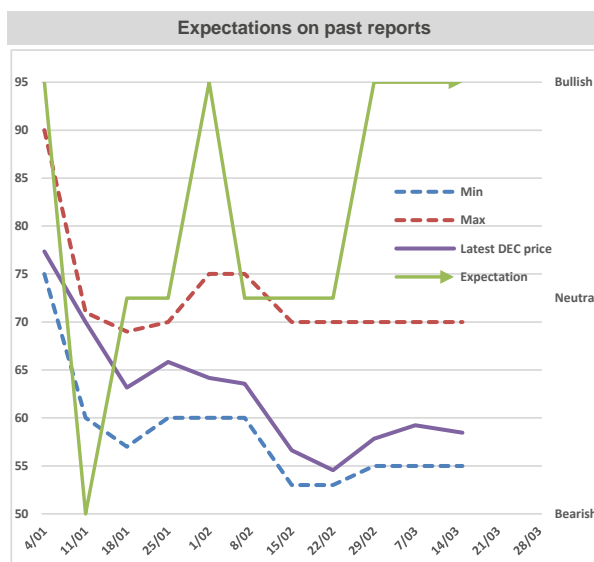
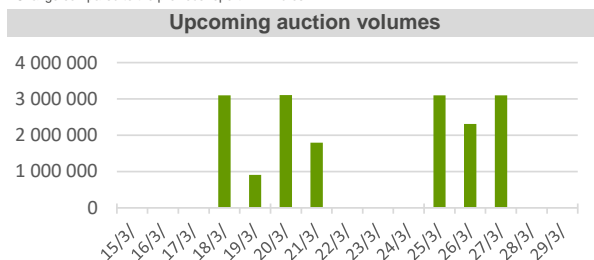


EUA prices €/t	07/03/2024	vs.	14/03/2024
Product	Change*		
DEC-2024	59,16	58,45	-1,2 %
DEC-2025	61,41	60,64	-1,3 %
DEC-2026	63,61	62,77	-1,3 %
UKA DEC-24 **	41,54	44,19	6,4 %

*Change compared to the previous report ** In Euros



Energy prices	14/03/2024		
Product	Unit	Prices*	Change*
ENO Q2-2024	€/MWh	35,50	-11,8 %
ENO 2026	€/MWh	38,95	-3,1 %
ENO 2027	€/MWh	37,90	-2,2 %
ENO 2028	€/MWh	40,50	0,6 %
EEX, Base load 2026	€/MWh	77,05	-1,5 %
Brent crude front month	\$/bbl	85,42	3,0 %
Natural gas TTF Front month	€/MWh	26,05	0,2 %
Coal CIF ARA API2 2026	\$/t	107,41	-0,1 %

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

Market Analysis

DEC24 has been in a slight downward trend during the last week, however, clearly correcting the decrease during Thursday afternoon and overall, the week's period ended up being quite horizontal, the lowest price level was seen on Tuesday around 55.2 and the highest on Thursday of last week around 61.1 €/t. The price has been between the 10 and 20 day exponential moving average and the 50 day equivalent today on Friday. RSI is at a neutral level of 50.6, MACD is on the rise and open interest rose somewhat from a week ago, especially yesterday, reaching a new high level of the product, the previous high level was seen on February 20. The CoT report describing the situation from Friday of the previous week, published on Wednesday, showed that investment funds continued to reduce short positions as expected, about 3.5 Mt, to about 33.4 short positions net. In the market, the reduction was estimated to be surprisingly small by some participants.

The bid-cover ratio of the auctions at the beginning of the year was 1.7, this week we saw the same average level, with Wednesday reaching 1.98, and Monday falling to 1.31. The minimum offer was slightly more than €52/t on average.

March options expired on the 13th, the most significant amounts of call options were set at 90 and 80 levels, put options at 50 and 65 levels. The current front quarter options expire on June 19. The most significant number of call options are set at the levels of 60 and 65 €/t, respectively, there are the most put options at the levels of 40 and 50 - for both slightly lower than in the previous period.

RWE reported a 27% reduction in emissions for last year, and the company's CEO described the RePowerEU additional sales as causing a downward spiral in the market while being implemented. Macquarie bank forecasted in their latest quarterly report that DEC24 product would average 64 €/t during 2024, mentioning that compliance purchases in September would possibly bring upward pressure on prices and that prices would rise to around €65-75/t in the end of the year.

In the coming months, the temperatures in Germany are predicted to vary close to normal, the current warmer-than-normal period in Europe is predicted to change to normal by the end of next week. Wind power production is predicted to vary in Germany on both sides of normal, with the average power brought by solar power rising with normal over the next two weeks from around 6 GW to close to 9 GW, with peak hours exceeding 20 GW already in the next few days.

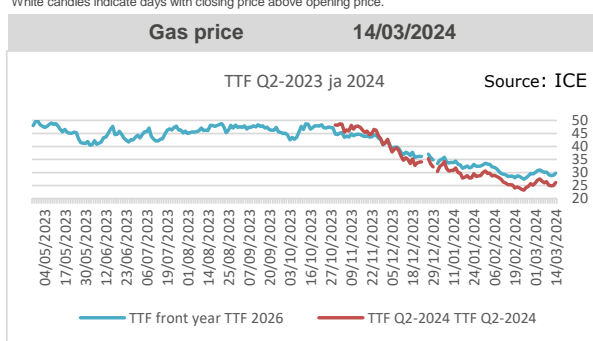
It was reported on Wednesday that European industrial production fell more strongly than expected in January. The ECB's economic views did not provide a clear direction for the economy, the rate cuts are not expected to start until June at the earliest. In the United States, inflation and employment trends have continued to be strong, China may have seen the first indications of an economic upturn. In the oil market, the estimated tightening of the geopolitical situation has brought support to prices, and the reference quality Brent yesterday rose to its highest level since the beginning of November. The price of gas has been somewhat restored from the fairly horizontal downward trend that continued until the end of February, gas stocks in the EU were at 59.88% level on Wednesday, in recent years stocks have turned upward within the next three weeks.

Market view

In the economic outlook, there are no new strong signals to confirm the previously seen rise in purchasing manager indices, RePowerEU additional sales continue to weigh on the market, which the funds may have taken into account in the market by short selling. We repeat our expectations for the range to be 55-70, and growth expectation above the 60 €/t level.



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 over Rotating EU Council Presidency

Contacts:

Erik Ekström

E-mail: firstname.lastname@gasum.com

Links to the news:

- [1 European Parliament](#)
- [2 Carbon Pulse](#)
- [3 Helsingin Sanomat \(in Finnish\)](#)
- [4 The Guardian](#)

On Agenda: Europe

European Parliament has approved adopted plans to decarbonize the EU buildings sector by requiring new buildings to be zero-emission by 2030 and implementing measures to reduce energy consumption and greenhouse-gas emissions, aiming for climate neutrality by 2050. The directive includes specific targets for reducing the energy usage in residential buildings, mandates renovations for the worst-performing buildings, and outlines the phasing out of fossil fuel boilers in heating systems by 2040. Exemptions are allowed for agricultural and historic buildings, while emphasizing the directive's potential to lower energy bills, combat energy poverty, and create jobs, aligning with the European Green Deal's objectives. The directive, which has been adopted by a vote and awaits formal endorsement by the Council of Ministers, is part of the broader 'Fit for 55' package and aims to enhance the EU's energy independence and sustainability in line with the Conference on the Future of Europe's proposals.¹

A tax-and-rebate policy could effectively reduce income inequality caused by climate actions within the EU's agricultural sector without impacting total revenues or national budgets, even with a high carbon price. Such a policy, alongside an agricultural ETS (ETS3), would support the sector's transition to sustainable practices and address income disparities by reallocating tax proceeds from higher-emitting to lower-emitting farms. However, to avoid regressive impacts and support this transition, additional financing beyond ETS revenues may be necessary. Critics of these approaches argue that they only provide a temporary solution to climate change, suggesting a more comprehensive strategy is needed for a just transition in agriculture.²

On Agenda: Global

British geophysicist John Moore and colleagues have proposed a massive underwater curtain to slow ice-sheet melting by protecting discharging glaciers from warm water, an idea still under investigation for its feasibility. Critics highlight the challenges and costs of such geoengineering efforts, emphasizing that curtains may only offer a temporary solution to ice loss while the broader issue of climate change remains unaddressed.³

Shell has revised its emissions reduction target downwards, allowing for expansion in its liquified natural gas business and stable oil production until 2030, a move criticized by environmentalists and climate experts as detrimental to climate action efforts. Despite facing backlash for this decision and continuing investments in fossil fuels, Shell reported significant profits in 2023 and plans to increase its oil and gas production, contrary to global calls for reducing carbon emissions to avert a climate crisis.⁴

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