

EUA prices €/t 10.7.2020 13:10

Product	Bid	Ask	Last	Change*
Spot**	28.39	28.42	28.39	3.73 % ↑
Dec-20	28.48	28.49	28.48	3.79 % ↑
Dec-21	28.78	28.79	28.78	3.75 % ↑
Dec-22	29.23	29.28	29.23	3.87 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 10.7.2020 13:10

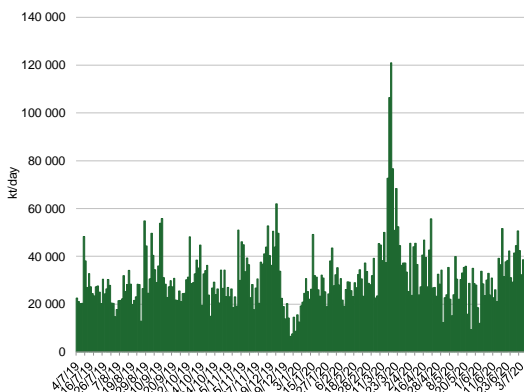
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.26	0.27	0.26	-7.69 % ↓

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	28.78	3.75 % ↑

*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 10.7.2020 13:10

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	20.76	4.62 % ↑
ENO 2021	€/MWh	23.15	-4.54 % ↓
ENO 2022	€/MWh	26.00	-0.38 % ↓
ENO 2023	€/MWh	27.20	0.00 %
EEX, Base load Cal-21	€/MWh	42.98	2.58 % ↑
Brent crude	\$/bbl	43.32	2.10 % ↑
Natural gas UK (Q4-20)	p/therm	30.73	4.48 % ↑
Coal CIF ARA API2 2021	\$/t	58.35	1.29 % ↑

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

Market Analysis

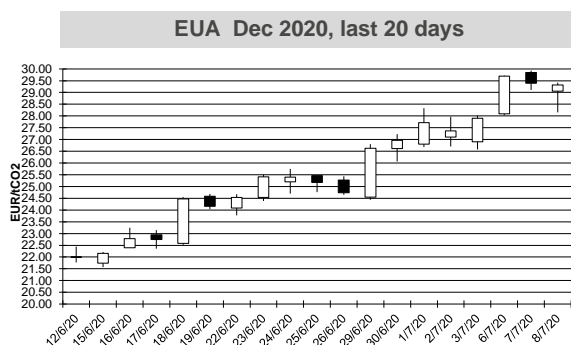
Emission allowance prices continued a strong upward trajectory last week. On Monday, the price opened on a slightly downward note, although this was reversed to a strong rise breaching the technical resistance level of €25.50/t. On Tuesday, the rise was more restrained and on Wednesday the price showed slight uncertainty. However, on Wednesday the price rose to the year's highest figure at €28.33/t. On Thursday, news about the placing on the market of emission allowances to fund the Innovation Fund reduced the price at the daily level. However, on Friday the price continued to rise and closed at €27.91, up €3.18 at the weekly level.

Last week, trading on ICE was slightly brisker than normal, with trading in EUA futures averaging around 42.2 Mt a day, or about a third higher than normal. There was no significant auction appetite, the bidding ratio was low and prices settled at largely below market prices. This week auction availability was 16.24 Mt. Next week the first Innovation Fund allowances will take auction availability to 18.1 Mt.

Market View

The weather in Europe is likely to remain cool next week, but wind and solar power production are low in Central Europe. Increased auction availability in the form of 50 million emission allowances funding the Innovation Fund will begin next week starting on July 16 and will further weaken an already weak fundamentals picture. Electricity consumption in Central Europe is still lower than normal at the weekly level. The European Commission has said that coronavirus will push Europe into deeper recession than expected. The European economy is expected to contract 8.7% this year and to grow 6.1% in 2021. In addition to this, some countries, the United States included, have begun to once again increase restrictions to stop the spread of coronavirus. This can add to the risk of broader market sentiment taking a turn for the worse if restrictions grow and consumption again contracts. If the emission allowance price were to react to factors at the fundamental level, the price could move downwards. Analysts are of the opinion that if the 2030 emission reduction target is adopted by the EU, the emission allowance price could double or even treble. The market has presumably risen in recent weeks on this expectation. However, technical levels have still kept the emission allowance price at below €30/t.

The emission allowance price is technically enjoying a very strong upward trend and during the current week has approached very robust resistance levels. The price has since undergone a downward correction having approached the resistance level of €30/t. The RSI has fallen to below 70. Support for the emission allowance price is at €28.33/t, €27.14/t for December and €26.63/t, which supported the price last week. Resistance levels for the emission allowance price are this week's peak of €29.93/t, the psychological level of €30/t and last year's peak of €30.34/t. We expect emission allowance prices to remain strong, with the reservation of a technical correction and high volatility, and to move between €26 - €30/t.



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

CDM pipeline	10.7.2020 13:10	
	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
2.7.2020	German parliament vote on law concerning coal-fired power shutdown
Q3-20	Completion of an impact assessment on increasing the greenhouse gas reduction ambition from 50% to 55% for 2030

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Sources:

[1 Carbon pulse news](#)

[2 BBC news](#)

On Agenda: Europe

Carbon Pulse writes that EU decision-makers are considering measures to limit speculation and price rises in the EU Emission Trading System. A 70% rise in the emission allowance since the first quarter is mimicking the steep rise in the oil and stock markets even though the emissions of operators in the ETS will fall by 25% this year and the economic situation is bringing a downward signal. The consensus is of speculators on the market who are pushing the price up through algorithmic trading. Not many actors obliged to act on the market seem willing to sell surplus allowances in the current situation where the emission allowance price is predicted to continue to rise in coming years and stimulation loans are readily available. More and more MEPs said that they are now adding means to curb speculation and EUA price ceilings to a list of measures that must be taken into account when examining options to reform the ETS next year. Also a growing number of countries, such as France and Germany, have lent support to the idea of an EU ETS-wide minimum price. However, material changes to the system are several years away from implementation and there is opposition to restrictions.¹

On Agenda: Global

The World Meteorological Organization (WMO) says that there is a growing possibility of global warming breaking the 1.5°C target. According to the WMO, there is a 20% chance that the target will be broken before 2024. According to the assessment, there exists a 70% chance that the target will be broken in one or more months over the following five years. The 1.5°C target was decided in the Paris Agreement to be the goal that climate warming should not rise above. If warming remains below 1.5°C, the worst climate impacts can be avoided. Earlier studies have calculated there to be a 10% possibility of the 1.5°C target being breached in the short term: this possibility has now tripled.²

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