



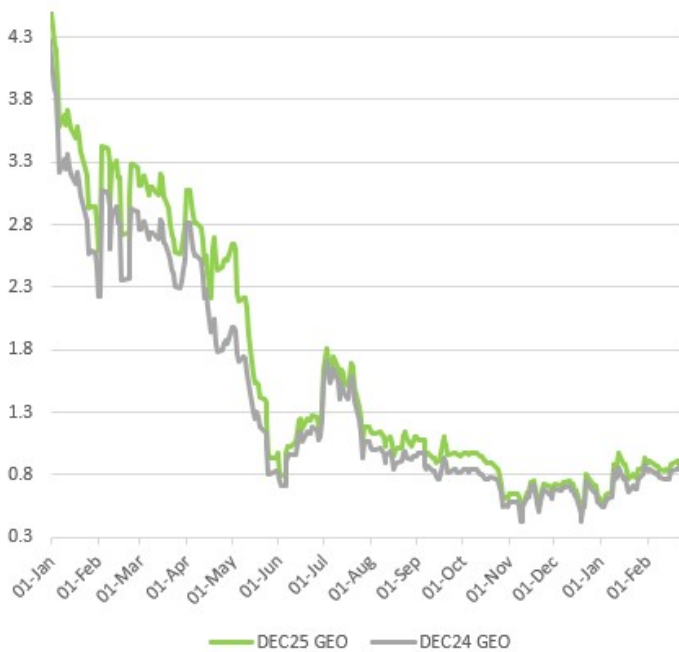
Emissions Weekly Report

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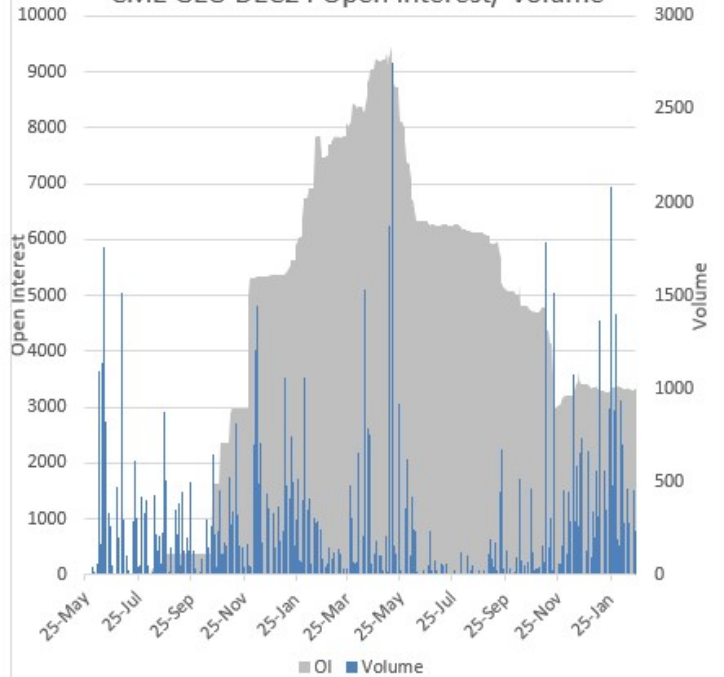
26/02/2024

The retirement of 3.5 million tons of credits by ENI and a fresh commitment by Rio Tinto to ramp up retirements by 2030 last week bolstered longer-term confidence in the VCM's pivotal role in corporate net-zero programs. These reports were announced during a week characterized by active corporate interest and discussions, but relatively light trading volumes. CBL's total volume was 123,721 tons, divided between 101,871 tons of nature and 21,750 technology credits.

CME GEO DEC24/ DEC25 Futures



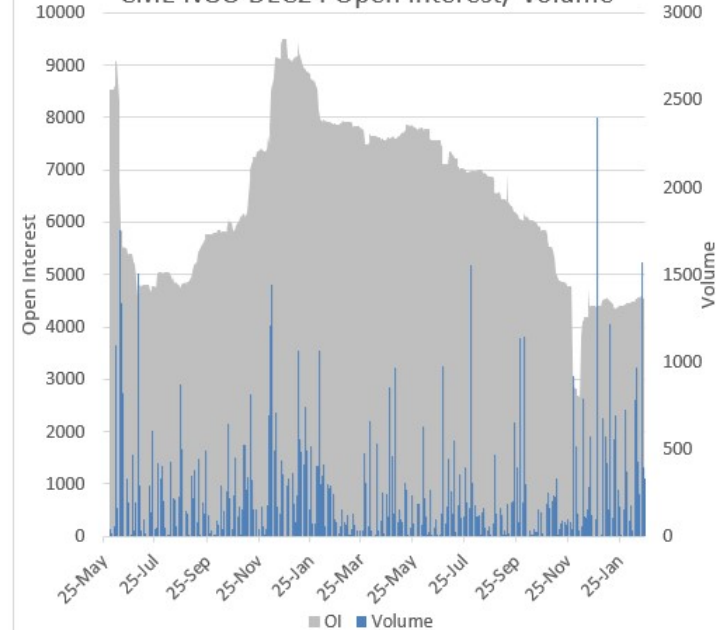
CME GEO DEC24 Open Interest/ Volume



CME NGO DEC24 / DEC25 Futures



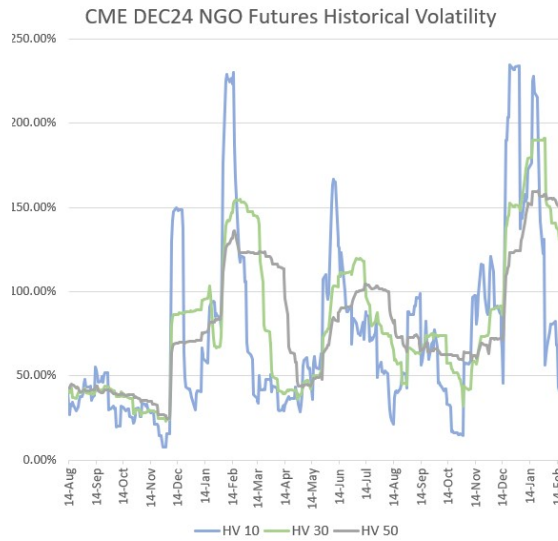
CME NGO DEC24 Open Interest/ Volume



source: Refinitiv

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 \$0.05 for the week, settling at \$1.56



Source: Bloomberg

Block Trades on CME (w/c 23rd Feb)

ACCU & NZU Market

NZUS: NZU price dropped NZ\$2.65 on Wednesday, amid mass selling that market participants blamed on an overall weakness in the market. Spot NZUs finished trading at NZ\$66.50 (\$41.10) at market close Wednesday, compared to Tuesday's closing price of NZ\$69.15, CommTrade data showed. It is the lowest the market had traded at since October last year.

ACCUS: ACCU market activity remains elevated with quarterly volumes on track to meet the high recorded in Q1 2023 following the release of the government's Safeguard Mechanism reform position paper. Brokered volumes continue to be focused on cheapest-to-deliver avoidance projects across the Generics and Generics excluding Avoided Deforestation (No-AD) baskets. Elsewhere, prices remain diverged, with the market for Human Induced Regeneration subdued, while brokered prices for Savanna Fire Management (ex co-benefits) continue to compress with Generics, catching up to pricing in the direct (non-brokered) market.

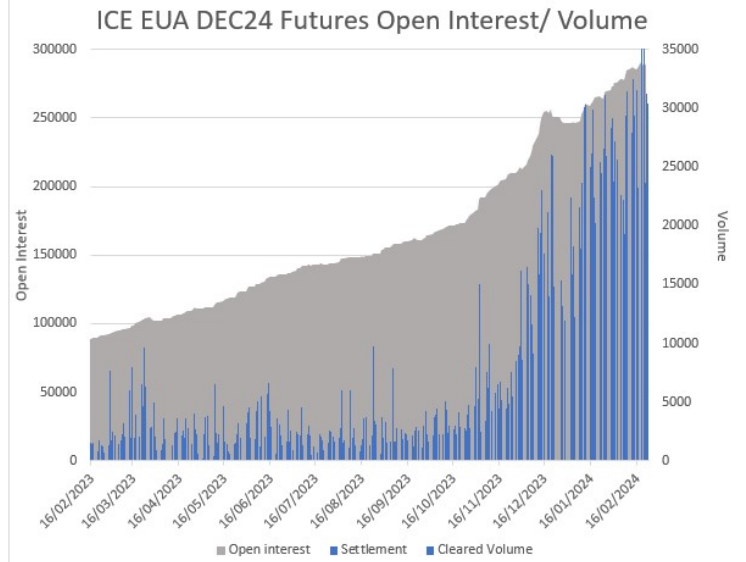
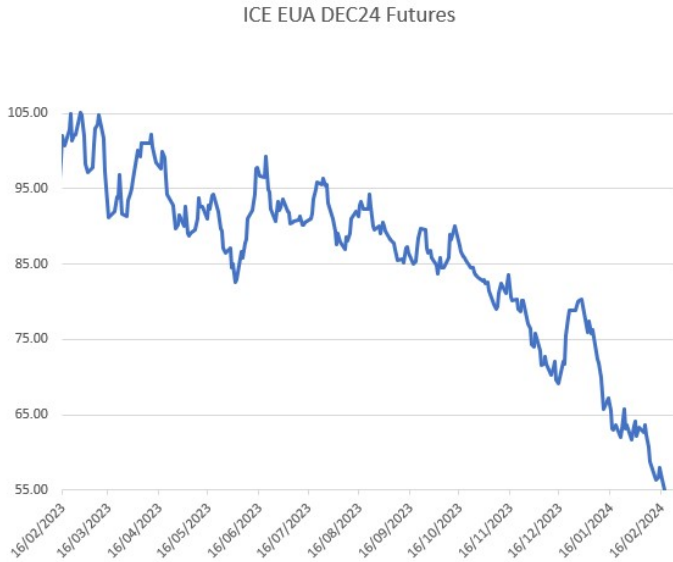
ACCU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Sep-24	49.00	46.50	42.00	44.00	45.00
Dec-24	47.00	44.50	40.00	42.00	44.50
Mar-25	45.00	42.50	39.00	41.00	42.50
Jun-25	43.00	40.50	38.00	39.00	40.50
Sep-25	41.00	38.50	36.00	37.00	38.50
Dec-25	39.00	36.50	34.00	35.00	36.50

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

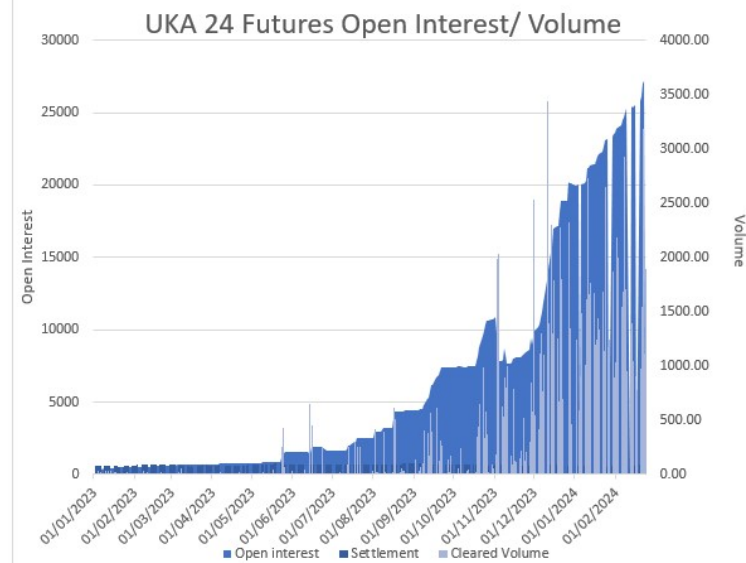
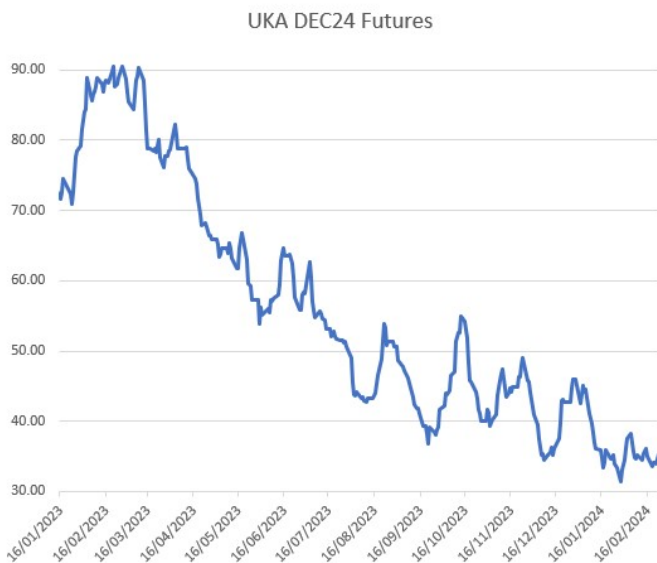
EUAs

The benchmark contract settled at €52.22, a loss of 1.1% on the day but a fall of 8.7% from last Friday – the biggest weekly fall since the five days ending Dec. 12. The settlement was the lowest for a front-December since July 23, 2021. Volume in the front-December totalled just over 30 Mt, bringing the weekly total of screen and block trade to 158 Mt, the most in 11 weeks. The final hour of trading saw EUAs rally further, with prices rising above €52.50 before the market closed at €52.51.



UK ETS

UK Allowances traded steadily higher over the whole day, with the Dec-24 UKA contract setting an early low of £33.65 on ICE Futures Europe but climbing steadily to reach £35.46 in mid-afternoon. Prices levelled off in the final two hours at around £34.90-£35.00, and the contract settled 3.7% higher at £35.11 on volume of 1.9 Mt. The UKAEUA spread narrowed to -€11.11, the least in 11 months.



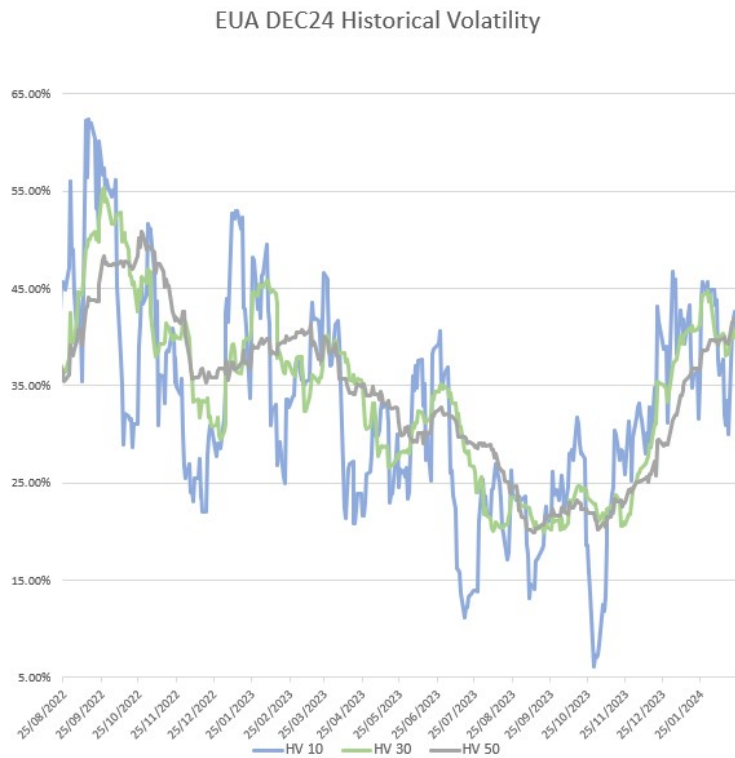
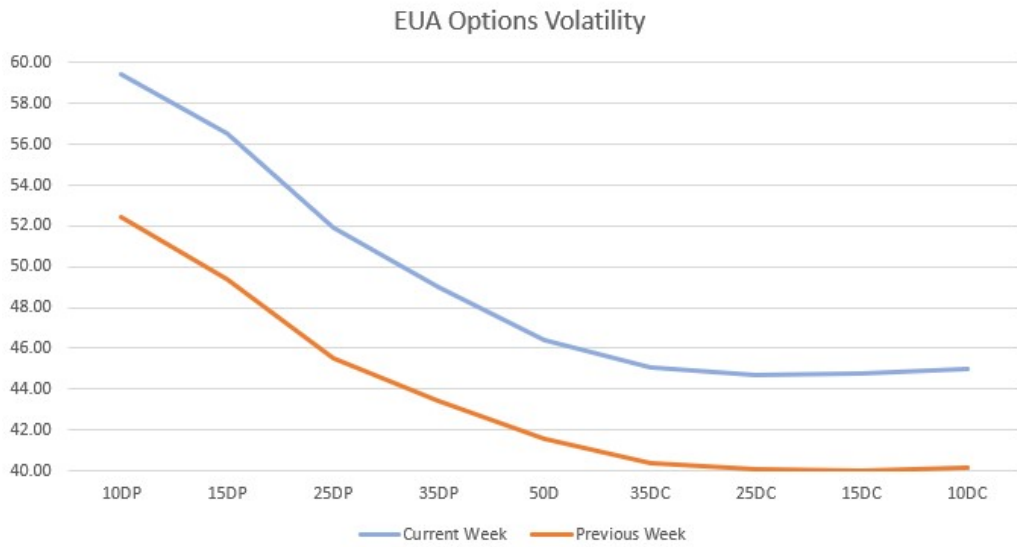
Source: Refinitiv

EUA Options Market

Open Interest on the Mar24 50Put stands at 8316kt, down 2489kt and for the 55Put at 5870kt, down 1250kt. On the Calls, Open interest on the 80C is at 9749kt and 90C is at 10555kt.

Source: Bloomberg

Volatility Surface: 26/02/2024									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	59.41	56.56	51.88	48.99	46.43	45.03	44.66	44.76	44.99
WoW Change	7.00	7.19	6.34	5.53	4.89	4.64	4.61	4.75	4.85
Previous Week	52.41	49.37	45.54	43.46	41.54	40.39	40.05	40.01	40.14



Source: Refinitiv

Source: Bloomberg

Market News

(CarbonPulse): A range of new carbon market platforms and products promises to deliver increased “liquidity, depth, and scale” to Australian participants, but will not come at the expense of over-the-counter markets, the Clean Energy Regulator told a webinar Friday. Representatives from the Clean Energy Regulator (CER) ran through their thinking behind their certificate register set to be launched later this year, and its national carbon exchange that is currently in the works. He emphasised the exchange would be focussed on providing buyers and sellers more choice about how and what type of credits they buy and sell, and would not come at the expense of OTC transactions.

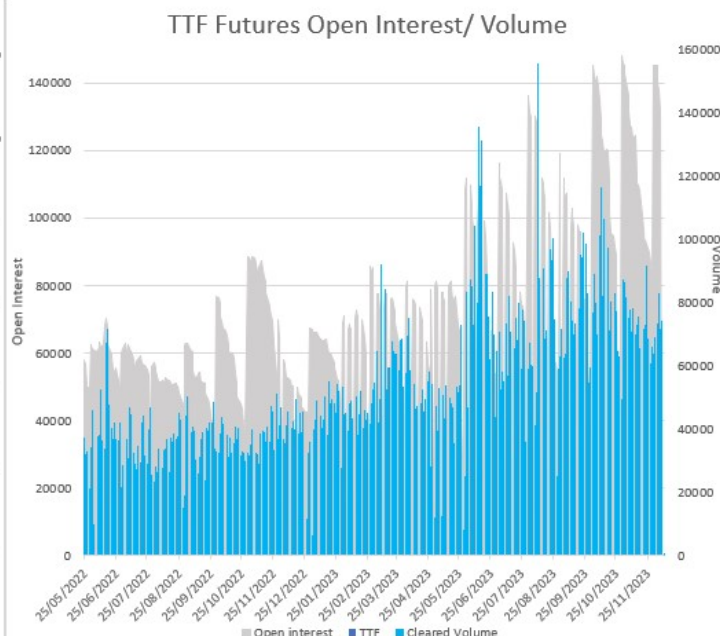
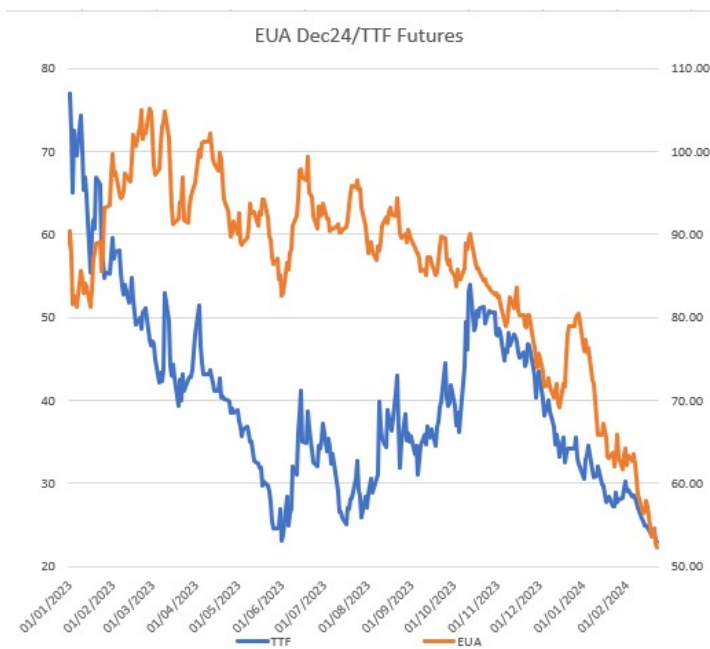
(CarbonPulse): The 4,000-strong Asian-flagged shipping fleet that keeps goods flowing from east to west will need to surrender around 20 million EU Allowances (EUAs) a year to cover its emissions once the maritime sector is fully included in the trading bloc’s Emission Trading System (ETS), research finds. German tech company OceanScore forecasts that around 5.5 mln EUAs will have to be surrendered by Chinese and Hong Kong-based entities and 5.4 mln by Singaporean players, with the remainder coming from Japan (1.6 mln), South Korea (1.2 mln), and India (1.1 mln). This total of almost 15 mln EUAs balloons to around 20 mln once other Asian countries such as Thailand and Malaysia are included. Asian-flagged vessels make up nearly a third of the total 12,500 cargo and passenger ships above 5,000 gross tonnage that are currently subject to the EU ETS, according to OceanScore.

(OPIS): Global mining corporation Rio Tinto intends to “ramp up” the retirement of nature-based carbon credits to roughly 3.5 million per year by 2033, it said in its annual Climate Change Report Wednesday. The bulk of those credits will derive from ACCUs, while the company expects its voluntary carbon credit retirements will reach 1 million mt per year by 2030 and increase to 1.5 million mt per year by 2035. In the meantime, it expects to source hundreds of thousands of credits per year from the voluntary market.

(OPIS): The Clean Energy Regulator (CER) in Australia has initiated the development of the Nature Repair Market (NRM), which will operate similarly to the Australian Carbon Credit Unit Scheme (ACCU Scheme), the independent statutory authority said in a news release on Monday. Enacted under the Nature Repair Act 2023, the country aims to establish the world’s first legislated national voluntary biodiversity market to allow a range of nature repair, protection, and restoration activities on Australian land and waters or external territories. The CER is developing the processes and systems to administer the scheme over 12 months following the Act’s enactment on December 15, 2023.

Indicated Markets

Power prices fell again on Friday morning, though analysts at Engie EnergyScan suggested cooler weather next week and a drop in French nuclear availability may support the prompt market. Natural gas prices continued to weaken for most of the day amid bearish fundamentals, with the front-month contract dropping to its lowest since the summer of 2021. The afternoon saw energy prices spike on news of additional US sanctions on Russian LNG projects. March TTF natural gas ended the day down 1.1% at €22.934/MWh on ICE, while cal-25 German baseload power wiped out its early losses to stand 0.1% higher at €68.80/MWh on EEX at the close. Cal-25 API2 coal was last seen bid at \$90.55/tonne on ICE, after settling on Thursday at \$91.39/tonne.



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