



Carbon Weekly Report

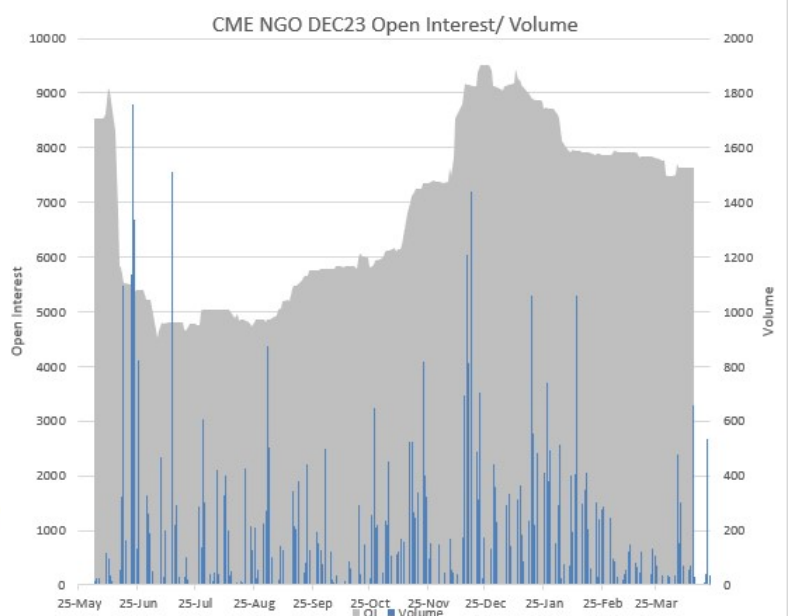
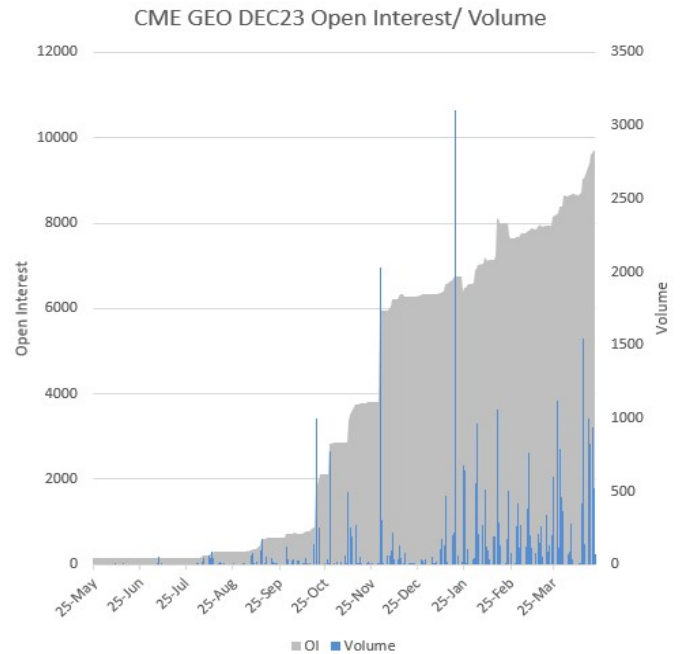
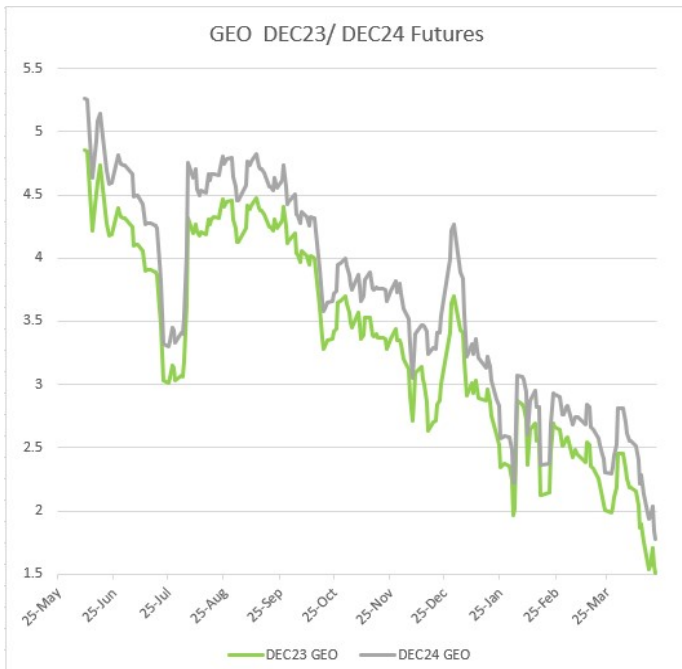
info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

21/04/2023

Voluntary Markets

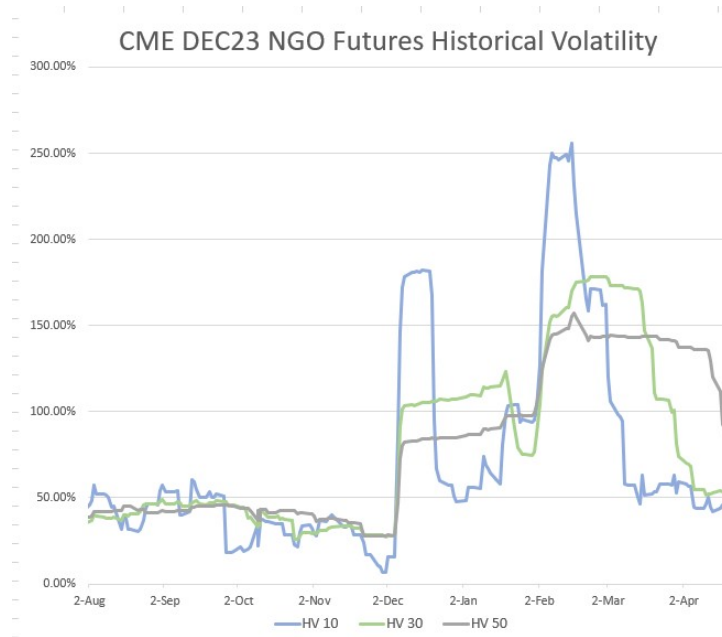
CME Futures

(FIS View): 997kt traded on the GEO Dec23 and 507kt traded on the GEO Dec24 overnight. 507kt traded on the GEO Dec23/24 spread at \$-0.40. 490kt was traded on screen on the Dec23 with nothing going through in block trades. Open interest on the Dec23 contract has increased by 349kt to 9.40Mt. Open interest on the Dec24 contract has increased by 326kt to 8.59Mt. This indicates majority of the spread trades overnight were new positions being opened on both contracts. The carry between Dec23 and Dec24 is now at 25.9%. The Dec24 leg of the spread trades was trading at \$2.05 for majority of the session, it still settled at \$1.94, down \$0.11 from the last spread trade at 9.18pm GMT. Majority of the trades had gone through between -\$0.34 and -\$0.45. The last 3 spread trades totalling 64kt had traded at a spread of -\$0.52 (1.53/2.05). The downward pressure on both contracts could be to value the carry higher with a lower notional value on the Dec23 contract.



CME NGO Historical Volatility

10 day volatility has increased to 48%. 30 day volatility has remained at 53% and 50 day volatility has dropped to 88% from 110%



Source: Bloomberg

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

- 02:49:15, CME, GEO, Dec23, \$1.55, 50kt
- 01:05:36, CME, GEO, Dec24, \$1.75, 50kt
- 22:48:00, CME, GEO, Dec23/24, -\$0.36, 198kt (1.64/2.00)

Source: CME Direct

Compliance Markets

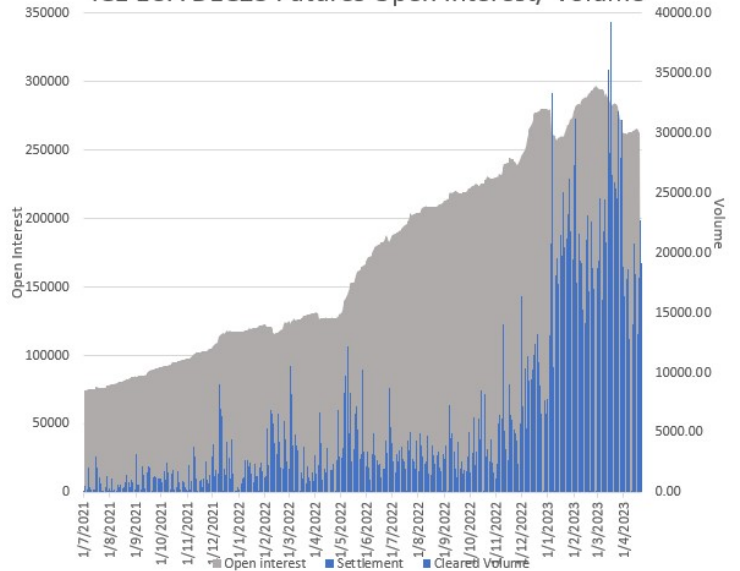
EUAs

As the settlement window neared, the market finally broke below the €90.50 support, as well as the next major level at €90.00. Prices dropped nearly €1.20 in less than ten minutes and on volume of more than 1.8 mln EUAs to reach a near four-week low of €89.25. The Dec-23 contract settled at €89.72, a loss of 2.4% on the day and 4.4% from the previous week. Trade in the benchmark totalled just over 19 mln EUAs, with other contracts contributing a further 5.7 mln allowances on ICE. EUA prices went on to climb back momentarily above €90 in the closing moments of the week's business, with the final screen trade on ICE recorded at €89.86.

ICE EUA DEC23 Futures



ICE EUA DEC23 Futures Open Interest/ Volume



UK ETS

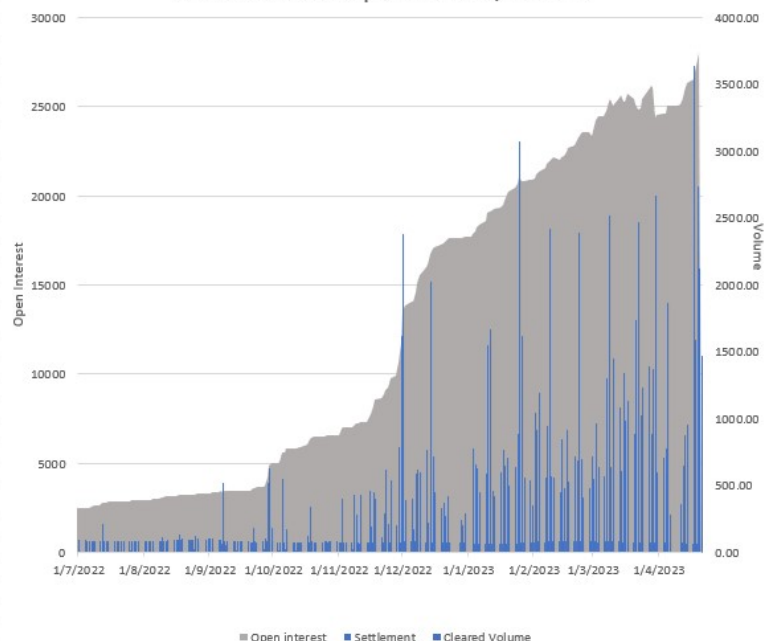
An eighth successive day of weakness for UK allowances saw the British market match the losses in EUAs. The Dec-23 UKA contract ended the day 2.4% lower at £63.16. Earlier the market had fallen to as low as £62.38, marking the lowest intraday price since Nov. 18, 2021. Trade in the front-Dec totalled 1.5 mln tonnes. The UK benchmark fell by 11% from the previous week, and has dropped by 16% in the last eight days, while EUAs have declined by just 8.4% in the same period, data show. The result has been a significant widening of the UKA-EUA spread, which stood at -€18.27 at the close, compared to -€14.73 a week earlier

Source: Refinitiv

UKA DEC23 Futures



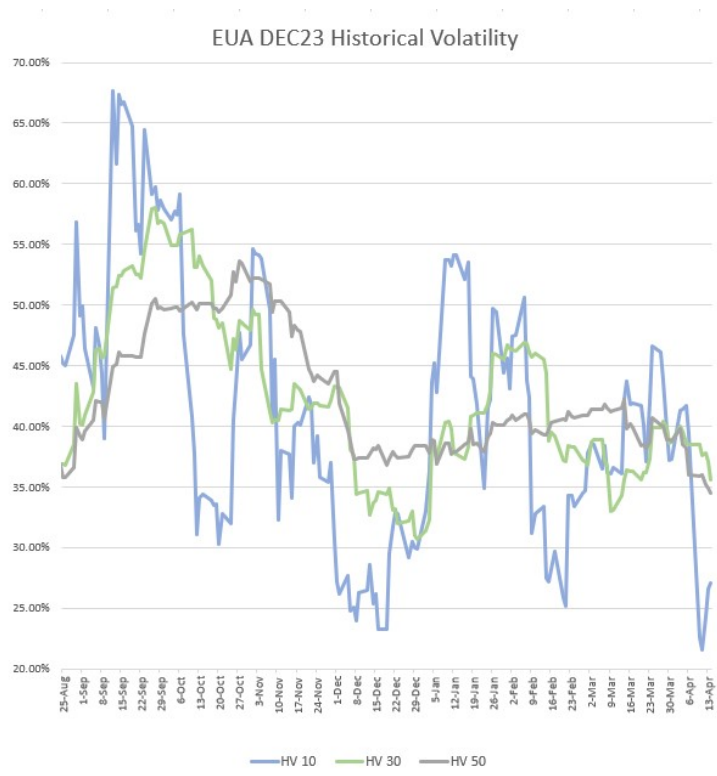
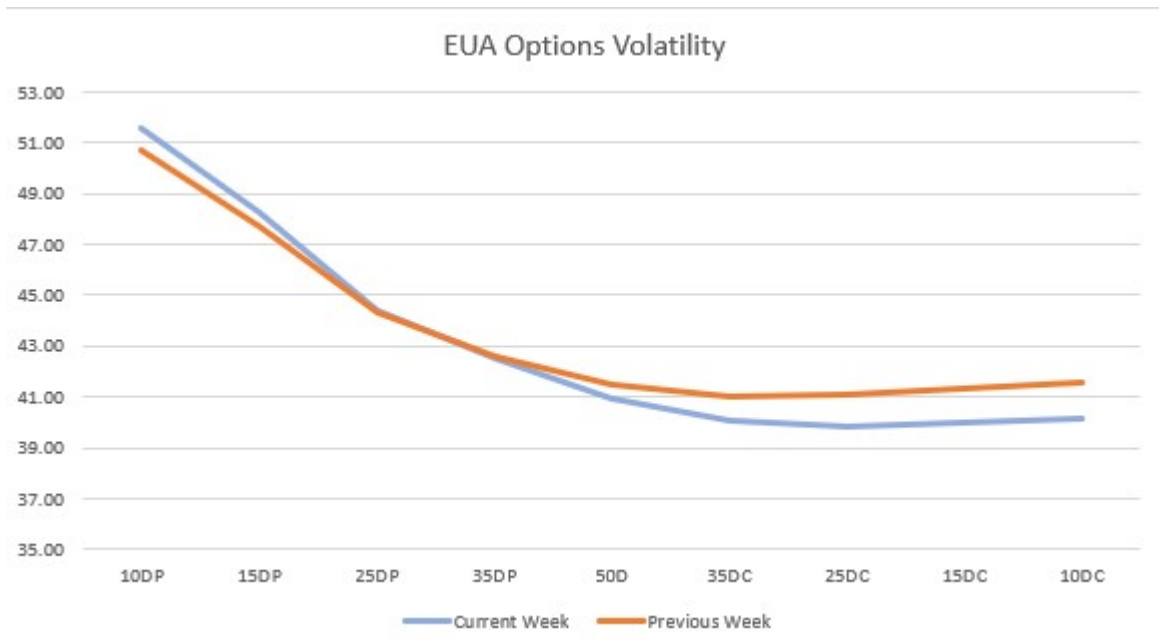
UKA 23 Futures Open Interest/ Volume



EUA Options Market

Put skew flat for the week and Call Skew down 3.37% for the week. EUAs dropped through two key technical supports and reached their lowest in more than three weeks in Friday trading as sentiment continued to turn bearish as the compliance buying season neared its end, while UKAs continued their slide to reach a 17-month low. Dec-23 EUAs were largely steady in the first 90 minutes of business, trading between €91.60 and the day's high of €92.44 – either side of Thursday's settlement level – before dropping sharply to a low of €90.36 and then bouncing ahead of the daily auction

Volatility Surface: 21/04/2023									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	51.56	48.30	44.43	42.48	40.91	40.03	39.82	39.96	40.16
WoW Change	0.85	0.55	0.09	-0.14	-0.59	-1.02	-1.27	-1.36	-1.40
Previous Week	50.71	47.75	44.34	42.62	41.50	41.05	41.09	41.32	41.56



Source: Bloomberg

Market News

(CarbonPulse): A Japanese shipping giant has set a target to remove over 2 million tonnes of CO₂e by 2030 by investing in carbon removal projects, the company announced on Friday in an update on its climate and environmental targets. “We will contribute to the removal of a cumulative 2.2 million tonnes of CO₂ by 2030,” Mitsui OSK Lines stated in its Environmental Vision 2.2, which updates the last set of climate and environment-related commitments released by the company in June 2021. In that vision, set two years ago, MOL committed to utilising carbon credits but did not specify a targeted amount, unlike in the 2023 vision just released.

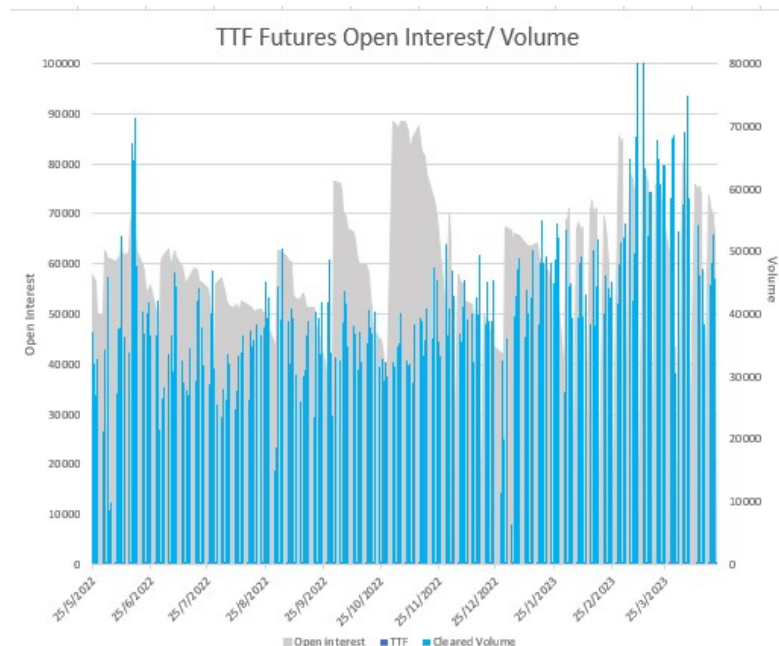
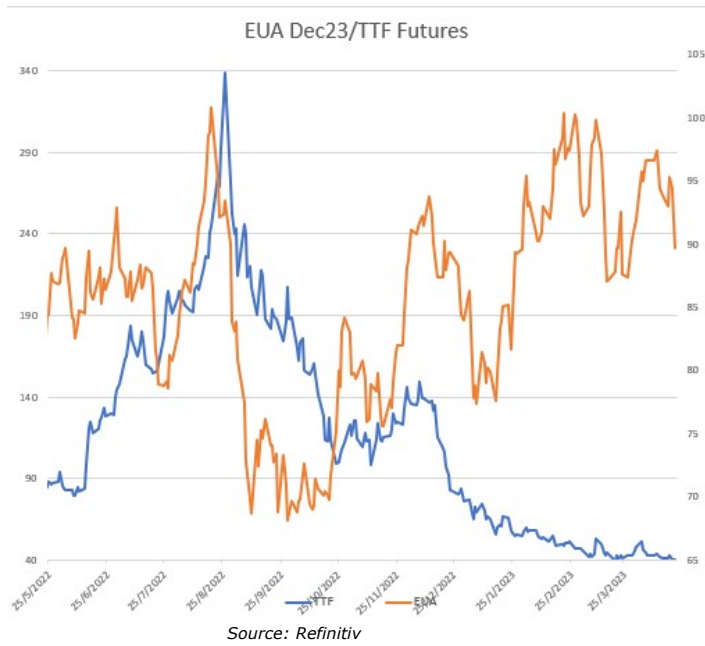
(CarbonPulse): US tech giant Apple has outlined its current and intended carbon removal credit purchases through 2030 in a report outlining progress towards its 2030 carbon neutral goal across all scopes and products. Compensating for residual value-chain emissions is expected to see the company purchase some 9.6 million carbon removal credits in 2030 alone. Apple first claimed climate neutral status across its corporate operations in 2020, lowering emissions from its offices, retail stores, data centres, employee commutes, business travel, and home working arrangements to just over 324,000 tonnes of CO₂e in 2022. These emissions were offset through carbon credits purchased from two projects: 9,100 credits from the Alto Mayo project to protect biodiversity-rich land in Peru; vintage 2016-18. 315,000 credits from the Chyulu Hills REDD+ project in Kenya, vintage 2017.

(MT Newswires): Some 3.3 million carbon offsets were issued by four carbon credit registries from April 3 to April 9. The count represents ClearBlue Markets' aggregate of all the credits issued by the ACR, CAR, GS and Verra. The weekly total represents an increase of approximately 34% when compared to the previous week and a jump of about 117% when compared to the same period last year. The carbon credit issuances went to a mixture of projects, with some of the projects being in the US, India and Canada.

(CarbonPulse): A UK-based carbon standard is due to launch next week having built up a portfolio of pilot activity in regenerative agriculture, as corporate interest in existing options for British land-based carbon credits is seen waning. Away from public view, the UK Carbon Code of Conduct has approved three methodologies – regenerative agriculture and soil, biodiversity and habitat creation, and agroforestry – for projects to follow to enable the issuance of carbon credits. A biochar method is due for approval soon, with two to three others in the wings including enhanced rock weathering, according to Doug Wanstall, UKCCC's interim project lead, a farmer who began working on project development in 2015.

Indicated Markets

Energy prices were mixed in the morning. Natural gas prices were slightly firmer after the market fell to a one-month low on Thursday, while German power prices have become rangebound in the last week. May TTF natural gas settled 1% lower at €40.164/MWh on ICE, though trade both before and after the settlement was in positive territory. Cal-24 German baseload power drifted 2% to stand at €145.25/MWh on EEX at the close. Cal-24 API2 coal gained 2.7% to \$135.00/tonne on ICE.



Contact

Anand Ravindran

AnandR@freightinvestor.com

+65 9782 2445

Ben Goulson

BenG@freightinvestor.com

+44 7738 726551

Oliver Kinkade

OliverK@freightinvestor.com

+44 (0) 207 090 1120

Theodore Goulios

TheoG@freightinvestor.com

+65 6535 5189

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