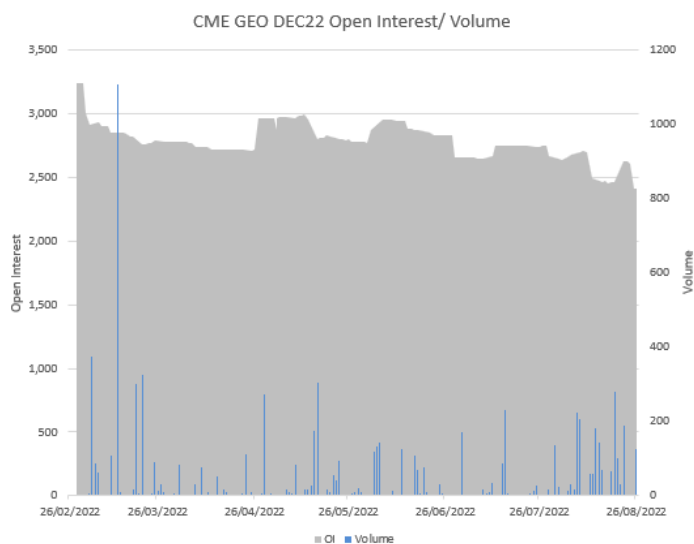
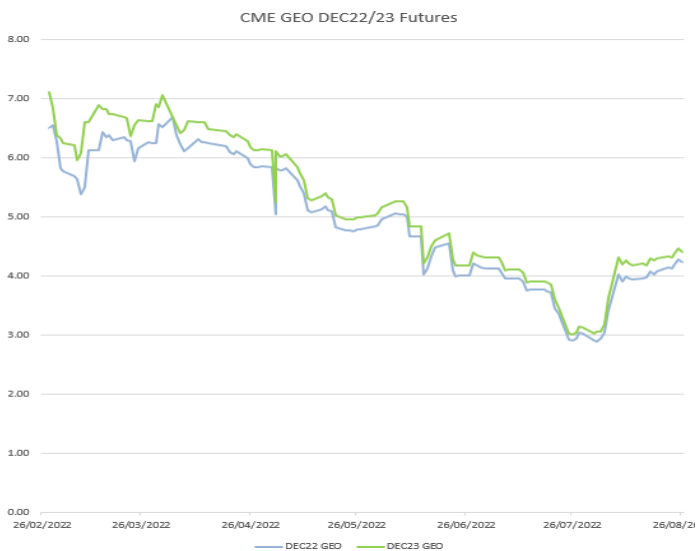


26/08/2022

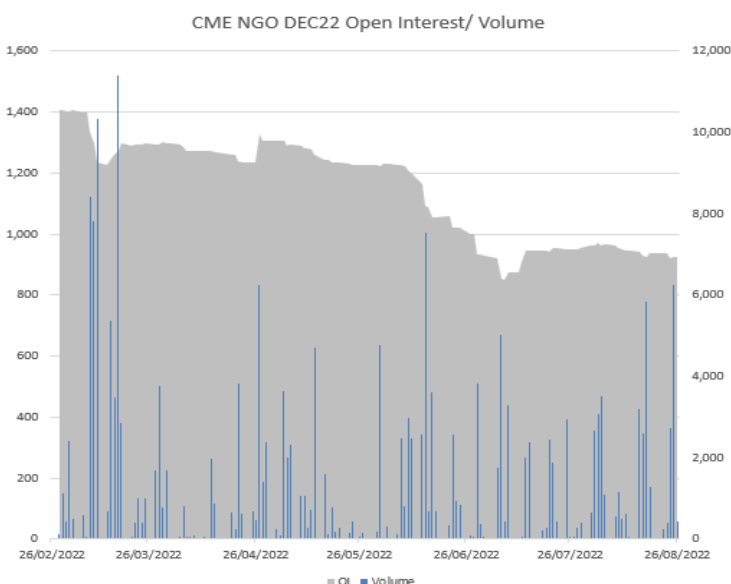
Voluntary Markets

CME Futures

The voluntary carbon market continued to rebound from the recent lows and saw positive gains across the board for both nature-based and technology credits. However, it is the nature-based contract that continues to lead the market higher with NGO Dec-22 gaining \$0.68c in value, rising from \$8.80 on Monday (22nd) to \$9.48 on Friday's close; a weekly gain of +7.7%. The NGO Dec-23 also continues to gain and has arguably been the favoured contract down the curve when looking at traded volumes this week. In terms of prices, it has added \$0.85c in value from \$11.70 to \$12.55 last week (+7.2%). On GEO Dec-22, after falling to a recent low on the 1st of August to \$2.90, the contract has rebounded strongly. This week alone has seen further support found above the \$4.00 threshold with Dec-22 printing at \$4.27 (up +3.14%), and Dec-23 to \$4.45 (+3%).



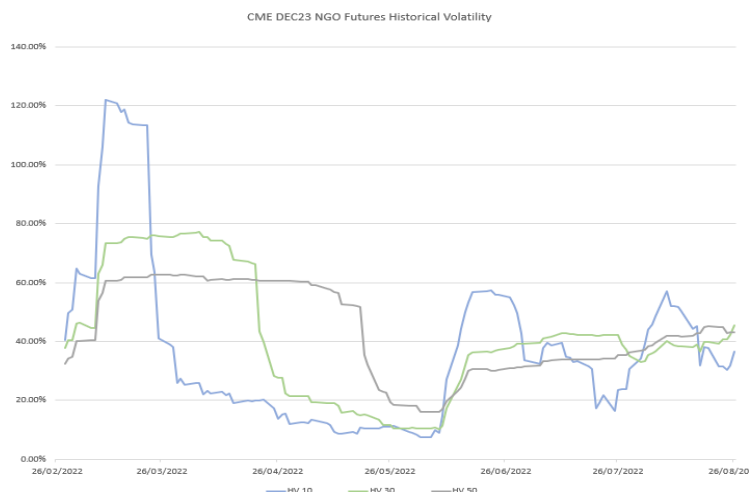
Source: Refinitiv



Source: Refinitiv

CME NGO Historical Volatility

Last week saw a return of ten-day historical volatility increasing on NGO Dec-23, while thirty-day and fifty-day continue to remain elevated.



Source: Refinitiv

Block Trades on CME (w/c 22nd)

A total of 4.3m tonnes was traded on CME through 47 blocks last week on the GEO/ NGO contracts.

Date	Direction	Contract	Expiry	Price (\$)	Qty/tns ('000)
26/08/2022	B	NGO	Dec-23	12.55	50
26/08/2022	B	NGO	Dec-22	9.5	50
26/08/2022	B	NGO	Dec-25	15.5	50
26/08/2022	B	NGO	Dec-23	12.5	50
25/08/2022	B	NGO	Dec-23	12.65	50
25/08/2022	B	NGO	Dec-23	12.9	50
25/08/2022	B	NGO	Dec-23	12.75	50
25/08/2022	B	NGO	Dec-23	12.9	75
25/08/2022	B	NGO	Dec-23	12.9	25
25/08/2022	B	NGO	Dec-23	12.9	50
25/08/2022	B	NGO	Dec-23	12.9	25
25/08/2022	B	NGO	Dec-23	12.9	25
25/08/2022	B	NGO	Dec-23	12.9	50
25/08/2022	B	NGO	Dec-23	12.9	50
24/08/2022	B	NGO	Dec-25	16	200
24/08/2022	B	NGO	Dec-22	9.6	335
24/08/2022	S	NGO	Dec-25	15.6	335
24/08/2022	B	NGO	Dec-23	13	75
24/08/2022	B	NGO	Dec-23	12.9	25
24/08/2022	B	NGO	Dec-23	12.85	25
24/08/2022	B	NGO	Dec-23	12.75	25
24/08/2022	B	GEO	Dec-22	4.15	159
24/08/2022	B	NGO	Dec-25	15.5	450
24/08/2022	B	NGO	Dec-22	9.5	350
24/08/2022	B	NGO	Dec-23	12.5	150
24/08/2022	B	NGO	Dec-25	15.5	150
24/08/2022	B	NGO	Dec-23	12.5	200
24/08/2022	B	NGO	Dec-25	15.5	200
24/08/2022	B	NGO	Dec-23	12.5	25
24/08/2022	B	NGO	Dec-23	12.5	150
24/08/2022	B	NGO	Dec-23	12.35	25
24/08/2022	B	NGO	Dec-23	12.35	25
24/08/2022	B	NGO	Dec-23	12.35	25
24/08/2022	B	NGO	Dec-23	12.35	25
23/08/2022	B	NGO	Dec-23	12.2	25
23/08/2022	B	GEO	Dec-22	4.1	50
23/08/2022	S	GEO	Dec-24	4.65	50
23/08/2022	B	GEO	Dec-24	4.65	50
23/08/2022	B	GEO	Dec-24	4.65	50
23/08/2022	B	NGO	Dec-23	12.15	50
23/08/2022	B	NGO	Dec-23	12.05	25
23/08/2022	B	NGO	Dec-22	9.1	50
23/08/2022	B	NGO	Dec-23	11.85	100
23/08/2022	B	NGO	Dec-23	11.8	25
22/08/2022	B	NGO	Dec-23	11.7	25
22/08/2022	B	NGO	Dec-23	11.7	150

Source: CME Direct

FIS Trades (w/c 22nd)

CME NGO Dec-23 at \$11.80 in 25kt.

CME NGO Dec-23 at \$12.90 in 50kt.

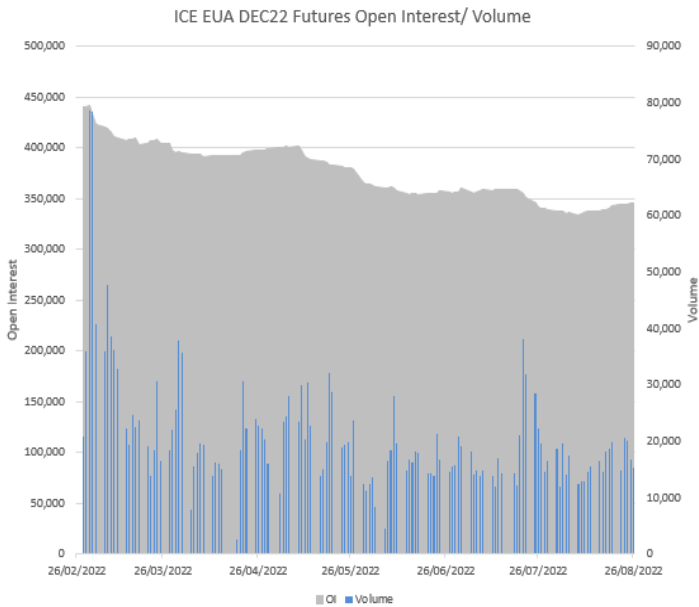
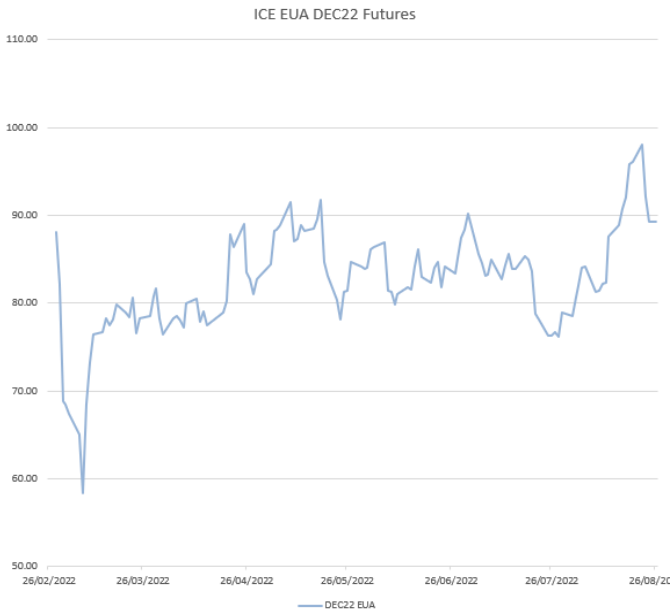
VCS 934, V2019, in 250kt.

VCS 1748, V2019, in 200kt.

Compliance Markets

EUAs

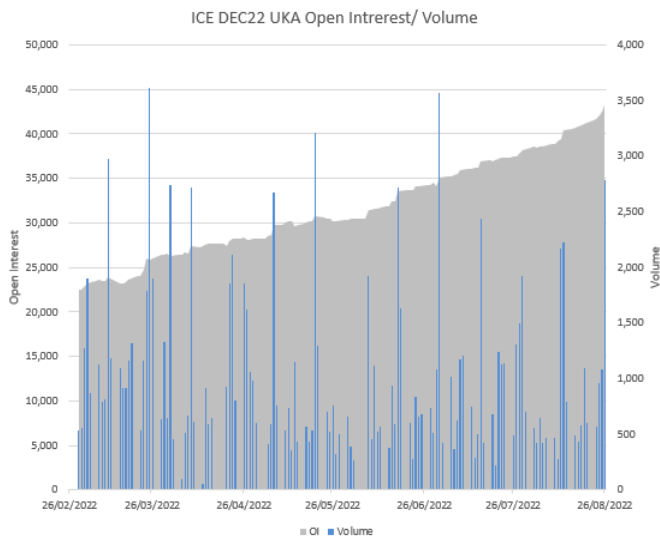
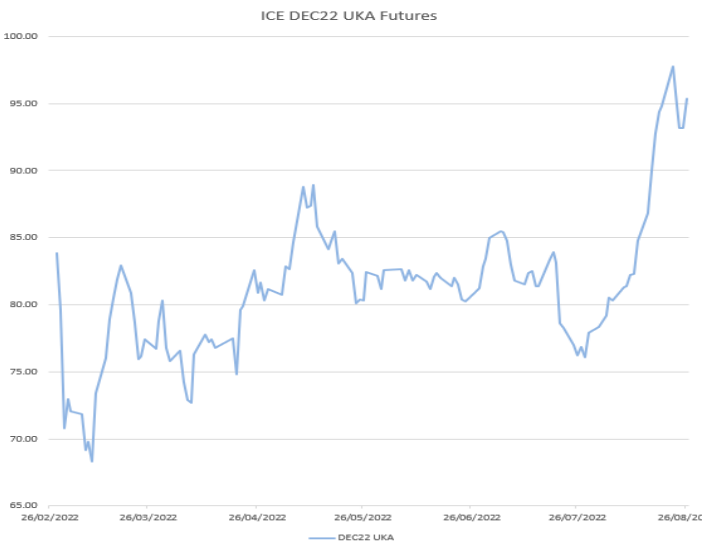
The EUA market retreated from recent highs last week and appeared to be in a period of consolidation as much sideways price action was seen. This is in stark contrast to what was occurring in other energy markets which has clearly had an impact on the EU ETS and failed to provide any directional support. In terms of prices, a 'stronger' trading day on Friday reversed some of the losses from earlier in the week. The Dec-22 contract eventually printed at €90.31, falling from €92.17 on Monday; a -2% decrease.



Source: Refinitiv

UK ETS

Prices in the UK ETS diverged from their EU equivalent last week and appear to have shrugged off any market sentiment that is keeping EUA prices down. Week-on-week, the UKA Dec-22 contract added £2.38 in value; a +2.5% increase from £94.92 on Monday to £97.30 on Friday.



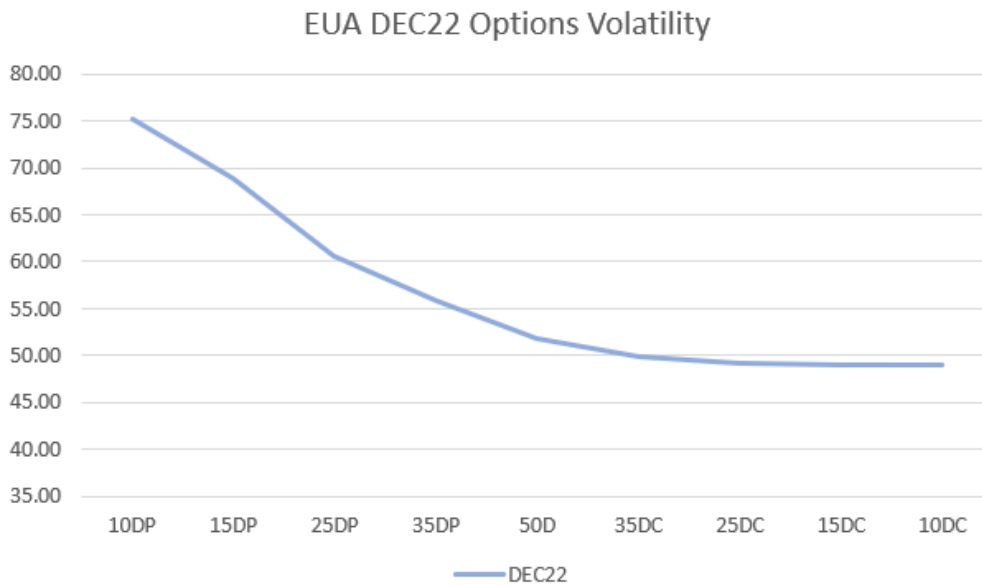
Source: Refinitiv

EUA Options Market

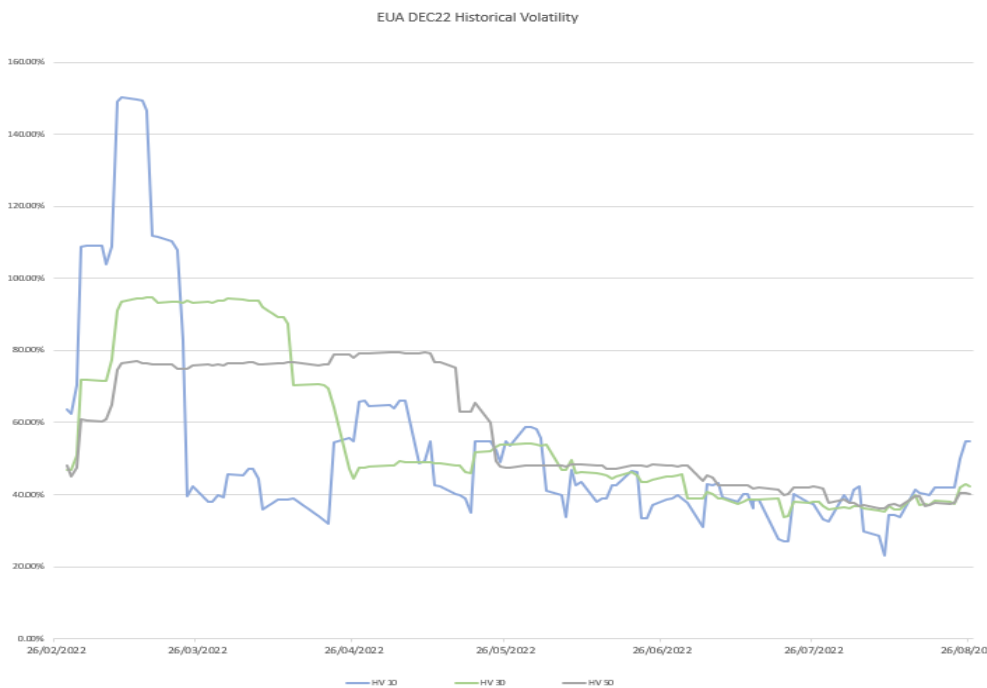
Open interest remains largest on the following Dec-22 calls: €80.00 strike calls at 12.7m tonnes (12,732 lots), €90.00 strike calls at 12m tonnes (12,097 lots), and €100.00 strike calls at 15.7m tonnes (15,774 lots). Meanwhile, open interest is largest on the following Dec-22 puts: €40.00 strikes at 10.1m tonnes (10,178 lots), €45.00 strikes at 14.9m tonnes (14,900 lots), and €60.00 strikes at 17.1m tonnes (17,146 lots).

Volatility Surface: 22/08/2022

TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
DEC22	75.14	68.84	60.57	55.84	51.92	49.90	49.20	48.95	49.01



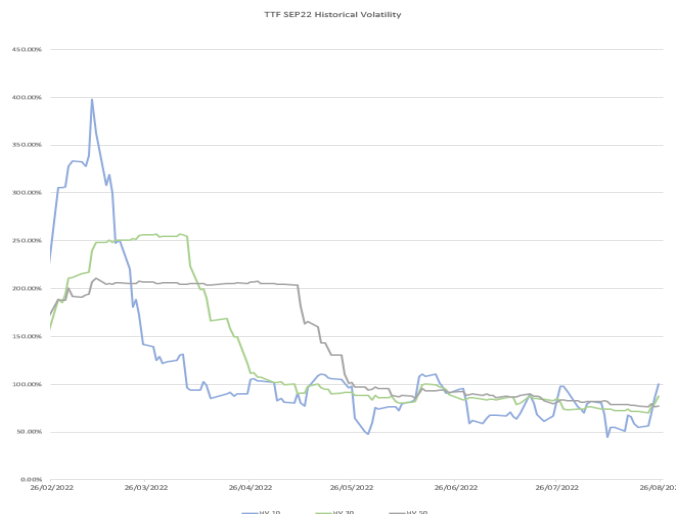
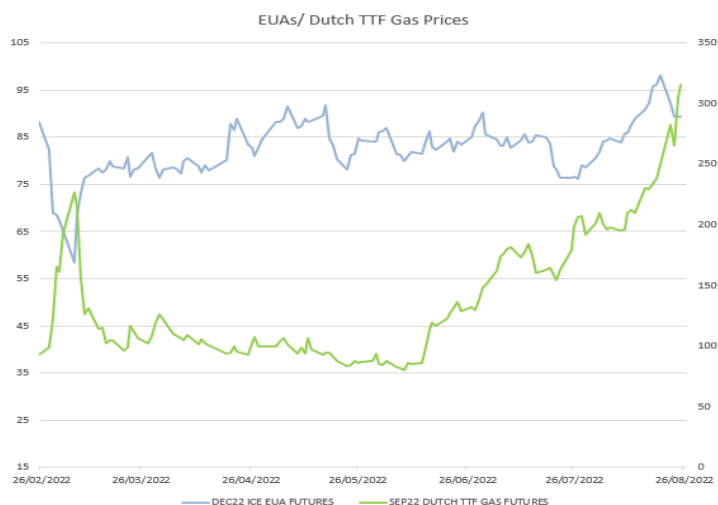
Source: Bloomberg



Source: Bloomberg

Correlated Markets

As alluded to earlier in this report, wider-energy markets continue to hit new record highs as scarcity and input-costs weigh on the market. The TTF Gas market saw a huge gain of €62.50 on the front-month Sep-22 contract after printing at €339.196/MWh on Friday. In addition, dominating the headlines has been cal-23 German Baseload Power Futures with the year-ahead contract hitting a new record settlement price on Friday at €985.00/MWh.



Source: Refinitiv

Market News

One of the world's largest REDD+ project VCS 934 (Mai Ndombe REDD+) plans to slash the carbon credit issuance rate amid wider market revamp (Carbon Pulse).

Carbon Direct, a science-first carbon management firm and software provider, has closed a \$60 million funding round led by Decarbonization Partners, a partnership between Temasek and BlackRock, and Quantum Energy Partners (Bloomberg).

ICE will launch options on UK Carbon Emission Allowances (UKA) on October 10, according to a statement (Bloomberg).

The Lok Sabha (India House of People) this month has passed the Energy Conservation (Amendment) Bill, 2022, which provides for the establishment of a nationwide carbon credit market (Financial Express).

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