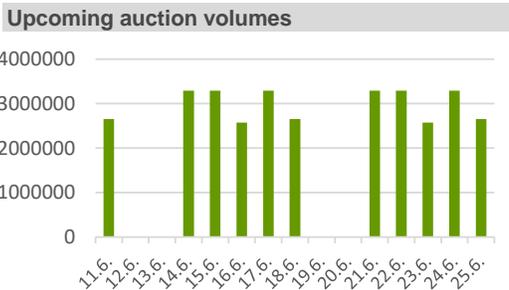


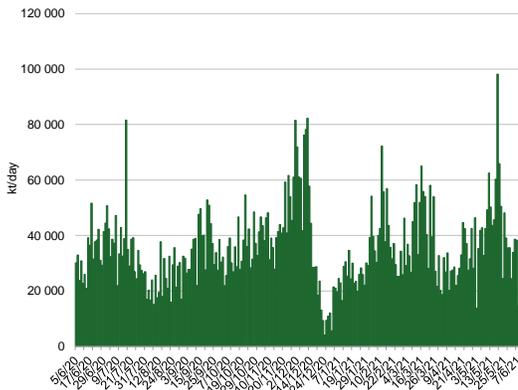
EUA prices €/t		11.6.2021 12:22		
Product	Bid	Ask	Last	Change*
Dec-21	53.35	53.40	53.39	3.54 % ↑
Dec-22	53.74	53.81	53.63	3.04 % ↑
Dec-23	54.44	54.54	54.74	3.45 % ↑

*Change compared to the previous report ** EEX spot



Daily traded EUA volume, ICE Futures Europe*

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



Energy prices		11.6.2021 12:22		
Product	Unit	Prices*	Change*	
ENO Q3-2021	€/MWh	41.22	-0.44 %	↓
ENO 2022	€/MWh	33.10	-0.30 %	↓
ENO 2023	€/MWh	29.69	-2.05 %	↓
ENO 2024	€/MWh	29.63	-1.59 %	↓
EEX, Base load Cal-21	€/MWh	66.96	4.78 %	↑
Brent crude	\$/bbl	72.71	2.16 %	↑
Natural gas UK (Q2-21)	p/therm	70.44	11.04 %	↑
Coal CIF ARA API2 2022	\$/t	83.40	3.12 %	↑

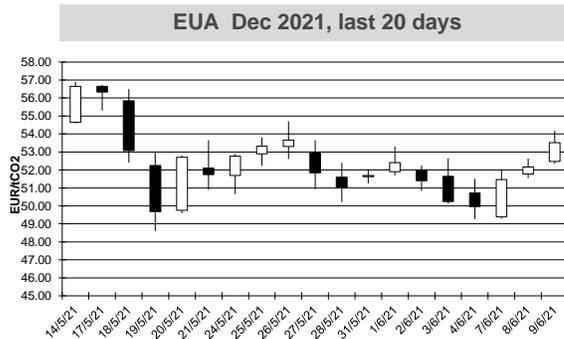
*Change compared to the previous report **Last trade price

Market Analysis

The emission allowance market was in retreat last week. On Monday, price movements were small, possibly because of the public holiday in Europe. Tuesday saw €53.30 reached, the highest price of the week, but from there the market started to fall. The fall continued on Wednesday because of the UK ETS auction among other things. On Thursday, the price fell out of the trend channel and technical sales added to the fall in the price. On Friday, the direction remained downwards, and the market closed at a level of €49.97/t, down €1.06 at the weekly level. Auction availability has returned to the normal 15.1 Mt and will remain at these levels until August, when it will halve for the entire month because of the summer holiday season. Last week's auction results were mainly close to market prices, but gave hardly any direction to the market, unlike this week's auction prices which have been supportive of the market. Volumes traded on ICE were largely below normal last week and this.

Market View

Fuel prices have remained strong. The price of gas has remained upwards even though injections into stocks have begun. Stock levels are considerably lower than normal, and the uncertainty of availability is supporting the market. Thermal coal prices are also historically high, bringing further support to the gas and emission market. The high price of gas has maintained profitability of the most efficient thermal coal-fired plants. The stock markets have been cautious as inflation rises and threatens the market sentiment that has risen through stimulus. The weather in Europe is likely to remain warmer than normal and early next week will be considerably warmer than normal, with wind power production falling below normal. On Monday June 7, ICE had to stop trading in emission allowances. The products were moved from London to the Endex platform, which brought with it technical issues and trading was suspended for about 90 minutes. EUA trading was moved to Endex as a consequence of Brexit. The net positions of funds on the market decreased for the sixth week in a row last week, falling to November levels. Because no free allocations will be distributed in June, in a few months, free allocations and the willingness of industrial companies to sell allowances will bring direction to the market in July or later when free allocations are ultimately distributed. On the other hand, the European Commission's climate law package, which will be announced in July, may bring support and movement to the market. The upward trend in the emission allowance price has again strengthened the market as it moves strongly upwards again. The support level of €48.61/t was approached both last week and this, but the market took an upward turn from this level. Resistance levels to the emission allowance price can be found at the all-time peak of €56.90/t as well as at the psychological level of €55/t, and the previous peak of €54.70/t. Support can currently be found among others at strong support levels of €53.30/t, €49.26/t and €48.61/t, as well as the rolling average value, which is currently at a level of €52/t. We expect the emission allowance price to seek direction between €50 - €55/t.



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

CDM pipeline	11.6.2021 12:22	
	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
June 16, 2021	Next UK ETS auction
July 14, 2021	Presentation of law package of climate law and EU ETS reform

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Sources:

- [1 Euractiv news](#)
- [2 Bloomberg news](#)
- [3 Carbon Pulse news](#)
- [4 Nasdaq release](#)

On Agenda: Europe

Germany favors ending free allocations to airline companies. A leaked document was designed to signal Germany's view on upcoming EU negotiations to shape the climate law in line with 55% emission allowance goals. Like Poland, Sweden and Italy, Germany wants to end free allocations to the aviation sector and to support the production of cleaner aviation fuels. Germany had a positive view of carbon border tariffs, but free allocations should be continued alongside the system for as long as necessary. Germany also supports adding road traffic and the heating of buildings to emissions trading through a separate system. ¹

The funds that were pushing the EU ETS to new records are now selling. Exchange data shows that funds have closed their positions in the EU emission market at 38% of the peak in May. The emission allowance price has risen by as much as 60% during the current year, but the market has retreated from the peaks. There is still investor interest in the long term, but money has shifted to other investments as the emission allowance price has risen to its current levels in a relatively short time. Some actors expect the lull in demand to last for the summer, also because of free allocations of allowances and the behavior of industry following free allocations will again bring direction to the market. Investors expect the market to still rise in the longer term as the EU cuts the availability of emission allowances. ²

The European Commission is likely to propose a system that is based on its own theoretical emissions trading price on the EU ETS as a carbon border tariff. The system would include a transition phase which would last from the inception of the system in 2023 until 2026. Under the proposal for a law, the system would first apply to cement, electricity, fertilizers, iron, steel and aluminum production. The proposal was still uncertain with regard to free allocations. Only third-countries which are included in the EU ETS have been exempted from the tariffs. Importers must pay the price from the start of the system. The price will be based in the mean weekly price in EU ETS auctions. ³

Offsetting market

Nasdaq has acquired a majority stake in Finnish carbon removal platform Puro.earth, a marketplace for CO2 removal certificates (COCRs). Nasdaq indicated its interest in Puro because the company wants to help its customers and investor network to switch to a more sustainable future. Nasdaq's support means scaling up the marketplace for carbon removal. ⁴

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