

Market Analysis

The emission allowance price rose last week. On Monday, the price reached its lowest level of the week and four months before the price started to rise, which continued until Thursday. The rise in stock and fuel markets ahead of the US presidential election also supported the emission allowance price and better auction results than the trend for months and better than expected industrial indexes were also supportive last week. On Thursday, the emission allowance price rose above the previous peak of €25.72/t, strengthening the technical picture of the emission allowance. On Friday, the price took a downward turn with the repatriation of earnings after the week's rise and with coronavirus concerns, and the day closed at a level of €25.42/t. The emission allowance price was up €1.71 at the weekly level.

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. Volumes on ICE rose last week and were clearly higher than average; volumes have normalized during the current week.

Market View

Like the stock markets, the fuel markets rose last week; the rise was brought about by outcome of the US presidential election in Biden's favor. Also, the Republicans remaining a majority in the Senate, limiting the scope of economic recovery driven by the Democrats, has supported the markets. Biden's promise to prioritize climate change could also increase sentiment on the emission markets. On the political front, also Brexit may impact the market: The new deadline for the negotiations between the UK and EU is 15 November, or Sunday this week and may bring direction during the current week or at the beginning of next week.

The weather during the current week is very mild in Central Europe but on the other hand wind power production is lower than normal. The profitability of coal condensate power in Germany has been poor but an improvement in the figures was seen with the recovery in the price of natural gas.

The coronavirus pandemic continues to spread, and lockdowns have been put in place in many more countries. Positive news about a vaccine may, however, limit the fall. On Monday of the current week, Pfizer announced that a new vaccine they have developed has an efficacy of 90% in preventing people from becoming ill. A clear rise was seen in stock markets and in the price of crude oil. The price of oil has risen and is now at a two-month peak, providing support also for coal and gas prices as well as for the emission allowance.

Technically, the emission allowance price is rising; last week the last peak of €25.72/t was exceeded and the rise has continued during the current week towards the important resistance level of €27/t. Additionally, resistance to a rise in the emission allowance price can be found at €27.44/t and €29/t. Support for the emission allowance price can be found at levels of €25.72/t, €25/t and €24.82/t. We expect the emission allowance price to seek direction from the stock markets and economic outlook, and to continue to rise if positive market sentiment remains and to move between €25 - €28/t.

EUA prices €/t 12.11.2020 12:48

Product	Bid	Ask	Last	Change*
Spot**	26.08	26.12	26.08	2.07% ↑
Dec-20	26.10	26.12	26.10	2.11% ↑
Dec-21	26.23	26.26	26.23	2.02% ↑
Dec-22	26.48	26.53	26.48	1.85% ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 12.11.2020 12:48

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

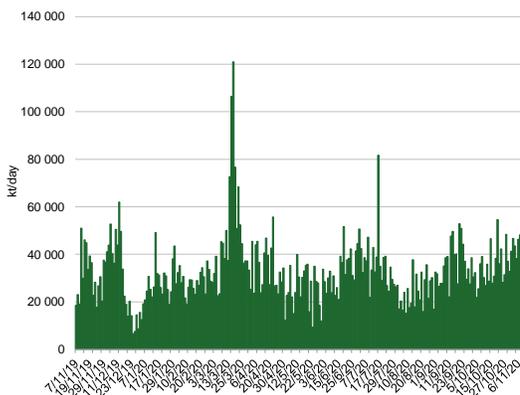
Spread Change*

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.23	2.02% ↑

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

Daily traded EUA volume, ICE Futures Europe*

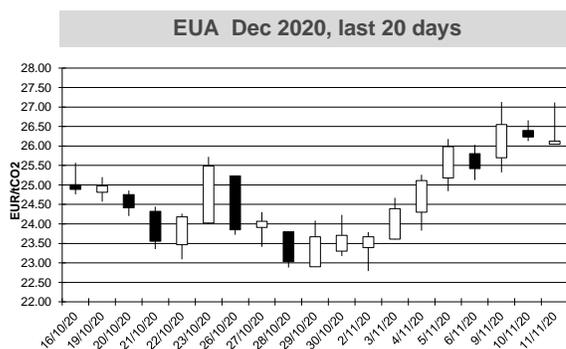
*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices 12.11.2020 12:48

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	16.50	-22.12% ↓
ENO 2021	€/MWh	16.55	-9.97% ↓
ENO 2022	€/MWh	23.00	-1.96% ↓
ENO 2023	€/MWh	24.53	1.55% ↑
EEX, Base load Cal-21	€/MWh	40.04	5.00% ↑
Brent crude	\$/bbl	43.79	6.37% ↑
Natural gas UK (Q1-21)	p/therm	40.60	0.71% ↑
Coal CIF ARA API2 2021	\$/t	55.70	3.68% ↑

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



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

CDM pipeline	12.11.2020 12:48	
	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
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 Carbon pulse news](#)
- [2 Montel news](#)
- [3 IEA report](#)

On Agenda: Europe

The EU ETS free allocation for 2021 will be delayed. Delays have occurred in calculating benchmark values and allocation calculations. The European Commission is expected to set benchmark values for emission market obligations for 2021-2025 during the first quarter of 2021. After this, the actual decision about free allocations will still need to be made. This means that unlike the normal situation no free allocations will be made in February next year. Because period 4 emission allowances cannot be used for period 3 surrenders, the delay in free allocations might not have implications until the obligation period in 2021. The longer the delay and uncertainty surrounding free allocations lasts, the greater the possibility of volatility on the market. ¹

Seven EU countries are undermining the 2030 climate goals. A report by climate think-tank Ember shows that Poland, the Czech Republic, Bulgaria, Germany, Belgium, Romania, and Italy are the countries whose emission intensity of electricity production will be the EU's highest by the end of the decade. Germany and Italy alone would account for 40% of the emissions. The carbon dioxide intensity of all seven countries will vary between 156 - 566 CO₂/kWh, whereas at the other extreme, Sweden's intensity will be 14 CO₂/kWh by the end of the decade. The seven most carbon intensive countries should examine their energy and climate strategies so that the EU can reach its envisaged 55% emissions target in 2030. ²

On Agenda: Global

The IEA report indicates that the global construction of renewable energy will rise by 200 GW during the current year despite coronavirus. According to the International Energy Agency's report, there is a 7% rise, or 7,500 TWh, in the share of renewable energy of the energy produced during the year. This year, 90% of all new capacity built is renewable. In 2025, the IEA sees renewable energy as replacing coal as the world's greatest source of energy. However, it is important to adapt legislation to maintain the pace of growth. ³

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