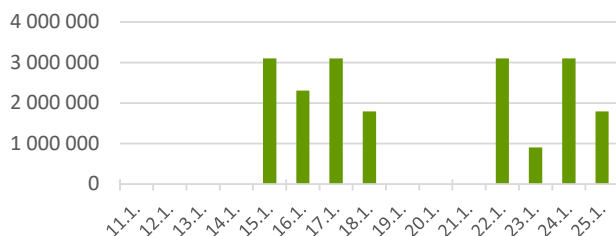
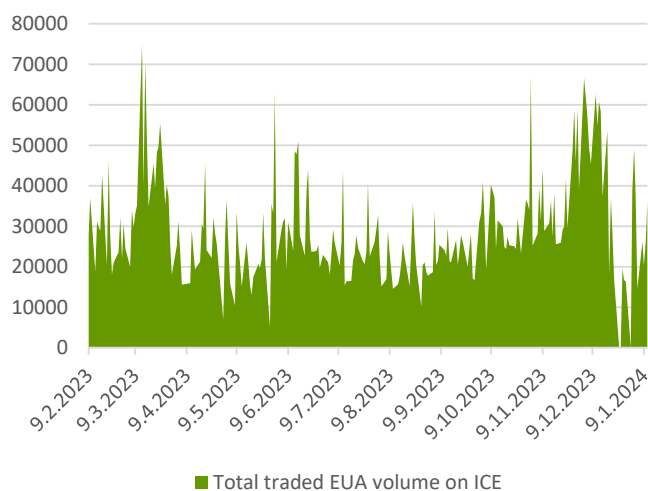
**EUA prices €/t**

Product			Change*
DEC-2024	75.82	67.92	-10.4 %
DEC-2025	78.19	70.23	-10.2 %
DEC-2026	80.53	72.51	-10.0 %
UKA DEC-24 **	51.20	42.86	-16.3 %

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

**Upcoming auction volumes****Daily traded EUA volume, ICE Futures Europe\***

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

**Energy prices**

11.1.2024

Product	Unit	Prices*	Change*
ENO Q2-2024	€/MWh	44.65	-25.6 %
ENO 2026	€/MWh	43.75	-9.5 %
ENO 2027	€/MWh	41.60	-7.1 %
ENO 2028	€/MWh	42.00	-6.8 %
EEX, Base load 2026	€/MWh	87.27	-6.9 %
Brent crude front month	\$/bbl	77.41	-0.2 %
Natural gas TTF Front month	€/MWh	30.82	-7.8 %
Coal CIF ARA API2 2026	\$/t	100.00	1.0 %

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

**Market Analysis**

The 2024 derivative product has been falling sharply in the first few days of the year and is already now less than €70/t having fallen from a level of €80/t. The price level of around €68-€69/t seen in mid-December might be a support level at which the price fall stopped on Wednesday. In the technical analysis, the 10-, 20- and 50-day moving exponential averages are falling, the RSI is approaching a level of 34, denoting oversold, the MACD encountered a bearish turn a few days ago and has been weakening on the bearish side. Recent days have seen open interest rise slightly since January 4. It reached its highest level on December 21 and development has continued well below this level.

The CoT shows that commercial actors had increased short positions by around 40 MT, investment companies and credit companies reducing them correspondingly, as investment fund positions remain unchanged. The change in positions was considered to be surprising, as the price of the product fell despite net positions remaining more or less unchanged. Auctions will continue on Monday next week. On the options market, positions for this quarter are €40-€85/t in put options, the most significant amounts at a level of between €50-€70/t. Correspondingly, buy options are €70-€130/t, the most significant amounts at a level of between €90 and €80/t. Two quarters away, there are still reasonable amounts of options at levels of €20 and €100/t.

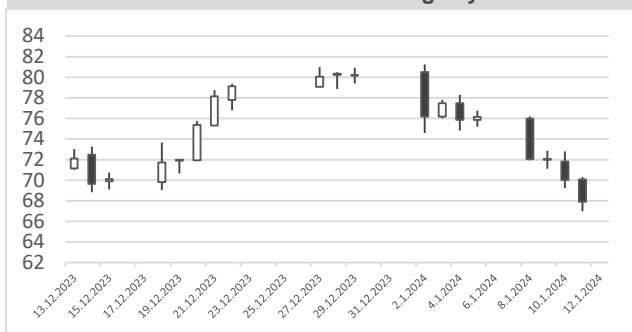
The continued fall in the gas price has also pushed the emission allowance down. EU gas stocks were at a level of 82.64%, with consumption from stocks at a daily level of 9.6 TWh. Over the course of the two-week period, the weather in Central Europe is expected to rise from about 4C cooler than usual to about 3C warmer than normal. In the monthly forecast, temperatures in Germany are expected to rise to around normal levels until late February. In the Nordic countries, simulations show the corresponding period is expected to continue to be cooler than usual on average, with the risks of cold weather weighing on average. French nuclear power production has increased to more than 50 GW, the increase is expected to continue in January to reach more than 55 GW before dropping to below a level of 50 GW during February in official briefings, and in Refinitiv's forecasts dropping to below 45 GW.

The lower price of gas condensate compared to coal condensate may have prompted operators to switch production modes, for example, in the Q2-2024 period, the price level of emission allowances required for the switch will only be around €50/t, the difference with the derivative product having widened from a few euros in late December already to about €20.

**Market view**

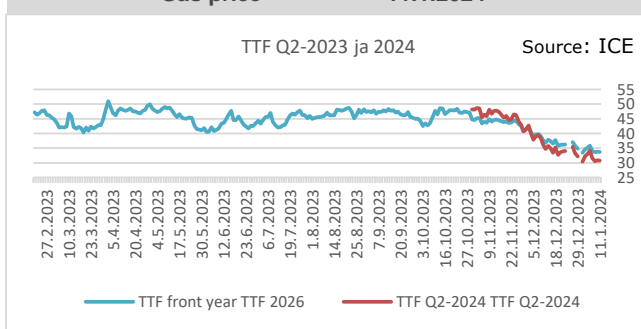
Mild weather in Europe is likely to weigh on short-term demand and gas prices. The cost of switching between coal and gas is a factor weighing heavily on the price level. We are clearly lowering our expectations to €60-€71/t. Our previous bullish expectation was supported only mainly by the potential for closing investment fund positions, but we only see this as being significantly lower due to the weakening market. The re-start of auctions could greatly shake the price at the beginning of next week, we consider a bearish effect to be likely.

DEC-2024 Last 20 trading days



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

Gas price 11.1.2024



Events

Date	Event
January 15-16	Informal meeting of EU environment ministers
June 6-9	Elections for the European Parliament

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### Links to the news:

- [1 Helsingin Sanomat \(in Finnish\)](#)
- [2 Kauppalehti \(in Finnish\)](#)
- [3 Carbon Pulse](#)
- [4 Bloomberg](#)
- [5 Bloomberg](#)

## On Agenda: Finland

According to Statistics Finland, the value of new orders in manufacturing fell by nearly 19% year-on-year. For January to November, the fall was around 12%. Forest industry output is said to have grown by more than 2%. <sup>1</sup>

Finnish company Coolbrook has developed technology for electric process heaters capable of temperatures above 800 degrees. The company says that tests at the test facility in the Netherlands were so successful that the company can begin industrial-scale shipments to customers during 2024. The company is developing two different technology solutions for the needs of the process industry. <sup>2</sup>

## On Agenda: Europe

Scientists and climate policy experts are calling on the European Commission to separate emissions reduction, soil sequestration and permanent carbon removal in its proposal for 2040 climate targets. This requirement, signed by nearly 100 different actors, seeks to avoid confusion and improve the management of climate goals. The European Commission is due to present its proposals for 2040 targets in early February, and experts support separate targets to consider the role of new carbon removal technologies and ensure that the EU meets its climate responsibility. <sup>3</sup>

## On Agenda: Global

China's electric vehicle market boom is expected to slow for a second year in 2024, with shipments of battery-electric and plug-in hybrid cars projected to grow by 25%, according to the China Passenger Automobile Association. This is a significant slowdown from 36% growth in 2023 and the whopping 96% growth seen in 2022, when national subsidies were still in place. Economic pressure and increasing competition make it challenging for automakers to meet their sales targets, potentially leading to a protracted price war in the industry. <sup>4</sup>

The rapid growth of rooftop photovoltaic installations in China, a key driver of China's renewable energy expansion, is facing challenges as around 150 locations across the country have reached grid capacity, limiting additional installations. This creates an obstacle to China's ambitious green transition plans and underlines the need to strengthen regional grids and invest in energy storage. While rooftop installations already locked for 2024 won't be affected, developers will find it very difficult to launch new projects in areas with grid restrictions, potentially slowing down the country's solar energy growth. <sup>5</sup>

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