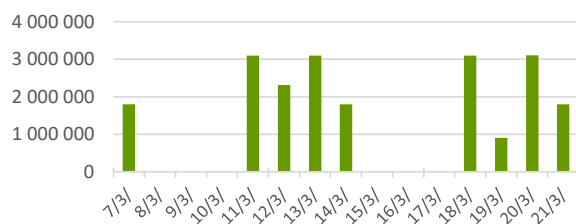


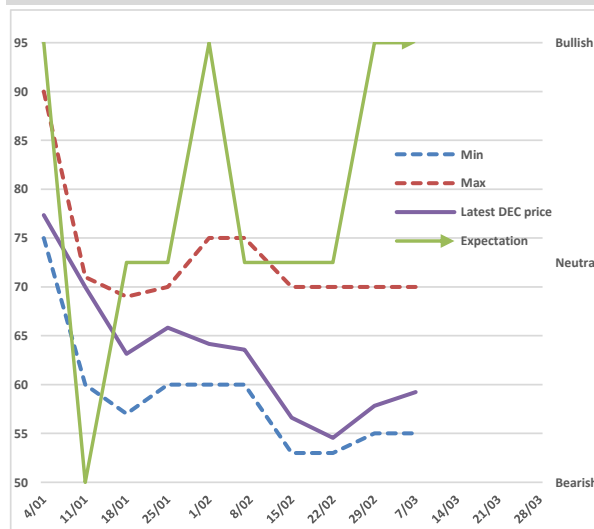
| EUA prices €/t | 29/02/2024 | vs. | 07/03/2024 |
|----------------|------------|-------|------------|
| Product | Change* | | |
| DEC-2024 | 56,00 | 59,16 | 5,6 % |
| DEC-2025 | 58,15 | 61,41 | 5,6 % |
| DEC-2026 | 60,26 | 63,61 | 5,6 % |
| UKA DEC-24 ** | 41,34 | 41,54 | 0,5 % |

*Change compared to the previous report ** In Euros

Upcoming auction volumes



Expectations on past reports



Energy prices

07/03/2024

| Product | Unit | Prices* | Change* |
|-----------------------------|--------|---------|---------|
| ENO Q2-2024 | €/MWh | 40,25 | 8,8 % |
| ENO 2026 | €/MWh | 40,20 | 2,4 % |
| ENO 2027 | €/MWh | 38,75 | 2,6 % |
| ENO 2028 | €/MWh | 40,25 | 0,1 % |
| EEX, Base load 2026 | €/MWh | 78,24 | 5,0 % |
| Brent crude front month | \$/bbl | 82,96 | -0,8 % |
| Natural gas TTF Front month | €/MWh | 25,99 | 4,5 % |
| Coal CIF ARA API2 2026 | \$/t | 107,47 | 5,7 % |

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

Market Analysis

Rising coal prices due to the unwinding of oversupply and increased sanctions against Russia have supported prices in European energy markets, and with them the DEC24 product has strengthened this week. On Monday, prices hovered below €55/t at their lowest during the day, closed north of €57/t and peaked at nearly €63/t on Wednesday, before slipping back to close at around €59/t. On Thursday, the product was falling. Prices rose on Tuesday above the 10- and 20-day moving exponential averages to give a buy signal, on Wednesday the price briefly traded above the 50-day moving average but has continued to slip to around 62.2 on Thursday. The MACD is slightly on the bullish side, with the RSI at the neutral level of 48. Open interest rose slightly on Tuesday but returned on Wednesday to around the level of Friday the previous week.

The CoT report describing the situation on Friday last week indicated that investment funds had started to reduce their short positions slightly, while changes in the positions of other actors were moderate. The bid-cover average for all auctions at the beginning of the year slipped slightly to the 1.7 level, Monday saw the lowest level of the year with a ratio of 1.32, but Tuesday returned to the 1.84 level, the lowest, as yet unsettled bid on Monday was slightly below €50, while the level returned to the €55/t level on Tuesday.

The weather in Central Europe is expected to vary between normal and about 2C warmer than usual for the next two weeks, the longer-term forecast for Germany until around April 20 will be slightly cooler than usual on average, about 1C cooler than usual starting from late March. Wind power production in Germany is forecast to be weaker than normal on average over the next two weeks, with solar power production rising as usual, with average output in Germany at the end of the two-week period around 7.7 GW, with output briefly rising to around 25 GW during the day. In recent weeks, the combustion of coal and lignin in electricity production in Germany has varied between 7 GW and 24 GW and that of gas between 2 GW and 11 GW. France's nuclear power production has been fairly steady at around 42 GW.

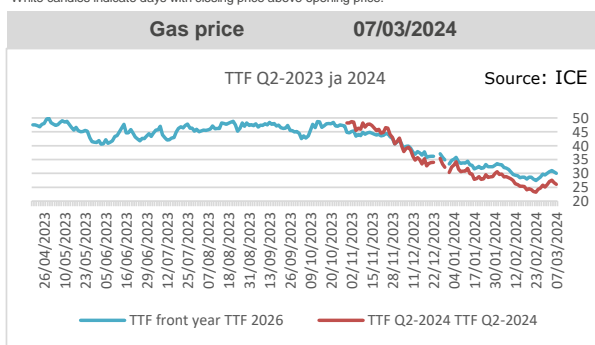
In the euro area, the most interesting economic announcement of the week is a press conference to accompany the ECB's interest rate decision, which is expected to provide clues on the future of interest rate policy. It is widely believed the interest rate decision will keep interest rates unchanged. Tuesday saw the release of the euro area purchasing managers' indices, with the service PMI for February rising to a level of 50.2, indicating growth, whereas other sub-indicators remained below this level but were stronger than expected across the board. Germany's trade balance exceeded expectations in Wednesday's release, and likewise China's on Thursday morning Finnish time.

Market view

Monday's weak auction interest was not enough to make prices collapse, but possibly triggered a minor close in short positions, which may have accelerated the rise over the course of the week, while energy markets in Europe are still searching for direction. The rise got off to a strong start as the price fluctuated almost €10/t in brief quotations within a couple of days, but the rise does not seem to have lasted. We reiterate our expectations of a range of €55-€70/t, with the lower level providing price support, but with a broader closing of positions still bringing bullish potential. As in the previous week, we reiterate our bullish expectations.



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



| Events | |
|----------|--|
| Date | Event |
| March 13 | Maturity date of options for the current quarter |
| June 6-9 | Elections for the European Parliament |

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Links to the news:

- [1 YLE \(in Finnish\)](#)
- [2 Carbon Pulse](#)
- [3 Euronews](#)
- [4 Bloomberg](#)
- [5 Carbon Pulse](#)
- [6 Bloomberg](#)

On Agenda: Finland

Steel company Outokumpu and Finnish company Q Power have signed a letter of intent on research into synthetic methane production. The aim is to study technologies that could capture carbon monoxide and carbon dioxide emissions from Outokumpu's largest mill, in Tornio, and produce synthetic methane, which in turn would replace natural gas and biogas in the company's operations. ¹

On Agenda: Europe

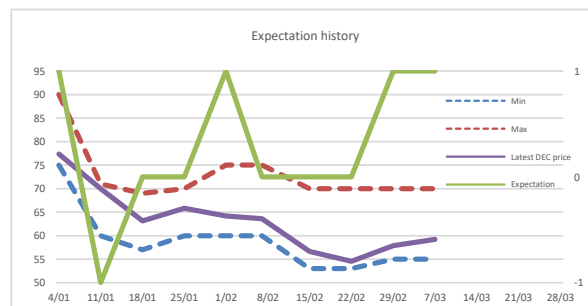
EU energy ministers on Monday reached agreement to reduce gas consumption by around 15% until the end of next winter compared to pre-war levels in Ukraine. Support for the European photovoltaic sector was also discussed at the same meeting. On the other hand, it was decided that the recycling of waste from used solar panels would be the responsibility of manufacturers. ^{2, 3}

A workshop organized by Chris Hegadorn, a retired US diplomat, explored risk scenarios for a food crisis in Europe and assessed food security. Finland and Ireland were found to be the safest countries in 2022. However, according to Hegadorn, few countries in Europe are prepared to manage large-scale food crises. ⁴

A group of ten EU countries has committed to phasing out fossil fuels in electricity generation by 2035. The existing plans of Austria, Denmark, Lithuania and Luxembourg are said to be on target, whereas Belgium, France, Germany, Greece, Italy and the Netherlands have committed themselves to the target, but the means of implementation is not yet entirely clear in the plans. According to tracking by the Beyond Fossil Fuels campaign group, Portugal, Romania and Sweden have also made electricity generation commitments, but these do not include phasing out fossil fuels by 2035. ⁵

On Agenda: Global

It is recorded that temperatures of the world's oceans have again risen to new record levels. For example, in the early part of the year, temperatures have been about 0.3C above the highest recorded between 1979 and 2022. ⁶



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