



Carbon Weekly Report

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02/06/2023

Voluntary Markets

FISe Announcement:

FISe Silent Auction for this Friday 9th June will be:

Project: VCS2252 Rio Anapu-Pacaja, v2017

The Auction Volume will be 150,000 tonnes.

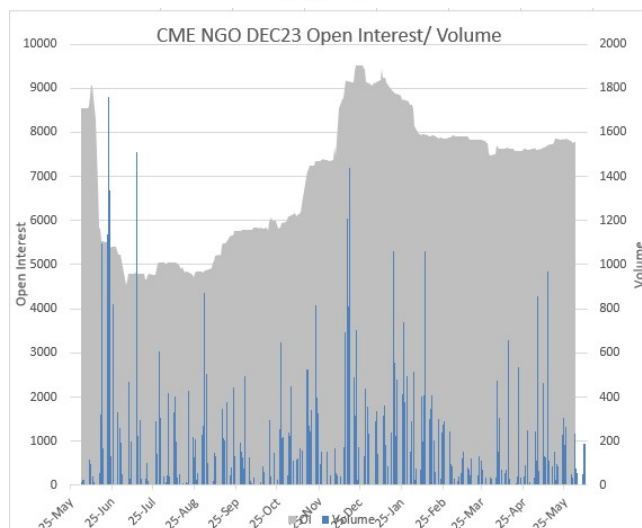
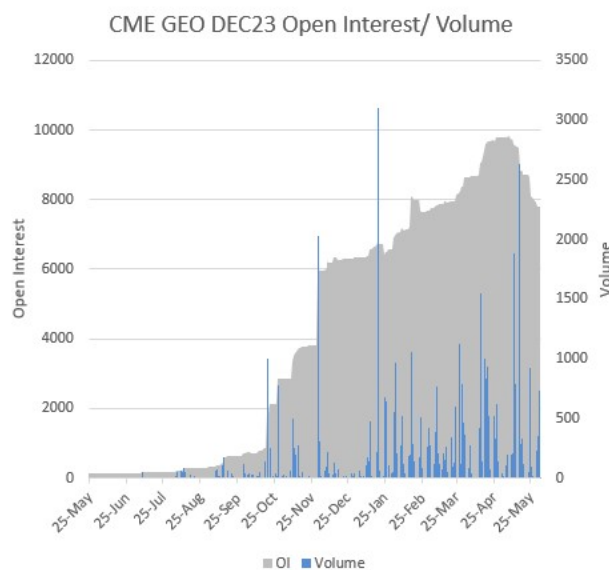
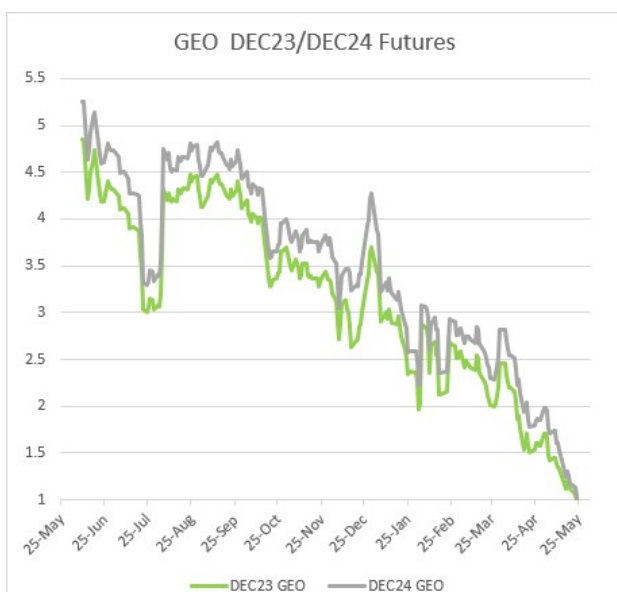
Start time: 9:30 am LONDON, 10:30am CENTRAL EUROPE, 4:30 pm SINGAPORE.

For any further information please contact the FISe team!

CME Futures

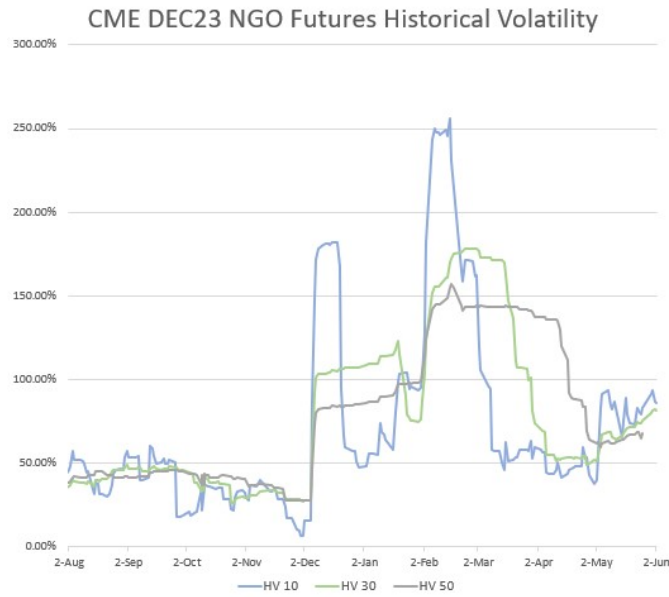
The NGO Dec23 contract lost \$0.21 to settle at \$1.11 for the week. Volume was low for the week at 429kt traded and open interest decreasing to 7.790Mt from 7.85Mt.

The GEO Dec23 contract lost \$0.10 to settle at \$0.66 for the week. Open Interest on the GEO complex has decreased 1.50Mt to 16.6Mt. GEO Dec24 Open Interest has decreased 722kt from the previous week. Dec24 positions appear to have been closed out on more clarity on CORSIA eligible projects that can be delivered into the contract.



CME NGO Historical Volatility

10 day volatility has increased to 86% from 83%. 30 day volatility has increased to 81% and 50 day volatility flat at 72%



Source: Bloomberg

Block Trades on CME (w/c 19th May)

04:22:19, GEO, Dec23/24, -0.04, 85kt (0.78/0.82)

00:21:06, NGO, Dec23/24, -0.30, 25kt (1.12/1.42)

00:14:02, NGO, Dec24, 1.40, 39kt

23:31:56, NGO, Dec23/24, -0.40, 25kt (1.20/1.60)

GEO Dec24 trades 0.83, 40kt

GEO Dec23/24 trades -0.05, 25kt (0.75/0.80)

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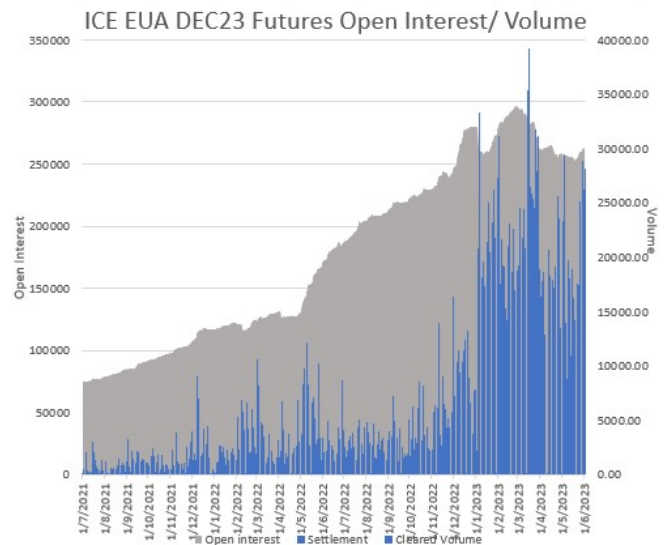
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Compliance Markets

EUAs

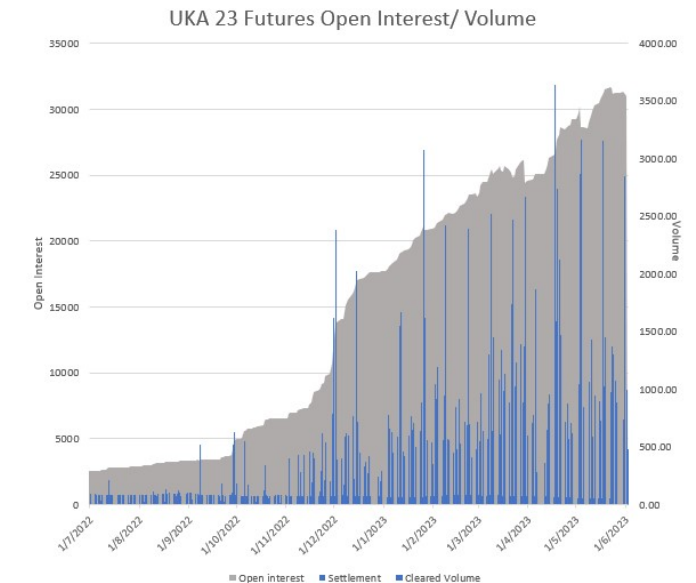
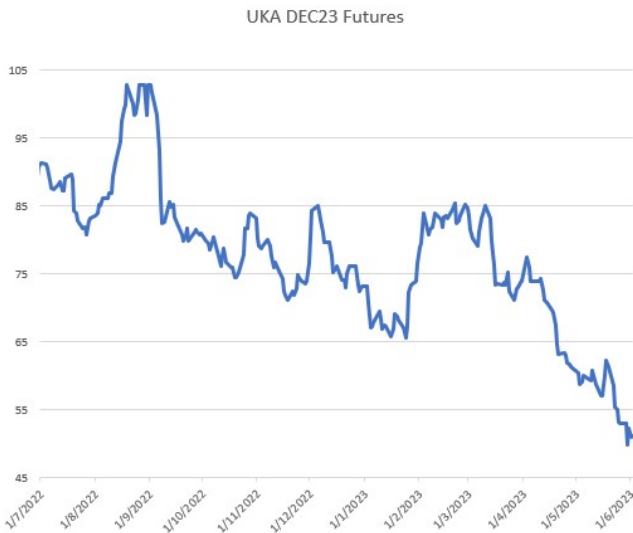
EU carbon prices erased almost all their early gains on Friday to post a small increase on the day but a 4% drop on the week, as a rally inspired by a strong daily auction faded in the afternoon along with the bullishness inspired by data showing that investment funds were holding their largest ever net short position. Prices eased further after the settlement, closing the session below Thursday's settlement price at €78.52, just 2 cents above the day's low. The short squeeze that began on Wednesday morning after Commitment of Traders data showed the biggest ever net short position among investment funds also appeared to be losing some of its strength



UK ETS

UK Allowances caught the early upward momentum from the EUA market, with Dec-23 UKAs climbing as much as 2.4% to £52.25, before easing back slightly into the close. The contract settled 0.3% higher at £51.20, with trading volume light at 479,000 tonnes. The UKA-EUA spread ended the week steady at -€19.46, about £1.80 down on the previous Friday's differential. There was relatively little reaction to UK government data released late on Thursday that showed an overall 2.5% increase in emissions in 2022. One source pointed out that UK ETS emissions from aviation had more than doubled last year, and had outweighed a 1.5% drop in emissions from stationary installations, which itself had been largely priced in by the market

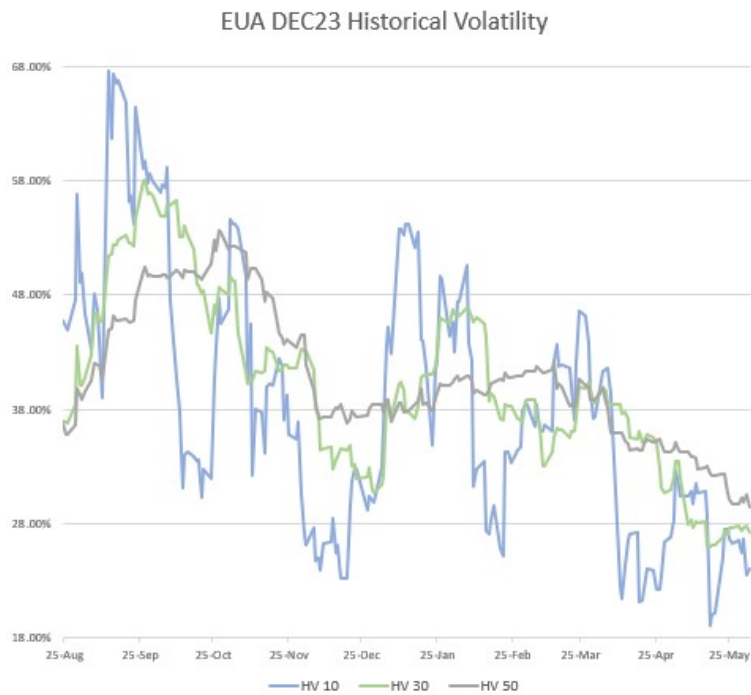
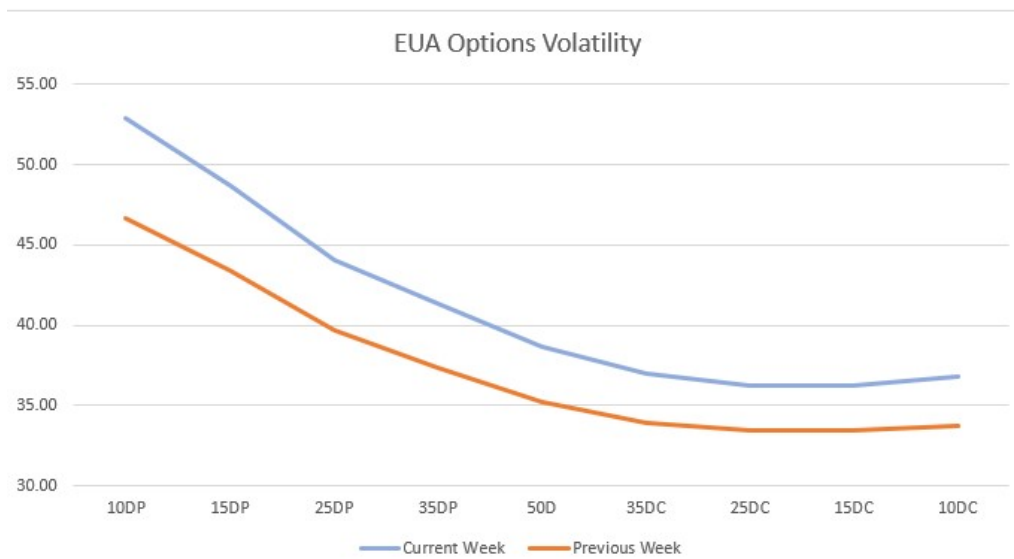
Source: Refinitiv



EUA Options Market

Put skew up 13.48% for the week and Call Skew up 8.91% for the week. Volume in the front-December totalled more than 18 million EUAs, with other contracts adding an aggregate 2.8 mln allowances.

Volatility Surface: 02/06/2023									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	52.94	48.74	44.09	41.36	38.70	36.95	36.24	36.21	36.78
WoW Change	6.29	5.29	4.42	3.98	3.49	3.04	2.81	2.77	3.01
Previous Week	46.65	43.45	39.67	37.38	35.21	33.91	33.43	33.44	33.77



Source: Bloomberg

Market News

(CarbonPulse): CBA has partnered with a carbon project developer to expand its native seed production to help meet growing demand for carbon and biodiversity restoration projects. Greening Australia highlighted that native seed is a crucial input for large-scale land restoration projects, and that demand for seeds significantly outstrips supply. Nindethana is Australia's largest native seed merchant, Greening Australia said, with facilities in Western Australia and New South Wales

(CarbonPulse): Japanese start-up Green Carbon has signed a Memorandum of Understanding (MoU) with the Philippines' state-owned National Development Company (NDC) with a view to generating 45 million carbon credits across a range of project types. Tokyo-based Green Carbon will work with NDC, a development investment agency under the Department of Trade and Industry, as well as the University of the Philippines to develop projects within forest management, paddy rice field management, and agriculture, it announced this week. Green Carbon said in a press release it intends to use REDD+ and ARR projects to protect 500,000 hectares of forests and mangroves – equal to a decade's worth of deforestation in the Philippines, which stands at an average 50,000 ha per year.

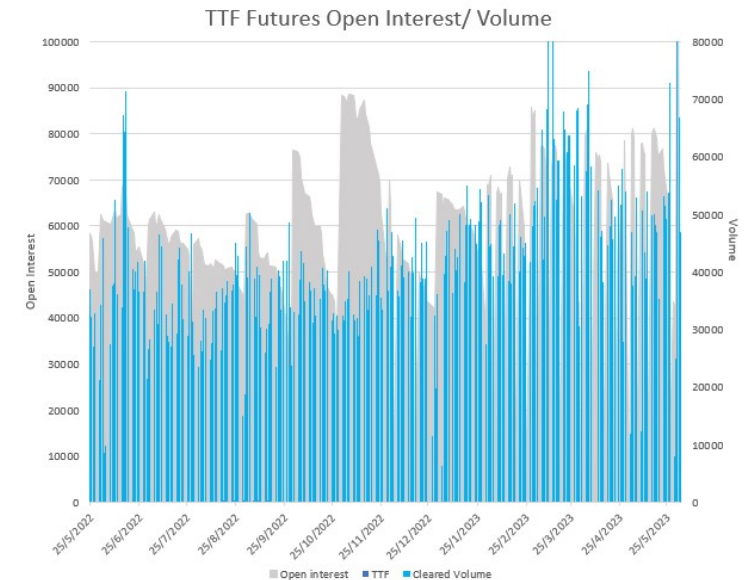
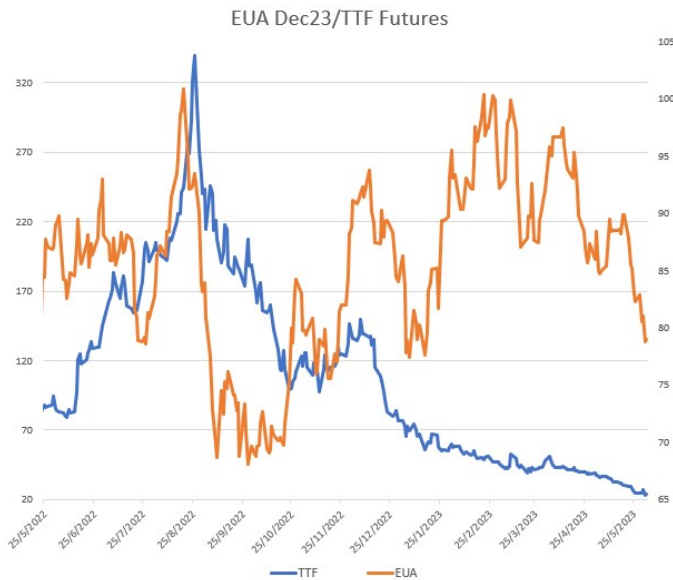
(CarbonPulse): Australian carbon project developers have been given one month's notice to register new human-induced regeneration (HIR) projects, ahead of the method's expiration date in September this year, the Clean Energy Regulator said Friday. The HIR method, finalised in 2013, is set to expire on Sep. 30 this year, and projects registered under the method will remain covered by their respective version for the remainder of their crediting period if they have started their crediting period on or before that date. Proponents intending to register a new HIR project under the existing method should do so by July 2, 2023, the regulator said. In a separate update, regulator data showed it issued nearly 273,000 ACCUs to 16 projects, after an almost threeweek gap between issuances. This is up slightly compared to the 235,000 ACCUs that were released in the previous update, and brings the total number of ACCUs issued under the scheme to around 126 mln. Generic ACCUs on the spot market were trading at A\$34.50 on Friday, according to Jarden's CommTrade platform, down roughly 2% week-on-week. Spot ACCUs derived from HIR projects were trading at A\$35.75.

(MT Newswires): The number of carbon offsets retired in the fourth week of May fell week-to-week, data analysis provided by carbon research company ClearBlue Markets show. Some 1.2 million carbon offsets were retired by four carbon credit registries in the week of May 22 to May 28, down about 54% when compared with the previous week and up 9.4% from the same period of the previous year. Retirements of carbon credits occurred in a mixture of geographies, including in China, Sierra Leone, Cambodia, the US and Indonesia.

(CarbonPulse): A cookstove project in Malawi has been downgraded by a carbon credit rating agency to having a low chance of achieving its stated carbon avoidance because of concerns about usage and stove effectiveness, while credits from a biodigester project in India were given a very low chance of avoiding a tonne of CO₂. In its latest roundup, BeZero Carbon downgraded its rating for the Ver-ra-accredited cookstove project (VCS ID 2342) from BB to B after a review following a new monitoring report released by the project. "The revised 'B' rating reflects our view of the project's notable additionality risks due to existing clean cooking government interventions and a lack of clarity on how carbon revenue will be used," it stated.

Indicated Markets

July TTF natural gas climbed as much as 4.4% during the morning, but by the end of the day had given half its gains and settled 2.5% higher at €23.689/MWh on ICE. Cal-24 German baseload power also dipped into the red in the morning, and despite rallying for much of the day was 0.1% lower at the close at €118.00/MWh on EEX, while cal-24 API2 coal last traded up 2.4% at \$95.00/tonne.



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