

EUA prices €/t 28.1.2021 10:29

Product	Bid	Ask	Last	Change*
Spot**	33.21	33.27	33.21	-0.03 %
Dec-21	33.30	33.34	33.31	-0.03 %
Dec-22	33.52	33.57	33.61	0.09 %
Dec-23	33.83	33.90	33.84	1.09 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 28.1.2021 10:29

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.00	0.30	0.30	0.00 %

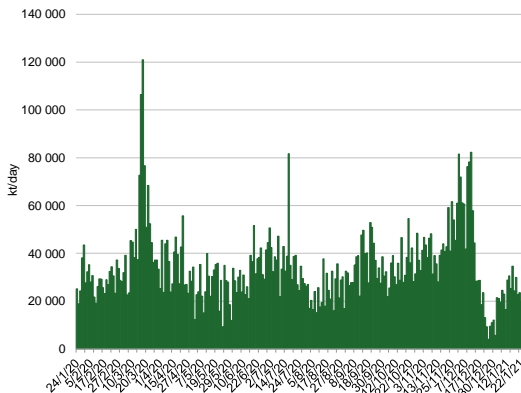
Spread Change*

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	31.00	0.00 %

*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 28.1.2021 10:29

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	29.40	5.27 %
ENO 2022	€/MWh	24.65	-1.83 %
ENO 2023	€/MWh	24.17	-3.76 %
ENO 2024	€/MWh	25.03	-1.48 %
EEX, Base load Cal-21	€/MWh	49.04	-2.35 %
Brent crude	\$/bbl	55.48	-0.79 %
Natural gas UK (Q2-21)	p/therm	43.42	-0.89 %
Coal CIF ARA API2 2022	\$/t	69.25	0.79 %

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

Market Analysis

Last week, the emission allowance price again took an upward turn. On Monday, the downward trend slowed and the doji candlestick augured a reversal of the trend. On Tuesday, the price started to rise supported by the gas market. On Wednesday, the market sought direction, but on Thursday the correlation with the gas market was broken. The emission allowance price rose by more than a euro, supported by chilly weather forecasts and the breaking through of technical levels. Despite the intraday price movements, on Friday, the price closed near to opening levels at €34.24, up €2.50 at the weekly level.

Auctions will re-start on January 29, when 2.65 Mt from the German auction will enter the market. Next week will see a total of 15.1 Mt available in auctions. Trading volumes on ICE have been slightly weaker than normal since the start of the year.

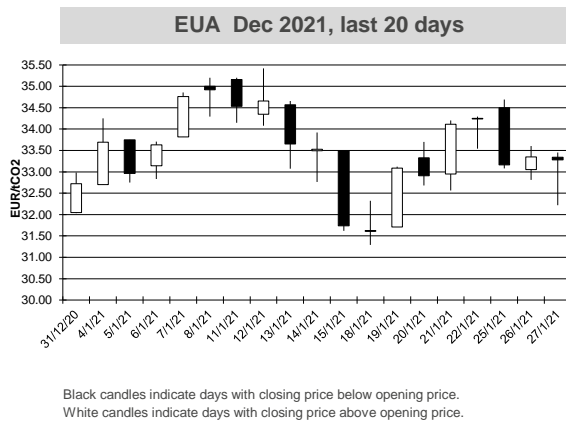
Market View

The rise of the fuel markets has been reversed. The fall in the price of coal is now in its second week and the price of both oil and gas have sought direction. Since January, the emission allowance price has followed the price of the gas near product and the German electricity market. The price of gas has been affected by cooler than normal weather conditions in Asia and high LNG prices.

The coal condensate ($\eta = 38\%$) for the near product has increased its profitability in relation to gas condensate ($\eta = 50\%$), increasing, at least in theory, the profitability of coal condensate and demand for EUAs. The weather in Central Europe will be mostly milder than normal during the current and the following week, but on the other hand wind production is likely to remain weak, slightly balancing demand.

Availability will normalize on the emissions market on Friday this week once emission allowance auctions restart after a seven-week break. Auction settlement prices and the amount of availability will provide direction to the aftermarket. Except for weekday public holidays, when there are no auctions, weekly auction availability will remain relatively steady until the beginning of August. Auctions in Great Britain have ended, and Polish auctions will be held every week. Free allocations are expected to be distributed before April 30, the deadline for emission allowance surrenders.

In January, the emission allowance price has sought direction roughly between €31-€35/t. The resistance levels for the product are €33.50/t, the early January peak of €34.25/t, €34.69/t and the psychological level of €35/t. Support for the emission allowance price can be found at levels of €32.50/t, €31.29/t and €30.59/t. We expect the emission allowance price to seek direction between €31 - €34/t.



On Agenda: Europe

Renewables have overtaken fossil fuels in electricity production in Europe according to a report by Agora Energiewende and Ember. In 2020, 38% of the EU's electricity came from renewables, with wind being the largest mode of production, overtaking coal and natural gas for the first time in Europe. The corona crisis reduced electricity consumption by 4%, which is estimated to account for half of the reduction in the consumption of coal. The share of fossil fuels fell to 37% and 25% of energy was produced by nuclear power. The growth in renewables has reduced power production emissions by 29% compared to the 2015 level. The EU has a binding goal to increase the share of renewables to 32% in all power production, compared to the current figure of below 20%, and the plan is to raise the goal to correspond to new climate targets. ¹

On Agenda: Global

The USA has rejoined the Paris Climate Agreement. Biden actioned rejoining the climate agreement just hours after being sworn in as president. Officially, the United States will again be party to the agreement after a waiting time of 30 days. The United States withdrew from the Paris Agreement during the Trump administration. Biden also placed a moratorium on oil drilling in conservation areas and revoked the Keystone XL oil pipeline permits. ²

Global compliance-based carbon markets grew by an estimated total of 19% in 2020 to reach €229 billion, according to a report by Refinitiv. The main reason for the rise in prices was expectations of tougher emissions limits and the markets rose by a total of €10.3 billion despite a reduction in emissions as a result of coronavirus restrictions. The EU ETS represents 88% of the global compliance-based carbon markets, which also saw market growth of 19%. Even though emissions covered by EU ETS decreased by an estimated 14%, record-breaking price levels and traded volumes were reached on the market. Last year, China, Japan, South Korea, Canada, South Africa and many smaller countries publicly committed to some kind of carbon-neutral goal by 2050. Growth is expected to continue in global emissions trading, for example Chinese emissions trading is expected to start up during the second quarter of this year. ³

CDM pipeline 28.1.2021 10:29

	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
18.-21.1.2021	EU Parliament's plenary
March 2021	Preparation of the European Climate Law

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Sources:

[1 Euractiv news](#)

[2 The Guardian news](#)

[3 Carbon Pulse news](#)

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