



Emissions Weekly Report

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13/02/2024

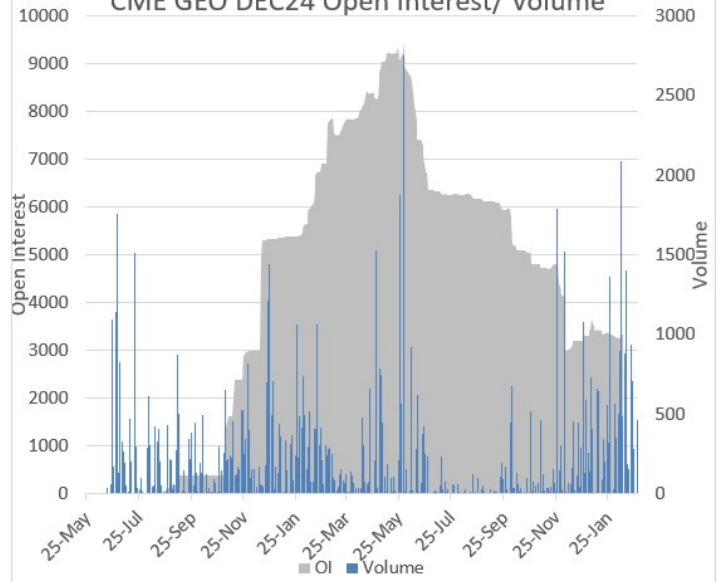
CBL market activity was focused on large transactions via its N-GEO TR nature-based trailing contract with a 2016-2017 vintage range, as well as in the GEO contract, which tracks CORSIA pilot-phase-aligned credits from 2016-2020. This preference underscores the confidence that experienced corporate buyers have in the REDD+ and voluntary CORSIA paradigms.

A total of 250,000 credits were traded through the two contracts, which accounted for the majority of CBL's 300,375 ton volume for the week. In project-specific credit transactions, 29,306 VCS vintage 2022 wind energy credits from China were matched on screen at \$1.80.

CME GEO DEC24/ DEC25 Futures



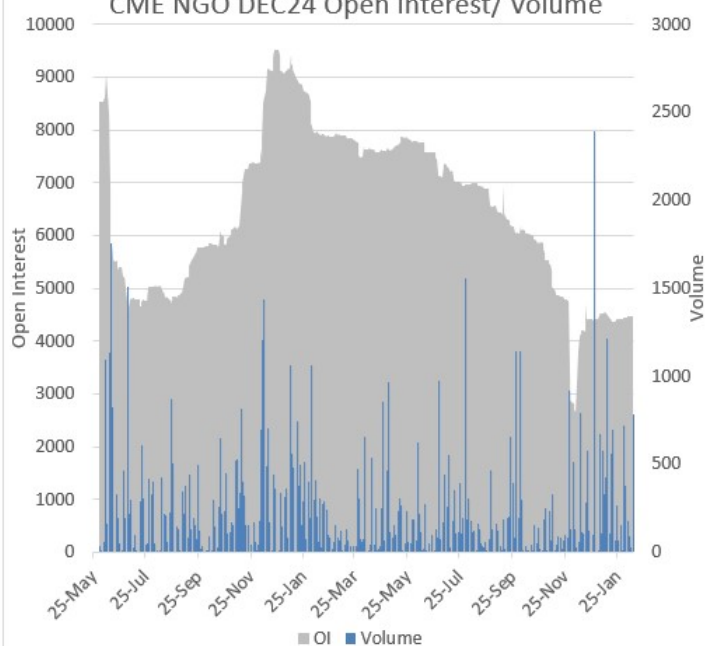
CME GEO DEC24 Open Interest/ Volume



CME NGO DEC24 / DEC25 Futures

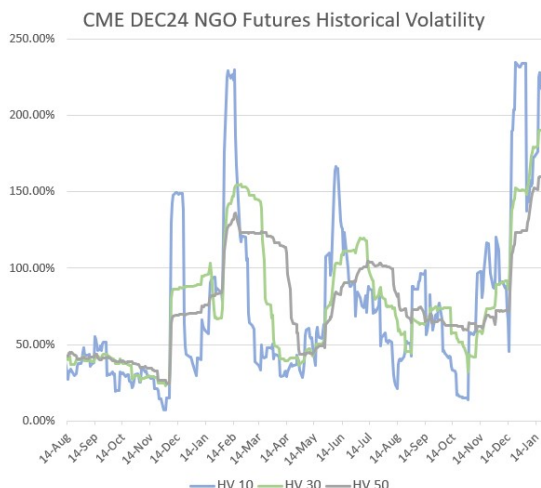


CME NGO DEC24 Open Interest/ Volume



CME NGO Historical Volatility

10 day volatility at 144%. 30 day volatility flat down to 159% and 50 day volatility at 235%.
 NGO Dec24 contract is up \$0.17 for the week, settling at \$1.42



Source: Bloomberg

Block Trades on CME (w/c 12th Jan)

ACCU & NZU Market

(Reputex): Lumpy buying interest saw the ACCU market trade higher last week, with HIR again re-testing recent highs, while the Generic ACCUs excluding Avoided Deforestation (No-AD) basket traded up to a weekly high of \$36/t before retracting back to meet Generics later in the week. The first quarter continues to prove the strongest in the ACCU market, with total spot volumes on track to match the record high from Q1 2023, following the release of the Safeguard Mechanism policy position paper. With the holiday period behind us, and typical buying interest at quarter end expected to come, further trading activity may provide a signal that the market has broken away from the weaker period over 2H 2023.

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

NZU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Apr-24	34.00	33.50	33.00	34.50	35.50
Dec-24	32.00	31.50	31.00	32.50	33.50
Apr-25	30.00	29.50	29.00	30.50	31.50
Dec-25	29.00	28.50	28.00	29.50	30.50
Apr-26	28.00	27.50	27.00	28.50	29.50
Dec-26	27.00	26.50	26.00	29.25	29.50

Compliance Markets

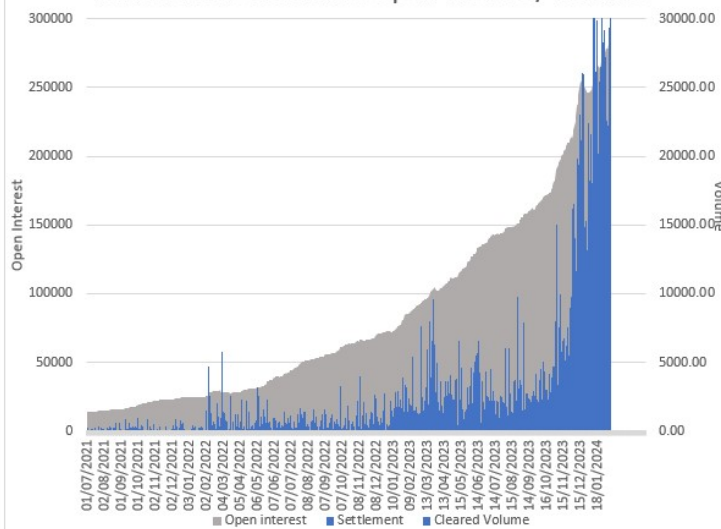
EUAs

The Dec-24 settled at €58.79 last week, a -7.27% loss WoW. Volume dropped by almost 7% as approximately 125m EUAs exchanged hands through the Dec-24 benchmark, an average of about 25m/day. Open interest grew by 1.8% week on week despite the strong price drop, which compares to a 2.1% increase the week before, which was a week seeing a relatively flat price development. The volatility corridor increased from €3.9 the week before to €6.3 last week. Weekly average volume in ICE's daily (spot) future contract remained strong, as 4.5m exchanged hands, which could be driven by time-spread trades triggered by the delayed compliance period this year. After the RSI had taken a breather the week before, it dropped to almost oversold territory on Friday and is currently showing a level of 32.6, which is strictly speaking not yet oversold territory.

ICE EUA DEC24 Futures



ICE EUA DEC24 Futures Open Interest/ Volume



UK ETS

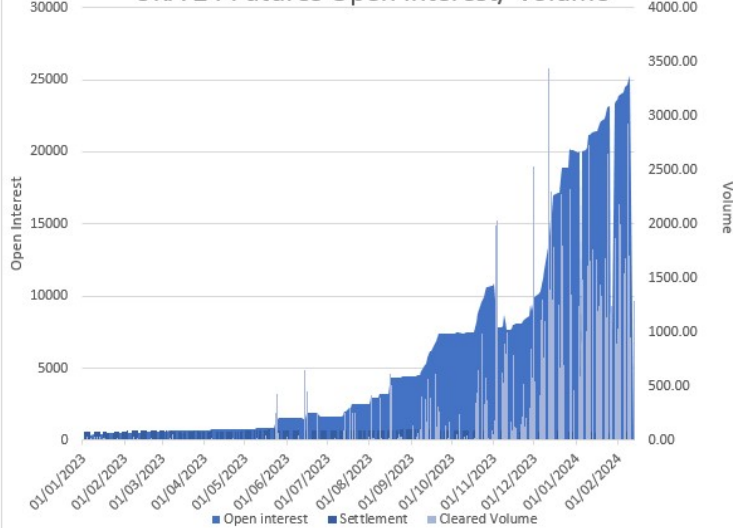
UK Allowances represented the only splash of green on European screens on Friday as the market continued to find support from opportunistic buying near the market's record low. Dec-24 UKAs set an early high of £35.25, and traded at around £35.00 for most of the morning, before slipping lower to set a low of £34.46 in mid-afternoon. Shortly before the settlement, prices began to recover and the front-December set its daily high of £35.64 shortly before the close of business. The front-December settled 1.7% higher at £35.22 on ICE Futures Europe, for a weekly 6% loss. Trade in the benchmark futures totalled 956,000 tonnes. The UKA-EUA spread narrowed sharply to -€17.55, the smallest discount in nine months.

Source: Refinitiv

UKA DEC24 Futures



UKA 24 Futures Open Interest/ Volume

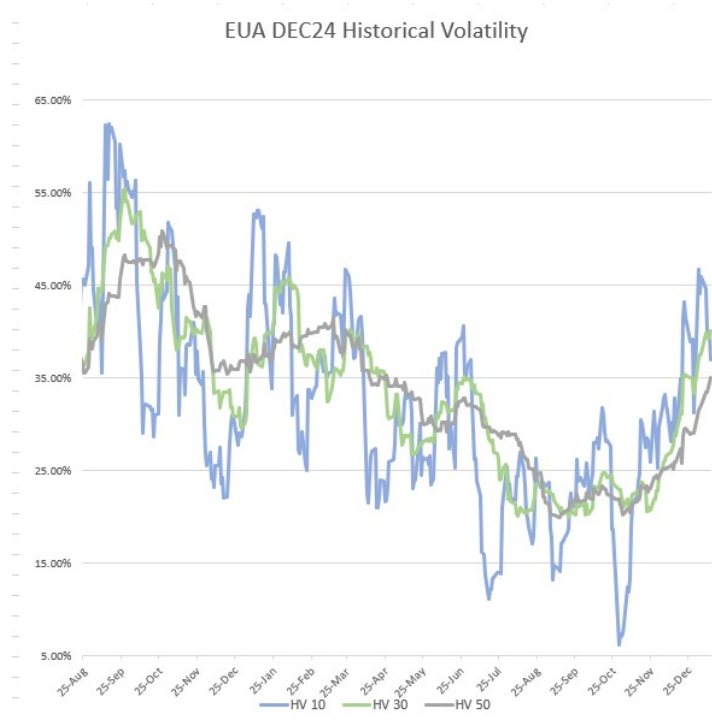
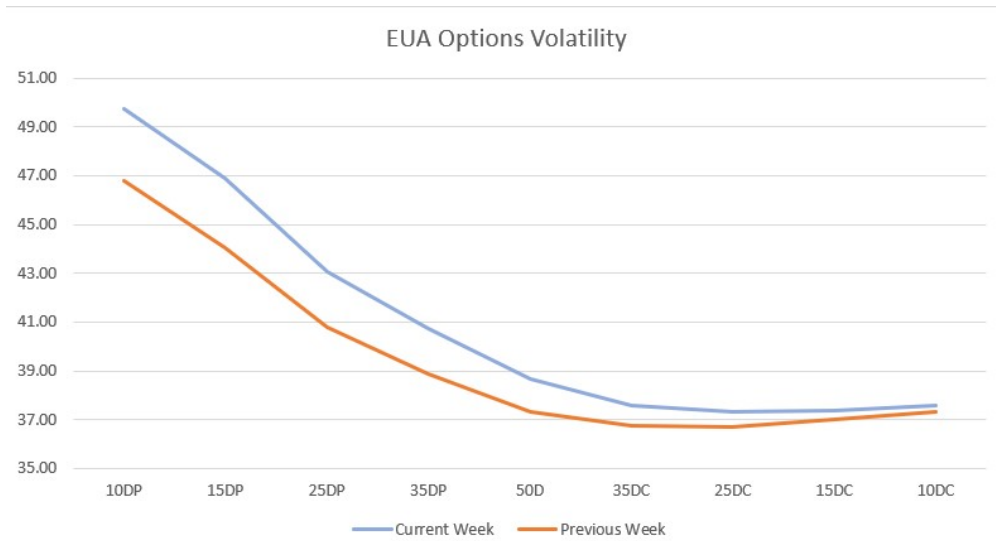


EUA Options Market

Open Interest on put and call options saw some significant changes last week. Call options for the €70 and €80 strike prices increased by 31% and 16% respectively by mid-week, before staying flat for the rest of the week. Call options with a strike price of €90 dropped 7% on Thursday but remained flat the rest of the week. For put options with a strike price of €55, €60 and €80, the open interest increased by 12%, 5% and 19%. Similar to the call side, the moves happened on Wednesday.

Volatility Surface: 13/02/2024									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	49.73	46.92	43.08	40.75	38.68	37.59	37.32	37.39	37.57
WoW Change	2.92	2.86	2.30	1.87	1.35	0.86	0.60	0.38	0.27
Previous Week	46.81	44.06	40.78	38.88	37.33	36.73	36.72	37.01	37.30

Source: Verrtis



Source: Refinitiv

Market News

(CarbonPulse): Standardised voluntary carbon market prices continued on a sideways trajectory last week as participants mulled the work being done by the ICVCM, while also awaiting clarity on which units will be eligible for the current CORSIA phase. Prices across different standardised contracts were mixed-to-bearish over the week, characteristic of a market still struggling to bounce back from the bottom, with most products still trading at well below \$1. Futures contracts charted the weakest price moves, with CBL's nature-based N-GEO benchmark Dec-24 easing 11% to \$1.42 on CME, while ICE's front-December product was down by a similar amount. ICE's CORSIA Phase 1 futures also moved lower, exchange data showed, the Dec-24 down 5.5% week-on-week as it eased further below \$10. The curve remains in firm backwardation, with the Dec-27 now at a \$2.25 discount to the benchmark.

(CarbonPulse): Australian Securities Exchange-listed Calix Limited said Monday that its Zero Emissions Steel Technology (ZESTY) can reduce the emissions intensity of iron ore to metal iron from 1.89 tonnes of CO₂ per tonne of iron to near zero. "The reduction of iron ore to metal iron currently accounts for 80-85% of the steel industry's carbon dioxide emissions," it said. "The estimated cost of HBI (hot briquetted iron) production by ZESTY at demonstration scale is close to the range of existing conventional HBI processing costs. This is despite the use of hydrogen as a reductant." Calix said in the statement it had completed front-end engineering and design (FEED) for a 30,000-tonne per day steel plant in Bacchus Marsh, Victoria.

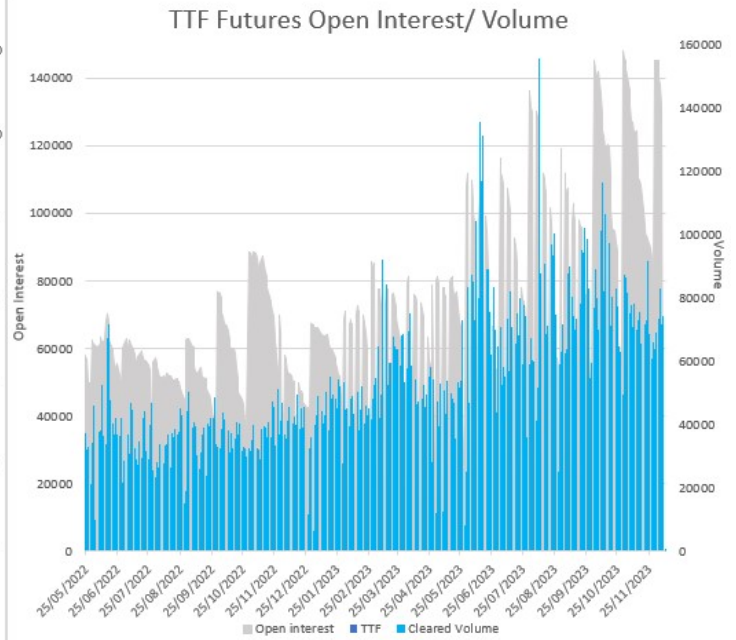
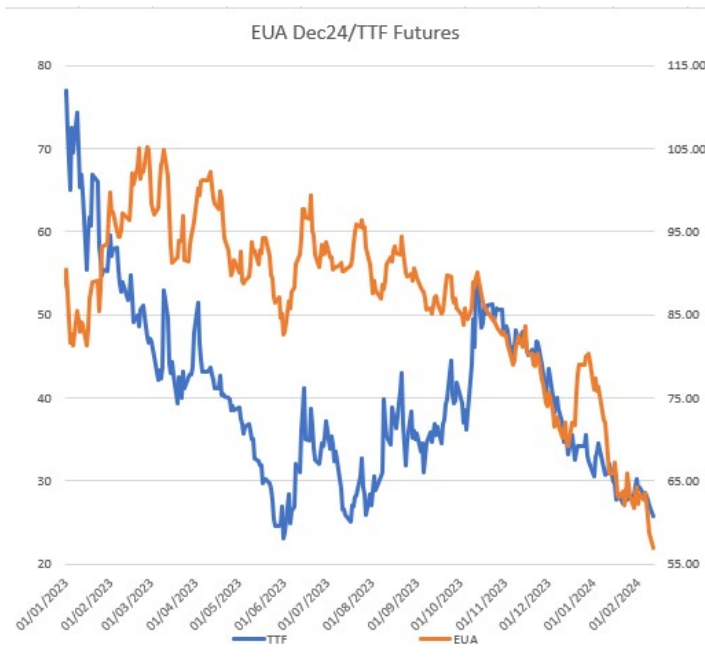
(CarbonPulse): SDG Impact Japan and Sustainacraft aim to raise finance for the Nature Commitment Fund this year to purchase a total 9 mln nature-based carbon credits in the voluntary market or for projects qualifying under the Joint Crediting mechanism (JCM). Hiroshi Suetsugu, CEO of Sustainacraft, told Carbon Pulse that the partners expect a first close of the fund at the end of July this year with a minimum of \$25 mln committed, and that primary focus will be on afforestation, reforestation, and revegetation projects as well as agricultural land management schemes. "The partnership aims to increase investment by Japanese companies and to promote a market ecosystem that supports high-quality nature-based projects," the companies said in an announcement Tuesday. "When identifying candidate projects for investment, the fund aims to choose only the project meeting strict requirements on additionality, protection, credit generation, and expected returns using technologies and know-how proprietary developed." The Nature Commitment Fund will identify early-stage NBS projects to secure long-term carbon credit offtake arrangements, in a bid to make sure investors receive a stable supply of credits or profits amid what they expect will be rising carbon prices.

(ASX): ASX has previously revealed that it will launch three contracts covering Large Generation Certificates, NZUs, and ACCUs. "Environmental futures will provide a transparent forward curve for the market to hedge and price the energy transition as the world moves closer toward crucial emission reduction targets," a factsheet published Thursday said. "A liquid environmental futures market at scale could assist capital to flow from those making the net-zero commitment into the hand of those with the ability to reduce and remove carbon." The contract's details are similar to other futures contracts that exist in current markets. Each of the carbon-related futures contract will be generic, with one future equal to 1,000 tonnes of CO₂e not released into the atmosphere, according to the factsheet. It noted that a deliverable contract offers an alternative avenue to access carbon credits. Those holding positions at expiry will be required to deliver or take delivery of underlying certificates with ASX facilitating end-to-end delivery to maintain anonymity, it said.

Source: CarbonPulse

Indicated Markets

European energy markets posted a third day of losses as the outlook for wind and nuclear generation weakened, according to analysts at Engie EnergyScan. March TTF natural gas was weaker throughout the day, falling sharply in late afternoon trading before a late and modest recovery. The contract settled 2.5% lower at €27.117/MWh on ICE. Cal-25 German baseload power extended morning losses to stand 2.8% lower at €74.50/MWh on EEX at the close. Cal-25 API2 coal was quoted at \$92.00-\$94.50/tonne on ICE, after settling on Thursday at \$94.57/tonne.



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