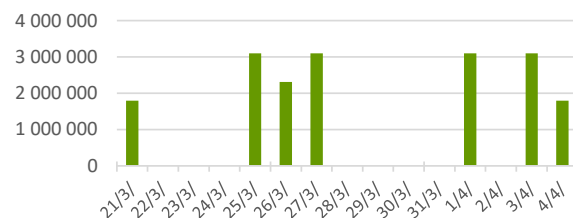


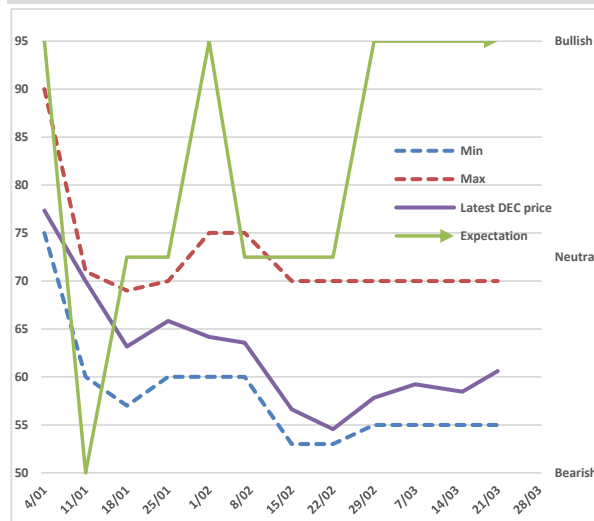
EUA prices €/t	14/03/2024	vs.	21/03/2024
Product	Change*		
DEC-2024	58,45	59,07	1,1 %
DEC-2025	60,64	61,32	1,1 %
DEC-2026	62,77	63,47	1,1 %
UKA DEC-24 **	44,19	41,40	-6,3 %

\*Change compared to the previous report \*\* In Euros

#### Upcoming auction volumes



#### Expectations on past reports



Energy prices	21/03/2024		
Product	Unit	Prices*	Change*
ENO Q2-2024	€/MWh	37,10	4,5 %
ENO 2026	€/MWh	39,13	0,5 %
ENO 2027	€/MWh	37,70	-0,5 %
ENO 2028	€/MWh	40,00	-1,2 %
EEX, Base load 2026	€/MWh	77,81	1,0 %
Brent crude front month	\$/bbl	85,78	0,4 %
Natural gas TTF Front month	€/MWh	26,40	1,4 %
Coal CIF ARA API2 2026	\$/t	108,73	1,2 %

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

## Market Analysis

The DEC24 product continued the end of the week rally on Monday, rising to close at a level north of €61/t, with prices downward for the rest of the week. The highest price of the week was seen on Tuesday when it approached €63/t and the lowest so far was seen on Thursday at around €59/t, just under the 20-day moving exponential average, but at the time of writing prices had recovered to above this, above the corresponding 10- and 20-day and below the 50-day average. The RSI is at a fairly neutral 53, the MACD softened for the second day but is nevertheless on the upside. Open interest slipped slightly on Wednesday, continuing above last Friday's level. The price difference between DEC24 and DEC25 has continued at 4–5 %.

Yesterday (Wednesday), auctions saw the biggest drop in two weeks compared to spot prices, bid-cover ratios for the week have been weaker than in the early part of the year, and the corresponding indicator for the second auction of emission allowances in the aviation sector fell to the average of all auctions at the beginning of the year, while in the previous auction there were slightly more buyers on the move. The lowest bid has risen from a level of around €50/t to above €55/t. The CoT published on Wednesday and reflecting the situation on Friday last week, showed that investment funds had reduced their net short-sold position by about 3.7 million tonnes, to 29.6 million tonnes on the short-sold side. Given rising prices, the change was quite expected in the market, the short-sold position of funds is down by around 25% from its peak on February 23.

Gas prices have continued to show a slight rise, EU gas stocks are near a level of 60% and are likely to take an upward turn in the next few weeks as the mild weather in Europe continues and with the end of the official heating season at the turn of the month. The uptick in the outlook for European industry is indicated by the ZEW sentiment figures published earlier in the week, which rose to the highest level in the euro area since April 2022. Preliminary figures for the HCOB Purchasing Managers' Indices were released on Thursday, showing both the German and euro area manufacturing indices falling markedly against expectations of gains, while services indices rose stronger than expected, while the euro area figure of 51.5 continued on the side of the growing outlook, after turning above the neutral 50 level by five tenths the previous month. On Thursday, the Federal Reserve announced that, as expected, it was keeping key interest rates unchanged, but market comments were interpreted as favoring a slightly lighter than expected monetary policy, favoring three rather than two interest rate cuts this year.

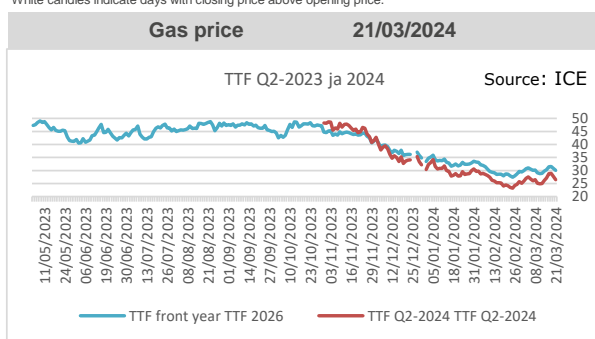
French nuclear power production in the early part of the year has remained slightly below the five-year average, but has remained much higher than last year, especially in March. Based on UMM notifications, an increase in the coming weeks is expected to be even closer to the 50 GW level from around 43 GW in recent days, before the forecast production level of just under 40 GW for May-September. In continental Europe, the hydro balance is estimated to be about 10 TWh stronger than usual, while in the Nordic countries the situation is about 10 TWh weaker than normal. Nordic electricity is expected to be approximately €20/MWh cheaper than the German equivalent in the next quarter, but the combination of reasonably good control of hydropower producers and rapidly growing solar power production in Germany may bring an even closer convergence since the development of the demand picture is currently a less clear factor.

## Market view

Economic indicators have yet to confirm a turnaround in manufacturing, with sentiment possibly improving from the services. Nor has there been a change in the outlook for interest rates in Europe to directly encourage investment. We expect the price of emission allowances to continue to be lower than last year in line with the demand picture, but we consider the potential for further falls to be limited and the movement of funds could bring a rapid increase. We reiterate last week's expectation of a bullish trend between €55–€70/t.



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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## On Agenda: Finland

Finnish startup Steady Energy is further developing VTT's technology designed for district heating in Finland. The company will start the construction of a pilot plant next year and aims to complete 5–10 reactors within the next 10 years. According to Ernst & Young's report <sup>2</sup>, the largest number, 21, of small-scale nuclear power plant projects is ongoing in the United States, with 17 in Russia, 10 in China and the highest number in Europe is in France, where there are 9 projects. The difference with many others, such as Nuscale's solution that has had to be discontinued, is that the aim is to produce heat only and not electricity, which enables lower operating pressures and a simpler plant. <sup>1</sup>

Some experts estimate that natural carbon sinks will initially be cheaper for Finland than technical carbon sinks. Ways to sequester carbon would include, for example, protecting forests, inundating peat soils and, in spruce-dominated swamp forests, switching from clear felling to continuous cultivation. UPM, for example, has said that it has switched to continuous cultivation in spruce stands on drained sites. An additional benefit in forest protection would be the protection of natural values. <sup>3</sup>

## On Agenda: Europe

The Japanese and Korean steel industries are reportedly actively lobbying against the implementation of the EU's carbon border adjustment mechanism (CBAM). The think tank InfluenceMap has monitored the impact and found that steelmakers met with representatives of the European Commission, the World Trade Organization (WTO) and various governments in 2022–2024 with the aim of influencing the impact of the mechanism. The pilot phase of the system began in October 2023 and feedback on the methodology and scope is expected until the end of 2025, with plans for taxation to start from the beginning of 2026 according to the plan. On the other hand, according to NGO Transparency International, two of the eight largest organizations with the largest impact on EU climate policy in terms of the number of meetings included two from the fossil fuel sector, Shell and the International Association of Oil and Gas Producers. <sup>4</sup>

## On Agenda: Global

A peer-reviewed study states that carbon sequestration methods based on afforestation and forest preservation are strongly scientifically proven. The authors of the study estimate that voluntary emission reductions have suffered from reputational damage, while, for example, according to a recent Brazilian study, so-called blue carbon projects are subject to uncertainty related to calculation methods. <sup>5</sup>

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