



# Carbon Weekly Report

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## 06/11/2023

### FISe Announcement

FISe Silent Auction for This Friday 10th November will be:

GS7468, 300 MW Wind Energy by Green Infra Ltd., India, V21, 100kt

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

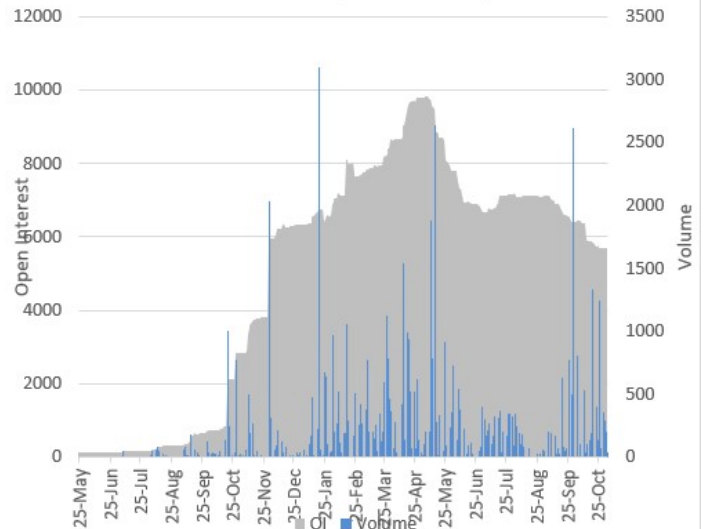
For any further information please contact the FISe team

(FIS View): 954kt traded on NGO Dec23 contract for the week, with the contract settling at \$1.03, down \$0.41 for the week. Activity on the further dated contracts was muted. Open interest on the NGO Dec23 is at 5.527Mt down from 5.86Mt the previous week. 1029kt traded on the GEO Dec23 contract for the week with the contract settling at \$0.59, up \$0.06 for the week.

GEO DEC23/DEC24 Futures



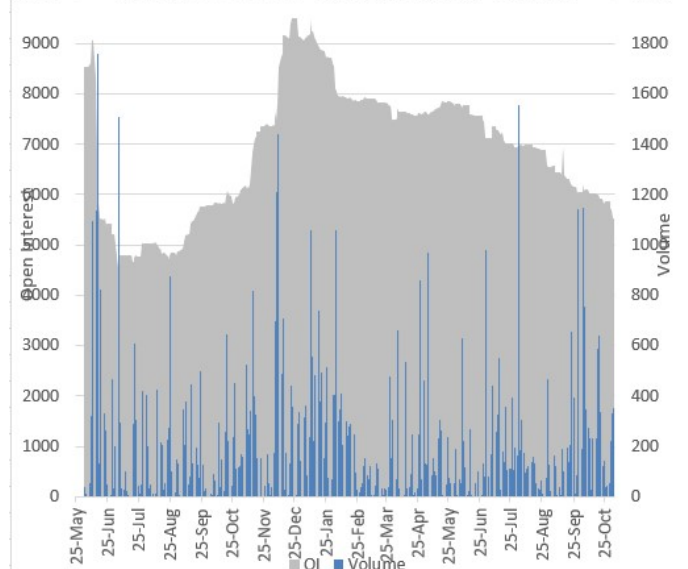
CME GEO DEC23 Open Interest/ Volume



CME NGO DEC23/ DEC24 Futures

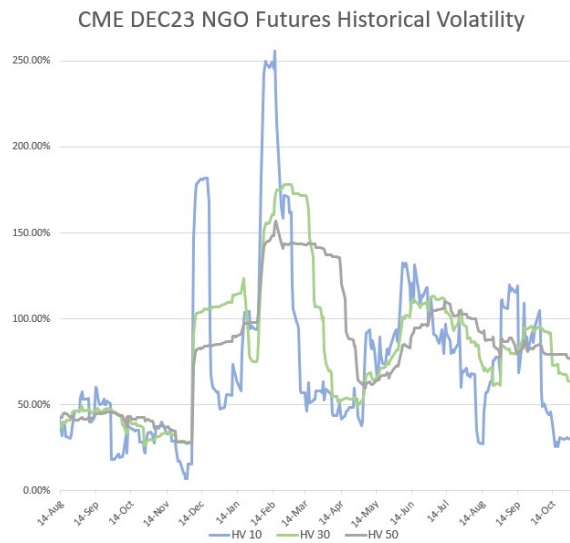


CME NGO DEC23 Open Interest/ Volume



## CME NGO Historical Volatility

10 day volatility at 119%. 30 day volatility flat down to 76% and 50 day volatility at 92%. NGO Dec23 contract is down \$0.43 for the week, settling at \$1.03



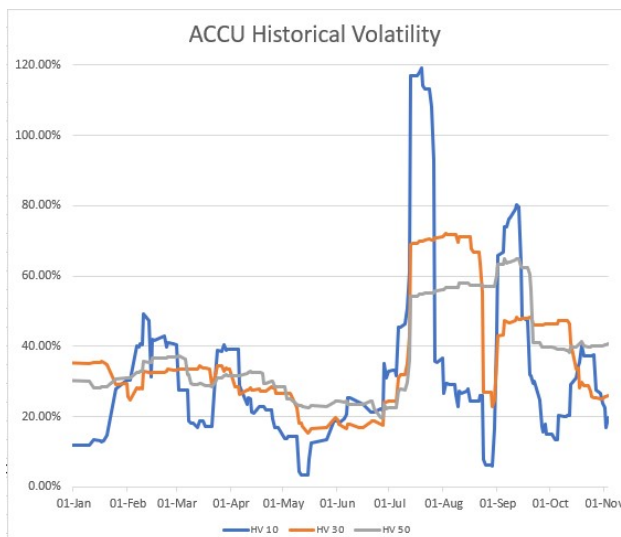
Source: Bloomberg

## Block Trades on CME (w/c 3rd Nov)

CME NGO DEC23/24, -0.55, 50kt  
 CME NGO DEC 23/ 24 , -0.40, 25kt

## ACCU & NZU Market

Generic ACCUs were trading at A\$31 on Thursday, while units sourced from human-induced regeneration projects were going for A\$33.50, roughly the same price they've been sitting at for much of the past three months. Spot market ACCU prices were likely not accurate in portraying the units' actual value, with most of the trading activity going on in the bilateral OTC market. A group of former Pacific national leaders have railed against Australia's performance at recent UN talks attempting to establish a loss and damage fund, as the Federal Court has ordered oil and gas company Santos to halt pipeline work at its Barossa gas project.



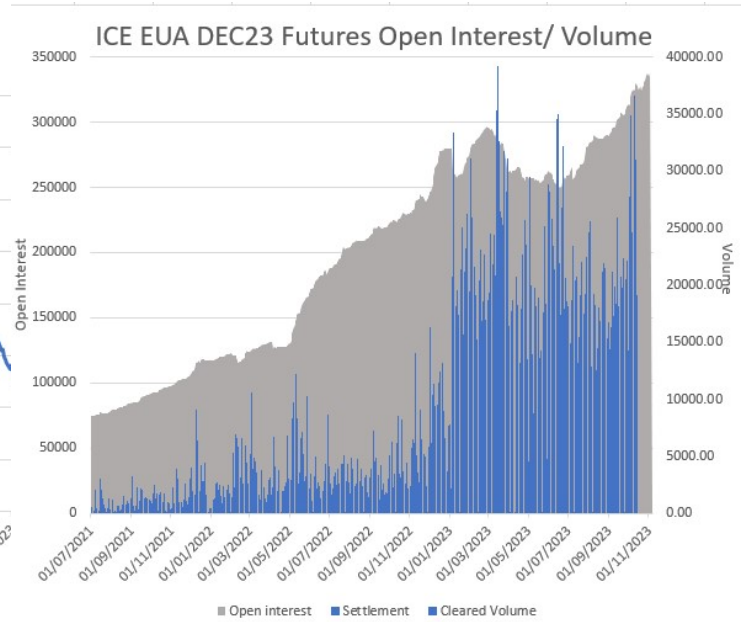
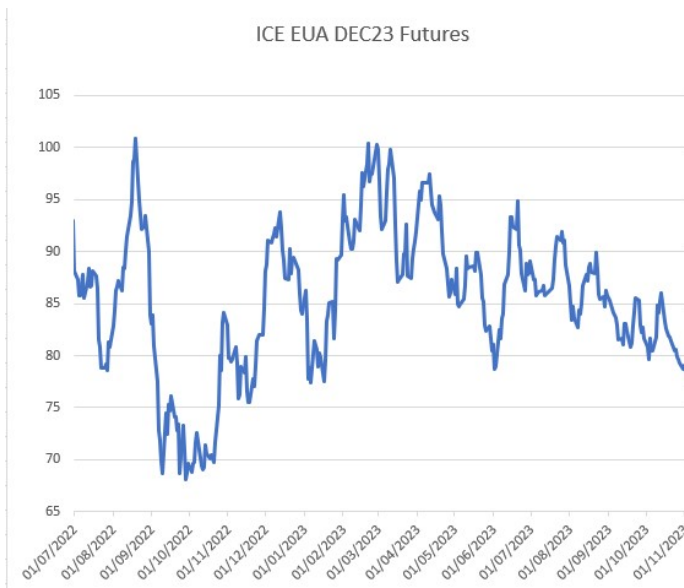
Source: Bloomberg

ACCU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Sep-23	49.00	46.50	44.00	45.00	46.50
Dec-23	47.00	44.50	42.00	43.00	44.50
Mar-24	45.00	42.50	40.00	41.00	42.50
Jun-24	43.00	40.50	38.00	39.00	40.50
Sep-24	41.00	38.50	36.00	37.00	38.50
Dec-24	39.00	36.50	34.00	35.00	36.50

# Compliance Markets

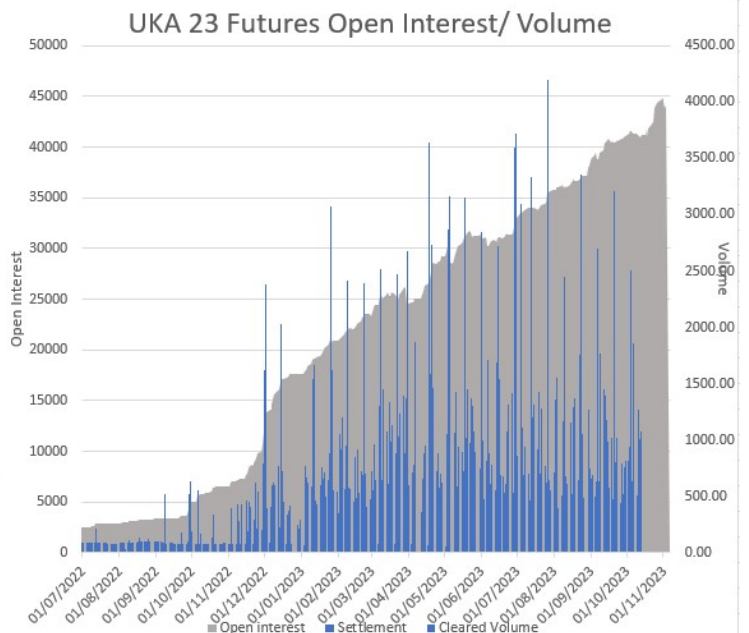
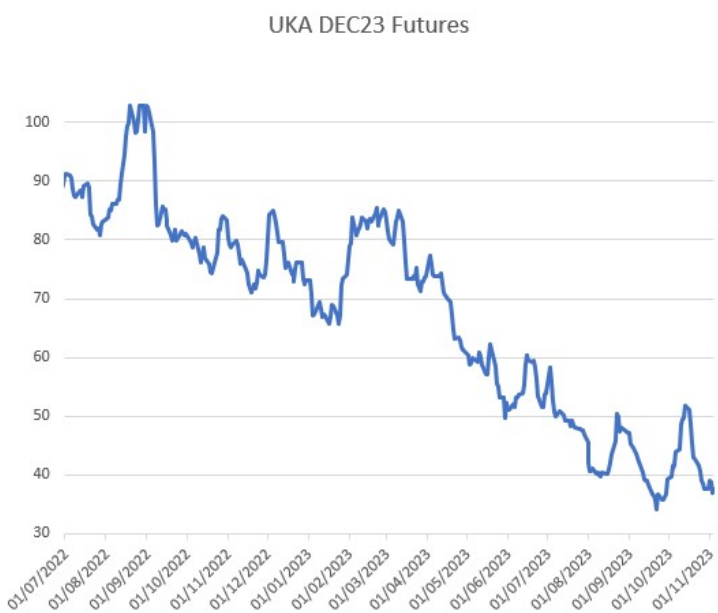
## EUAs

European carbon prices underwent a gradually steeper decline over Friday to give up almost all of the previous session's €3 rally, as bears gained in confidence despite technical signals that raised the prospect of a potential bullish reversal, while the main energy markets were mixed after news from the Middle East suggested the current conflict in Gaza might not widen in the region. The market remained in close contact with €79.00 through to midday, at which point the gradual decline set in. As the risk of renewed increases faded, bears appeared to gain confidence, with prices dropping to a new low of €78.08 amid a sharp sell-off in gas after news from the Middle East appeared to suggest the Gaza conflict might not worsen. Shortly after the market dropped again, reaching €77.63 on renewed selling ahead of the settlement window, and in the last hour recorded a low of €77.10. EUAs ended the day at €77.20. The settlement was 1.2% lower on the day at €77.64, the lowest since Jan. 6 and representing a loss of 2.2% on the week. The settlement was also the third lowest of the year, dating back to the beginning of January. Volume in the front-December totalled nearly 22 million EUAs, with other contracts contributing an additional 4.8 mln allowances.



## UK ETS

UK Allowance prices made a modest gain to break a run of two weekly losses in which prices have fallen by 27% since Oct 13. Dec-23 UKAs traded relatively steadily at around £37.10 for much of the day, before climbing ahead of the settlement window. The benchmark British contract settled 1.9% higher on the day at £37.69, with volume totalling 2.8 mln allowances. Late trading saw the market reach a high of £37.86. The UKA-EUA spread ended the week at -€34.17, a narrowing of around €2 from a week ago.

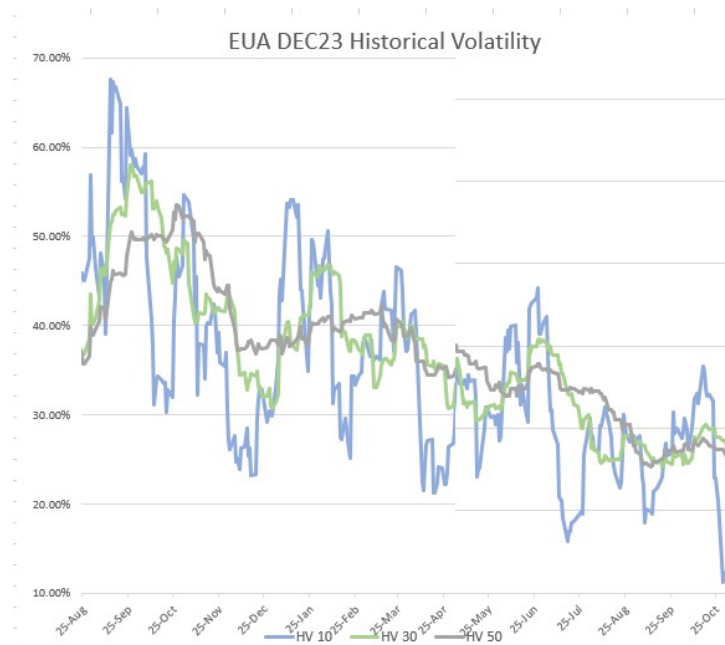
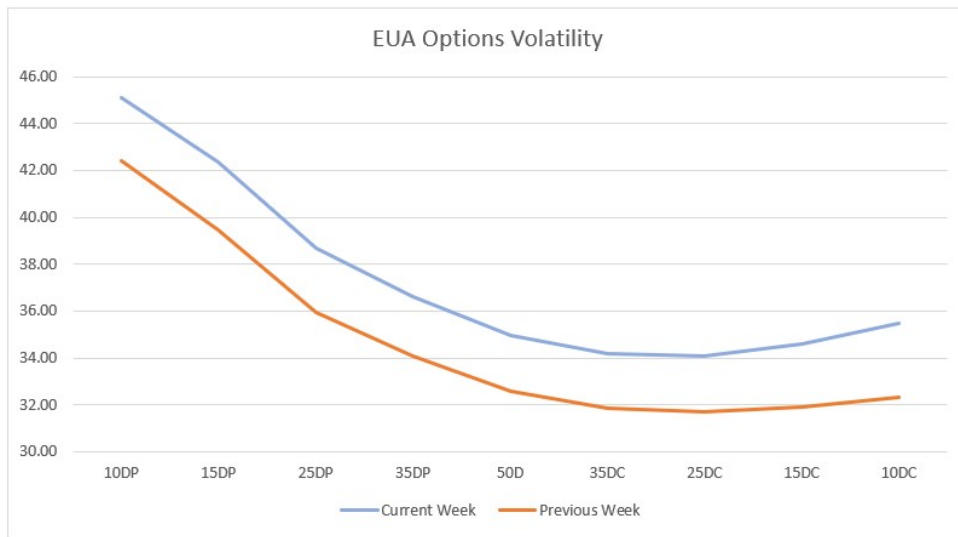


# EUA Options Market

Put skew up 2.71% and call skew up 9.81% for the week. Volume in the front-December totalled nearly 22 million EUAs, with other contracts contributing an additional 4.8 mln allowances.

Source: CarbonPulse

Volatility Surface: 06/11/2023									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	45.11	42.35	38.70	36.63	34.95	34.18	34.10	34.62	35.47
WoW Change	2.71	2.90	2.74	2.53	2.35	2.32	2.40	2.71	3.17
Previous Week	42.40	39.45	35.96	34.10	32.60	31.86	31.70	31.91	32.30



Source: Refinitiv

Source: Bloomberg

## Market News

(OPIS): Verra has launched an investigation into allegations of physical and sexual abuse at the Kasigau Corridor REDD+ project in Kenya, the offsets standard setter said Friday, adding that any further credit issuances will remain on hold until it completes the inquiry. Verra said the allegations were raised by the Kenya Human Rights Commission and the Centre for Research on Multinational Corporations, an organization based in Amsterdam. "Pursuant to the rules of the Verified Carbon Standard program, the Climate, Community & Biodiversity Standards program and the Sustainable Development Verified Impact Standard program, Verra is initiating an investigation of the Kasigau Corridor REDD project," the registry said in a statement posted on its website

(OPIS): Japan's Sumitomo Corporation has inked a long-term deal with Singapore-based developer VNV Advisory to buy blue carbon credits generated in Indonesia, the Japanese trading company announced on Nov. 1. Both firms will plant mangrove trees in cooperation with organizations and residents in Sumatra, Indonesia to generate approximately 600,000 metric tons of CO2 equivalent (mtCO2e) of blue carbon credits over 20 years, Sumitomo Corporation said. The credits will be traded by Sumitomo Corporation mainly to Japanese companies and other customers, it added

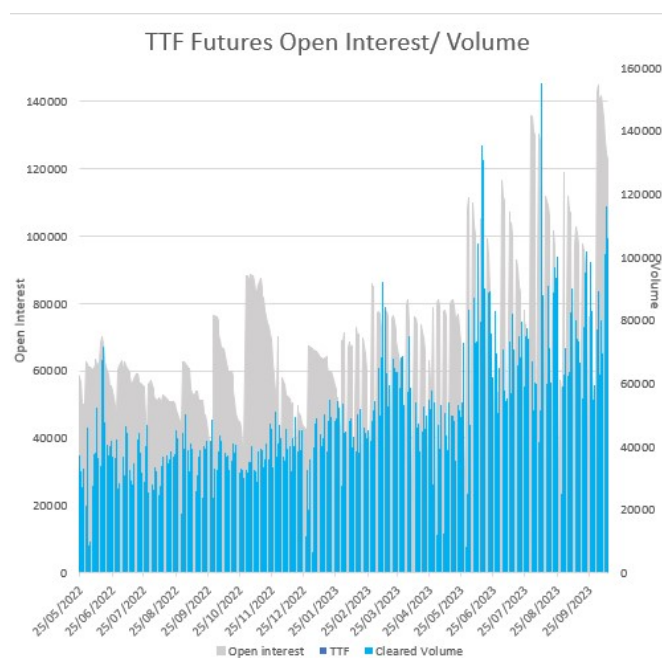
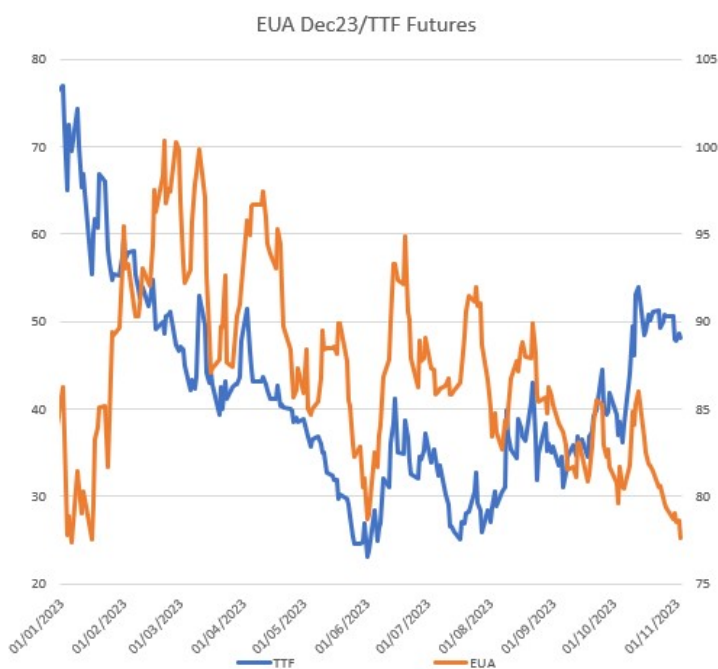
(CarbonPulse): Brunei Darussalam's government is set to propose a carbon pricing roadmap this week, with the oil producing nation likely to favour a voluntary approach initially, a senior official told a conference on Monday. The roadmap from the nation's climate change secretariat is set to be published at the national climate change council event on Thursday, Abdul Rahman Osman, a special duties officer at the secretariat, told the webstreamed ASEAN Carbon Pricing Conference in Bangkok, Thailand. "First, we will be looking at continuing identifying and assessing what kind of carbon pricing we would like to go for and we have a vague idea that we would want to focus on voluntary carbon pricing first before going towards mandatory carbon pricing," he said of the roadmap document

(CarbonPulse): Marubeni Corporation has signed cooperation agreements with business partners in the Malaysian states of Sabah and Sarawak to commence the feasibility study of an afforestation project, it said in a statement released Monday. The Japanese firm said it has teamed up with Sabah Softwoods Berhad (SSB), which operates a tree-planting business, to work on reforestation efforts targeting degraded land within the forest plantations owned by SSB in Sabah. SSB, a company affiliated with the Sabah state government, owns around 60,000 hectares of plantation land in the region and was the first to engage in large-scale industrial afforestation in Malaysia, company data showed.

(XPansiv): Kariba's highly public immolation slashed N-GEO spot and futures prices last week. The current vintage spot N-GEO fell 29%, the older vintage N-GEO TR trailing contract fell 41%, and the December CBL N-GEO futures dropped 28%. All told the spot N-GEO, which settled at \$1.10 last week, is down more than 70% from its \$3.75 high price notched 21 August, following the contract's well-received 1 July vintage roll. The CORSIA pilot phase GEO spot contract also fell last week, dropping 14% to \$0.60, one cent above the CBL GEO December futures, which rose 11%. Nonetheless, market participants continued fourth quarter credit purchases and value-seeking speculators were detected eyeing REDD project credits, including Katingan and Southern Cardamom.

## Indicated Markets

Energy markets rose in the morning before sagging lower after midday. December TTF natural gas climbed as much as 3.8%, before dropping as much as 3.4% as the leader of Islamist group Hezbollah in Lebanon praised the Hamas attacks on Israel on Oct. 7 but said they were “100% Palestinian”, damping the prospects that the conflict could spread. The benchmark gas contract settled 1% down on the day at €48.057/MWh on ICE. Cal-24 German baseload power was 2 cents higher at the close, at €118.49/MWh on EEX. Cal-24 API2 coal last traded 1.2% lower at \$118.75/tonne on ICE



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