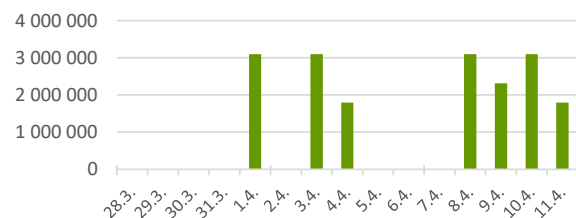


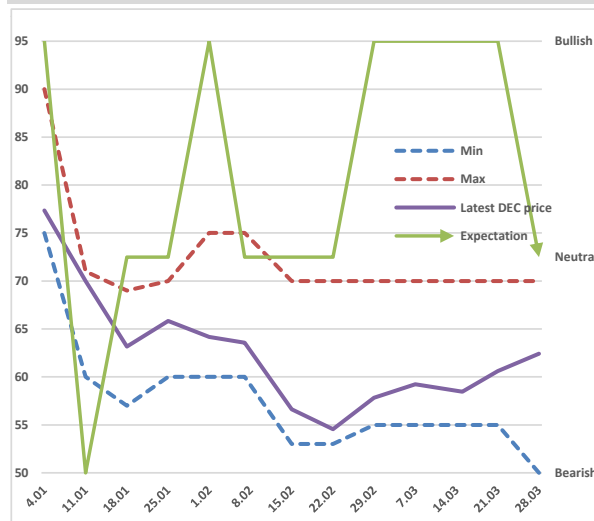
EUA prices €/t	21.3.2024	vs.	27.3.2024
Product	Change*		
DEC-2024	59.07	62.43	5.7 %
DEC-2025	61.32	64.81	5.7 %
DEC-2026	63.47	67.08	5.7 %
UKA DEC-24 **	41.40	43.97	6.2 %

*Change compared to the previous report ** In Euros

Upcoming auction volumes



Expectations on past reports



Energy prices	27.3.2024		
Product	Unit	Prices*	Change*
ENO Q2-2024	€/MWh	34.80	-6.2 %
ENO 2026	€/MWh	39.50	0.9 %
ENO 2027	€/MWh	38.30	1.6 %
ENO 2028	€/MWh	39.75	-0.6 %
EEX, Base load 2026	€/MWh	82.35	5.8 %
Brent crude front month	\$/bbl	86.09	0.4 %
Natural gas TTF Front month	€/MWh	27.69	4.9 %
Coal CIF ARA API2 2026	\$/t	117.62	8.2 %

*Change compared to the previous report ** Day settlement price

Market Analysis

DEC24 rose during last Friday from a level of around €59/t to its highest level during the last week on both Monday and Tuesday to a level of slightly over €65/t, being the highest level seen on the market since January 25th this year. As a result, the prices have started to decrease towards the end of the week, on Thursday the price was at the level of just under €62/t at the time of writing. RSI is at the neutral 54.5 level, MACD is still bullish, weakening for the third day, open interest has continued to rise, for DEC24 every day this week reaching a new record level.

The bid-cover ratio of this week's EUA auctions has followed the average at the beginning of the year, the lowest, still unsuccessful bid returned to the level of €50/t in the Polish auction. The auction ended at a premium of 0.72 compared to the spot market, the average of the beginning of the year has been €0.01 below the spot prices. In the report describing the situation on Friday of last week, published on Wednesday, investment funds had reduced their net short position again, and stronger than the previous week, by about 6 million tons, to 23.5 million tons on the net short side. It has also been speculated that the rise in the beginning of the week was partly due to the purchases made to cover these positions.

Sentiment figures from the euro area were published yesterday, industrial March sentiment rose slightly stronger than expected to -8.8 from February's -9.4. The sentiment has continued around -9 since July 2023, the last time it was even slightly on the positive side 1-2/2023, but more clearly 3/2021-8/2022.

The bridge accident in Baltimore in the United States has increased the world market price of coal, as the port has a significant share in coal exports. The state of China's economy has continued to be a subject of interest, for example, regarding the future demand prospects of the oil market. Gas stocks in the EU are at 58.9% level, and on Tuesday declining only 0.11 percentage points.

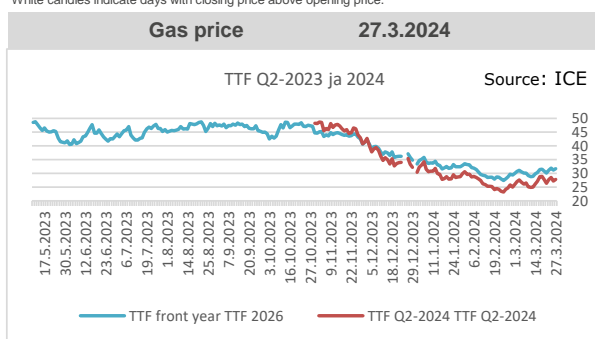
The preliminary ETS-covered emission volumes from last year, to be published next week, may bring significant market fluctuations, and a clear decrease could cut demand expectations even further. Almost a third of the investment funds' short-sold positions are now closed on net position, and we estimate that more closings took place at the beginning of the week. Support for prices may be obtained closer to the deadline for the September emission handover from compliance buying, weather changes or the challenges of French nuclear power. As one single example of the risks, in addition to the return of past corrosion problems, the delay in the start-up of the 1.6 GW Flamanville 3, whose construction began in 2007, from this summer.

Market view

The sentiment of the European industry has clearly rebounded yet, and the actual amount of emissions is expected to have decreased from last year by varying amount by the analyst, and the amount below expectations could bring strong downward pressure on prices. For this reason, we lower the lower limit of our expectations to the previous reasonably strong support level of €50/t, keeping the upper limit in place at around €70/t, with next week's risk level clearly elevated in both directions. Overall, we downgrade our expectation neutral compared to the latest quote, as the rate has risen to the middle of the range we expect.



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



Events	
Date	Event
June 6-9	Elections for the European Parliament
July 1	Hungary takes rotating presidency of the Council of the European Union

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Links to the news:

[1 YLE](#)

[2 Helsingin Sanomat](#)

[3 Fingrid -lehti 1/2024](#)

[4 Carbon Pulse](#)

On Agenda: Finland

The so-called restoration regulation has remained on the table in the EU, even though the European Parliament approved it, a sufficient majority was not obtained for the final approval, for example when Finland abstained from voting. Efforts may be made to pass the regulation as it is before June, or it could also be returned with amendments to the parliament's approval. The Regulation is part of the EU Biodiversity Strategy, which was adopted in 2020, the Commission gave its proposal for the Regulation in 2022, after which it has been watered down somewhat to gain sufficient support, for example for the treatment of peat fields and urban environments. The year 1952, previously presented as a point of comparison, was also removed from the proposal at an early stage. Major EU countries France and Germany have supported the regulation, for example Belgium, Italy, Poland, and Sweden opposed it. The Commission initially estimated that the costs to Finland would be around EUR 930 million per year, while the new estimates are lower than this. ¹

Green North Energy has announced that it has entered into agreements of intent with the cities for the construction of green hydrogen and ammonia production facilities in Pori and Kemi, the company has previously announced the plans of a similar facility in Naantali on the site of Neste's former refinery. The total value of the investments would be around 2 billion euros, the first construction works are expected to start in Naantali next year, for the rest, around the turn of the decade. In the plants, hydrogen would be produced from electricity by electrolysis, and ammonia would be produced in combination with nitrogen taken from the air. Maritime transport is mentioned as one of the key users for this type of green ammonia, for example Wärtsilä has already tested a ship engine that works with it. ²

Finnish TSO Fingrid estimates that the energy transition will increase the need for reserves enormously in the electricity grid in Finland. For example, in the next five years, the need is expected to increase by 134% of the current level. In addition to this, from time to time the adjustment needs may be significantly greater than this, assuming consumption flexibility. For example, in 2030, TSO estimates that, according to non-binding forecasts, reserve capacities of around 1500 MW for down regulation and 1200 MW for up regulation would be needed, while the amounts were, for example, around 100 MW for down regulation in 2020 and just under 500 MW for up regulation. ³

On Agenda: Europe

Emissions under the ETS are estimated to have decreased on average by approximately 14% in 2023 based on a survey of 13 analysts. In total, approximately 10,000 sites are estimated to have produced approximately 1.128 billion carbon dioxide tonne equivalents of emissions. For example, Capital Economics, which predicts the smallest decrease, has estimated an 8% drop, and Morgan Stanley, which predicts the largest, has estimated a 17% decrease. The decrease is predicted to come especially from heat and power production by 23%, with the share of industrial production falling by only about 7% in the forecasts, air traffic emissions are estimated to have increased. Preliminary data will be published on April 3. ⁴

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