



Carbon Weekly Report

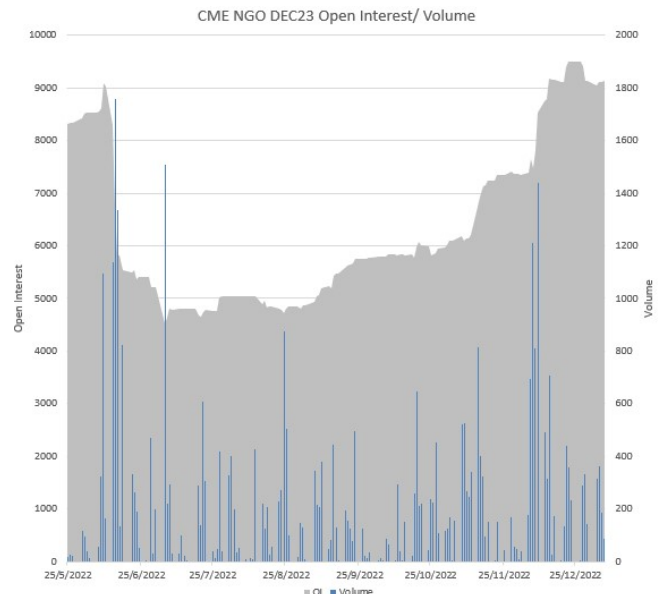
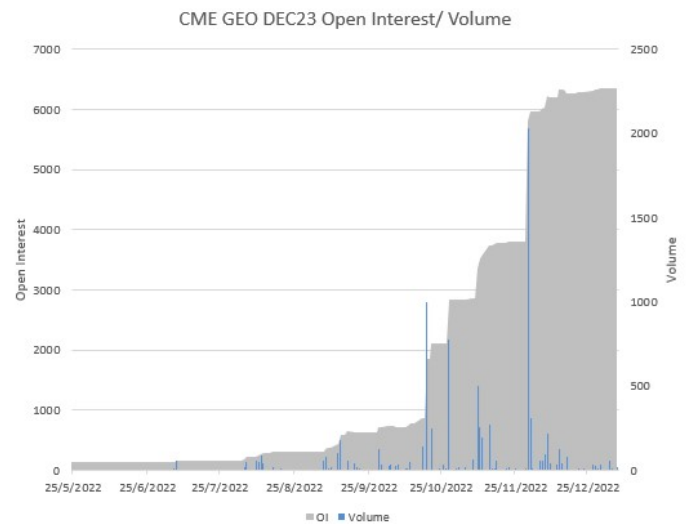
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09/01/2023

Voluntary Markets

CME Futures

Market activity had been muted with many traders still away from desks from the Christmas and new year break. Volume averaged around 215kt per day in the past 2 weeks with the Dec23 contract trickling lower towards it's low on 7th Dec 2022 at \$5.50. Activity is expected to pick up in the rest of January when Europe and the US are back in full force. With the CNY holidays approaching in 2 weeks time, activity in Asia could remain muted until after the holidays. Block trades over the past week seem to have originated from either Europe or the US with timings late into the night in Singapore. The lack of activity that was seen haunting the voluntary carbon markets seemed to subside a little toward the end of the week Jan. 6, especially in the over-the-counter markets. The first trades of the year for the N-GEO and GEO standardized contracts were at \$4.72 and \$3.45, both small bumps from 2022's last-trade prices. The contracts closed the week at \$3.75 and \$3.14, down 18.5% and 7.6%, respectively



CME NGO Historical Volatility

10 day volatility has levelled off at 55.97% similar to levels 2 weeks ago at 59.93%.
 30 and 50 day volatility at similar levels the week prior at 109.51% and 86.75% respectively.



Source: Bloomberg

Block Trades on CME (w/c 23th)

- NGO, Dec-23, @, 6.26, 25kt
- NGO, Dec-23, @, 6.30, 25kt
- NGO, Dec-23, @, 6.26, 25kt
- NGO, Dec-23, @, 6.30, 25kt
- NGO, Dec-23, @, 6.30, 25kt
- NGO, Dec-23, @, 6.30, 25kt
- NGO, Dec-23, @, 6.30, 25kt
- NGO, Dec-23, @, 6.25, 25kt
- NGO, Dec-23, @, 6.25, 100kt
- NGO, Dec-23@5.85, 50kt
- NGO, Dec-24@7.25, 35kt
- NGO, Dec-23@5.65, 25kt

Source: CME Direct

FIS Trades (w/c 6th)

VCS2250, Delta Blue Carbon - 1, Pakistan, v17, @ 27.50, 5kt

Compliance Markets

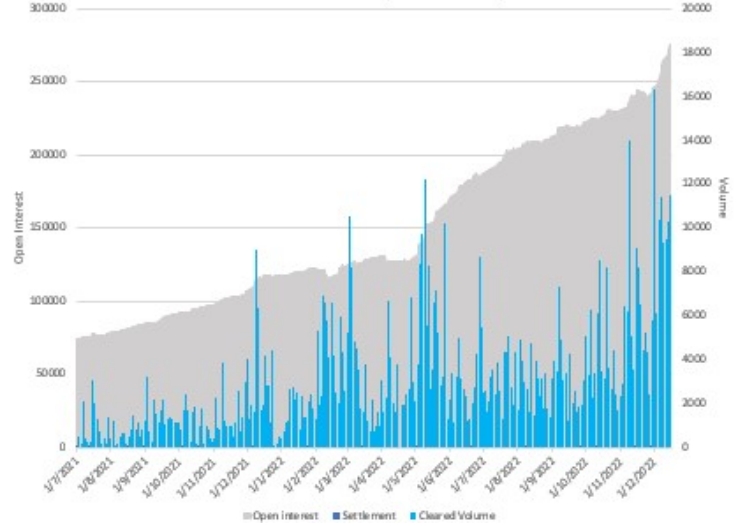
EUAs

EUA prices continued to closely follow gas market movements on Friday as afternoon losses on the TTF pressured carbon to a 1.8% slump on the day and a fall of 8% over the week. Carbon prices under the EU Emissions Trading System have fallen in recent weeks, driven by unseasonably mild and windy weather combined with ample supply. Those factors -- and the resumption of three of EDF's nuclear reactors in France -- reduced demand for EU allowances. KraneShares ETF reduced its EUA holdings 18% between mid-December and Jan. 4.

ICE EUA DEC23 Futures



ICE EUA DEC22 Futures Open Interest/ Volume

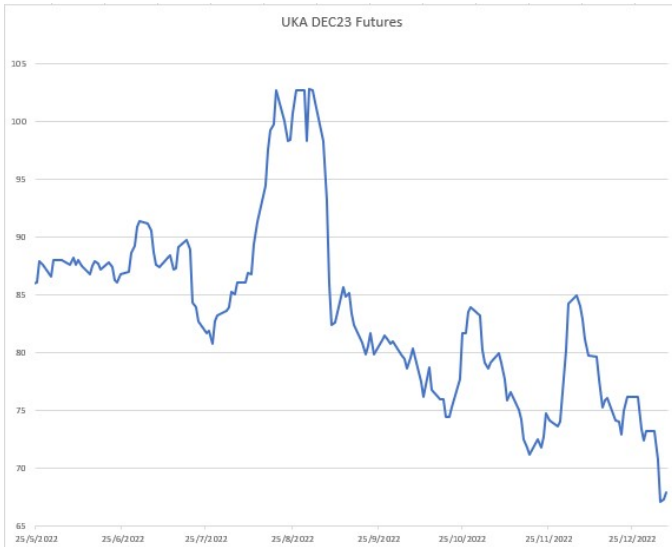


Source: Refinitiv

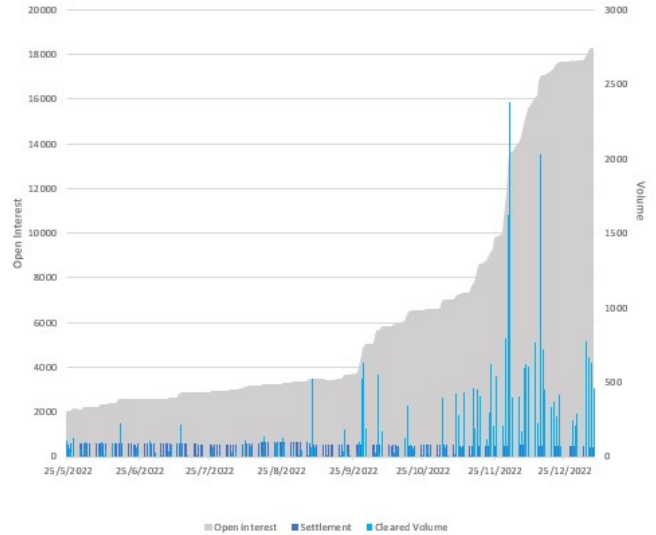
UK ETS

The Dec-23 UKA contract fell by 7.33% WoW to settle at £67.88 on ICE.

UKA DEC23 Futures



UKA 23 Futures Open Interest/ Volume



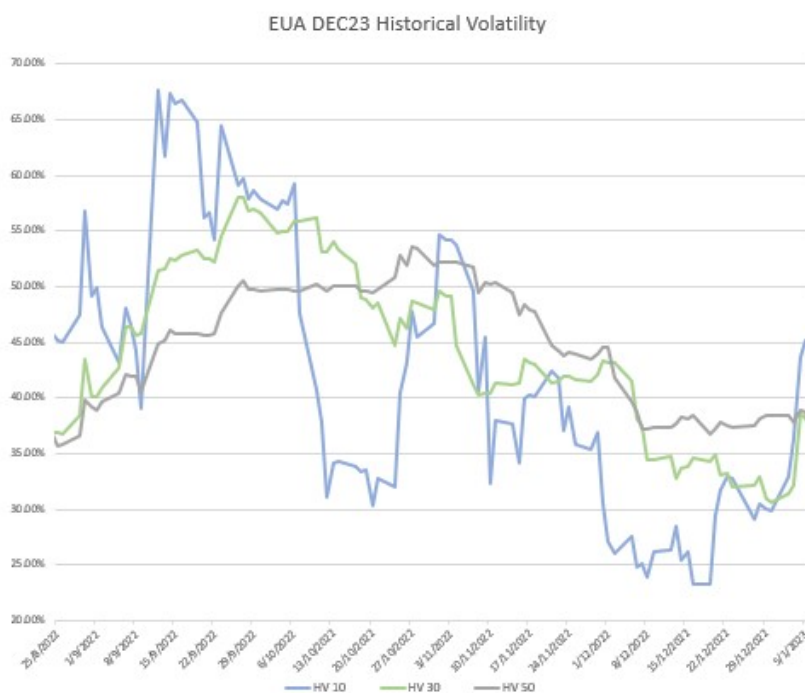
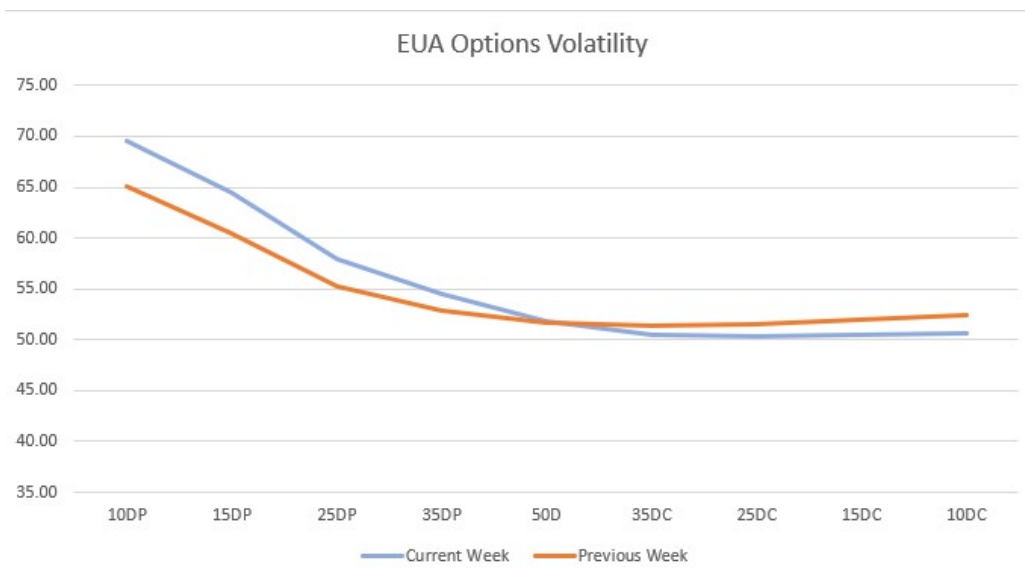
Source: Refinitiv

EUA Options Market

Settlement at €77.39 for Dec23 for the week. Put Skew increased 6.80% and Call Skew has decreased 3.30%, due to a 7% WoW drop in EUA prices. ; Open positions stands at 262 mln tons EUAs as of Friday.

Volatility Surface: 9/01/2023

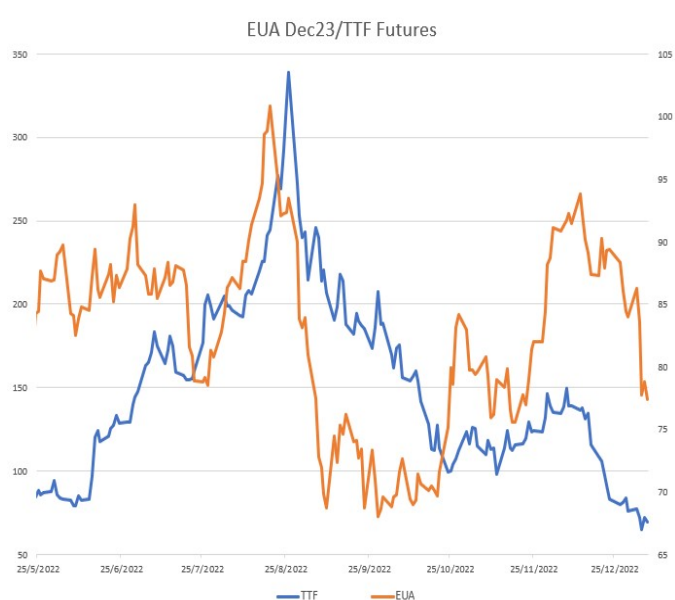
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	69.56	64.45	57.93	54.45	51.78	50.53	50.30	50.43	50.69
WoW Change	4.43	3.95	2.71	1.57	0.15	-0.84	-1.25	-1.54	-1.73
Previous Week	65.13	60.50	55.22	52.88	51.63	51.37	51.55	51.97	52.42



Source: Bloomberg

Correlated Markets

Natural gas prices on the Dutch TTF hub picked up Jan. 5 and in intra-day trading Jan. 6, yet remained firmly below levels registered in December. Further bearish pressure is expected this month with the resumption of EUA auctions from Jan. 9, and as participants prepare for an increase in near-term EUA auction supply this year. The reversal in price dynamic for the EUA Dec-23 can also partially be attributed to the recent brutal drop in European natural gas prices, which has shrunk the gap existing between the German clean dark spread and clean spark spread to levels not witnessed since more than six months



Source: Refinitiv

Market News

(The Age): Institutional investors have united for the first time to co-file a landmark climate resolution ahead of Glencore's annual shareholder meeting. The investor-backed resolution, prepared by the Australasian Centre for Corporate Responsibility and responsible investing group ShareAction, demands Glencore provide greater disclosure about how its ongoing expenditure on thermal coal aligns with its pledge to uphold the Paris Agreement.

(ABC News): The Chubb review into the government's carbon credit scheme has rejected suggestions it is fundamentally flawed, but has made a series of recommendations to improve its transparency and integrity. The review recommended that "the default should be that data be made public, including carbon estimation areas" and the government should consider a national platform to share this information

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