

### EUA prices €/t 6.11.2020 10:52

Product	Bid	Ask	Last	Change*
Spot**	25.53	25.56	25.53	9.01 % ↑
Dec-20	25.54	25.56	25.54	8.97 % ↑
Dec-21	25.68	25.72	25.68	8.80 % ↑
Dec-22	25.98	26.01	25.98	8.66 % ↑

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

### sCER prices €/t 6.11.2020 10:52

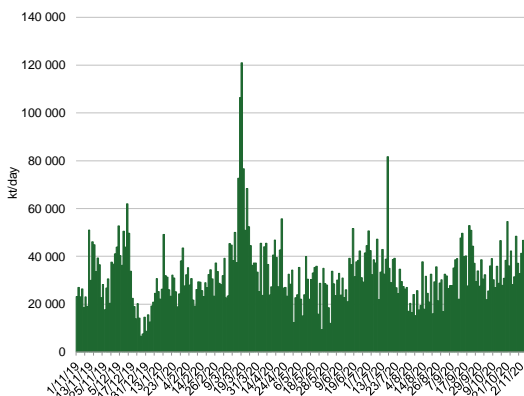
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.25	0.29	0.29	3.45 % ↑

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	25.68	8.80 % ↑

\*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 6.11.2020 10:52

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	20.40	-7.35 % ↓
ENO 2021	€/MWh	18.75	-1.33 % ↓
ENO 2022	€/MWh	23.45	2.56 % ↑
ENO 2023	€/MWh	24.47	0.90 % ↑
EEX, Base load Cal-21	€/MWh	39.23	3.08 % ↑
Brent crude	\$/bbl	40.43	4.53 % ↑
Natural gas UK (Q1-21)	p/therm	41.89	-2.25 % ↓
Coal CIF ARA API2 2021	\$/t	54.75	-8.49 % ↓

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

## Market Analysis

The emission allowance price fell last week. On Monday, the coronavirus pandemic weakened general market sentiment and the emission allowance started the week on a clear downward note. On Tuesday, the emission allowance price recovered slightly, but on Wednesday the price took a downward turn following the weak auction result. The day closed at a level just north of €23/t. Thursday saw a slight upward correction and on Friday the price closed near Thursday's closing price of €23.71/t and was down €1.78 at the weekly level. During the current week, the emission allowance price has recovered since last week's close.

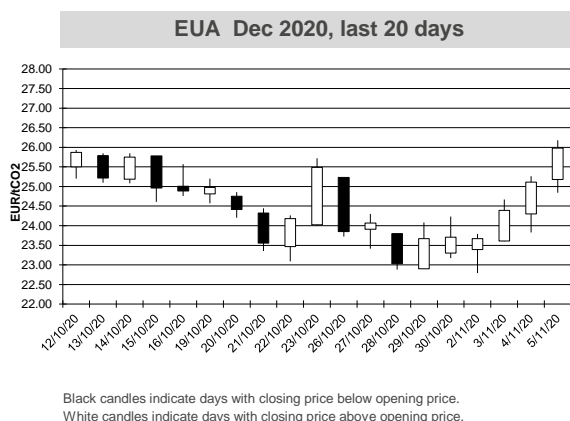
Auction availability will remain high for the rest of the year and fluctuate between 19.73 and 20.84 Mt a week before the break in December. Availability is about 50% higher compared to the fourth quarter of last year. Auction demand has been weak and most of the auction trades have settled at below the aftermarket price; during the current week, prices have settled at higher than aftermarket prices.

## Market View

Recent days have seen a slight recovery in the fuel and stock markets following a decline driven by an acceleration of the coronavirus pandemic after the turn of the month. The price of coal in particular fell with the panic fueled by the coronavirus pandemic and restrictions, and the oil price also showed a softening. The oil price, like stock markets, has seen an upward correction but the price of coal is still relatively soft. Stock markets, particularly in the United States, have recovered on the expectation of Biden winning the US presidential elections. The weather in Europe is expected to remain mild during the winter, which may limit demand for natural gas, and in particular for coal, and consequently demand for emission allowances.

Biden appears to have won the US presidential elections and the market volatility brought by the presidential race may calm down. On the other hand, the world market reaction and direction to the final result are still uncertain. Biden is expected to address climate policy and has said he will push for the United States to be carbon-neutral by 2050, which would have legislative implications but on the other hand could free the US to export LNG and coal. During the current week, auction results have settled at higher than aftermarket prices, which has gone against the trend in recent weeks.

Having tested the support level of €22.90/t, the emission allowance price has embarked on an upward correction. Technically, the emission allowance price is still fairly weak, but MACD has given a buy signal to the market. Support for the emission allowance price can be found at levels of €25€/t, €24.23/t and €23/t. Resistance to a rise in the emission allowance price can be found at €25.72/t, the peak of a couple of weeks ago, which, having risen above, the emission allowance price would be on an upward trajectory. In addition to this, resistance can be found at €26/t and €27.44/t. We expect the emission allowance price to seek direction and to move between €22 - €26/t.



### On Agenda: Europe

The EU emission allowance price should be raised to €79 to make it viable to produce green hydrogen. Hydrogen gas production is expected to grow as part of reaching the EU's carbon neutrality ambitions for 2050. Green hydrogen is produced using electrolysis and renewable energy. Gray hydrogen is produced from natural gas using a steam process. According to a report by BNP Paribas Asset Management, EU ETS pricing should be based on switching fuel in industry and not on switching fuel in the energy sector. Green hydrogen needs to be economically viable for the EU's hydrogen strategy to be achieved. The EUA price should be at a level of €79-€103/t for green hydrogen to be more viable than gray hydrogen this year. <sup>1</sup>

### CDM pipeline 6.11.2020 10:52

	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

### On Agenda: Global

The United States withdrew officially from the Paris Agreement. President Trump, the incumbent president, initiated the process a year ago and the United States withdrawal became effective on Wednesday this week. The US is the first country to withdraw from the Agreement. The outcome of the US presidential election is yet to be confirmed but if the strong contender Biden, wins, the US may rejoin the Agreement. Biden's clean energy program is one of the world's most ambitious. Trump has spent the past four years supporting fossil fuels. Because the US is the second largest contributor of greenhouse gas emissions, the US may have a major role in reducing global emissions. If Biden is elected, the US could rejoin the Paris Agreement at the earliest on February 19. <sup>2</sup>

### Upcoming events

Date	Event
10. - 11.12.2020	EU leaders' Summit: decision on climate law
31.12.2020	End of the Brexit transition period

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#### Sources:

[1 Montel news](#)

[2 Bloomberg news](#)

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