



# Carbon Weekly Report

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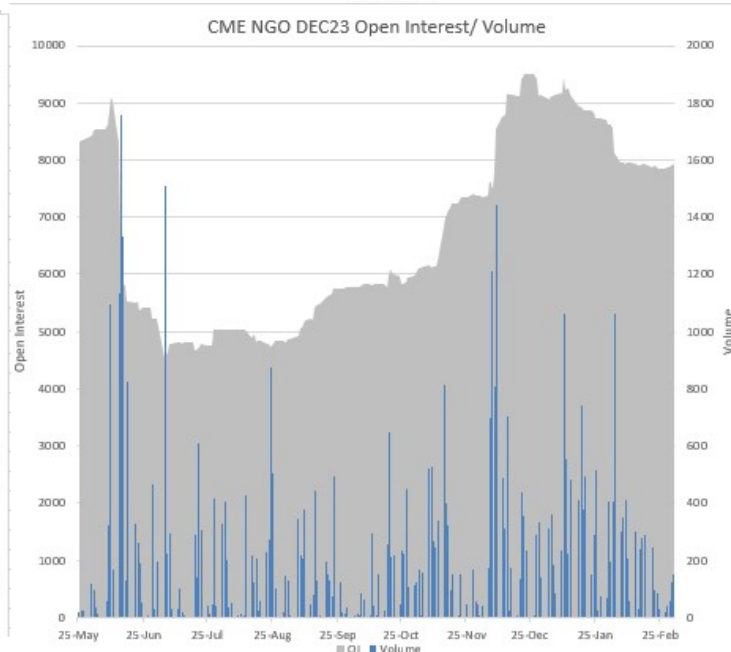
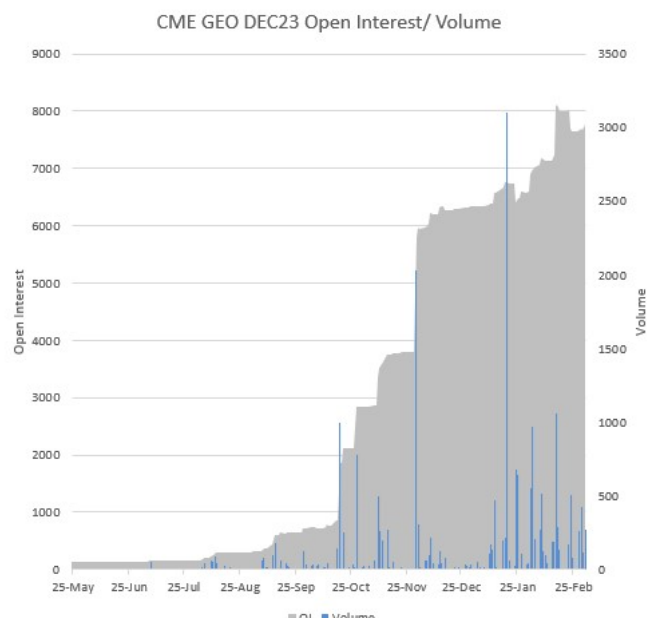
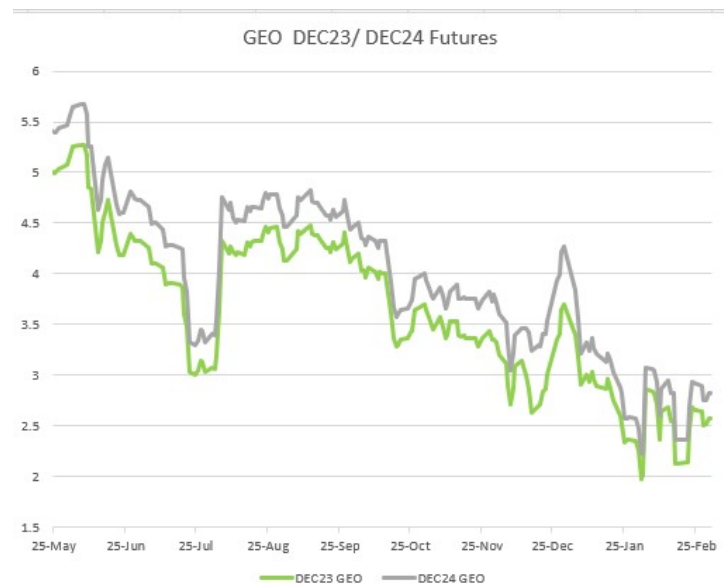
## 03/03/2023

### Voluntary Markets

#### CME Futures

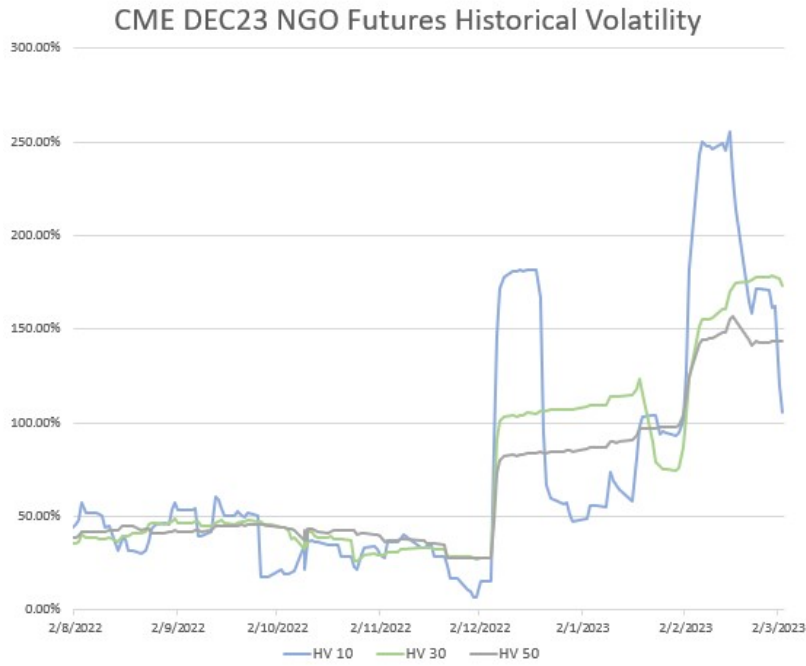
It was a muted week on futures with only 321kt going through on block trades for the week. There was a NGO Mar/Dec23 trade on Friday evening, valuing the spread at -\$1.00. NGO Dec23 lost \$0.72 on the week and NGO Dec24 lost \$0.56 on the week. There was a 1Mt spot GEO block trade on the CBL exchange at \$2.50 on Thursday possibly signalling the continue strong demand from airlines for CORSIA eligible certificates.

FISe VIEW: VERRA Carbon Credit RETIREMENT UPDATE FEB23 - Breaking down the results to Agriculture, Forestry AND Renewables the total retirements for FEB 23 were 16.2 mil (up from 3.8mil in JAN 23). FEB 23 was the 4th highest retirement month on record.



### CME NGO Historical Volatility

10 day volatility has come off to 105% from 171% the week prior. 30 day and 50 day volatility is flat at 173% and 144% respectively.



Source: Bloomberg

### Block Trades on CME (w/c 3th March)

NGO	Dec24/25	-\$	1.10	100
NGO	Dec-24	\$	5.10	100
NGO	Dec-23	\$	3.82	16
NGO	Dec24/25	-\$	1.05	25
NGO	Dec-23	\$	3.90	20
NGO	Dec-24	\$	4.95	25
NGO	Dec-23	\$	3.70	10
NGO	Mar/Dec23	-\$	1.00	25

Source: CME Direct

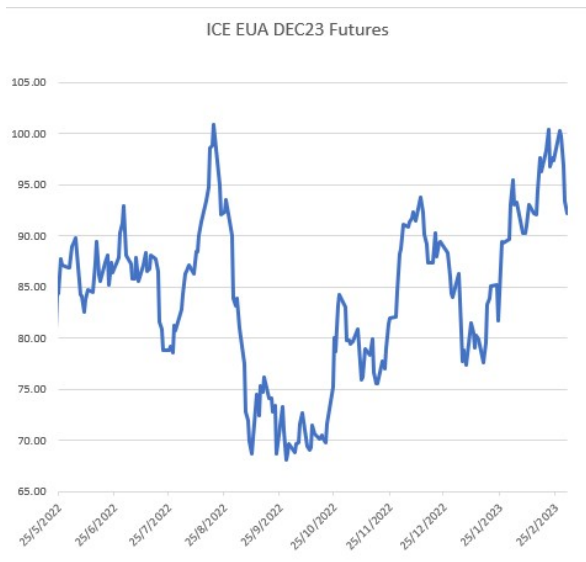
### Vera Retirement Data (Forestry & Retirement)

Row Labels	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total	
<b>Agriculture Forestry and Other Land Use</b>	19,834,102	29,980,355	22,273,873	10,239,953	19,214,491	20,146,472	10,679,068	13,664,438	13,390,018	13,827,507	18,555,042	39,241,386	231,046,705	
2010									62,599	1,000			63,599	
2011				400	10,742	122,575	221,000	167,682	60,406	5,977		409,332	21,999	1,020,119
2012	33,294	9,741	36,157	130,277	194,647	98,114	136,304	33,987	42,986	81,564	19,881	560,860	1,377,812	
2013	3,817,180	45,257	328,573	351,884	35,018	146,221	272,939	124,344	94,314	219,591	331,220	149,315	2,177,080	
2014	874,754	566,691	311,454	318,337	58,148	1,322,358	255,722	160,256	50,274	341,952	83,334	516,989	7,802,695	
2015	1,053,290	686,013	1,573,201	147,022	95,249	285,314	789,322	30,092	226,697	539,288	163,971	584,968	6,174,427	
2016	946,435	502,321	776,613	337,840	275,083	401,526	205,505	1,550,782	191,539	1,376,297	479,962	4,215,130	11,259,033	
2017	1,978,812	2,963,310	1,636,981	1,272,222	1,387,347	1,284,262	845,871	1,505,631	1,762,485	1,073,581	1,041,611	1,606,607	18,358,720	
2018	1,274,001	1,027,088	916,488	1,181,977	6,186,909	1,073,188	619,596	1,082,465	2,171,340	1,318,264	1,335,144	3,424,402	21,610,862	
2019	2,308,855	4,152,757	1,891,437	2,225,167	884,995	4,791,819	1,344,299	882,600	948,240	1,925,790	5,860,193	4,715,541	31,931,693	
2020	2,367,759	6,536,529	10,266,326	2,186,281	6,228,837	5,713,015	2,623,391	6,161,588	5,967,530	4,667,051	3,536,925	13,335,519	69,590,751	
2021	2,822,598	5,042,039	2,817,622	1,804,122	3,159,708	4,660,848	3,092,491	2,019,916	1,735,064	2,016,615	4,965,803	9,342,985	43,479,811	
2022	2,278,720	7,884,071											10,162,791	
<b>Energy Industries (renewable/non-renewable sources)</b>	23,447,407	21,310,880	19,222,523	21,444,230	17,140,935	28,249,931	21,191,615	20,082,508	21,188,229	25,054,256	21,256,695	36,563,345	276,152,554	
2009			2	15,413	20,795	11,754	285,380	58,135	40,778	24,477	86,714	113,901	496,157	1,153,506
2010	14,267	47,235	157,200	156,724	77,826	497,671	104,410	104,272	98,164	330,542	437,037	863,639	2,888,987	
2011	303,803	243,531	313,185	1,004,782	186,982	307,173	101,719	152,039	182,780	218,159	611,288	504,139	4,165,580	
2012	491,055	246,098	340,573	1,125,976	1,418,585	2,886,600	244,625	887,436	395,787	463,876	410,769	1,033,777	9,945,157	
2013	542,612	430,283	1,290,421	3,048,059	1,778,390	1,252,340	918,705	146,413	997,761	542,526	3,747,682	958,034	15,653,226	
2014	1,124,762	338,651	245,925	1,097,369	803,010	1,710,586	1,676,975	172,441	248,362	755,408	377,461	2,514,536	11,065,486	
2015	903,167	804,465	506,429	1,052,515	405,311	3,357,032	1,859,071	1,171,505	1,513,073	633,156	320,424	1,011,065	13,537,213	
2016	697,074	829,193	613,192	1,002,897	1,037,264	502,368	624,307	597,207	766,839	897,512	334,530	2,284,899	10,187,282	
2017	294,196	264,943	2,299,272	1,071,308	403,593	683,220	671,518	610,191	1,390,793	1,707,275	2,054,487	1,762,248	13,216,226	
2018	1,196,872	441,711	686,661	661,827	1,438,222	1,001,492	1,101,198	2,265,594	1,286,347	1,707,275	800,648	984,444	13,572,291	
2019	1,603,207	851,969	895,191	2,579,057	1,020,188	3,998,441	1,174,150	2,089,626	1,776,515	2,036,384	1,947,103	5,448,082	25,419,913	
2020	2,562,226	1,218,204	1,599,362	2,780,414	2,385,588	5,524,966	2,922,603	2,351,661	1,780,480	2,165,824	2,629,332	4,559,026	32,479,686	
2021	4,555,887	2,726,919	3,104,475	2,318,019	2,795,246	3,222,089	4,588,411	2,263,929	3,510,732	11,074,756	5,112,773	6,370,604	51,643,840	
2022	7,927,875	5,349,302	7,155,224	3,524,488	3,378,976	3,020,573	5,145,788	7,225,416	7,216,119	2,431,667	2,359,260	7,736,895	62,475,383	
2023	1,230,404	7,518,374											8,748,778	
<b>Grand Total</b>	43,281,509	51,291,235	41,496,396	31,684,183	36,355,426	48,396,403	31,870,683	33,746,946	34,578,247	38,881,763	39,811,737	75,804,731	507,199,259	

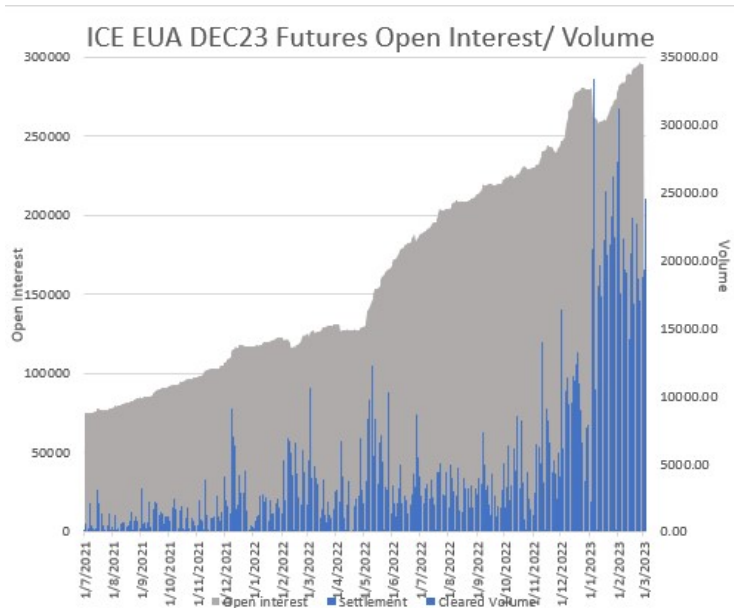
# Compliance Markets

## EUAs

European carbon prices weakened for a fourth session on Friday, posting a 5.4% weekly loss and falling to their lowest in more than two weeks, though buyers appeared to increase their interest and helped limit the day's decline while energy prices fell for a fifth successive day. Dec-23 EUAs settled 1.3% lower at €92.18, posting a 5.4% decline from the previous Friday, their biggest weekly loss since the first week of the year. Total volume in the front-December was just over 20 million EUAs, while other contracts traded a further 6.7 mln allowances.

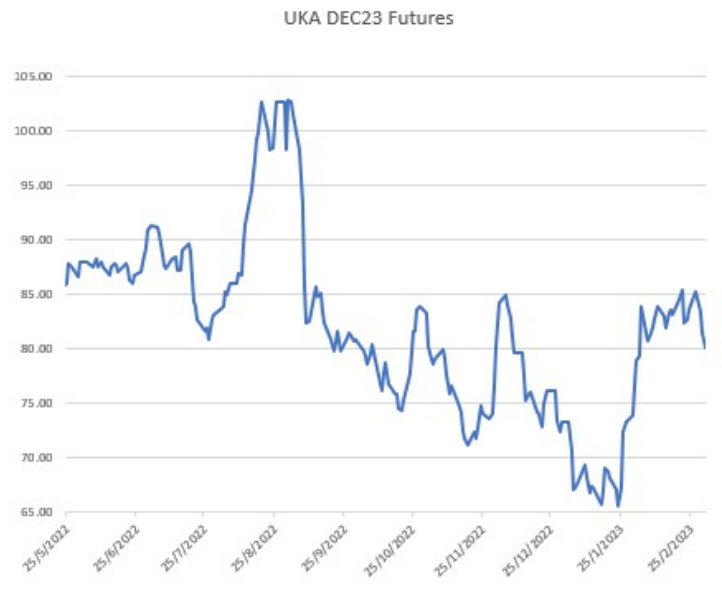


Source: Refinitiv

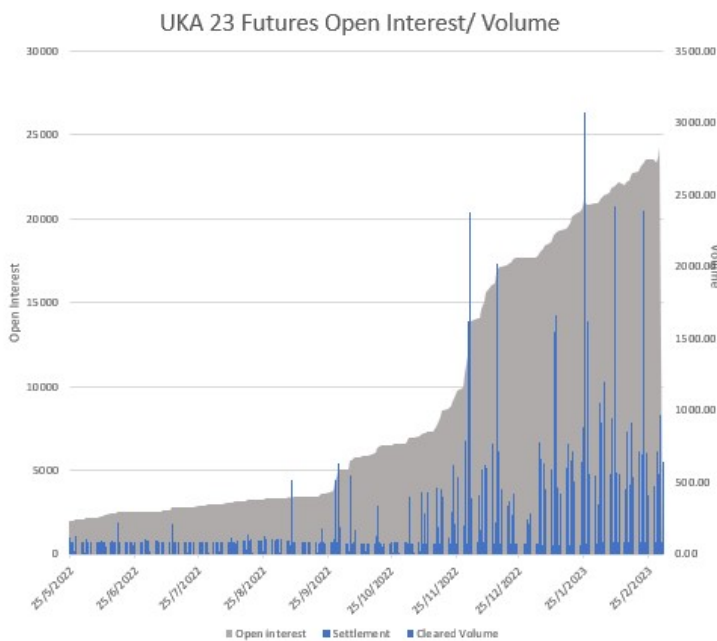


## UK ETS

UK Allowances outpaced the losses in EUAs, with the Dec-23 contract falling to as low as £79.99 before settling at £80.18, a loss of 1.7%. Trade totalled 644,000 tonnes. The UKA-EUA spread ended the week at -€1.56 at the close, less than half the previous Friday's discount



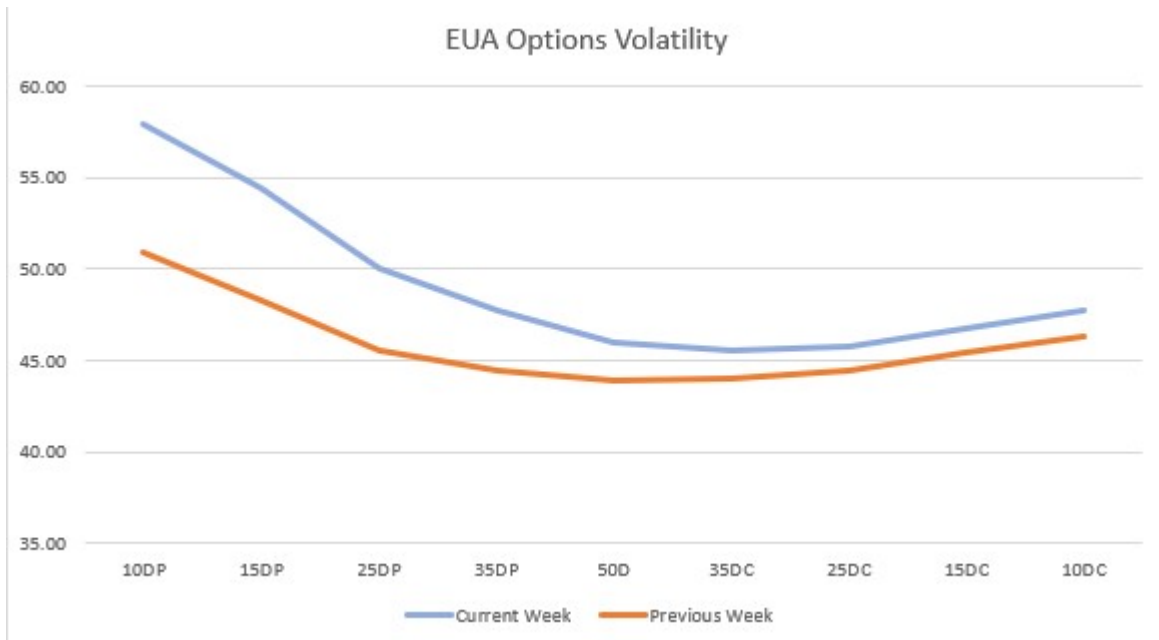
Source: Refinitiv



# EUA Options Market

Put skew up 13.68% for the week on 4 days of consecutive losses on the Dec23 contract and Call Skew up 3.09% for the week. The benchmark contract settled at €92.18

Volatility Surface: 03/03/2023									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	57.92	54.46	50.07	47.70	45.98	45.54	45.81	46.76	47.74
WoW Change	6.97	6.17	4.52	3.30	2.08	1.57	1.34	1.29	1.43
Previous Week	50.95	48.29	45.55	44.40	43.90	43.97	44.47	45.47	46.31



Source: Bloomberg

**(CarbonPulse):** BeZero cut rating for the Topaiyo REDD+ project (VCS 2293) from AA+ to A, meaning the rating agency thinks the project has a low chance of avoiding its stated tCO<sub>2</sub> emissions. “The rating was placed on watch during our analysis of recent evidence for VCS 2293, including satellite imagery that indicates a considerable recent forest loss event, degradation and fire events in the project area,” BeZero stated

**(AFR):** Japan’s biggest steelmaker is considering a major investment in a green steel project powered by hydrogen as a global push to decarbonise one of the world’s most polluting industries gathers pace. Nippon Steel is exploring a project outside its home market that may cost an estimated ¥100 billion (\$1.1 billion) or more, said Takahiro Mori, executive vice president who oversees global operations. Australia and Brazil are among possible sites, where high-grade iron ore is accessible along with cheaper electricity than in Japan. “We can’t avoid pathways toward carbon neutrality,” Mr Mori said. “We are currently comparing several projects to see if there’s anything that meets the conditions for green-steel manufacturing or investment.”

**(Bloomberg):** Among the 10 largest buyers on the Verra carbon offset registry in February, four are airlines. Jet2.com leads, purchasing 490,000 offsets from wind projects in China, followed by Delta Airlines (162,000), British Airways (135,000) and VistaJet (57,000). In general, the four airlines favored offsets from projects across China, India, Brazil, Peru and the Democratic Republic of Congo, despite their headquarters in the US and Europe.

**(CarbonPulse):** Verra has restored the registry account of the developer of a REDD+ project in Papua New Guinea after it had suspended it to investigate allegations aired by an Australian news programme. Last month, Verra suspended the account of NIHT Topaiyo REDD+ project (ID:2293) after ABC news programme Four Corners revealed previous civil charges against the company’s chief executive Stephen Strauss. An email sent to NIHT from Verra on Monday, seen by Carbon Pulse, has confirmed that Verra has now reactivated the company’s account.

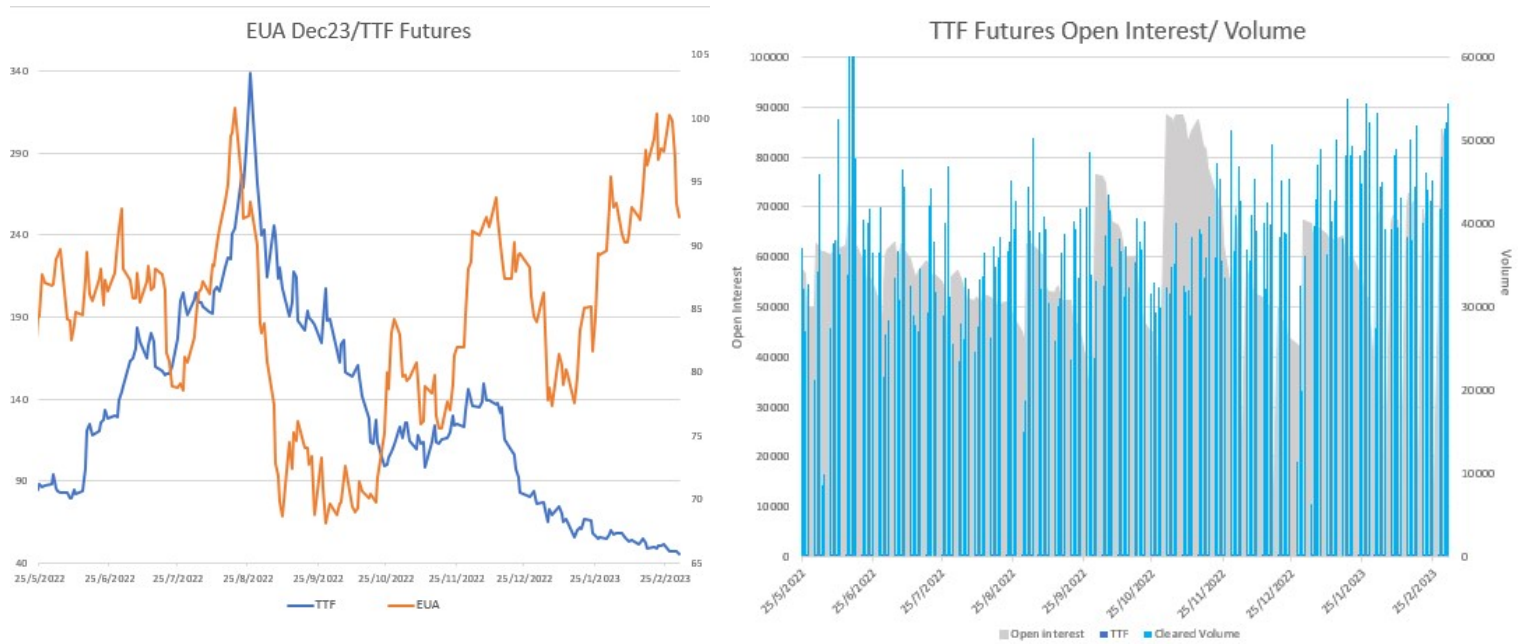
**(AFR):** Ore-processing operations in China’s top lithium production hub, Yichun, were ordered to halt output as investigators probed alleged environmental infringements at lithium mines, Bloomberg reported. The move threatens around 8 per cent to 13 per cent of global supply of the battery mineral, and adds further uncertainty to Chinese carbonate prices, which last week hit a 12-month low of 392,500 yuan per tonne. Beijing’s crackdown on lithium mines coincided with orders to cut output in China’s key steel production hub of Tangshan, where authorities are worried about forecasts of heavy air pollution this week. Several mills are reportedly ordering plants to reduce sintering production by between 30 per cent to 50 per cent, according to MySteel. The price of iron ore traded in the spot market dropped 3.1 per cent to \$US122.15 a tonne overnight.

**(CarbonPulse):** An Australian industry body has recommended vintage limits be placed ACCUs being used for compliance purposes under the Safeguard Mechanism, but not until after the initial review period. In its submission to the current consultation on the design of the Safeguard Mechanism, the CMI argued that the government’s planned review of the scheme should be brought forward by one year to 2026-27. It said this would enable the government to assess what on-site decarbonisation opportunities were available, and how ACCUs and SMCs were being used in practice.



## Indicated Markets

April TTF natural gas dropped 3.5% to €45.200/MWh on ICE at the close, while cal-24 German baseload power dropped 2.2% to €138.50/MWh on EEX. Cal-24 API2 coal traded 8.1% lower at \$137/tonne on ICE at 1700 GMT.



Source: Refinitiv

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