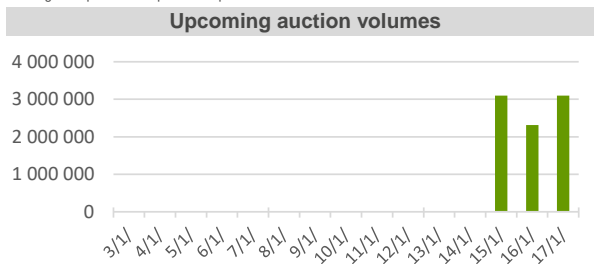


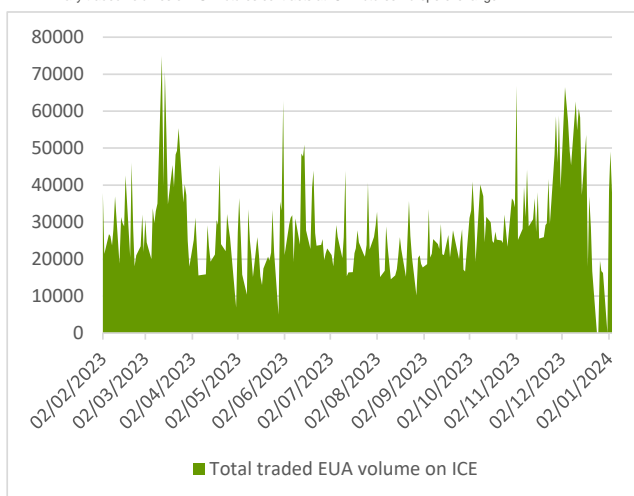
EUA prices €/t	27/12/2023	vs.	04/01/2024
Product			Change*
DEC-2024	79,99	75,82	-5,2 %
DEC-2025	82,46	78,19	-5,2 %
DEC-2026	85,04	80,53	-5,3 %
UKA DEC-24 **	51,49	51,20	-0,6 %

*Change compared to the previous report ** In Euros



Daily traded EUA volume, ICE Futures Europe*

*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices		04/01/2024
Product	Unit	Prices* Change*
ENO Q2-2024	€/MWh	60,00 11,1 %
ENO 2026	€/MWh	48,35 8,4 %
ENO 2027	€/MWh	44,80 2,4 %
ENO 2028	€/MWh	45,08 -0,1 %
EEX, Base load 2026	€/MWh	93,70 -7,0 %
Brent crude front month	\$/bbl	77,59 -2,6 %
Natural gas TTF Front month	€/MWh	33,41 -5,9 %
Coal CIF ARA API2 2026	\$/t	99,04 1,4 %

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

Market Analysis

The 2024 derivative product reached its local low in mid-December at just under €70/t, from where it began to rise to €80/t and momentarily above this, as in late November. Nevertheless, on the first trading day of the year, the price closed at around €76/t, down from €80/t, since when it has slowly climbed towards levels of around €80/t over the two following days. On Thursday, the RSI was at a fairly neutral level of 54, the MACD weakening on the bullish side, open interest has fallen from mid-December levels, possibly indicating a closing of positions. Describing the situation on the previous Friday, the CoT published on Wednesday showed that investment funds had significantly cut their net short positions compared to a week earlier.

The December HCOB Eurozone PMI published on Thursday exceeded expectations, the overall index remained at November's level at 47.6 and the services PMI rose by a tenth to a level of 48.1, both were expected to fall. The minutes of the Federal Reserve's last interest rate meeting, published earlier in the week, weighed on market sentiment amid rising interest rate expectations, while job vacancies fell in November to their lowest level since May 2021, possibly suggesting a calming of the overheated labor market and thus a slight easing of inflationary pressures.

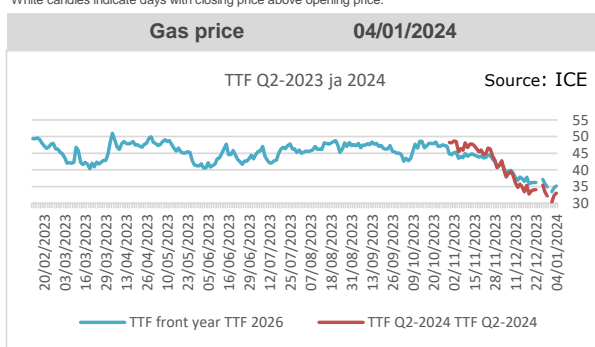
More than 55 GW of French nuclear power is expected to be available by the end of January, with the rest of the year falling to an average of 40.9 GW in Refinitiv's forecast, compared to an average of 39.5 GW in 2023 and 38.8 GW in 2022. An average output of 47.2 GW was realized in the early part of the year. The Nordic hydro balance forecast has fallen to about -15 TWh compared to normal, with EU gas storage capacity at a level of 86.1% at 981 TWh on Tuesday, with reported withdrawal from storage being around 3.26 TWh/day.

Market view

The absence of auctions is considered to be supportive of the market and the short positions still held by investment funds provide an opportunity for a rise when they start to be closed. Development of the emission allowance might correlate with the gas price, with the colder weather in Europe lifting both. Slightly lower prices and the turn of the year may have brought companies subject to emissions trading to the market to buy allowances also during the auction break, small positive indications about the economy and, on the other hand, cooler weather in the near future may serve as fundamentals supporting the market. We expect the emission allowance to show bullish development with the range remaining quite wide, between €75-€90/t for the DEC24 product, until the start of auctions. We also consider the market to be riskier than usual and therefore more sensitive to technical trading, regardless of the fundamentals.



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



Events	
Date	Event
January 15-16	Informal meeting of EU environment ministers
February 1	Special European Council Meeting

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Links to the news:

- [1 Tilastokeskus \(in Finnish\)](#)
- [2 Helsingin Sanomat \(in Finnish\)](#)
- [3 SKM Data, Gasum \(no link\)](#)
- [4 Carbon Pulse](#)
- [5 Refinitiv](#)

On Agenda: Finland

The price of forest chips at the place of use has exceeded €30/MWh for the second consecutive quarter. According to Statistics Finland, the price level in Q3/2023 was €31.2/MWh, approximately 20% higher than a year earlier. ¹

A new working group led by the Ministry of Economic Affairs and Employment and the Ministry of Defence has been set up to investigate, during the course of six months, the potential and possibilities to proceed with the additional construction of wind power in Eastern Finland. Based on a report by Arto Räty during the previous government term, the radar problems could be solved and wind power construction in new regions would even out price fluctuations. ²

The exceptionally cold weather is expected to continue in Finland into the weekend. In the 2000s, there have been 30 days when temperatures averaging below -20C have been measured in Finland and, for example, statistics show the temperature of -20.8C on January 2 to have been the 25th coldest day in Finland in the 2000s, while January 3 was slightly milder at -20.4C. Measured by the five-day moving average, cold spells below -20C degrees have so far only been measured in January 2003 and February 2011. ³

On Agenda: Europe

Chemical and steel companies around the world are preparing to relocate their manufacturing facilities to meet the challenges of reducing emissions, focusing on integrating renewable hydrogen as a key energy source. As highlighted in a study by the Potsdam Research Institute for Sustainable Development Aid, policies and subsidies that prioritize access to renewable energy over traditional factors such as proximity to consumer markets are influencing this strategic shift. As green industrial policy gathers momentum, smaller economies in the Global South are facing budget challenges in this transition, highlighting the need for equitable climate finance solutions. ⁴

On Agenda: Global

COP28 outcomes included a pledge to phase out fossil fuels and the establishment of a new Loss & Damage Fund but faced criticism for vague language and insufficient funding. The Global Stocktake at the conference showed little progress in fossil fuel reduction and financial support for the Global South. The absence of unanimity on international emission allowance trading rules in Article 6 of the Paris Agreement only led to voluntary and bilateral agreements. Despite this, significant progress was made on renewable energy pledges and voluntary emission reduction markets. ⁵

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