

Market Analysis

EUA prices €/t 5.3.2021 10:35

Product	Bid	Ask	Last	Change*
Spot**	36.67	36.70	36.67	-6.71 %
Dec-21	36.73	36.74	36.73	-6.72 %
Dec-22	37.06	37.08	37.05	-6.53 %
Dec-23	37.53	37.56	37.76	-5.67 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 5.3.2021 10:35

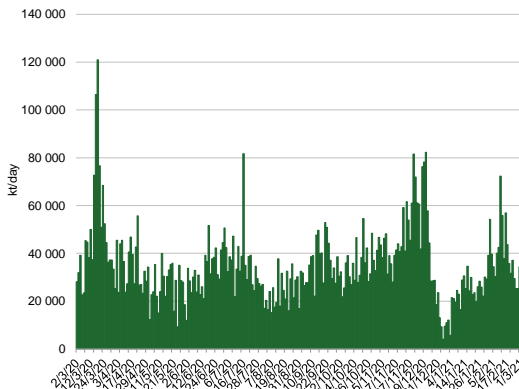
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
MAR-21	0.24	0.36	0.36	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	36.69	-6.60 %

*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 5.3.2021 10:35

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	25.68	8.49 %
ENO 2022	€/MWh	26.04	1.11 %
ENO 2023	€/MWh	26.41	0.91 %
ENO 2024	€/MWh	26.90	-0.04 %
EEX, Base load Cal-21	€/MWh	52.17	-1.23 %
Brent crude	\$/bbl	63.89	-5.17 %
Natural gas UK (Q2-21)	p/therm	37.58	-5.02 %
Coal CIF ARA API2 2022	\$/t	69.60	1.58 %

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

The emission allowance price fell last week. The market rose on Monday and Tuesday with the oil market bringing support for the price. The price continued to rise on Wednesday, and following the development of the previous days, the biggest rise was in the afternoon. The upward direction remained unchanged when Thursday opened until the price took a downward correction movement with the falling stock and commodity markets. On Friday, the emission allowance price again took its direction from the fall in the stock markets in the US. On Friday, the emission allowance price closed at a level of €37.28/t, down €0.22/t at the weekly level.

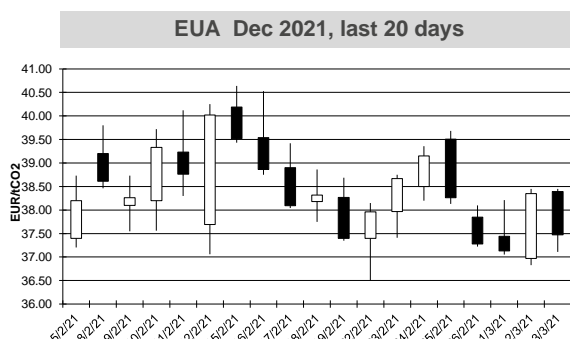
Except for weekday public holidays, when there are no auctions, auction availability will remain fairly steady at about 15 Mt until August, when availability will halve. The market has absorbed auction availability well and demand at auctions seems to have grown. Last week and during the current week, prices have mostly settled lower than on the secondary market.

Market View

On the fuel markets, the price of coal has been rising but this rise has come to a halt over the past few days. The price of oil has fallen from its 13-month peak in anticipation of the outcome of the Opec meeting, but the price is still robust. The trend on the gas market in recent weeks has been downwards since expectations of mild weather do not support the market. Neither is the fall in the energy complex supportive of the emission allowance price. In Germany, the profitability of the near product coal condensate has been falling. Recent weeks and this week have seen volatility on the stock markets.

The weather in Europe will be cooler than normal at the turn of the week, following which temperatures are expected to rise to normal for the time of year. Also, wind power production will rise into next week, and the weather picture will also slightly limit demand for emission allowances next week. April 30, the deadline for the surrender of emission allowances, is approaching and will be supportive of the price, particularly during the current month and especially since this year it is not possible to borrow free allocations. There is a possibility of price movements in May if facilities engaged in operations in Great Britain have used EUAs for hedging and these operators unwind their positions when UKA trading begins.

During the current week, the emission allowance price has sought direction close to the level of €37/t. Market volatility has decreased and volumes traded on the exchange have been lower than average. The previous floor of €36.50/t has held and continues to provide support for the emission allowance price. When the support level fails, the downward movement may continue, and support can also be found at €35.42/t and €34.69/t. Resistance levels to the emission allowance price are the all-time peak of €40.64/t, €40/t and €39.68/t. We expect the emission allowance price to continue to seek direction between €36.50 - €40/t.



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

CDM pipeline	5.3.2021 10:35	
	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
8.-11.3.2021	EU parliament to vote on carbon border adjustment mechanism proposal
March 2021	European Climate Law preparation and decisions

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Sources:

- [1 IEA report](#)
- [2 Carbon Pulse news](#)
- [3 ICAP news](#)

On Agenda: Europe

Emissions in Europe were down 10% in 2020. According to the International Energy Agency, the restrictions on movement and lockdowns in societies caused by the coronavirus pandemic reduced the demand for electricity. An 8% growth in renewables production and less demand reduced coal-fired condensing power by 20%. Road fuel consumption was 12% down. In Germany, emissions decreased by almost 9%. However, in December 2020, emissions were higher than a year earlier in 2019. Since the end of the year, economic recovery has increased emissions in many countries to above the levels seen before the corona crisis. ¹

The UK ETS will begin auctions and trading in future products around mid-May. The auction floor price is £22/t or around €25.50/t. UKA auctions will be held twice weekly. More than half of the allowances will be auctioned, and the remainder distributed as free allocations to operators. It is assumed British operators are using EU emission allowances to hedge carbon since this has not been possible with UK allowances. ²

On Agenda: Global

The Ministry of Economic Development of the Russian Federation approved in January a trial period for an emissions trading system for the Sakhalin Oblast. The emissions trading scheme will begin operating already in 2022. The island of Sakhalin is in the Russian Far East and the region is rich in fossil fuels, including a number of oil and gas fields and two LNG terminals. The plan is to reach the 2025 goal of carbon neutrality by an emission trading system and climate projects, which presumably will include emission reductions projects in, for example, forest management and participation in voluntary international trading markets. The measures proposed in the roadmap have yet to be approved in the Duma, the lower house of the Federal Assembly of Russia. ³

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