

EUA prices €/t 9.10.2020 11:52

Product	Bid	Ask	Last	Change*
Spot**	26.02	26.05	26.02	-1.81 %
Dec-20	26.04	26.05	26.04	-1.88 %
Dec-21	26.23	26.25	26.23	-1.91 %
Dec-22	26.56	26.58	26.56	-2.00 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 9.10.2020 11:52

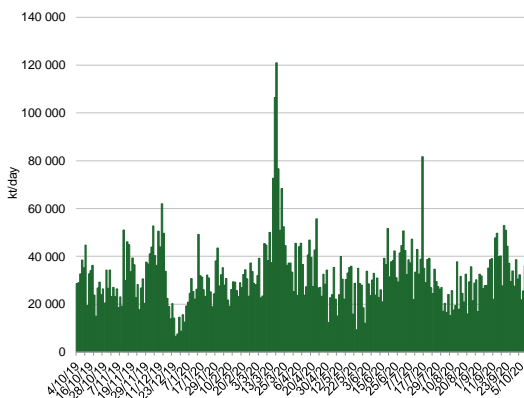
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.25	0.28	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.23	-1.91 %

*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 9.10.2020 11:52

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	30.25	5.12 %
ENO 2021	€/MWh	25.25	4.95 %
ENO 2022	€/MWh	25.49	2.90 %
ENO 2023	€/MWh	25.95	1.66 %
EEX, Base load Cal-21	€/MWh	41.84	0.50 %
Brent crude	\$/bbl	43.07	2.55 %
Natural gas UK (Q1-21)	p/therm	42.15	3.32 %
Coal CIF ARA API2 2021	\$/t	59.90	-0.17 %

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

Market Analysis

The emission allowance price sought direction between €26-€28/t last week. The week started on an upward trajectory on Monday towards €28/t, supported by a rise in stock and fuel markets. On Tuesday, there was a downward correction to south of €27/t. On Wednesday, the price movement remained small despite the intraday price seeking direction. On Thursday, Brexit uncertainties were reflected in a fall also on the emissions markets and the emission allowance auction result was weak. On Friday, as fuel markets recovered, also the emission allowance price rose to close the week at €27.03/t, up €0.86 on the week.

This week, auction availability will rise 1.1 Mt compared to next week's availability. Compared with recent weeks, auction results improved in last week's emission allowance auctions: most of the auctions reached the aftermarket price or higher.

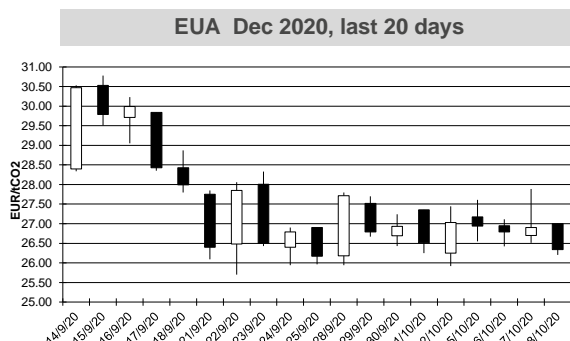
Market View

Recent days have seen a recovery in oil, gas and coal market prices. The weather in Central Europe will turn cooler next week and wind power production will fall, which may provide support for the emission allowance price as the need for heating grows during next week. The Brexit negotiations, the deadline for which is currently the European Council meeting on October 15, also affected the price last week.

The European Parliament voted narrowly in favor of a 60% emissions reduction target. Preparation of climate legislation and the development of the coronavirus pandemic towards the end of the year may bring some uncertainty to the market. Besides which, lower real demand as emissions decline – by around 16% according to estimates - during the current year also reduces demand. On the other hand, returns and a minor correlation towards other markets have also attracted investors to the emissions markets who can also contribute to volatility.

A survey conducted by Montel shows that analysis houses predict a median of €27.23/t for the fourth quarter and €30.58/t for 2021. On the other hand, fourth quarter emission allowances cannot be used to meet 2020 emission allowance obligations and so auctions may see a rise in demand from the end of the year.

The technical trend for the emission allowance has changed to a sideways movement. Last week market volumes approached normal. Support for the emission allowance price can be found at €26/t, €25.7/t and €25/t. Resistance to a rise in the price is at short- and medium-term rolling mean values approaching the level of €27/t, €28/t and €30.16/t. We expect the long-term trend in the emission allowance to remain strong but to trade at between €26-€29/t, without, however, seeking new peaks.



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

On Agenda: Europe

Members of the European Parliament voted narrowly to increase the 2030 emissions reduction target to 60%, with 352 votes for and 326 against. Even though Parliament supported the higher target, increasing the target above the current 40% requires the approval of each member country. This means a climate target of 55%-60% may be difficult to achieve but the voting is a signal to the markets. Other increases decided at the plenary were carbon neutrality for individual member states instead of the EU becoming climate neutral as a whole. Also in 2051, EU member states should be carbon net negative. It is hard to see member states swallowing these increases in their negotiations. ¹

On Agenda: Global

CDM's Executive Board has decided to defer the decision as to whether the registration of certified emission reductions, CER units, will continue in 2021. The emission reduction units of EU ETS and other emissions markets have either been used or can no longer be used but on the South Korean emissions market CER units are still be traded purportedly in amounts of tens of millions. Investors have funded projects in developing countries with an eye on namely the South Korean market. Should CER units no longer be granted for CDM projects, investors could lose their money. It is that the situation will be resolved also by switching to any compensation units decided under the Paris article. ²

CDM pipeline	9.10.2020 11:52	
	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
15.- 16.10.2020	European Council meeting and the deadline for signing Brexit deal
3.11.2020	United States presidential election

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Sources:

[1 Carbon Pulse news](#)

[2 Carbon Pulse news](#)

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