



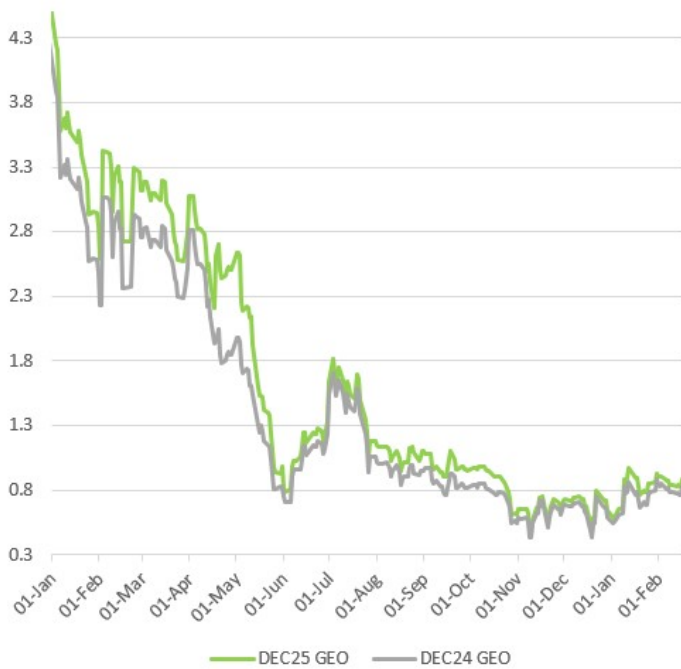
# Emissions Weekly Report

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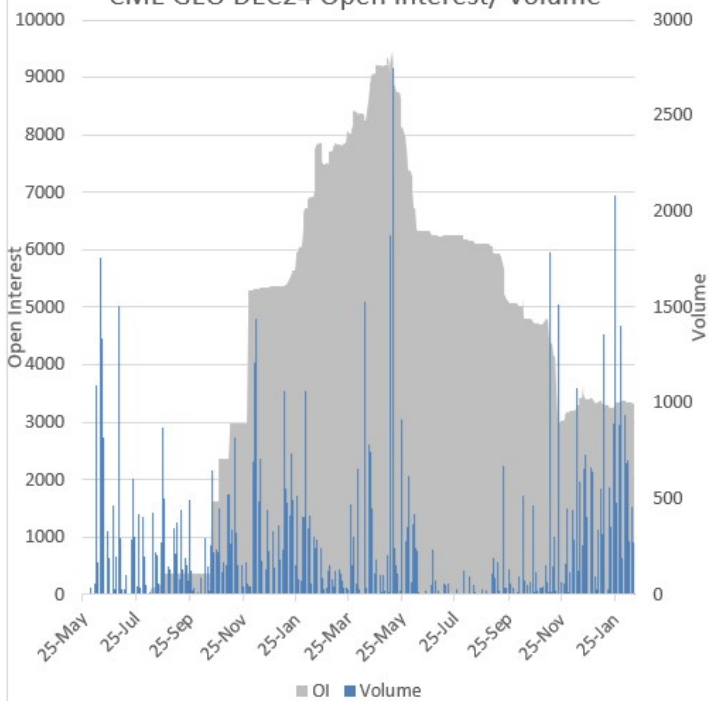
**19/02/2024**

Carbon credit derivatives market activity was led by CBL N-GEO futures last week with the December contract settling at \$1.51, a 6.3% rise, on volume of 2.8 million tons. The CBL GEO futures added 893,000 tons to round out the week's 3,716,000-ton volume. Open interest across the CME Group's CBL Emissions futures complex gained 81,000 tons to close the week at 10,697,000

CME GEO DEC24/ DEC25 Futures



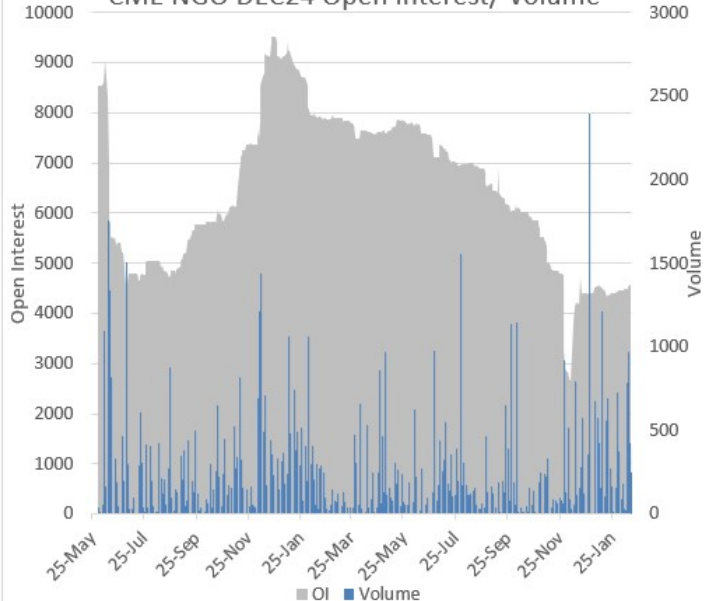
CME GEO DEC24 Open Interest/ Volume



CME NGO DEC24 / DEC25 Futures

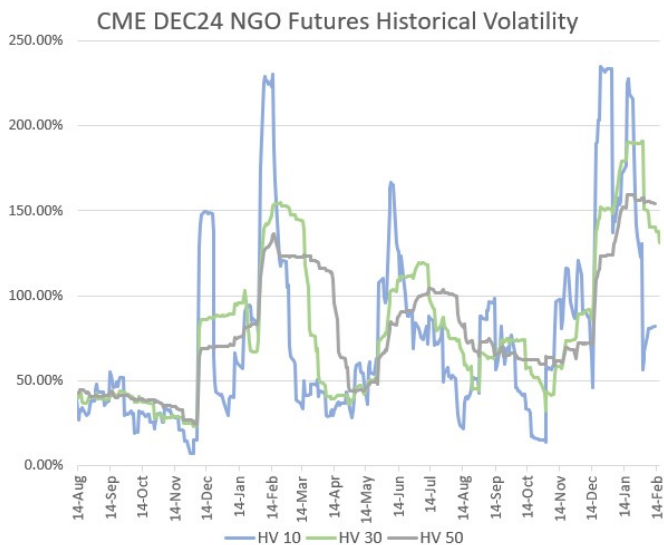


CME NGO DEC24 Open Interest/ Volume



## CME NGO Historical Volatility

10 day volatility at 40.9%. 30 day volatility flat down to 130% and 50 day volatility at 151%.  
 NGO Dec24 contract is up \$0.09 for the week, settling at \$1.51



Source: Bloomberg

## Block Trades on CME (w/c 16th Feb)

### ACCU & NZU Market

(Reputex): The ACCU market saw its highest recorded weekly traded volumes since the first week of the 2024 year, with prices for both Generics and Generic ACCUs excluding Avoided Deforestation (No-AD) pushed higher mid week, before retracting later in the week on higher volumes, while HIR fell off a short-term resistance level that has formed since the start of the year. Across the more illiquid methods, support remains for premium methods around +\$50/t levels in the direct (non-brokered) market, with prices remaining stratified based on project activity, attributes, and permanence.

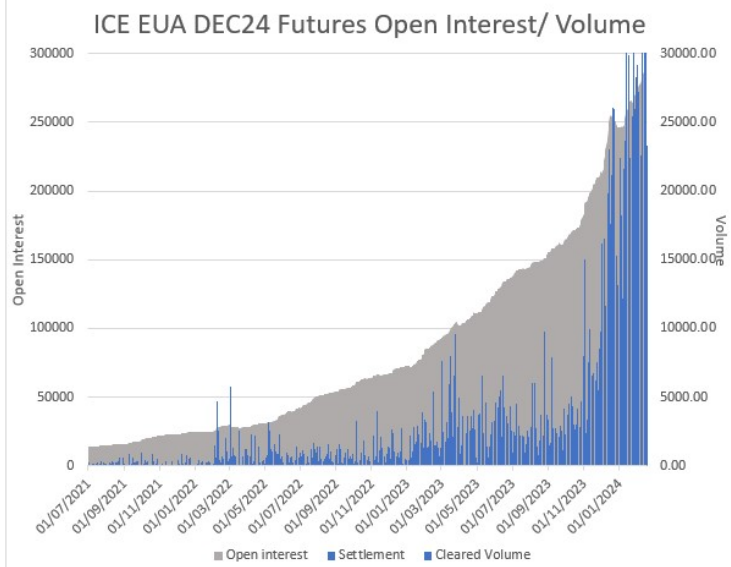
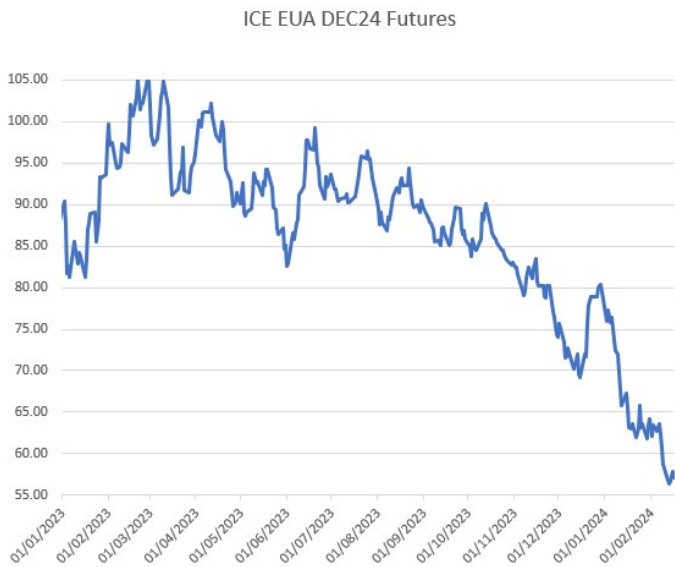
ACCU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Sep-24	49.00	46.50	42.00	44.00	45.00
Dec-24	47.00	44.50	40.00	42.00	44.50
Mar-25	45.00	42.50	39.00	41.00	42.50
Jun-25	43.00	40.50	38.00	39.00	40.50
Sep-25	41.00	38.50	36.00	37.00	38.50
Dec-25	39.00	36.50	34.00	35.00	36.50

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

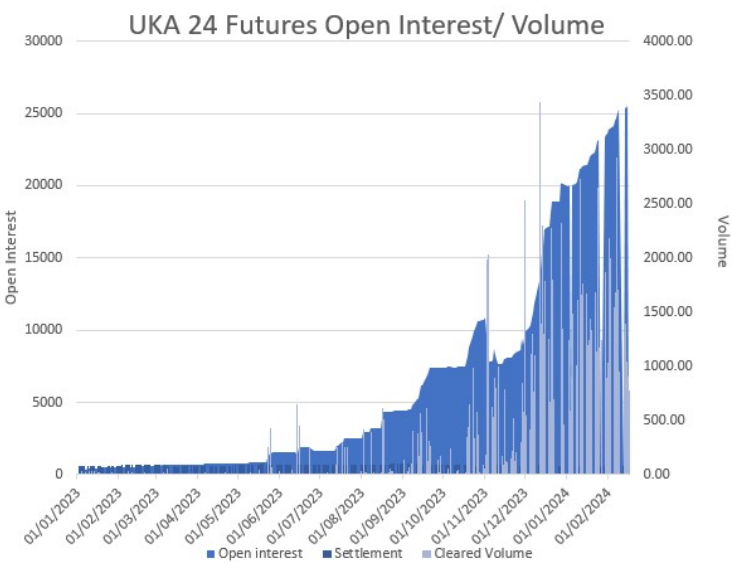
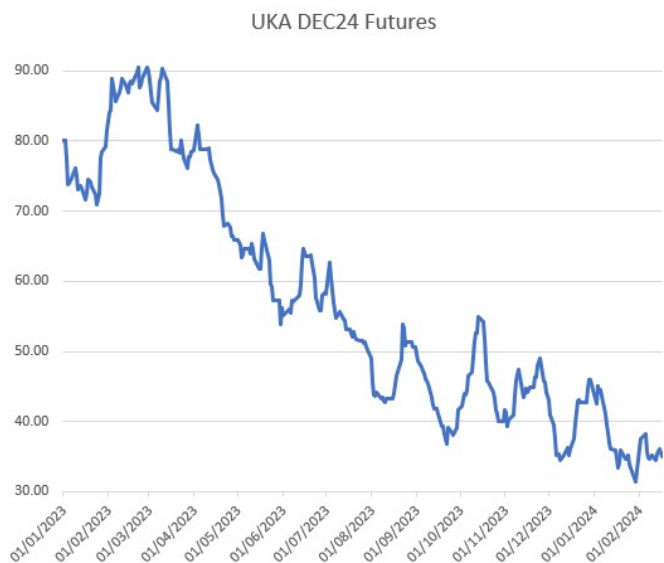
## EUAs

The benchmark contract settled at €57.17, a drop of 1.3% on the day and down 2.8% from last Friday's settlement. Volume in the front-December totalled more than 23 Mt, bringing the weekly trade to 144 Mt, the biggest five-day total in two months. The short-covering interest that sparked Thursday's rally was no longer active on Friday, sources reported, and the late recovery to €57.00 and above was attributed to end-of-week covering. Thursday's rally had also brought prices back above the lower Bollinger band, and despite the weakness on Friday the market remained solidly above the lower band. Others continued to refer to reports on Thursday that Germany was cancelling EUAs that had been set aside to auction to coal-fired plants that are closing as part of a state enforced phaseout. However, it was not clear whether the EUAs being cancelled have already been transferred to the Market Stability Reserve, or whether they still form part of the German auction reserve. Efforts to seek confirmation from the German government on the source of the cancelled EUAs had not been successful at the time of writing.



## UK ETS

UK Allowances ended a three-day winning streak, with the Dec-24 UKA contract sliding to a low of £34.55 in the early afternoon in light trading on ICE Futures Europe. As with EUAs, the UKA market stabilised at £34.90-£35.00 for most of the afternoon and settled at £34.94, a drop of 3.2% on the day, and 0.8% on the week. Daily volume in the front-December totalled 777,000 tonnes.



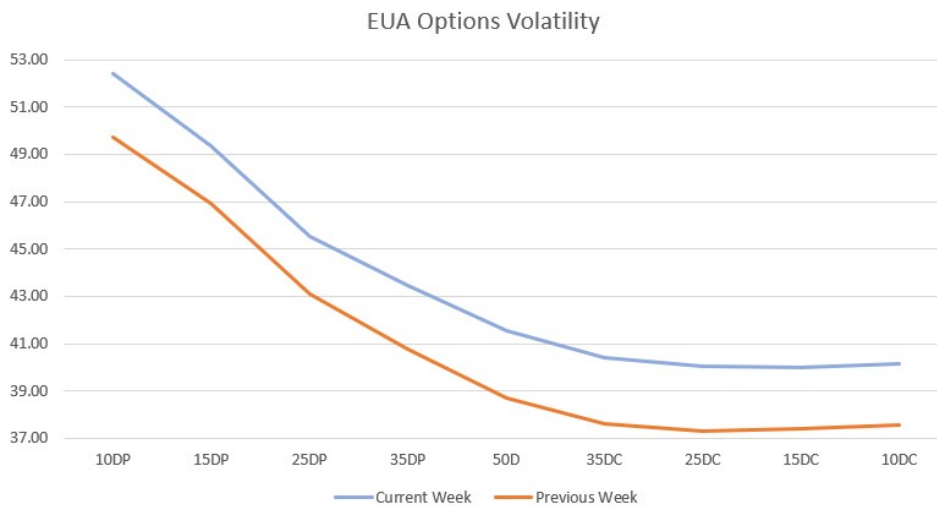
Source: Refinitiv

# EUA Options Market

Open Interest on the Mar24 50Put stands at 10805kt and for the 55Put at 7120kt. On the Calls, Open interest on the 80C is at 9749kt and 90C is at 10555kt.

Volatility Surface: 19/02/2024									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	52.41	49.37	45.54	43.46	41.54	40.39	40.05	40.01	40.14
WoW Change	2.68	2.45	2.46	2.71	2.86	2.80	2.73	2.62	2.57
Previous Week	49.73	46.92	43.08	40.75	38.68	37.59	37.32	37.39	37.57

Source: Bloomberg



EUA DEC24 Historical Volatility



Source: Refinitiv



## Market News

(CarbonPulse): NZUs on the spot market finished the week trading at NZ\$69.25 (\$42.23), according to Jarden's CommTrade platform, down 4.5% week-on-week, but up slightly compared to the NZ\$67.50 units was trading at this time in January. Only 20,000 NZUs changed hands on the platform Friday, down considerably compared to the 120,000 units that were traded on Tuesday earlier this week. The NZU price appears to have lost the steam it was gaining at the end of last month when prices reached a 2024 high of NZ\$73.85. Some 3.5 mln NZUs will be up for grabs at the upcoming auction, not including the units available in the cost containment reserve.

(CarbonPulse): The Clean Energy Regulator issued around 168,500 ACCUs to nine projects in its latest update Monday, roughly half the amount handed out in its previous issuance. Four vegetation projects owned by Terra Carbon were issued 16,800 ACCUs. However the largest issuance to a single project went to LMS Energy's Hallam Landfill Gas project in Victoria. The project was first registered in 2012 and has been issued a total of 2.6 million ACCUs since. Devine Agri-business Carbon's DAC-2015-02 native forest from managed regrowth project also received a large portion of ACCUs, totalling some 28,300 units. The latest issuance brings the total number of ACCUs issued under the scheme to 141.1 mln. Just one project was registered to begin generating ACCUs: Mundarlo Pty's soil carbon project of the same name in New South Wales.

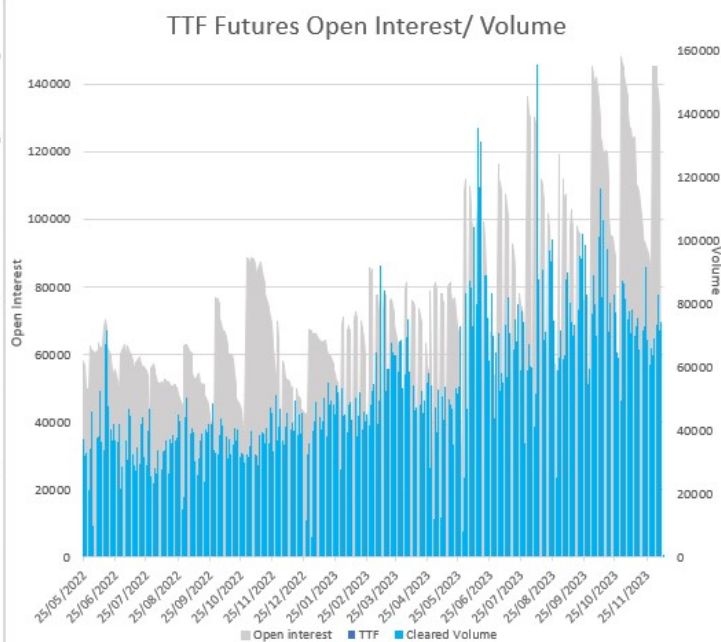
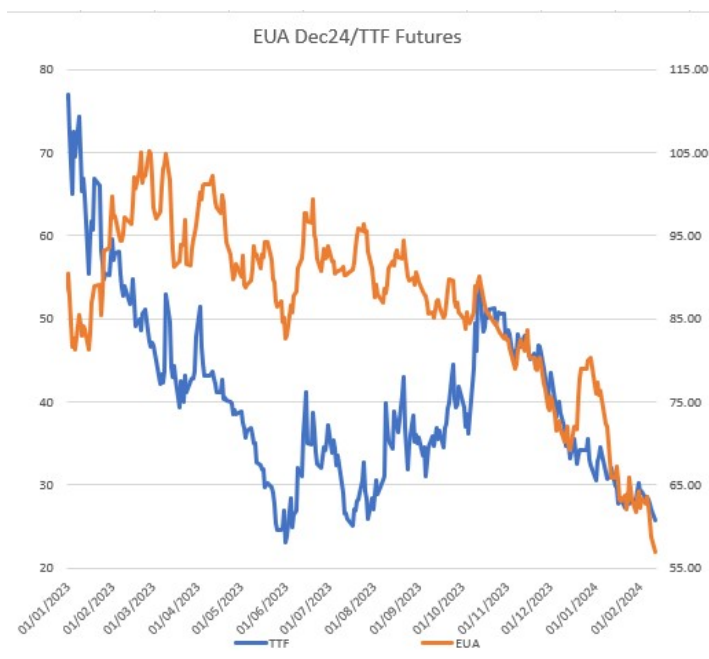
(OPIS): The Australian Government is providing A\$99 million through the Clean Energy Finance Corporation (CEFC) for French renewable company Neoen to develop the second part of the Goyder South Stage 1 Wind Farm in Adelaide that will supply power to BHP's Olympic Dam copper mine in Southern Australia, the Department of Climate Change, Energy, the Environment and Water said in a news release on Thursday. Energy supplied from the 203 megawatt (MW) wind farm will fulfill half of the electricity needs at Olympic Dam, one of the world's largest critical mineral mines, through a renewable energy baseload contract. The BHP copper mine which is covered by the Safeguard Mechanism has an emission baseline of 240,277 mt/year during 2018-2021, data from the Clean Energy Regulator showed.

(OPIS): Power has started flowing from the first phase of a 30-gigawatt renewable energy park being built in western India, the company behind the megaproject said on Wednesday. Adani Green Energy Limited said that it had "operationalized" the 551-megawatt solar plant in Khavda, Gujarat, by supplying power to the national grid. When complete, the site would be the largest renewable energy installation in the world, powering over 16 million homes and avoiding 58 million metric tons of carbon dioxide emissions annually, the company said.

(CarbonPulse): A nascent industry providing insurance for carbon projects and credits is gathering momentum, aiming to shore up the integrity of the voluntary carbon market by managing risk for buyers, project investors, and developers alike. Interest in insuring parts of the voluntary carbon market (VCM) is growing as stakeholders look for ways to ensure that a tonne of CO2 promised is a tonne delivered, and several new products have emerged in a bid to restore trust in the market following a series of integrity scandals that have damaged its reputation over the past year. Such insurance can be provided at the point of credit sale or at the point of issuance; sold to project developers or credit buyers; layered on top of existing risk management mechanisms or replace them; or paid out in kind or cash. New developments in this sector of the VCM have included a \$12 million seed funding round for a startup to scale its insurance of carbon projects; a partnership to provide carbon credits with 'baked-in' insurance ahead of purchase; risk management tools for biochar carbon removals; and a collaboration to increase modelling capacity. But while insurance is an old risk management technique present in many markets, it is not yet well established in the VCM and often not well understood

## Indicated Markets

Energy markets resumed their downward trend after a brief pause on Thursday triggered by an outage at the Norwegian Kollsnes gas processing plant. But with EU storages still more than 65% full, the highest level for the time of year in at least 13 years, analysts still highlight the risk for further downside to TTF prices, according to a Reuters report. March TTF natural gas settled 0.6% lower at €24.822/MWh on ICE, while cal-25 German baseload power slipped 0.9% to €72.25/MWh on EEX at the close. Cal-25 API2 coal last traded 0.9% down at \$90.75/tonne on ICE.



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