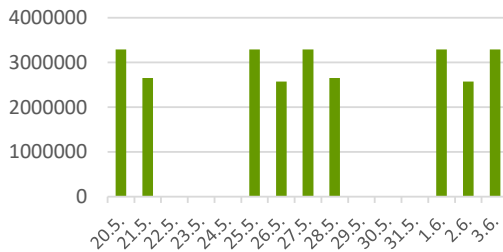


EUA prices €/t 21.5.2021 11:06

Product	Bid	Ask	Last	Change*
Dec-21	53.41	53.44	53.38	-1.48 %
Dec-22	54.11	54.16	53.94	-1.37 %
Dec-23	55.06	55.14	54.80	-1.70 %

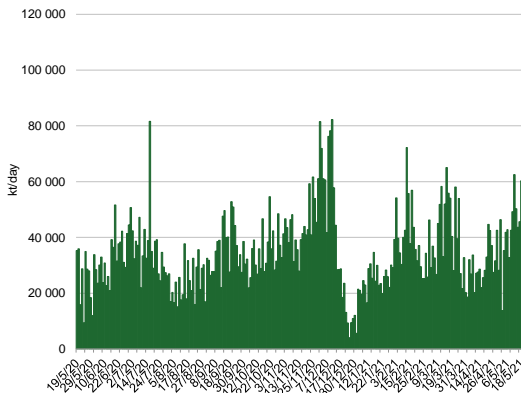
*Change compared to the previous report ** EEX spot

Upcoming auction volumes



Daily traded EUA volume, ICE Futures Europe*

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



Energy prices 21.5.2021 11:06

Product	Unit	Prices*	Change*
ENO Q3-2021	€/MWh	35.20	6.11 %
ENO 2022	€/MWh	31.45	-1.43 %
ENO 2023	€/MWh	29.20	-4.25 %
ENO 2024	€/MWh	29.05	-0.07 %
EEX, Base load Cal-21	€/MWh	64.03	-2.89 %
Brent crude	\$/bbl	64.88	-6.20 %
Natural gas UK (Q2-21)	p/therm	60.27	-5.62 %
Coal CIF ARA API2 2022	\$/t	77.65	-2.25 %

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

Market Analysis

The emission allowance price continued to rise last week, reaching new records almost daily. The market was supported by the previous week's comment by the European Commission representative on the unnecessary for price intervention, the rising fuel market and investor support. On Wednesday, the price passed the level of €55/t, receiving support not only from the afore-mentioned factors but also from the strongly settled emissions auction. Thursday saw a fall as the stock markets fell. On Friday, the price rose to its historically highest level so far to reach €56.90/t and the market closed at a level of €56.65/t, up €6.20 at the weekly level.

During the current week, auction availability normalized. Next week and the week after, auction availability will again decrease to 11.8 Mt since no auctions will be on the Monday public holidays in Europe. Volumes traded on ICE have been significantly higher than normal during this week and last, reaching a top level of 98 Mt yesterday.

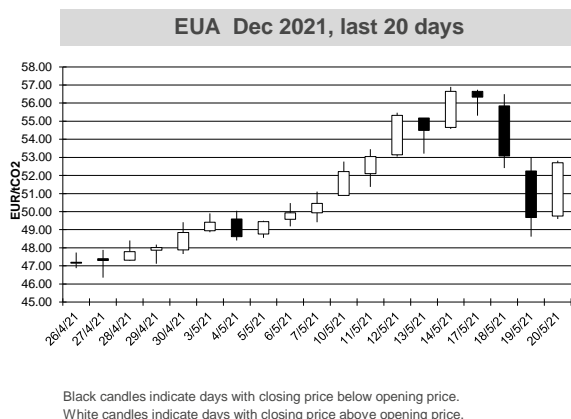
Market View

The current week has seen a downward correction in fuel prices. Coal and gas prices in particular fell from record levels last week. It seems the weather in Europe will continue to remain chillier than normal for two weeks, but higher renewables production could offset the increase in consumption. The direction on the stock markets has also been downwards during the current week.

Repatriating profits ahead of the start of UK ETS trading could have contributed to the downward market. It is possible that some regulated actors in the new UK ETS emission trading have used EUAs to hedge their position and that this could be the time to sell these now that the UK ETS has started. The UK ETS opened at €58/t, considerably higher than the EU ETS, but fell during the day to around €52/t. The repatriation of profits by investors was probably a contributory factor to the fall. The net positions of funds and investors have also been falling for the third week.

The market remains tight since it was not possible to borrow from free allocations for last year's surrenders and free allocations for the current year have yet to be distributed. The schedule for the distribution of free allocations in June which was announced at the end of last year seems unlikely and uncertainty could continue to be an upward factor.

The emission allowance price is in a strong downward correction movement, but the DEC-21 is still within the upward trend corridor and technically strong for the time being. The RSI has fallen to below 70, which is considered the limit that the product is overbought. Recent days have seen increased market volatility. Resistance levels to the price can be found at the all-time record of €56.90/t, €55.74/t as well as at the psychological level of €55/t. Support for the emission allowance price can currently be found at levels of €50/t and €49.90/t, €46.85/t as well as €44.35/t. We expect the emission allowance price to fall and to trade at €47 - €54/t.



On Agenda: Europe

The European Parliament has approved the €17.5 billion Just Transition Fund. New week, decision-makers will discuss reaching tougher climate goals in 2030. Among other things, the Fund contains €10 billion for economic recovery and will help to fund, among other things, renewable energy, energy efficiency and sustainable transport. ¹

Last week, the European Commission published the total number of allowances in circulation (TNAC). This totals 1,578,772,426 emission allowances compared to last year's number of 1,385,496,166 EUAs. The number gives the surplus on the market. If the number exceeds the limit of 833 million EUAs, the Market Stability Reserve (MSR) mechanism will remove 24% from the market in 2019 - 2023. The allowances will be placed in the MSR by reducing auction volumes. Starting in September 2021, 378,905,382 emission allowances will be transferred to the MSR for a year. ²

CDM pipeline	21.5.2021 11:06	
	Amount	Change
Number of projects**	8374	-6
Registered projects*	7808	0
Volume of the pipeline by the year 2020, MtCO ₂ e**	515	0
Issued CERs, MtCO ₂ e*	2000	15

*Change compared to the previous report.

**Pipeline: UNEP/Risoe is updated monthly. Registered projects and issued CERs: UNFCCC

Upcoming events	
Date	Event
May 19, 2021	First UK ETS auction and listing of futures on ICE
July 14, 2021	Presentation of law package of climate law and EU ETS reform

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Sources:

[1 Bloomberg news](#)

[2 EU Commission news](#)

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