

EUA prices €/t 27.11.2020 12:39

Product	Bid	Ask	Last	Change*
Spot**	28.27	28.30	28.27	4.81 % ↑
Dec-20	28.28	28.30	28.28	6.68 % ↑
Dec-21	28.48	28.50	28.48	4.99 % ↑
Dec-22	28.74	28.75	28.74	4.98 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 27.11.2020 12:39

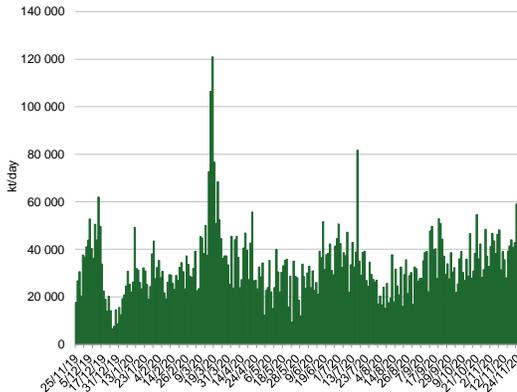
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.27	0.28	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	28.48	4.99 % ↑

*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 27.11.2020 12:39

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	20.70	35.99 % ↑
ENO 2021	€/MWh	18.35	28.17 % ↑
ENO 2022	€/MWh	23.25	15.78 % ↑
ENO 2023	€/MWh	24.65	11.12 % ↑
EEX, Base load Cal-21	€/MWh	41.20	3.16 % ↑
Brent crude	\$/bbl	48.08	7.90 % ↑
Natural gas UK (Q1-21)	p/therm	39.55	1.63 % ↑
Coal CIF ARA API2 2021	\$/t	59.85	6.43 % ↑

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

Market Analysis

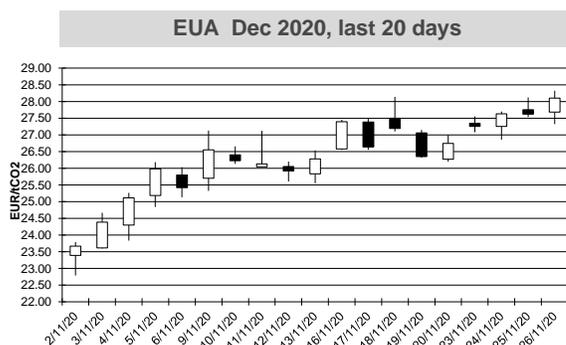
Last week the emission allowance price was volatile. On Monday, news of a new effective coronavirus vaccine lifted the allowance price to north of €27/t. On Tuesday, this was followed by a downward correction movement but on Wednesday an announcement by the European Commission announced that auctions in 2021 would be delayed boosted the market. However, the direction was reversed from the day's peak and the price continued falling on Thursday on the back of softer energy markets. A very strong auction settlement on Friday lifted the price and the level of €27.50/t was tested during the day, which ultimately closed at a level of €26.74/t, up €0.46 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 auction break beginning on December 14. The auction break will spill over for longer than normal into next year and auctions are expected to start in late January or early February. Volumes on ICE have been considerably higher than normal during last and the current week; volumes are up by almost a third on average.

Market View

The fuel markets have been rising strongly because of the positive sentiment brought about by coronavirus vaccines. It is expected that the vaccines will be ready for Americans in mid-December. Record numbers of coronavirus cases continue to be seen in Europe and in the United States and the possibility of new lockdowns is increasing as a result. The price of oil has risen to levels last seen before the market fall triggered by coronavirus. Hopes of an extension of production cuts by OPEC countries was also supportive of oil. The price of gas and coal has also risen. The profitability of German coal condensate power has fallen as the cost of coal has risen. The Purchasing Managers' Index (PMI) in the German service sector has fallen for the second month, indicating an economic contraction. Towards the end of this week and during next week, the weather in Europe will cool to below normal levels and wind power production will fall to lower than normal. This could be supportive of the emission allowance price. The possibility for actual cold weather seems to be small, at least until mid-December.

The delay in auctions could be supportive of the emission allowance. Auctions will close for a break of as yet unknown length in about two weeks. Whereas the auction break has traditionally been supportive of the emission allowance price, the current year has in many ways been different also on the emissions market. Last week, the German emission allowance auction settled particularly well compared to recent trends and was about €0.20 higher than the aftermarket price even with greater availability. There was not quite the same interest in auctions during the current week.

The emission allowance price has remained robust and has tested levels north of €28/t, but so far the level has held. Besides this level, resistance can be found at €27.50/t and rolling mean values above this, €28.14/t and €29/t. Support for the emission allowance price can be found at levels of €26.09/t, €25/t and €24.82/t. We expect the emission allowance price to remain strong and to trade at between €26 - €28/t.



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

CDM pipeline 27.11.2020 12:39

	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

Contacts:

Markus Herranen

Toni Sjöblom

Laura Pokka

E-mail: firstname.lastname@gasum.com

Sources:

[1 Bloomberg news](#)

[2 European Commission news](#)

[3 Carbon Pulse news](#)

On Agenda: Europe

Any Brexit trade agreement will presumably not include agreement about emissions trading. This means that decision-makers in the UK will decide how to price emissions from the start of 2021. It seems to be that UK negotiators are in favor of a system that would be at least as strong as the EU ETS. The Brexit transition period ends in five weeks and operators still do not know how emissions will be priced after that. Prime Minister Boris Johnson is expected to make a decision by December 12, when the UN global climate summit is held. The UK government has taken steps which would make it possible to get a UK ETS operating at the start of 2021. The UK countries are still committed to surrendering emission allowances against 2020 emissions. Should no emissions trading either within the country or linked to the EU ETS be implemented, the alternative is a fixed carbon tax. ¹

The European Commission has published its annual carbon market report, which discusses market development in 2019 and 2020. The emissions from installations covered by EU ETS decreased by 9.1% in 2019 compared to the previous year and totaled 1,530 billion tonnes. Emissions in the power sector decreased by 14.9% and industrial emissions by 1.9%. The total number of allowances in circulation (TNAC) decreased to 1.39 billion last year; another decrease as has been the case each year since 2014. The Market Stability Reserve (MSR) will absorb 332.52 Mt of allowances from the market between September 2020 and August 2021. ²

On Agenda: Global

China's emissions trading is expected get under way at the start of next year and to miss the intended start-up in 2020. Emissions obligations are expected nevertheless to apply to 2019 and 2020. The main reason for the delays has been getting the registers and trading platforms needed for trading up and running. Delay is not yet certain and is not expected to affect emissions trading in practice. Emissions surrenders for 2019 and 2020 are expected to be set for mid-2021. ³

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