

EUA prices €/t 5.2.2021 10:52

Product	Bid	Ask	Last	Change*
Spot**	38.35	38.39	38.35	14.68 % ↑
Dec-21	38.41	38.43	38.42	14.50 % ↑
Dec-22	38.63	38.66	38.63	14.60 % ↑
Dec-23	38.94	38.99	37.81	11.40 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 14.12.2020 0:00

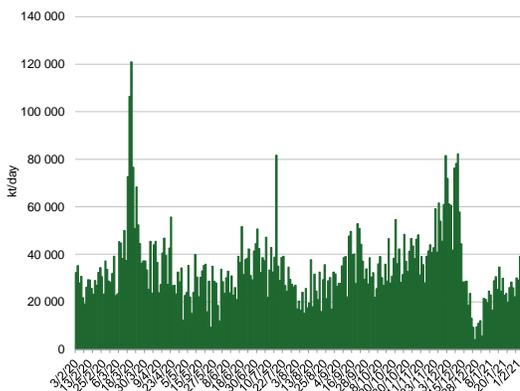
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.00	0.30	0.30	0.00 %

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 5.2.2021 10:52

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	30.90	8.06 % ↑
ENO 2022	€/MWh	26.95	7.61 % ↑
ENO 2023	€/MWh	26.07	8.32 % ↑
ENO 2024	€/MWh	26.00	5.19 % ↑
EEX, Base load Cal-21	€/MWh	52.41	5.90 % ↑
Brent crude	\$/bbl	59.44	5.42 % ↑
Natural gas UK (Q2-21)	p/therm	42.65	-1.49 % ↓
Coal CIF ARA API2 2022	\$/t	66.30	-0.30 % ↓

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

Market Analysis

The emission allowance price fell last week. The week started on a downward note because of a falling gas market and the breakthrough of technical boundaries. On Tuesday and Wednesday, the emission allowance price sought direction, but on Thursday slight support was provided by the gas market and cold weather forecasts. On Friday, the first auction of the year settled well below the market price at the time the bidding window was closed, and the market started to fall. On Friday, the emission allowance price closed at a level of €32.95/t, down €1.29 at the weekly level.

During the current week, the auction settled clearly much higher than the aftermarket and increased investor activity pushed the market up to historical peaks to reach a level of €38.25/t. Except for weekday public holidays, when there are no auctions, weekly auction availability will remain fairly steady at about 15 Mt until the beginning of August, when availability will halve. Traded volumes on ICE have been slightly weaker than normal since the start of the year but during the current week have risen with the robust rise in prices.

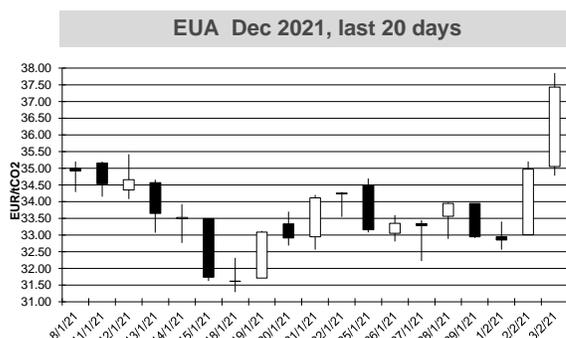
Market View

On the fuel markets, the downward trend in the price of coal continued. A slight softening was also seen in the price of natural gas, but the market has recently been seeking direction among other things from changing weather forecasts. With tightening supply, the price of oil has begun to rise having sought direction for almost two weeks. The stock markets have recovered from the fall at the end of January and are also very strong even when examined historically.

The weather in Central Europe is mild during the current week, but next week the weather will grow colder than normal for the time of year and wind power production will be slightly weaker than normal. A correction has taken place in the weather forecasts to a slightly milder direction. With the local product, the profitability of the more efficient coal plants has remained better than gas condensate.

The restarted emission allowance auctions have given direction to the emission market. The first weak auction result lowered the market, whereas during the current week the very high result of €38/t in the Polish auction boosted the market considerably. The auction premium for the market was around €1.50, whereas the rolling average for the year for the realized price in the emission allowance auction is €0.04 less than on the aftermarket. The allowances auctioned and the free allocations for 2021 are not valid for 2020 surrenders, which may also increase demand on the market, even though most players are already aware of this. The price development in auctions may give further direction to the market.

The emission allowance price has risen to new peaks and is therefore technically very strong. The sudden rise has taken the RSI close to the overbought limit, and a high risk of correction exists after a rapid price movement. The resistance levels for the product are the historical highest trading level of €38.25/t and the previous peak of €37.85/t. Support for the emission allowance price can be found at a level of €37/t, the January peaks of €35.42/t and €35.20/t and the psychological level of €35/t. We expect the emission allowance to remain robust and to trade at between €36 - €40/t.



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

CDM pipeline	5.2.2021 10:52	
	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
4 February 2021	ENVI Committee votes on carbon border adjustment mechanism
March 2021	European Climate Law preparation and decisions

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Sources:

- [1 Bloomberg news](#)
- [2 Helsingin Sanomat news \(in Finnish\)](#)
- [3 Carbon Pulse news](#)

On Agenda: Europe

London hedge funds expect the emission allowance price to rise. Andurand Capital Management expects the emission allowance price to rise to €100, possibly already this year. Even though speculators lifted the emission allowance price, the rise could remain short lived if EU leaders see the price rising too quickly. The EU wants to reduce emissions but is also concerned about industrial profitability. The EU is planning to reform the EU ETS to respond to stricter emissions targets. Hedge funds expect also more institution investors to appear on the market.¹

On Agenda: Global

In China, national emissions trading started up on Monday this week. There are more than 2,000 companies covered by the system, most of which are coal- and gas-fired power plants and oil refiners. Coal-fired power plant emissions in China are greater than the EU's and Japan's emissions combined. China intends to reach its emissions peak by 2030.²

Ukraine intends to launch national emissions trading in 2025. Ukraine intends to revise its emissions reduction targets for 2030 and to change the emissions pricing approach. This development is part of the work to bring national legislation into line with EU regulations. The EU will propose the implementation of a carbon border adjustment mechanism in the summer and as one of the largest steelmakers, the Ukraine would suffer.³

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