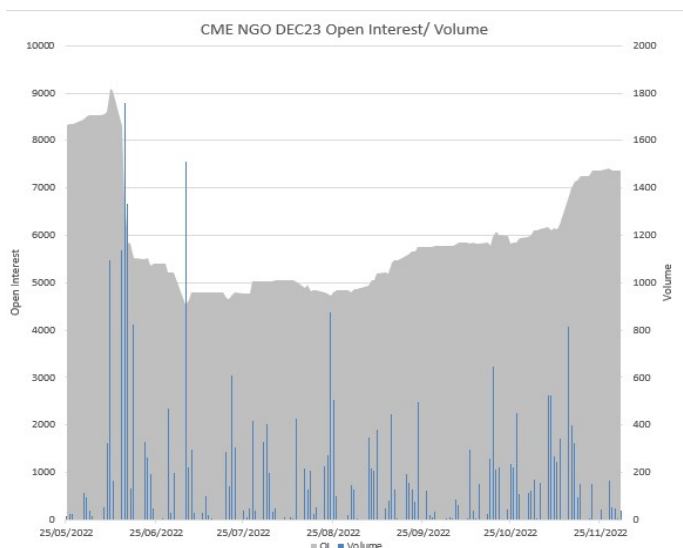
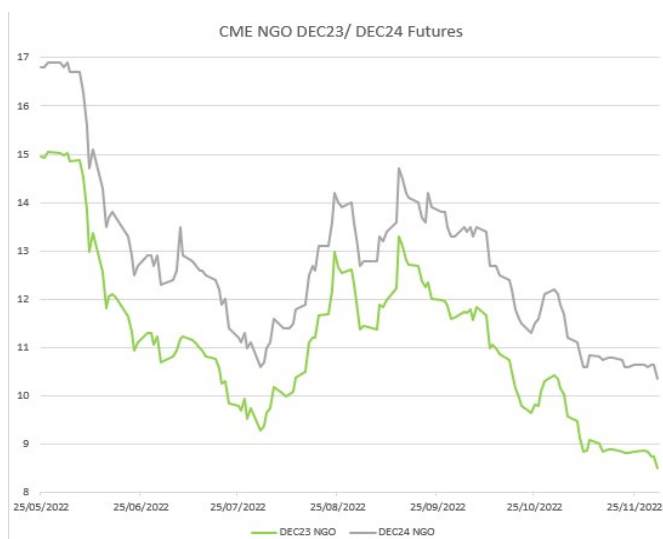
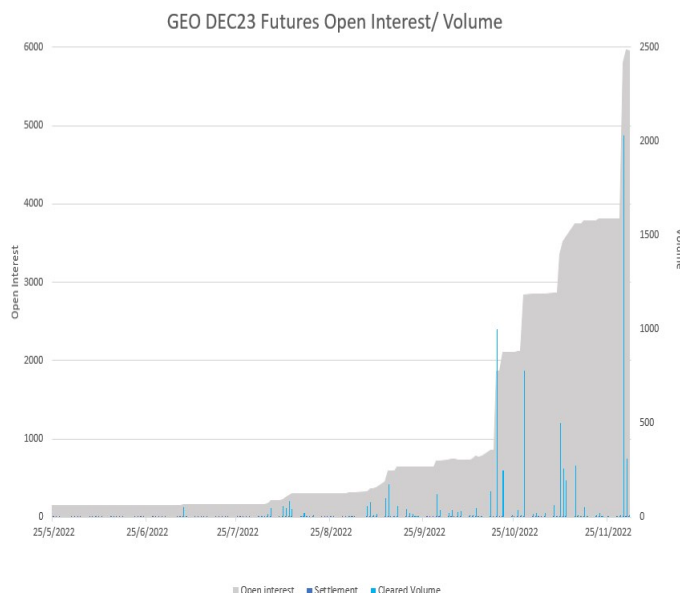
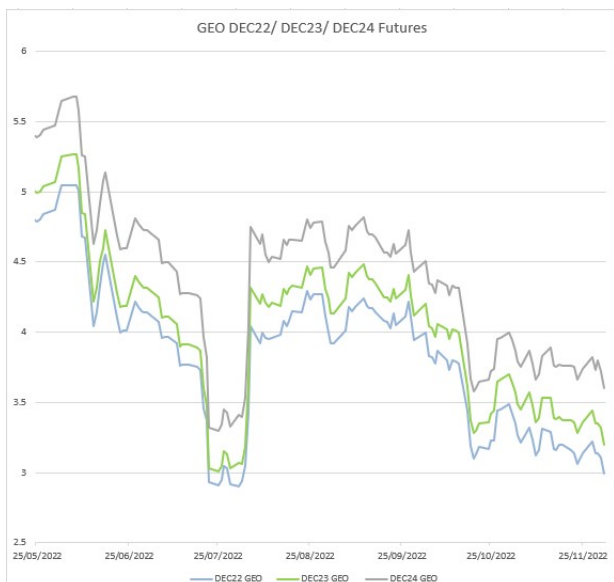


2/12/2022

Voluntary Markets

CME Futures

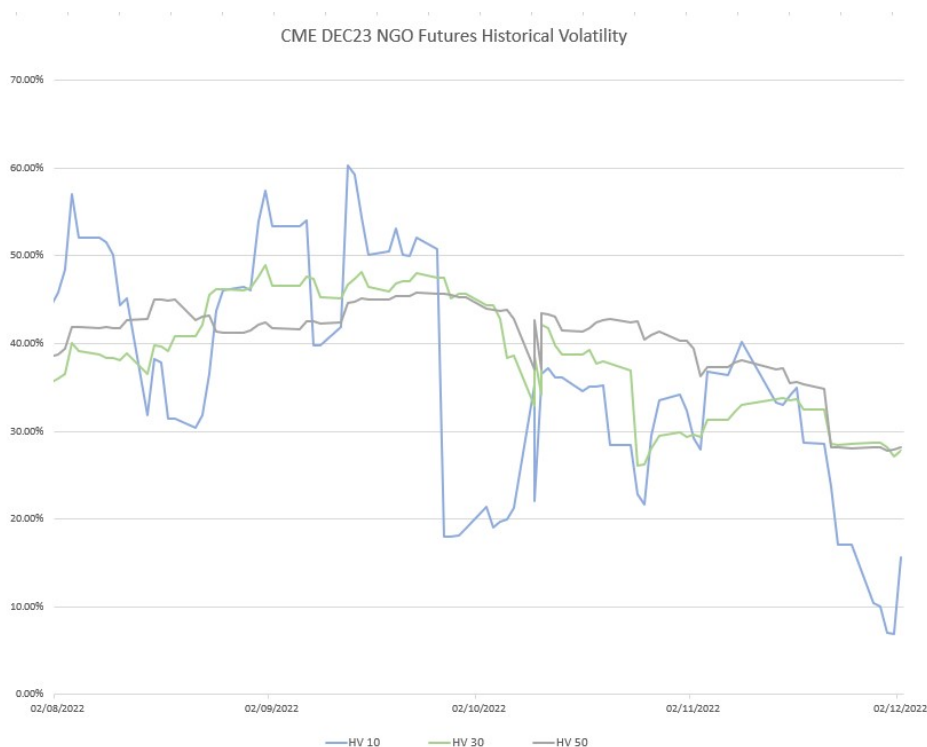
Last week's voluntary carbon market was sparked by a two-million-ton spread trade of CBL GEO futures on CME Group's NYMEX exchange. On Wednesday, a trader went long 2,000 Dec '23 contracts at \$3.25 and sold 2,000 Dec '24 contracts for \$3.69. All-in, nearly five million tons of CBL GEO futures traded during the week. Open interest in the CORSIA-aligned reference contract finished Friday at 12.9 million tons versus 8.5 million the previous week. Open interest in the contract has been growing sharply since mid-October when it was 3.2 million. NGO Commitment of Traders Report: WoW Total Reportable volume increased by 591kt from 14.9 million tons to 15.491 million tons. Also of note, this week the IETA Asia Climate Summit commences in Singapore



Source: Refinitiv

CME NGO Historical Volatility

10 day volatility ticked up on Friday to 15.6% following a low of 6% the week prior with 30 and 50 day volatility remaining flat for the week.



Source: Bloomberg

Block Trades on CME (w/c 21st)

A total of 2300kt was traded on the CME VCM futures last week across the GEO contract (five blocks) and N-GEO in 70kt (three blocks).

NGO Dec22 @ 5.50, 20kt
 NGO Dec24 @ 10.72, 25kt
 GEO Dec23/24 @-0.44, 1,900kt (3.25/3.69)
 GEO Dec23/24 @-0.44, 100kt (3.25/3.69)
 GEO Dec23/24 -0.40, 50kt (3.30/3.70)
 GEO Dec23/24 -0.40, 150kt (3.30/3.70)
 GEO Dec23/24 -0.40, 100kt (3.30/3.70)
 NGO Dec25 @11.93, 25kt

Source: CME Direct

FIS Trades (w/c 28th)

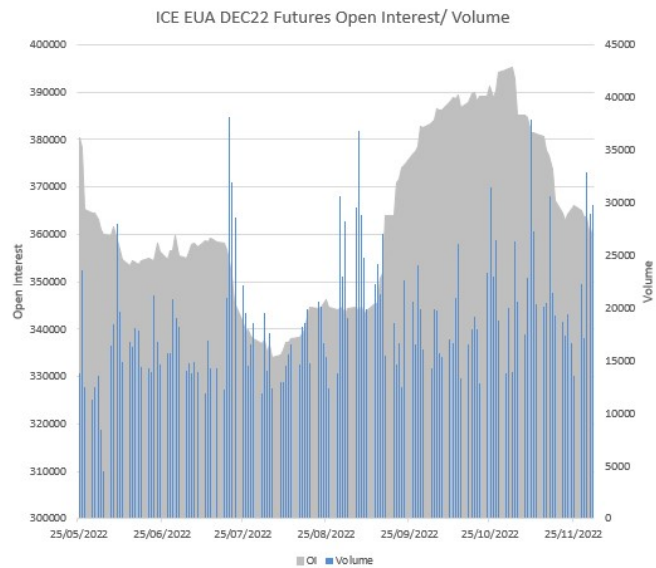
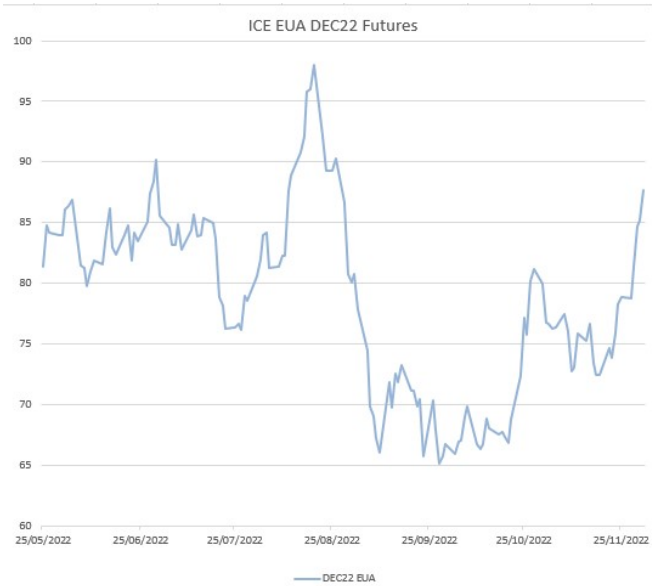
Nil

Compliance Markets

EUAs

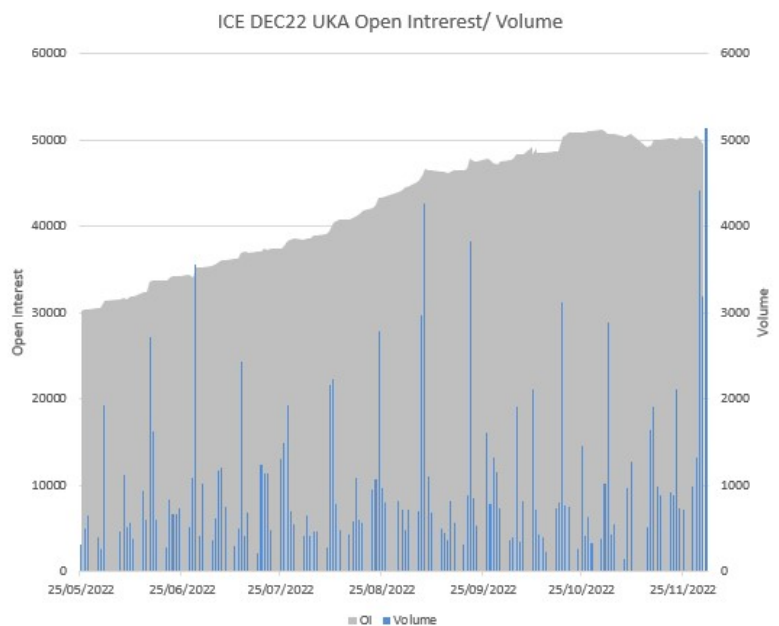
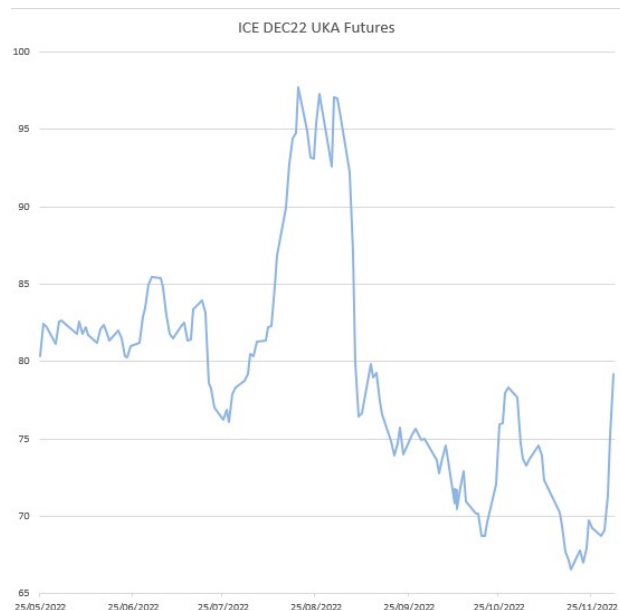
EUAs made sharp gains late Friday to post their seventh double-digit weekly increase this year, clawing back much of the previous session’s sharp losses despite thin outright trading volume, while energy markets were mixed in relatively quiet trading. Dec-22 EUAs traded between €84.45 and €86.27 for much of the morning, the narrowest band in a week and a sharp reduction from the €4.88 low-high seen on Thursday as prices reversed after hitting a three-month high of €88.75. On the regulatory side, last week saw shipping’s inclusion in the ETS being confirmed. In terms of prices, the EUA Dec-22 contract increased for the week by +€8.86 to print on Friday at €87.67 (+11.24%).

Source: Refinitiv



UK ETS

On the UK ETS side, the Dec-22 contract traded in a range between £68.73-£79.18 and settled on Friday (25th) at £79.18; a WoW gain of +£10.45 (+15.2%). Kraneshares boosted it’s UKA holdings in it’s KRBN ETF from 396k Dec-22 UKA’s on Nov 30 to 415k Dec-23 UKA’s 2 days later.

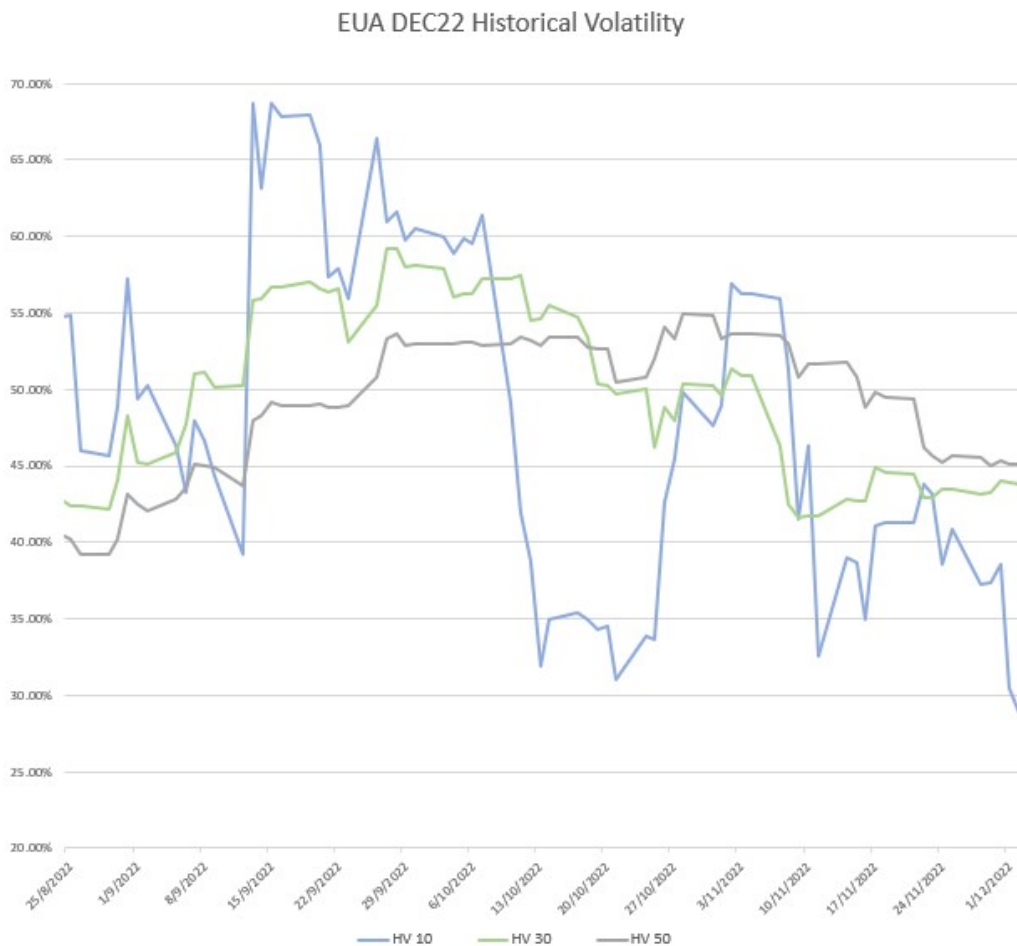
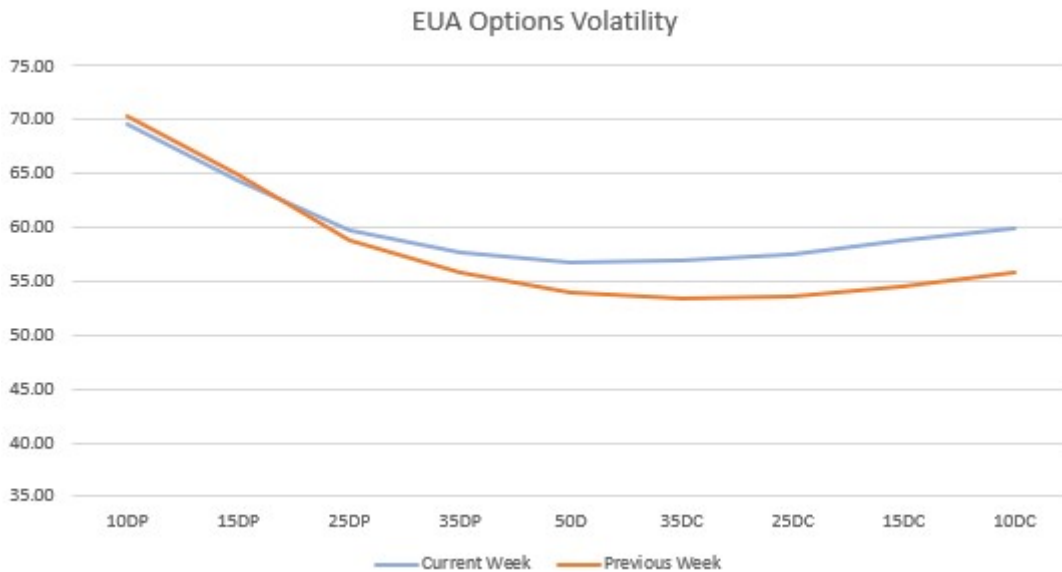


Source: Refinitiv

EUA Options Market

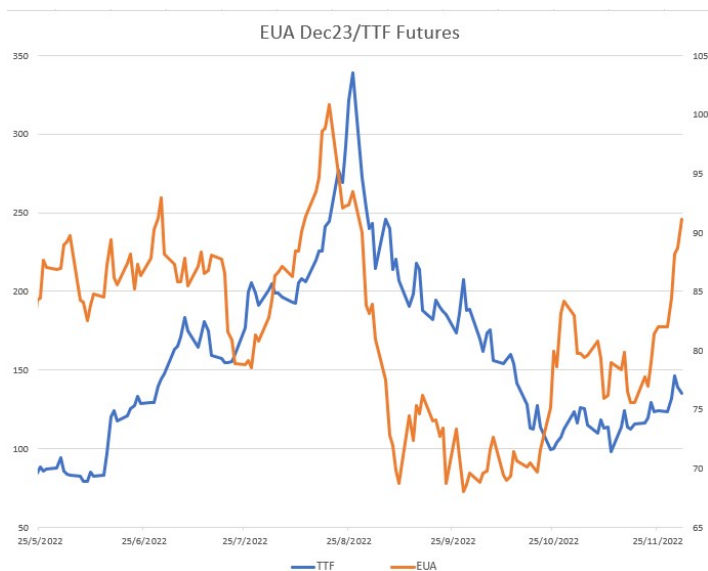
Settlement at €87.67 for Dec22 for the week. Put Skew remains flat. Call Skew has gone up 7%, due to an intraday spike on Friday of 4.8% on the Dec-22 contract. Most of the gains were erased and up 0.6% on the close. Call strikes with most open interest for the upcoming expiry of the Dec22 are: 90 Call with 11722 lots, 95 Call with 5590 lots and 85 Call (ITM) with 5562 lots. Put strikes with most open interest for the Dec22 are: 80 Put with 8570 lots and 85 Put with 1900 lots. Dec23 Straddle value currently: Strike 90.50, Premium 39.83, Implied Volatility 55.40%

Volatility Surface: 5/12/2022									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	69.63	64.35	59.64	57.77	56.75	56.87	57.49	58.72	59.87
WoW Change	-0.70	-0.52	0.88	1.88	2.81	3.43	3.83	4.13	4.09
Previous Week	70.33	64.87	58.76	55.89	53.94	53.44	53.66	54.59	55.78



Correlated Markets

The LNG industry gathered in Athens on Nov 30th to discuss challenged in contracting, the unprecedented challenges facing the industry and a new pricing mechanism for hedging Atlantic Cargoes. As mentioned earlier in the report, the EU Commission are still debating a gas price cap (at €275.00/MWh, further influencing prices. In summary, the Dutch TTF Dec-22 contract gained +€12.28 to €135.56/MWh (+7.6%).



Source: Refinitiv

Market News

EU legislators agreed to include maritime transport within the EU's emission trading scheme (ETS) during talks that lasted until late Tuesday evening (29 November), a move that will force ship operators to pay for their carbon emissions for the first time. The percentage of emissions covered will increase over time, starting at 40% in 2025, moving to 70% in 2026, and reaching 100% by 2027. However, these figures "are in brackets" Liese warned, as they must be confirmed by member states during the next negotiating round taking place on 16-17th December 2022.

(Platts).

ART issued 33.47 million TREES credits to Guyana for preventing forest loss and degradation between 2016 and 2020. Until now, REDD+ credits were only awarded to deforestation prevention initiatives at the project level, and not governments. (CarbonPulse)

TPG is allocating \$300 million toward setting up a new carbon-credit business called Rubicon Carbon amid efforts to support expansion in the carbon-offset market (Wall Street Journal)

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