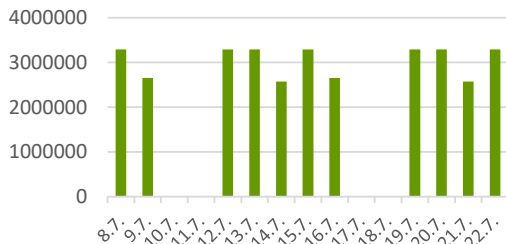


EUA prices €/t 8.7.2021 11:16

Product	Bid	Ask	Last	Change*
Dec-21	54.45	54.50	54.45	-6.94 %
Dec-22	54.86	54.92	55.00	-6.69 %
Dec-23	55.56	55.63	55.72	-6.48 %
UKA DEC-21	52.63	53.39	52.63	-6.48 %

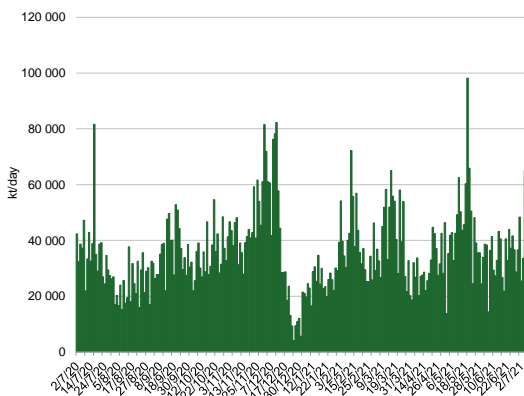
*Change compared to the previous report ** EEX spot

Upcoming auction volumes



Daily traded EUA volume, ICE Futures Europe*

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



Energy prices 8.7.2021 11:16

Product	Unit	Prices*	Change*
ENO Q3-2021	€/MWh	46.00	7.17 %
ENO 2022	€/MWh	31.70	3.63 %
ENO 2023	€/MWh	29.05	1.72 %
ENO 2024	€/MWh	28.80	0.35 %
EEX, Base load Cal-21	€/MWh	72.85	0.58 %
Brent crude	\$/bbl	75.69	-0.50 %
Natural gas UK (Q3-21)	p/therm	89.54	-1.63 %
Coal CIF ARA API2 2022	\$/t	86.75	-0.86 %

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

Market Analysis

The emission allowance continued rising last week and reached new peaks. The rise in the energy complex, especially the uplift in the price of gas, as well as the Commission's leaked drafts of EU ETS reforms, which will be officially announced next week, were supportive of the market. Monday started the week on an upward note, which continued on Tuesday when the gas market rose as Russian import restrictions remained in place. The rise continued until Thursday, when the highest price, €58.64/t, so far was reached on the market. On Friday, the price softened slightly and closed at a level of €57.35/t, up €2.30 on the week. During the current week, the emission allowance price has collapsed, pulled down by the falling gas market.

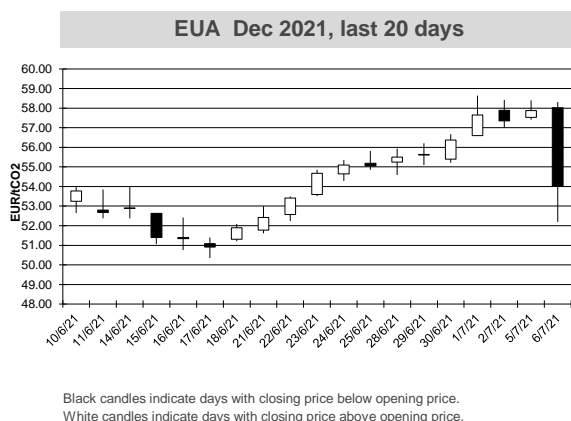
Auction availability has returned to the normal 15.1 Mt and will remain at these levels until halving for the whole of August for the summer holiday season. Demand was restrained in EUA auctions last week and prices were mostly slightly lower than on the secondary market. Volumes traded on ICE have been mostly below normal, but volumes rose significantly as the price fell yesterday.

Market View

This week, the gas market saw a correction movement which was boosted by a deterioration of the demand outlook in Asia. Low stock levels and weaker than normal gas imports into Europe, partly because of demand in Asia, have maintained the strength of the gas market in Europe. European gas stocks are about 44% full compared with around 90% a year ago. The downward price movement in gas was sharply reflected in the emission allowance price and in the price of coal. In the longer term, the gas market view is still robust as the fundamentals are supporting the market, but if market volatility increases, the gas market may give direction also to the emission allowance price.

The following week, the European Commission will present the climate law in the climate package and EU ETS reforms. The Commission's drafts were leaked and so if there are no changes or reforms, market reaction could possibly be limited. The halving of auction availability in August could support the auction price already during July, but on the other hand demand in recent weeks has been limited. Distribution of EU ETS free allowances has begun in among others the Netherlands, Slovakia, Greece and Estonia. This may further limit demand in auctions.

The emission allowance price has collapsed during the current week and fallen below many technical levels. However, the market still closed within the rising price range. Market volatility has increased as a result of movement and the breaking through of technical support levels also enables a change in market direction. Support for the market can currently be found at levels of €54.70/t, €54.19/t and €48.61/t. Resistance levels to the emission allowance price can be found at the psychological level of €55/t, the all-time peak of €58.64/t and the psychological level of €59/t. We expect the emission allowance price to head upwards and to trade at between €55 - €60/t.



On Agenda: Europe

The UK will cease all coal-fired electricity generation by October 2024, bringing forward the end date for the use of coal by a year. In 2020, coal accounted for 1.8% of energy production compared to 4+% in 2012. ¹

The European Commission may propose the phased discontinuation of free allocations according to a leaked document. However, the draft is not thought to receive support for the background, and it has not been possible to verify the authenticity of the document. The document mentions the introduction of carbon border tariffs in 2023 and a halving of free allocations by 2030. There would be no free allocations at all after 2035 at the earliest. Many believe that free allocations and the simultaneous use of carbon border tariffs would be against World Trade Organization rules. ²

CDM pipeline 8.7.2021 11:16

	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

Please note that no emissions market report will be published next week (week beginning July 12) due to summer vacations.

Upcoming events

Date	Event
July 14, 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 Montel news](#)
- [2 Montel news](#)

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