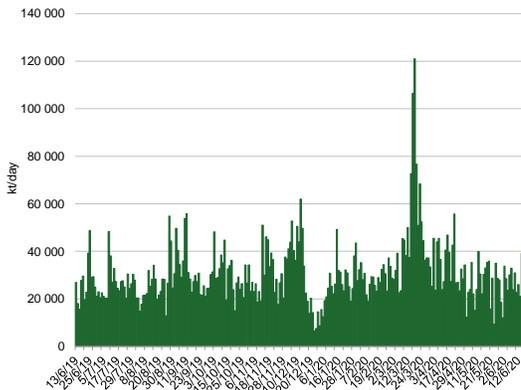
### sCER prices €/t 18.6.2020 11:05

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.21	0.24	0.24	4.17 % ↑

\*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 18.6.2020 11:05

Product	Unit	Prices*	Change*
ENO Q3-2020	€/MWh	13.40	-3.81 % ↓
ENO 2021	€/MWh	23.90	-3.39 % ↓
ENO 2022	€/MWh	25.25	-2.18 % ↓
ENO 2023	€/MWh	26.55	-2.45 % ↓
EEX, Base load Cal-21	€/MWh	38.62	-0.23 % ↓
Brent crude	\$/bbl	40.76	1.13 % ↑
Natural gas UK (Q2-20)	p/therm	14.52	6.50 % ↑
Coal CIF ARA API2 2021	\$/t	53.60	-1.68 % ↓

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

## Market Analysis

Emission allowance prices were in retreat last week. On Monday, the emission allowance price reached €23.33/t, its highest level since March. However, as the day went on the price fell following a weak auction. An upward correction was seen in the price in the last hours of Wednesday. On Thursday, the price fell when expectations about the state of the US economy squeezed stock markets. On Friday, the emission allowance price fell but the downward trend ran out of steam and the price closed on the day at €22.00/t, which was close to the opening price. At the weekly level, the price closed €1.24 down.

This week, emission allowance prices have again been rising in line with the stock and oil markets. This week's auction availability is 15.8 Mt. Auction availability will remain fairly steady until August. Last week, demand at auctions showed a slight rise. Last week's trading in EUA future products on the ICE averaged 27.7 Mt, which is a higher volume than the past few weeks but smaller than the mean volume.

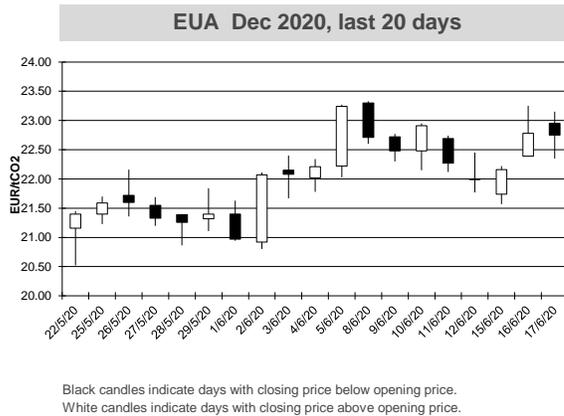
## Market View

Emission allowance price factors are sending signals to the markets in slightly different directions. Last week, stock market sentiment softened with growing concerns about a second wave of the coronavirus pandemic. Growing numbers of new infection cases were seen in both China and the US. Share indexes, however, have again recovered with support promised by central banks and the new corona wave in Beijing is considered to be at a turning point with fewer new infection cases.

Oil prices have continued to rise, whereas coal prices fell again. The price of natural gas recovered last week. The record low prices south of €5/MWh seen at the turn of the month have recovered somewhat. The profitability of coal condensing power is still weak and gas continues to be recommended in running order, which does not bring support to the emission allowance prices. The weather brought slight support; warm weather and weaker than normal wind power production in Europe. However, in the big picture, reduced demand for emission allowances is undeniable; in April alone, the production of industries covered by EU ETS is expected to have contracted by 27.6% compared to a year earlier.

Emission allowances are expected to continue to follow general stock market sentiment and the direction of the economy. The coronavirus pandemic situation and a potential new spread continued to exert a risk of downward pressure on the emission allowance price, whereas stimulus has been seen so far as strongly supporting stock markets and in turn also the price of fuels and emission allowances.

The technical upward trend in emission allowance prices held, even though the price fell last week; previous lows have not yet been reached. During the current week, the price has shown an upswing from the level of €21.57/t. In addition to this, there is support for emission allowances at a price at €22.42/t, €22.00/t and €20.80/t. The resistance levels are €22.95/t, last week's peak of €23.33/t as well as the psychological levels of €24.00/t and €25.00/t. We expect emission allowance prices to seek a direction between €21 - €24/t, with a possibility of a downward movement.



**On Agenda: Europe**

Raising Europe's climate targets for 2030 could double or triple the emission allowance price. According to analysts ClearBlue Markets, if the EU's emission reduction ambition rises to 55% from the current level of 40%, EUA prices could reach as much as €72 by 2030. In the scenario, the impact of the coronavirus in Europe would be just three months during which emissions fall. If the coronavirus results in a longer recession, the forecast is a price of €48. The Commission is currently making impact assessments of increasing emission reduction targets. The report is scheduled for completion in September and decisions concerning the EU ETS and particularly the market stability reserve can be expected in spring next year. <sup>1</sup>

CDM pipeline	18.6.2020 11:05	
	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

Germany intends to pass a coal phase-out law before July 4. The Bundestag meets for the last time before the summer recess on July 3 and the aim is to get the bill into law before then. Germany plans to exit from coal by 2038 and to reduce brown coal and coal condensate production to 30 GW by the end of 2022. If the law is passed in early July, the first bidding rounds would be held in October. This would mean that the first 4 GW of coal condensate power production would be removed from the market in early 2021. <sup>2</sup>

**On Agenda: Global**

The coronavirus crisis will bring forward oil, gas and coal demand peaks. According to Carbon Tracker, the value of fossil fuel reserves could fall by as much as 2/3. A fall of around 2% in demand for fossil fuels could see fuel company profits fall to €13 trillion compared to €36 trillion as at present. This could impact the entire global economy because the total market value of fossil companies accounts for a quarter of the global capital market. It is also the view of the IEA that the corona pandemic will result in a downturn in demand for oil, natural gas and coal for decades to come. Renewable energy continues to show growth. <sup>3</sup>

Upcoming events	
Date	Event
24.-25.6.2020	ENVI committee - vote on checking the regulation on marine emissions
Q3-20	Raising greenhouse gas emission reduction ambition to 50-55 % by 2030.

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**Sources:**

- [1 Carbon Pulse news](#)
- [2 Montel news](#)
- [3 Energiauutiset news \(in Finnish\)](#)

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