



Carbon Weekly Report

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28/10/2022

Voluntary Markets

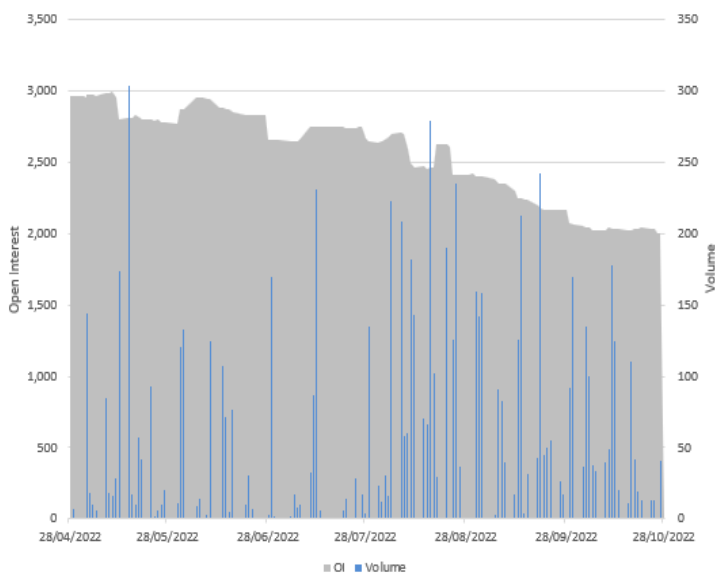
CME Futures

Following the recent sell off, contracts rebounded last week with both nature-based and technology based credits seeing gains this week. The near dated NGO Dec-22 printed at the end of trading on Friday(28th) at \$6.84 up 8.40% (+\$0.53c) from last Friday's (21st) arguable buyers seeing value at these levels. Open interest was down for the week NGO Dec-22 down -0.88%. The latter NGO Dec-23 closed at the end of trading on Friday(28th) \$10.32 seeing up 5.31% (+\$0.52c) from last Friday's (21st) close. The near dated GEO Dec-22 printed at the end of trading on Friday at \$3.45 up 8.49% (+\$0.27c) from last Friday's (21st) close. Open interest was down for the week on GEO Dec-22 down -2.10%. GEO Dec-23 printed at the end of trading on Friday at \$3.66 up 9.35% (+\$0.31c) from last Friday's (21st) close.

CME GEO DEC22/23 Futures



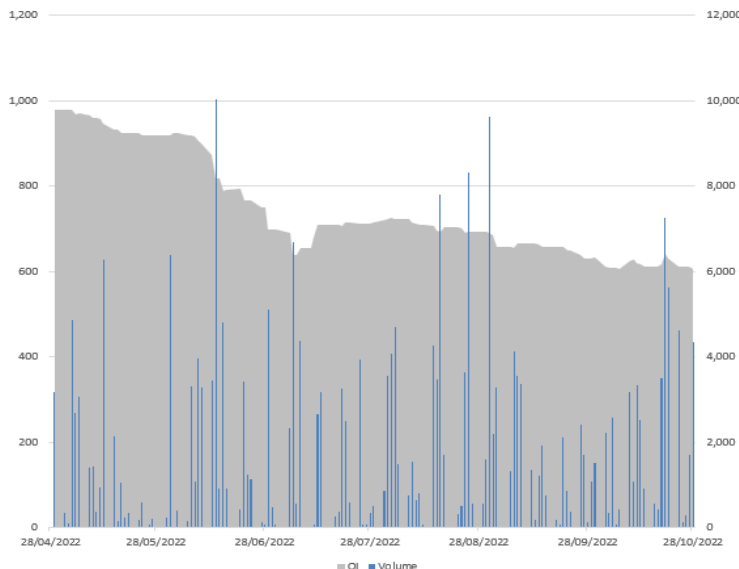
CME GEO DEC22 Open Interest/ Volume



CME NGO DEC22/ DEC23 Futures

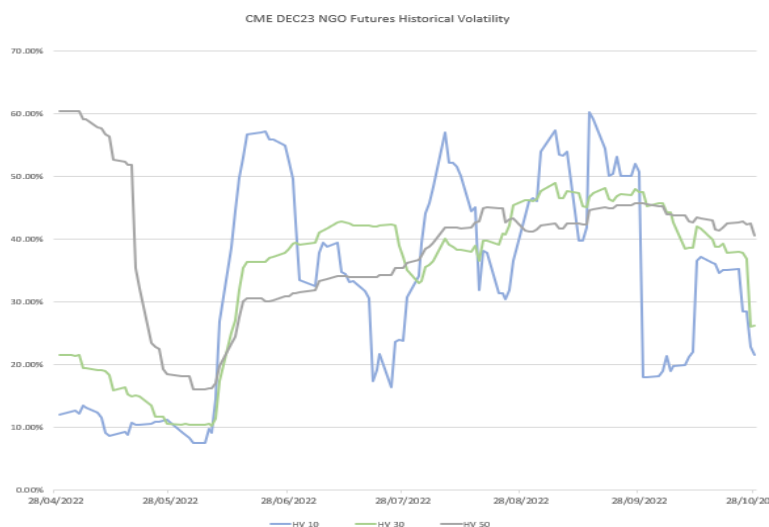


CME NGO DEC22 Open Interest/ Volume



CME NGO Historical Volatility

10 day volatility increased this week from 31.04% to 49.84%. 30 day increased from 49.68% to 50.41%. 50 day volatility also increased from 50.48% to 54.99%.



Source: Refinitiv

Block Trades on CME (w/c 24th)

A total of 1.615m tonnes was traded on CME through blocks last week on the GEO (2 blocks) and NGO contracts (14 blocks).

Date	Direction	Contract	Expiry	Price (\$)	Qty/tns ('000)
28/10/22	B	GEO	Dec23/Dec24	-0.41	250
28/10/22	B	GEO	Dec23/Dec24	-0.41	500
28/10/22	B	NGO	Dec-22	6.75	25
27/10/22	B	NGO	Dec22/Dec23	-3.35	50
27/10/22	B	NGO	Dec22/Dec23	-3.35	250
27/10/22	B	NGO	Dec-23	9.95	40
27/10/22	B	NGO	Dec22/Dec23	-3.35	50
27/10/22	B	NGO	Dec22/Dec23	-3.35	25
26/10/22	B	NGO	Dec-23	9.85	25
26/10/22	B	NGO	Dec23/Dec24	-1.75	50
26/10/22	B	NGO	Dec-22	6.40	25
26/10/22	B	NGO	Dec22/Dec23	-3.35	100
25/10/22	B	NGO	Dec-23	9.85	25
25/10/22	B	NGO	Dec-23	9.85	25
25/10/22	B	NGO	Dec-23	9.6	150
24/10/22	B	NGO	Dec-23	10	25

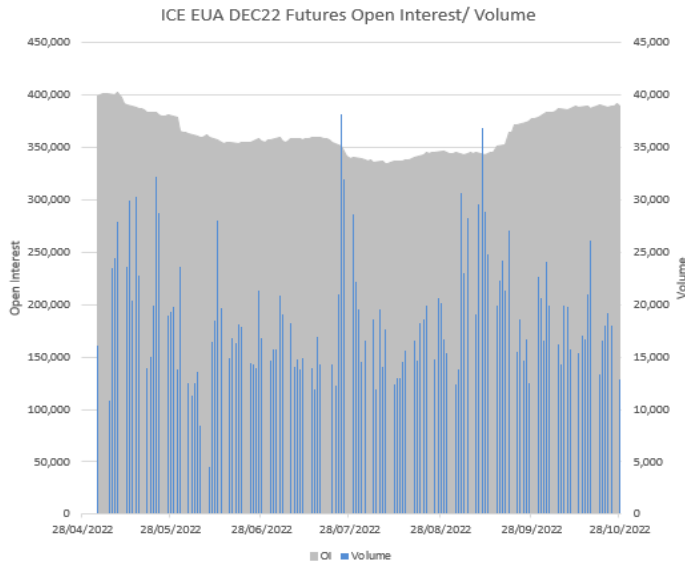
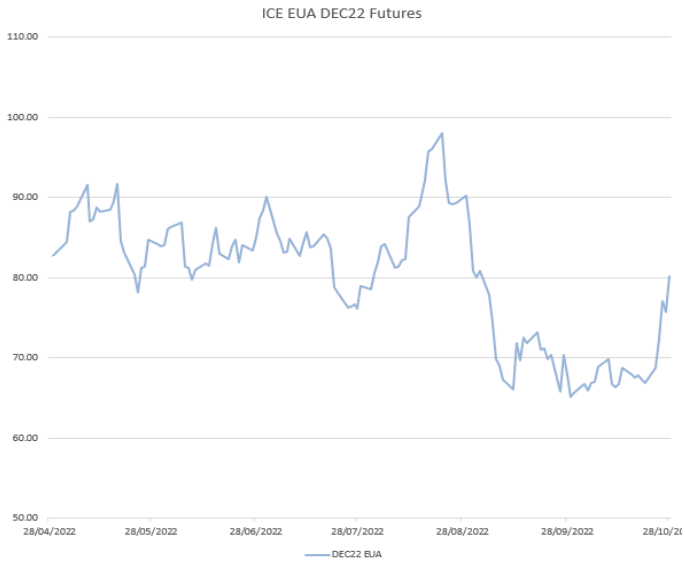
FIS Trades (w/c 24th)

VCS 1067 V20 in 100kt.

Compliance Markets

EUAs

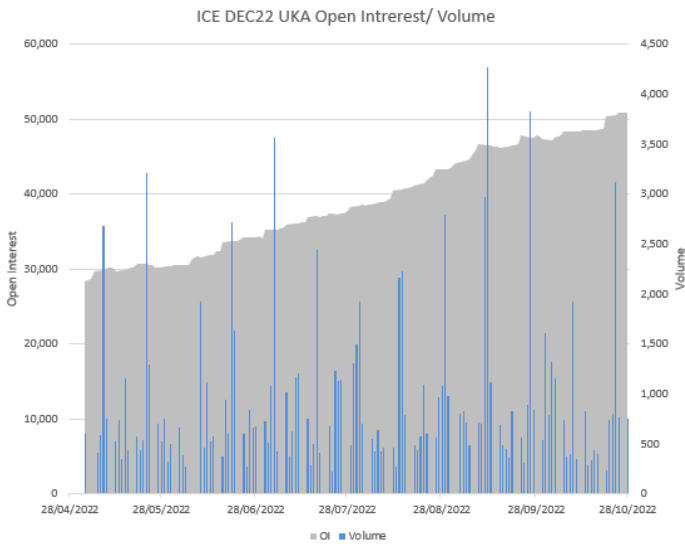
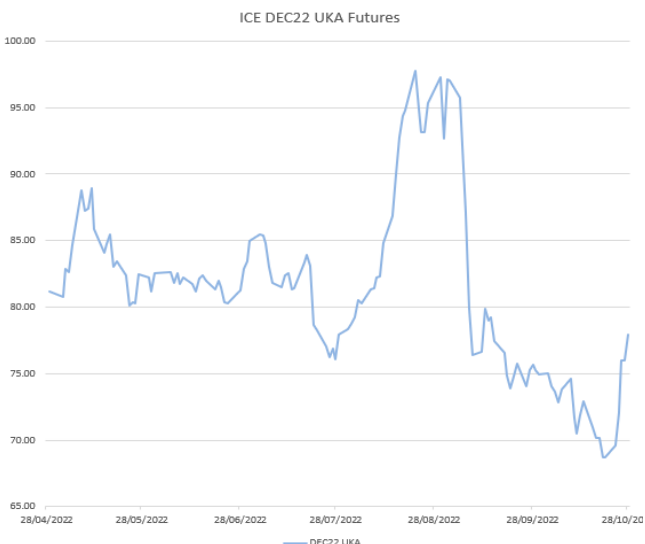
The compliance market rally continued last week, The EUA Dec-22 printed at the end of trading on Friday (28th) at € 81.21 up +18.18% (+€12.49) from the close on Friday (21st) The EUA Dec-22 contract posted its biggest weekly gain in more than 5 years. The average traded volumes increased from 17.08Mt to 24.85Mt. EUA Dec-22 total open interest increased by 18.57Mt from the previous week's 1306.08Mt to 1322.45Mt. Improved sentiment across the European energy markets and expected lower temperatures this winter arguable the reasons behind the rally. Also arguable Germany having to buy 22Mt of EUAs due to failing to meet targets also influencing the rally. Bearish potential is still present in the market with REPowerEU still looming and being discussed and has not reached a concrete decision.



Source: Refinitiv

UK ETS

On the UK ETS side, The UKA Dec-22 printed at the end of trading on Friday (28th) at € 78.36 up +12.63% (+£8.79) from the close price on Friday (21st). The UKAs rally not keeping pace with EUAs. It was another week of political headlines in the UK as we appointed Rishi Sunak as the new prime minister the 3rd prime minister this year with his promises of economic stability. Rishi's environmental policies have been arguable poor and it will interesting to see where he delivers. Other news, ICE announced on Friday (28th) that there will be -3.1% fewer UKAs in the auction in 2023.



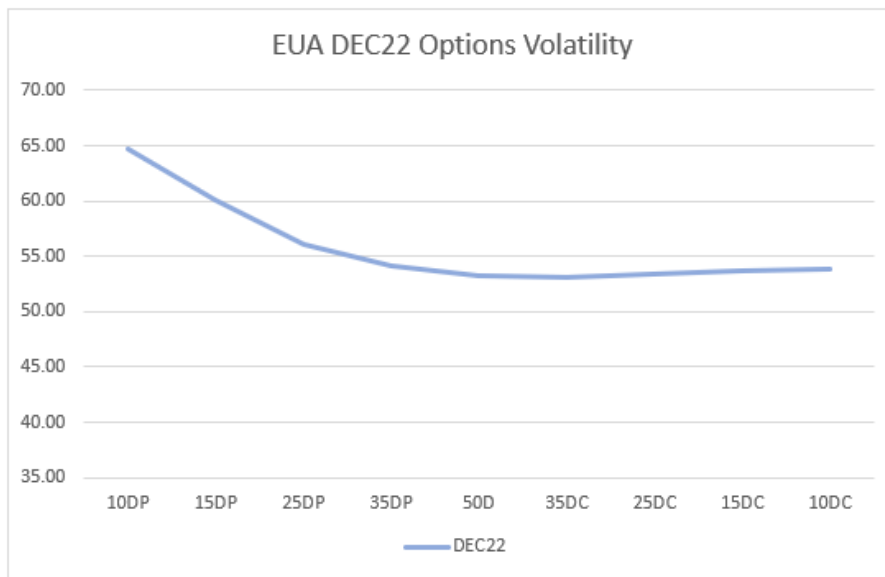
Source: Refinitiv

EUA Options Market

On the December 2022 expiry, open interest remains largest on the following Dec-22 calls: €90 strike calls at 12.71m tonnes (12,710 lots), €100.00 strike calls at 114.67m tonnes (14,670 lots), and €110.00 strike calls at 15.617m tonnes (15,670lots). Meanwhile, open interest is largest on the following Dec-22 puts: €45.00 strikes at 15.075m tonnes (15,075 lots), €50.00 strikes at 14.90m tonnes (14,490 lots), €60.00 strikes at 17.417m tonnes (17,417lots), and €70.00 strikes at 9.505m tonnes (9,505 lots).

Volatility Surface: 24/10/2022

TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
DEC22	64.64	60.16	56.01	54.22	53.21	53.17	53.35	53.63	53.88



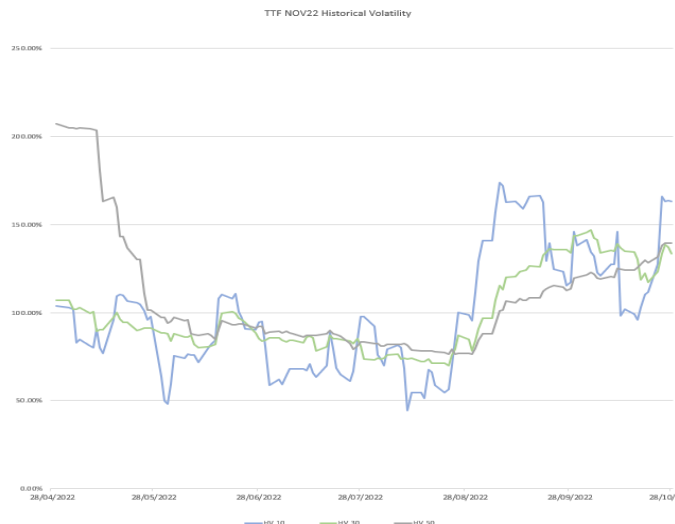
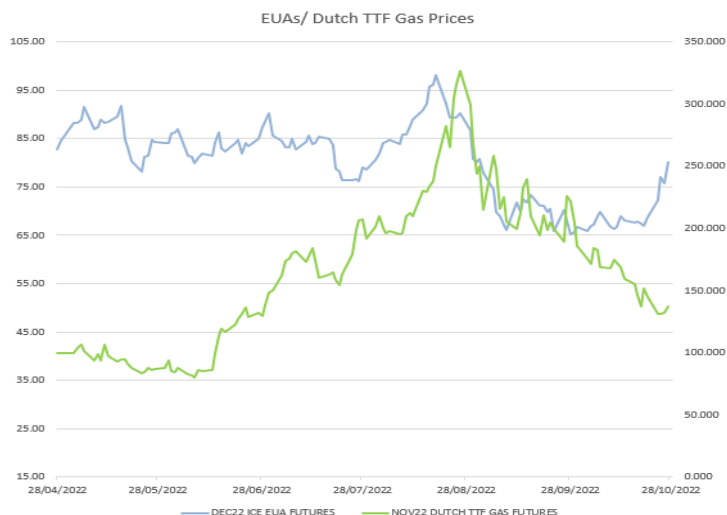
Source: Bloomberg



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Correlated Markets

Continued conversations around energy reform this week. Gas prices were flat and comparable low last week, gas storage remained at 93% and heating demand was low across Europe. Leading to a clear inverted relationship between EUAs and TTF. In summary, the front-month Dutch TTF contract decreased by --0.29% last week (\$0.20c in monetary terms).



Source: Refinitiv

Market News

- US Senators Plead CFTC to Govern Carbon Credit Markets (CarbonCredits.com).
- The International Energy Agency predicted on Thursday that global emissions of greenhouse gases will reach its peak in 2025, mainly due to a "deep reorientation" of global energy markets since the start of the Russian invasion of Ukraine (Yahoo News).
- Germany to buy intergovernmental EU carbon units to cover missed non-ETS targets. (Carbon Pulse)
- Saudi Arabia launched the Middle East's first carbon offset auction, offering 1 million Corsia eligible credits (Bloomberg).
- Bloomberg increases carbon emissions data to cover 100,000 companies (Street Insider).

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