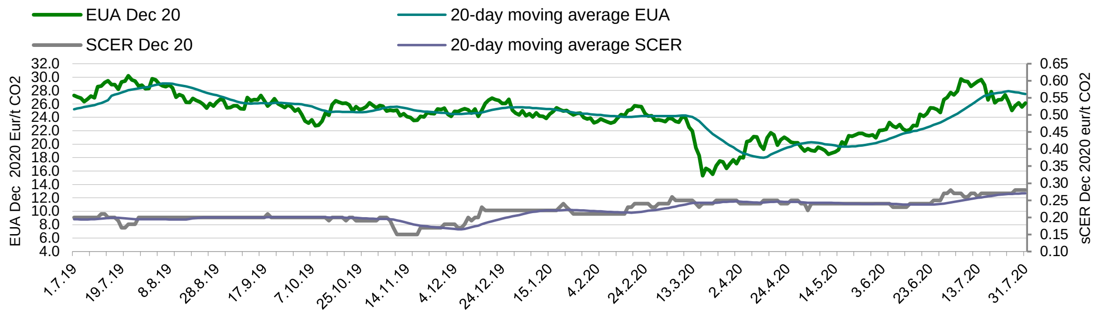



| EUA prices €/t | | 31.7.2020 11:14 | | |
|---|---|---|---|---|
| Product | Bid | Ask | Last | Change* |
| Spot** | 26.15 | 26.18 | 26.15 | -3.25 % |
| Dec-20 | 26.23 | 26.25 | 26.23 | -3.28 % |
| Dec-21 | 26.58 | 26.61 | 26.58 | -3.31 % |
| Dec-22 | 27.15 | 27.19 | 27.15 | -3.06 % |

*Change compared to the previous report ** EEX spot

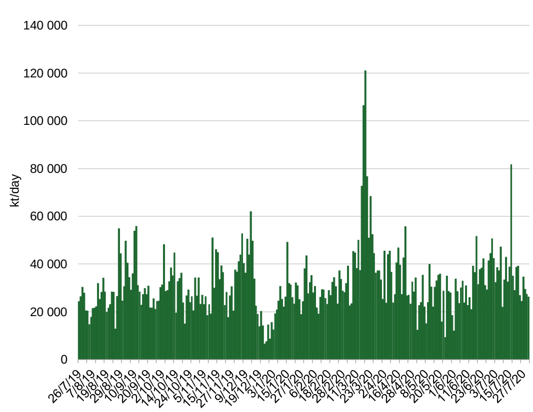
| sCER prices €/t | | 31.7.2020 11:14 | | |
|---|---|---|---|---|
| Product | Bid | Ask | Last | Change* |
| Spot** | 0.00 | 0.00 | 0.00 | 0.00 % |
| Dec-20 | 0.22 | 0.28 | 0.28 | 3.57 % |

| Product | Spread | Change* |
|---|---|---|
| EUA Dec20-sCER Dec20 Spread* | 26.58 | -3.31 % |

*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 | | 31.7.2020 11:14 | |
|---|---|---|---|
| Product | Unit | Prices* | Change* |
| ENO Q4-2020 | €/MWh | 17.15 | -3.50 % |
| ENO 2021 | €/MWh | 20.10 | -3.98 % |
| ENO 2022 | €/MWh | 23.85 | -4.74 % |
| ENO 2023 | €/MWh | 25.45 | -5.11 % |
| EEX, Base load Cal-21 | €/MWh | 39.09 | -3.40 % |
| Brent crude | $/bbl | 43.40 | -1.87 % |
| Natural gas UK (Q4-20) | p/therm | 27.21 | 0.45 % |
| Coal CIF ARA API2 2021 | $/t | 59.60 | -1.93 % |

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

## Market Analysis

The emission allowance price fell last week. Monday opened near the close of the previous week only to fall considerably during the day. Tuesday saw a small rise on the market on news that EU decision-makers had agreed a coronavirus stimulus package. The market was volatile on Wednesday and ultimately showed a slight rise on the back of a better auction result. On Thursday, the price took a clear upward turn at the intraday level even after a volatile trading day. The weak auction result on Friday and falling stock markets driven by Sino-US tensions also brought about another fall in the emission allowance price. On Friday, the emission allowance price closed at a level of €26.37/t, down €1.45 at the weekly level.

This week's auction availability is 18.5 Mt. Starting next week, auction availability will halve for the whole of August because of the holiday season. There was less trading in emission allowance future products on the ICE last week than in earlier weeks, averaging 31.6 Mt a day, and the same trend in trading volumes has continued this week.

## Market View

This week there is ample renewable production in Central Europe, which squeezes short-term demand. Lower auction availability in August has historically often supported the emission allowance price and this may be reflected in the price next week, if not already from the end of the week. The heatwave in France threatens to reduce French nuclear power capacity, which may boost demand for emission allowances. Temperatures are not yet high enough to threaten the outage of other than both 1.3 GW reactors on the river Garonne, but this situation may change.

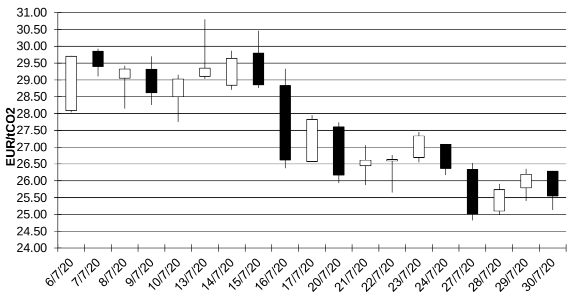
Emission allowance prices have recently tended to follow stock markets rather than fuel market movements. The global coronavirus situation has further deteriorated. China has reported more new case since March, in India the epidemic rose 20% last week and Spain has tried to limit the spread of a new wave. New lockdowns will add to the threats on the fuel markets. Sino-US tensions continued to grip the stock markets last week and it is thought the disagreements will continue.

The emission allowance price is affected in the short term by weak demand and in the longer term by the view of the political intent on which the rise in recent weeks was justified. The technical picture for the emission allowance has softened as the upward trend in recent weeks has reversed. Technically there is still room for the emission allowance to fall further. Support for the emission allowance price is at €25/t, €24.19/t, €23.33/t and €22.55/t. Resistance levels for the emission allowance price are October's peak of €26.63/t, €28.33/t and €30/t. We expect emission allowance prices to remain at their current levels, moving between €24-€27/t, with a small reservation for a rise next week.

# Gasum Emission Trading Weekly 31

31.7.20 © Gasum

### EUA Dec 2020, last 20 days




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

| CDM pipeline | 31.7.2020 11:14 | |
|---|---|---|
| | 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 |
|---|---|
| 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:**

2 Carbon Pulse News

3 Reuters News

## On Agenda: Europe

Russia is concerned about the European Union's plans to introduce a Carbon Border Adjustment Mechanism (CBAM) or in practice a carbon tariff. A carbon tariff on Europe's external border would also affect Russian imports to Europe and could thus cost Russia as much as €33 billion between 2025 and 2030. The European Commission intends to publish its plan for carbon tariffs in mid-2021 and the intention is for the tariffs to begin to accumulate funds for the EU coronavirus stimulus package in 2023. The Russian representative considers emissions tariffs to be in breach of World Trade Organization rules. The EU has commenced CBAM consultations, which will end in October. France, Spain and Austria are among the countries to support the idea of emissions tariffs but imposition of the new taxes would require the unanimous decision of all Member States.[2]

## On Agenda: Global

The coronavirus pandemic has cut daily demand for crude oil by as much as a third this year. Already before the pandemic, e-vehicles and the transition to renewable energy consumption caused a decline in the long-term forecasts. This has made some OPEC representatives to question whether the change will become permanent. Oil demand was forecast to grow for 2020 until the coronavirus caused a cut in the forecasts to below 2019 levels for 2020 and 2021. Efforts have long been made to predict a peak in the demand for oil; one consultancy believes the peak to have been in 2019. OPEC has responded to crises earlier, including Persian Gulf conflicts and most recently during the coronavirus pandemic when OPEC and Russia, or OPEC +, cut production by an amount corresponding to 10% of global output. OPEC + member cooperation is still needed as global demand falls and countries try to retain their market share. In addition to intra OPEC+ pressure, there may also be external pressure as the group balances the increased market share of US shale oil with propping up the oil price.[3]