



Carbon Weekly Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

12/08/2022

Voluntary Markets

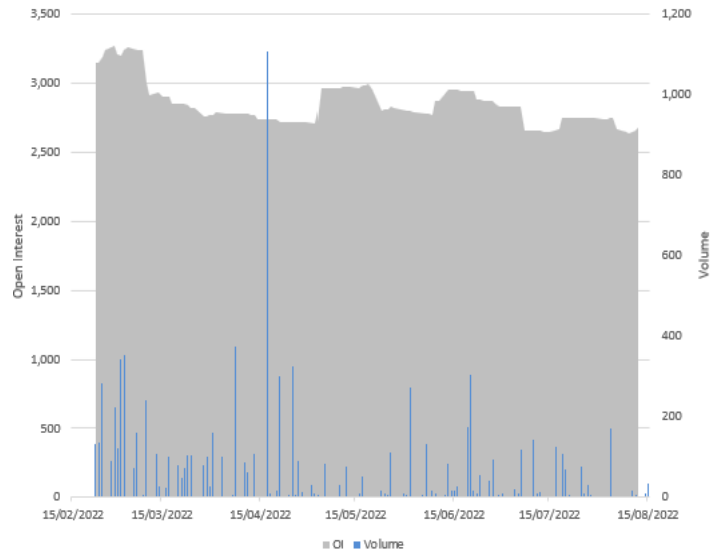
CME Futures

This week the most notable movements has been prices for nature-based credits, with the NGO Dec-23 contract enhanced +3.59% to \$10.39 on Friday. On Dec-22, Friday prices finished up +0.51% at \$7.83. Following last Friday's rally, technology credits have been trading in a small range this week. Prices also advanced +1.02% on GEO Dec-22 to print at \$3.96. While on GEO Dec-23, the contract also increased +0.24% to \$4.21. Nevertheless, open interest in NGO Dec-23 contracts has been decreasing with the increase in prices. In summary, open interest on GEO Dec-22 decreased by 217 lots, while NGO Dec-23 decreased by 6 lots.

CME GEO DEC22/23 Futures



CME GEO DEC22 Open Interest/ Volume

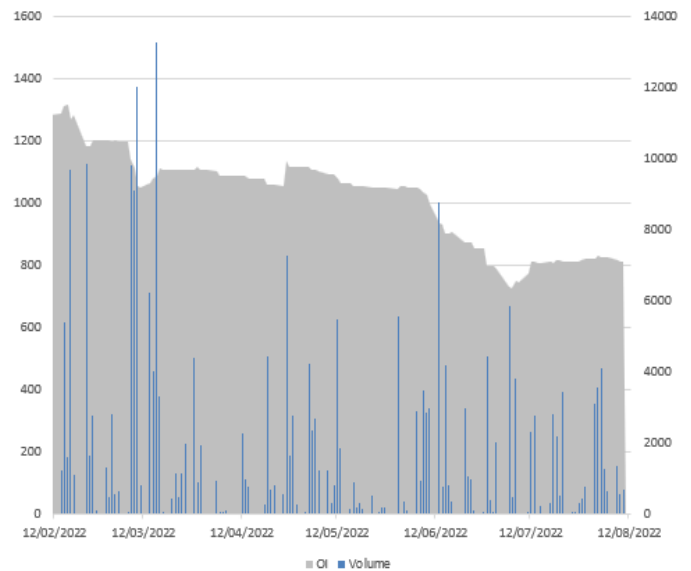


Source: Refinitiv

CME NGO DEC22/ DEC23 Futures



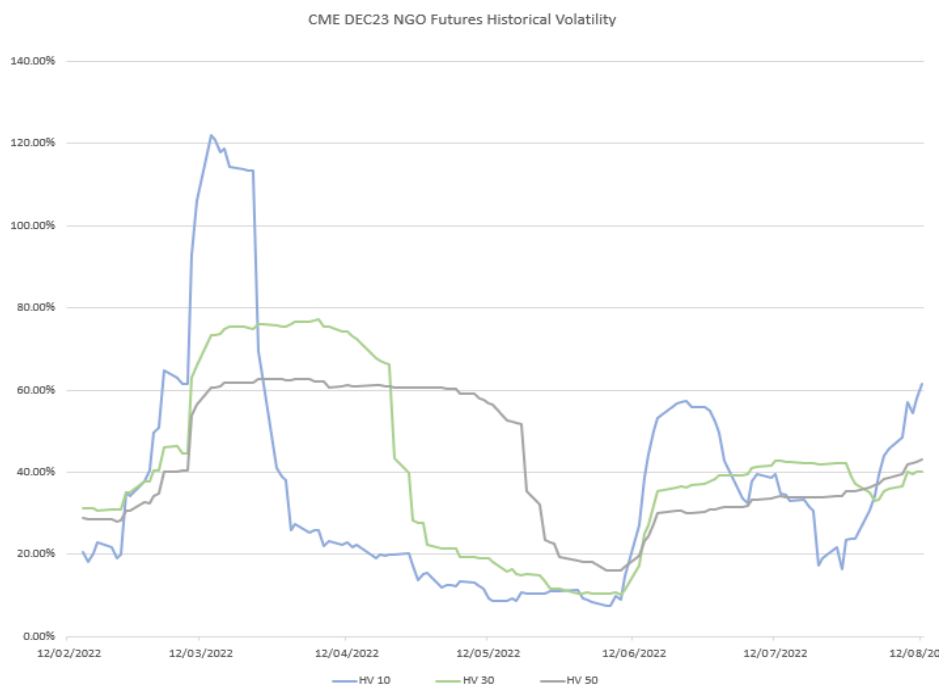
CME NGO DEC22 Open Interest/ Volume



Source: Refinitiv

CME NGO Historical Volatility

Following the increase in prices discussed above, volatility on the Dec-23 NGO contract has rightfully increased across ten, thirty, and fifty days.



Block Trades on CME (w/c 8th)

A total of 1.26m tonnes was traded on CME through 20 blocks last week on the GEO/ NGO contracts.

Date	Direction	Contract	Expiry	Price (\$)	Qty/tns ('000)
12/08/2022	B	NGO	Dec22/Dec23	-2.5	50
12/08/2022	B	NGO	Dec23/Dec25	-3.2	50
12/08/2022	B	NGO	Dec-22	7.85	40
12/08/2022	B	NGO	Dec-22	13.45	50
12/08/2022	B	NGO	Dec-22	10.25	50
12/08/2022	B	NGO	Dec22/Dec23	-2.5	50
12/08/2022	B	NGO	Dec22/Dec23	-2.5	150
12/08/2022	B	NGO	Dec-22	10.25	25
12/08/2022	B	NGO	Dec-22	7.8	60
11/08/2022	B	GEO	23-Dec	4.2	10
11/08/2022	B	GEO	22-Dec	3.95	50
11/08/2022	B	GEO	23-Dec	4.2	40
11/08/2022	B	GEO	22-Dec	3.95	50
10/08/2022	B	GEO	22-Dec	3.95	15
10/08/2022	B	GEO	22-Dec	3.95	50
10/08/2022	B	GEO	24-Dec	4.55	100
09/08/2022	B	NGO	22-Dec	7.72	20
08/08/2022	B	GEO	22-Dec	3.95	25
08/08/2022	B	NGO	22-Dec	7.77	24
08/08/2022	B	NGO	22-Dec	7.77	50

Source: CME Direct

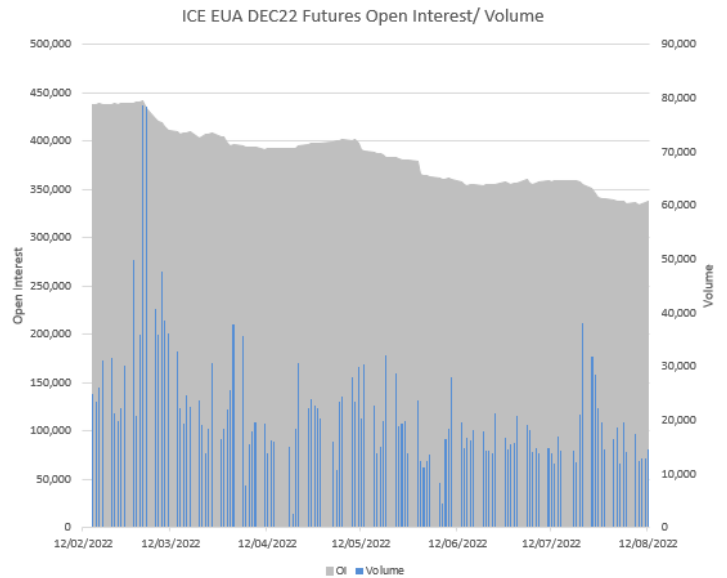
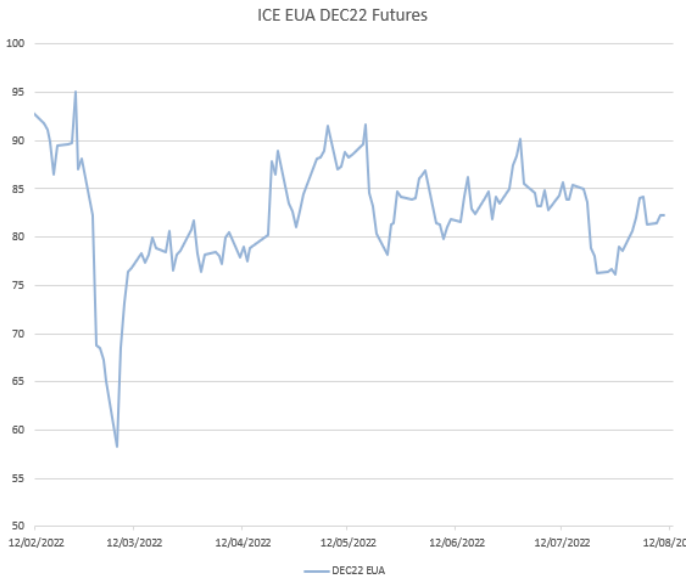
FIS Trades (w/c 8th)

VCS 2358 NANCHANG ZHONGLAN HUANNENG TECHNICAL SERVICE CO. LTD. MAIYUAN LFG POWER GENERATION PROJECT (China) V2020 traded at \$4.50 in 100kt.

Compliance Markets

EUAs

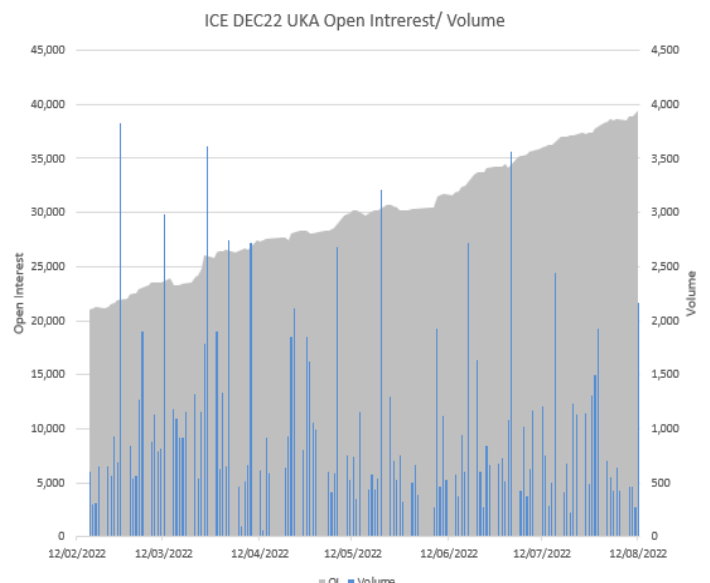
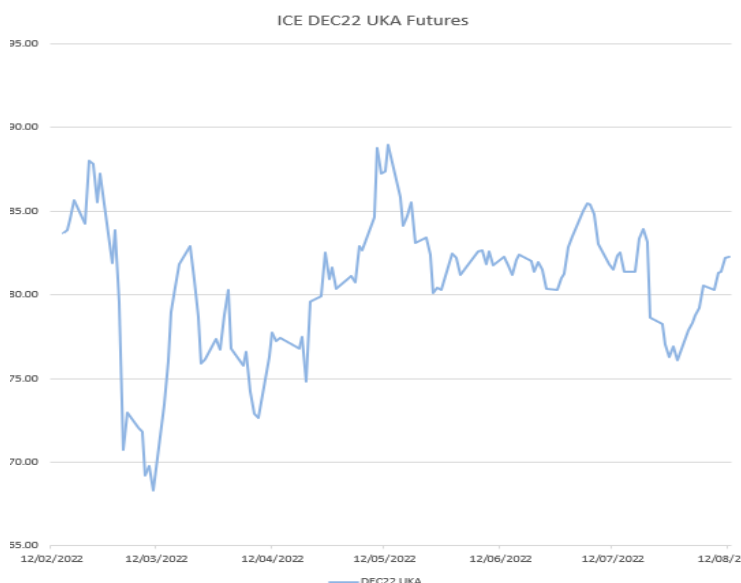
It was another volatile week for the EU compliance carbon market, with surging gas prices attributed to Nord Stream 1 gas delivery concern and rising temperatures. Regarding prices, the EUA Dec-22 contract began climbing from Monday (8th) at €81.39 and settled at a six-week high on Friday (12th) at €88.87, a gain of 9.19% WoW. Finally, it is essential to note that EU ETS' initial decarbonisation effects for shipping are in doubt as few shipping companies have started to prepare for the EU's proposed inclusion of maritime transportation. Initial decarbonisation effects are expected to be minimal due to high gas prices (Platts).



Source: Refinitiv

UKAs

Similarly to the EUA market, the UK's compliance emission prices also hit a three-month high of £87.50 on Friday afternoon. Week-on-week, the UKA Dec-22 contract gained +6.8% to print at €86.81, gaining £5.42. Broader news regarding the UK ETS is UK GHG emissions are currently projected to miss the country's 2030 target under the Paris Agreement (Quantum Commodity Intelligence).

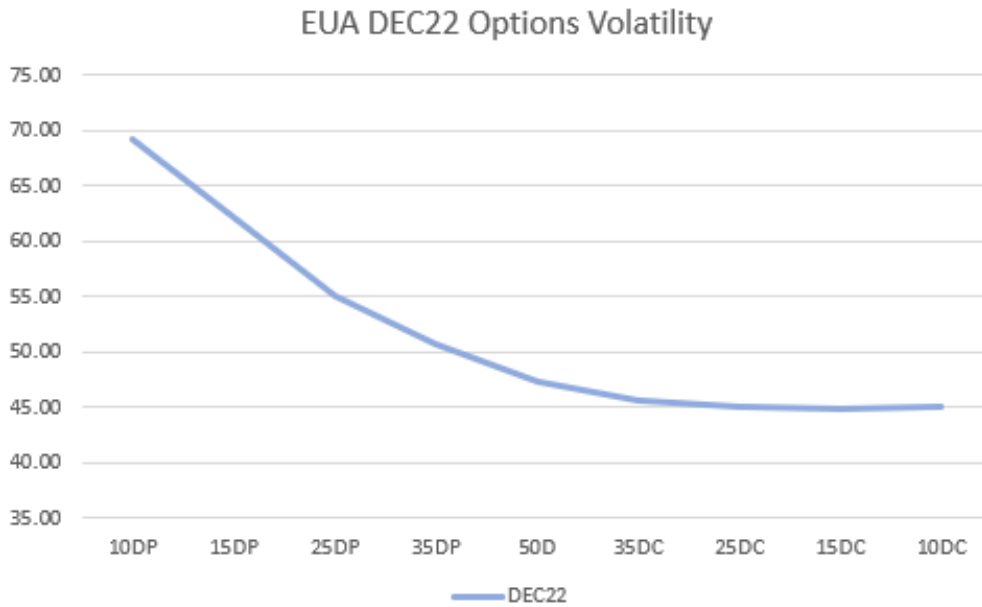


Source: Refinitiv

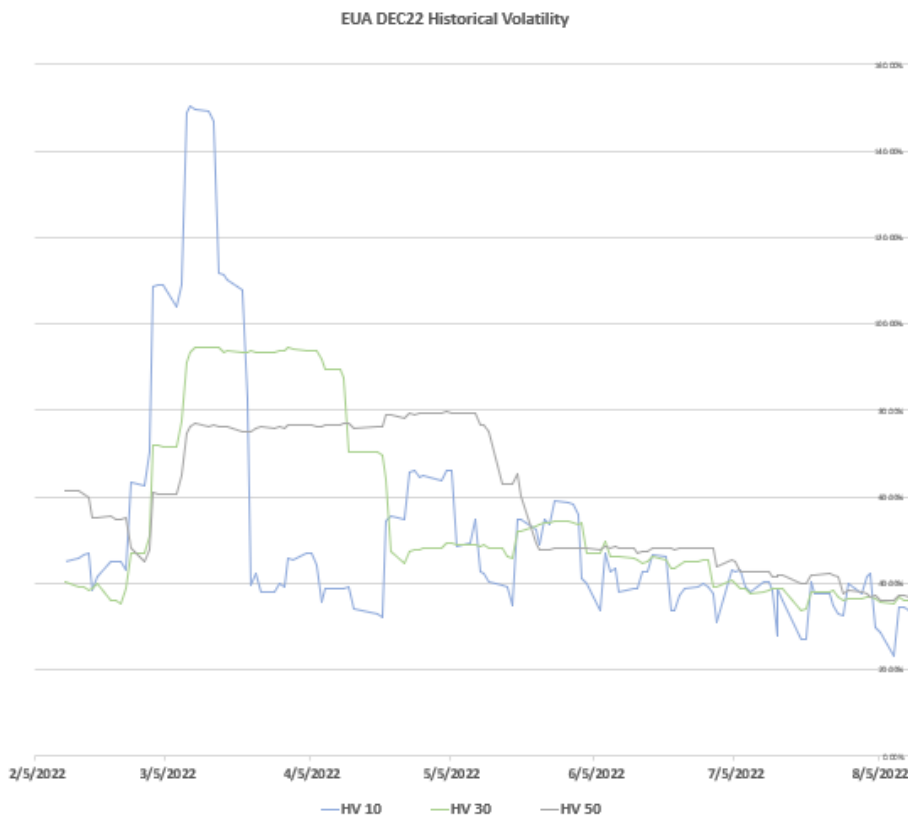
EUA Options Market

Open interest remains largest on the following Dec-22 calls: €80.00 strike calls at 12.8m tonnes (12,832 lots), €100.00 strike calls at 14.5m tonnes (14,524 lots), and €110.00 strike calls at 14.8m tonnes (14,787 lots). Meanwhile, open interest is most prominent on the following Dec-22 puts: €30.00 strikes at 12.6m tonnes (12,625 lots), €45.00 strikes at 15.1m tonnes (15,100 lots), and €60.00 strikes at 17.5m tonnes (17,521 lots).

Volatility Surface: 15/08/2022									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
DEC22	64.54	57.73	51.78	48.58	45.95	44.66	44.29	44.32	44.57



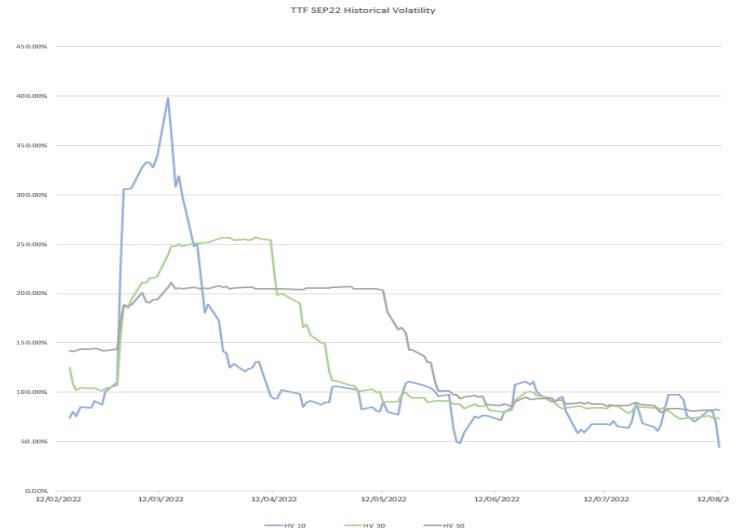
Source: Bloomberg



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Correlated Markets

Prices within energy commodities continued to rise last week, particularly within the TTF Gas market. The front-month TTF contract gained +4.36% week-on-week to settle at €206.108/MWh, arguably driven by prevalently rising temperatures across Europe and Nord Stream 1 gas delivery concerns (Carbon Pulse). Within the German Power market, the Cal-23 baseload future had a weekly-gain of +13% and last traded at €461.50/MWh on Friday (12th).



Source: Refinitiv

Market News

U.S. House of Representatives passed the largest-ever climate bill worth \$430 billion on August 12th (Yahoo News).

Malaysia's stock exchange announced that it will launch a voluntary carbon market (VCM) by the end of 2022 and will aim to encourage investment in high-quality offsetting projects (Reuters).

Turkey may be the next one to announce a ban on selling carbon credits to other countries, continuing a trend involving Papua New Guinea, Indonesia, and Honduras (Platts).

Japan widens the scope for forestry projects in the J-credit scheme to boost the supply of eligible GX League offsets and prepare for the GX League launch in April 2023 (Carbon Pulse).

Written by Huilian Fan

Contact

Kieran Batterbury

KieranB@freightinvestor.com

+44 (0) 207 090 1120

Theodore Goulis

TheoG@freightinvestor.com

+64 6535 5189

Fan Huilian

HuilianF@freightinvestor.com

+44 (0) 207 090 1120

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