

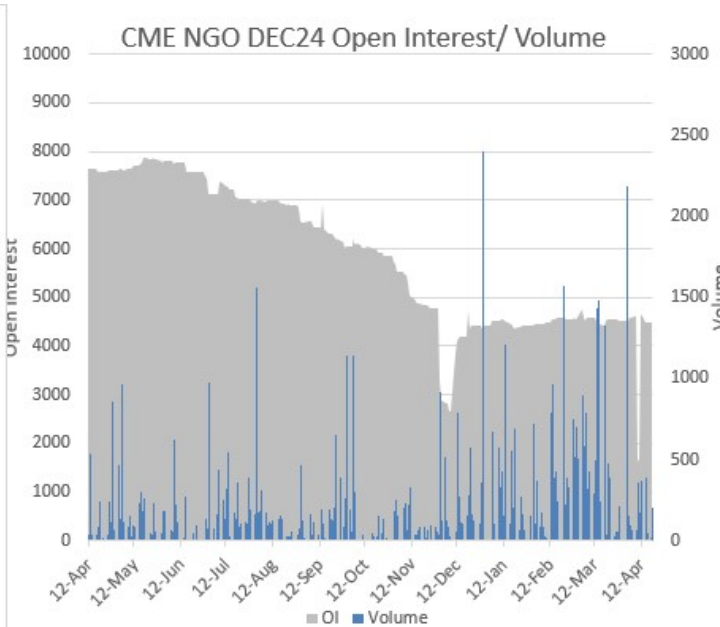
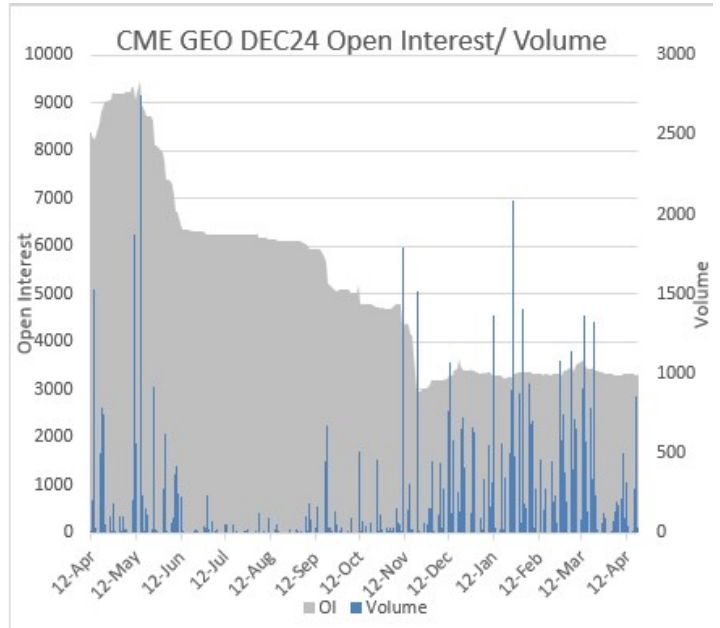
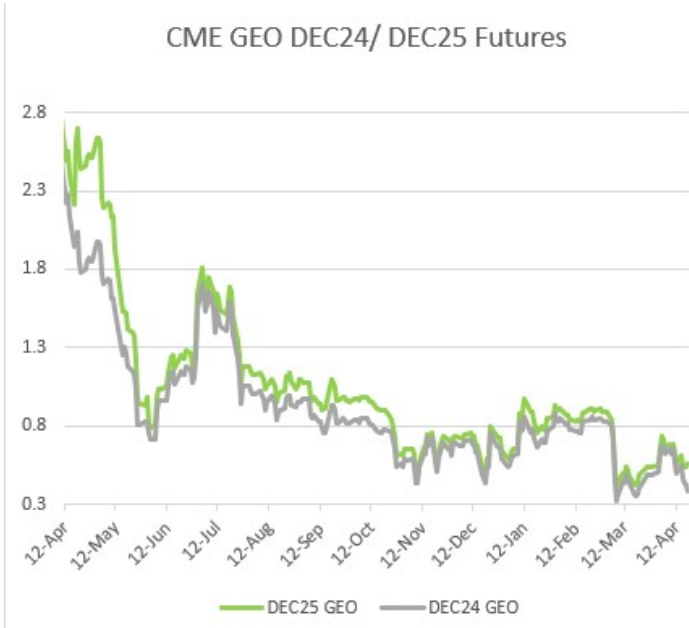


Emissions Weekly Report

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22/04/2024

(FISe View): NGO Dec24 ended the week down \$0.03 at \$1.36 with Open Interest standing at 4.478Mt. Volume for the week total 677kt.
 GEO Dec24 ended the week down \$0.12 at \$0.38 with open interest at 3.325Mt and volume for the week totalling 1213kt.



source: Refinitiv

ACCU & NZU Market

(Reputex):The Australian carbon market showed some resistance last week, preventing HIR & Generics prices falling below their recent annual lows, with an equilibrium re-established at levels seen in late-March. Monthly spot volumes have now largely matched April-23 as the convergence of Human-Induced Regeneration (HIR) prices with Generics catalyses trading flow. Meanwhile, the government is expected to finally release an options paper on the design of upward sloping baselines for Landfill Gas (LFG) methods, flagged in the ACCU Review Implementation Plan in response to Recommendation 10 of the Chubb Review. ACCUs on the secondary market were trading at A\$33 for generics on Monday and A\$33.30 for HIR units, down roughly 8% month-on-month.

LGC IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Jun-24	40.75	40.50	40.00	41.00	42.00
Sep-24	39.75	39.50	39.00	40.00	41.00
Dec-24	38.75	38.50	38.00	39.00	40.00
Mar-25	37.75	37.50	37.00	38.00	39.00
Jun-25	36.75	36.50	36.00	37.00	38.00
Sep-25	36.25	36.00	35.50	36.00	36.50

ACCU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Jun-24	30.00	29.00	27.00	29.00	31.00
Sep-24	31.50	30.50	31.00	32.00	33.00
Dec-24	31.50	30.50	31.00	32.00	33.00
Mar-25	32.00	31.00	30.00	31.00	32.00
Jun-25	31.00	30.00	29.00	30.00	31.00
Sep-25	30.00	29.00	28.00	29.00	30.00

NZU IMPLIED VOLATILITY SURFACE					
IO	10% Put	25% Put	ATM	25% Call	10% Call
Apr-24	30.60	30.50	30.25	30.50	30.75
Dec-24	30.35	30.25	30.00	30.25	30.50
Apr-25	30.10	30.00	29.75	30.00	30.25
Dec-25	29.85	29.75	29.50	29.75	30.00
Apr-26	29.60	29.50	29.25	29.50	29.75
Dec-26	29.35	29.25	29.00	29.25	29.50

Source: Bloomberg

Historical Volatility

April 22, 2024

NGO IMPLIED VOLATILITY SURFACE

IO	10% Put	25% Put	ATM	25% Call	10% Call
Jun-24	65.00	60.00	55.00	57.00	60.00
Sep-24	57.00	53.00	46.00	51.00	53.00
Dec-24	55.00	50.00	43.00	48.00	51.00
Mar-25	46.00	42.00	40.00	41.00	43.00
Jun-25	45.00	41.00	39.00	40.00	42.00

NGO SKEW vs ATM & 25% Δ COLLAR (Calls Over)

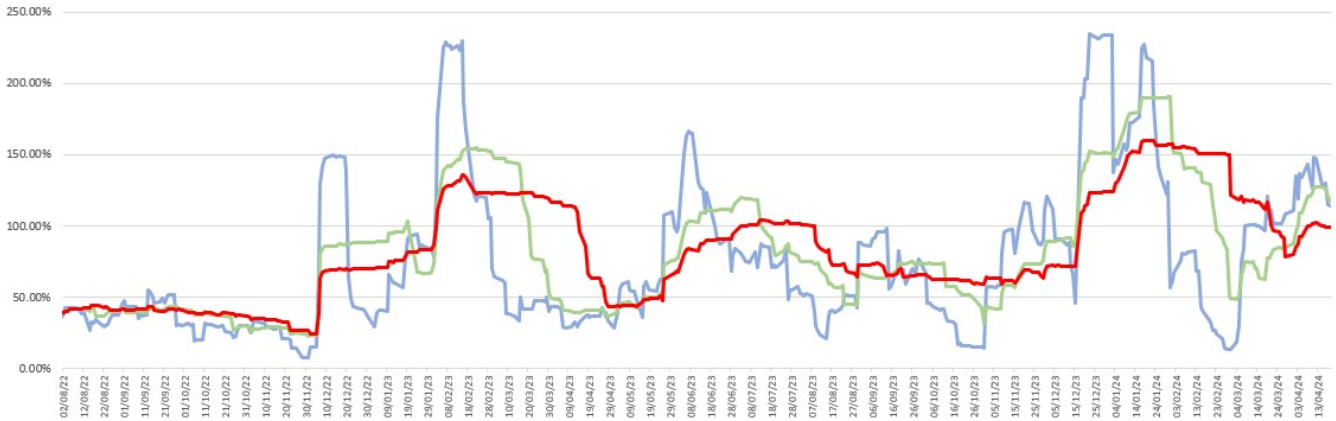
IO	10% Put	25% Put	25% Call	10% Call	25 Δ RR
Jun-24	10.00	5.00	2.00	5.00	-3.00
Sep-24	11.00	7.00	5.00	7.00	-2.00
Dec-24	12.00	7.00	5.00	8.00	-2.00
Mar-25	6.00	2.00	1.00	3.00	-1.00
Jun-25	6.00	2.00	1.00	3.00	-1.00

HISTORICAL VOLATILITY

Product	10 DAY	30 DAY	50 DAY
NGO Dec24	147.21%	127.32%	102.42%
EUA Dec24	62.32%	51.39%	49.07%
UKA Dec24	54.20%	51.32%	49.29%
NZUs	45.30%	83.30%	65.57%

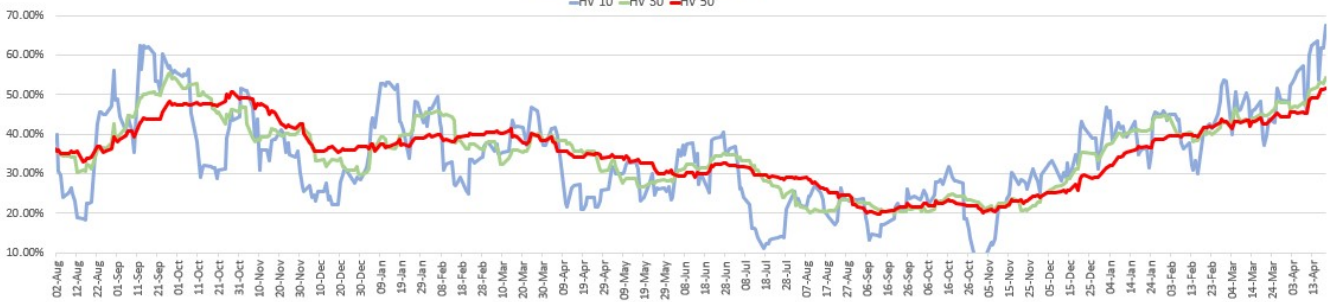
NGO DEC 24 Historical Volatility

—HV 10 —HV 30 —HV 50



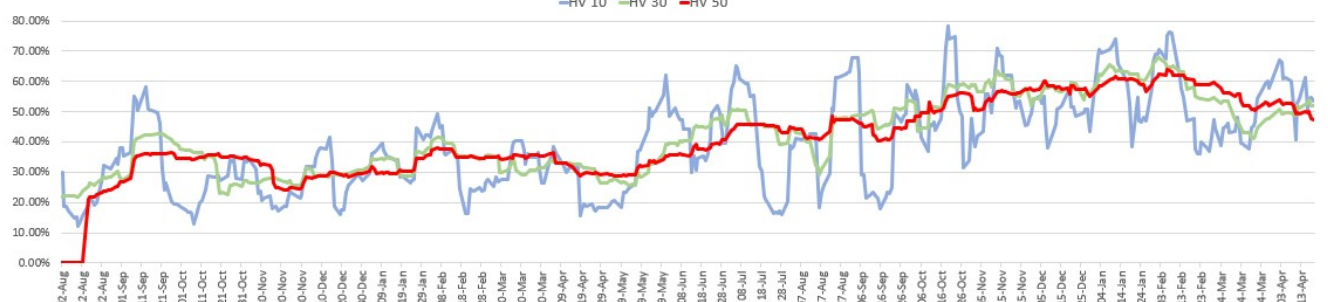
EUA DEC 24 Historical Volatility

—HV 10 —HV 30 —HV 50



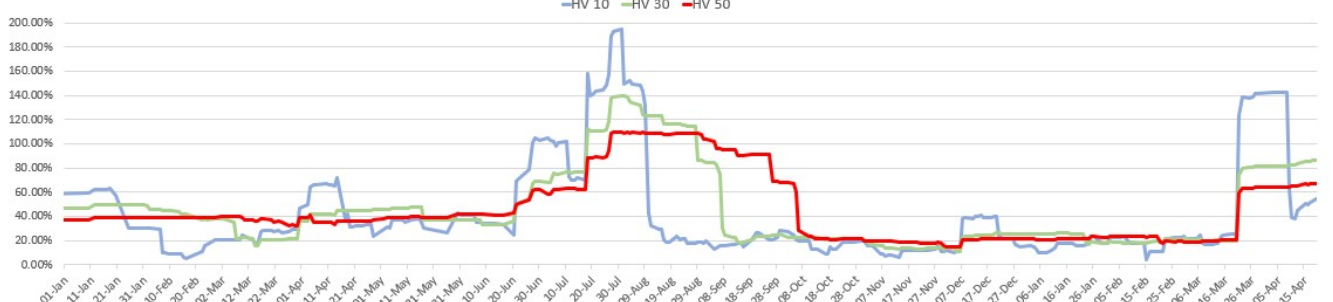
UKA DEC 23 Historical Volatility

—HV 10 —HV 30 —HV 50



NZUs Historical Volatility

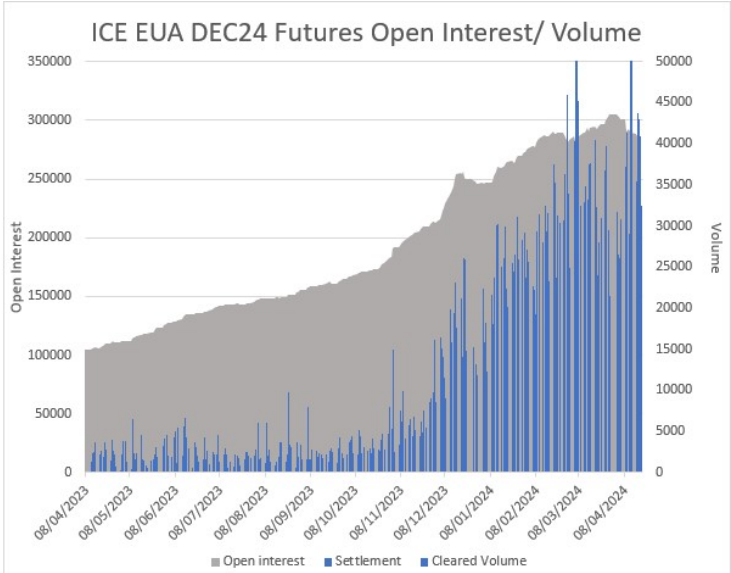
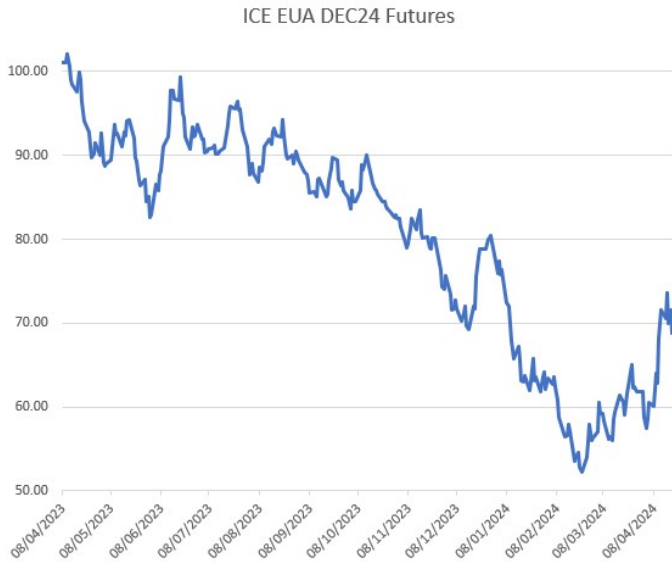
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Compliance Markets

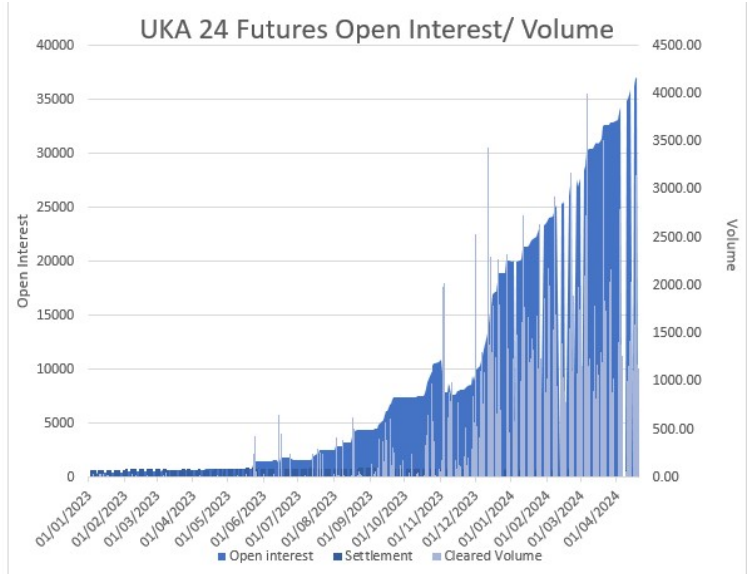
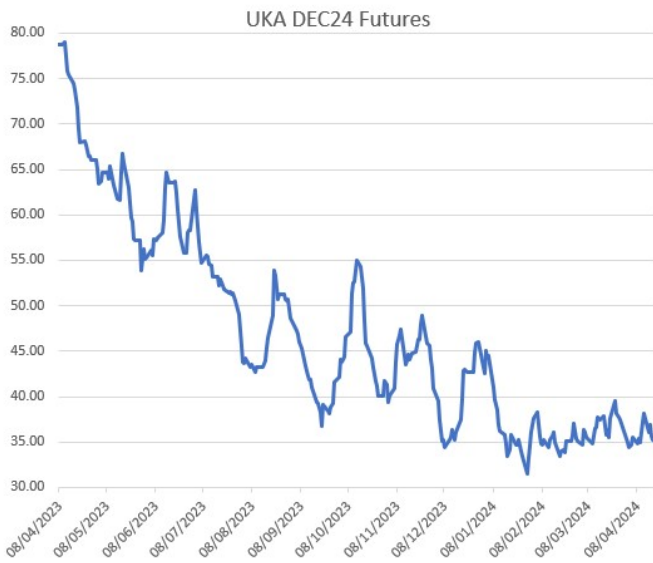
EUAs

European carbon prices recorded a 3.8% drop on Friday, which also represented the week-on-week decline, after prices had spent the week fluctuating in a relatively narrow €6.80 range, as markets sold off steadily after an overnight attack by Israel on Iranian facilities appeared not to have inflamed the already-tense atmosphere in the Middle East. The benchmark contract settled 3.8% down on the day and the week at €68.81, with volume in the front-December reaching 32 Mt. Other futures contracts exchanged a combined total of 17 Mt. The day's volume included 10 Mt done as a block in the May contract, which one source reported was a spread against 7.5 Mt done on EEX. The market consensus view was that the initial driver of the price decline was a relaxation in tension in the Middle East, with one European source noting that crude oil in particular rose and fell by \$4/barrel as the market responded to the news.



UK ETS

Dec-24 UK Allowances tracked the morning decline in other markets, falling from an opening high of £36.25 on ICE Futures Europe to a day's low of £34.56 by mid-morning. The balance of the day saw a modest recovery, with prices reaching £35.40 in mid-afternoon, and ending the week near that level. The benchmark settled 0.5% lower at £35.08 with volume totalling 1.1 Mt. The UKA -EUA spread narrowed slightly to - €27.99, a €1 increase from last Friday's discount.



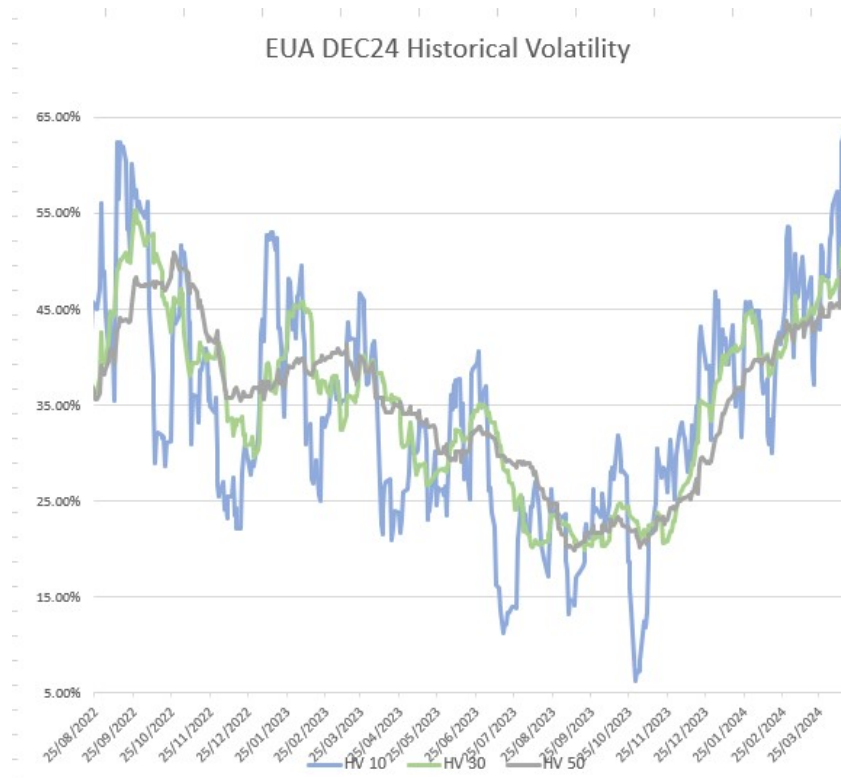
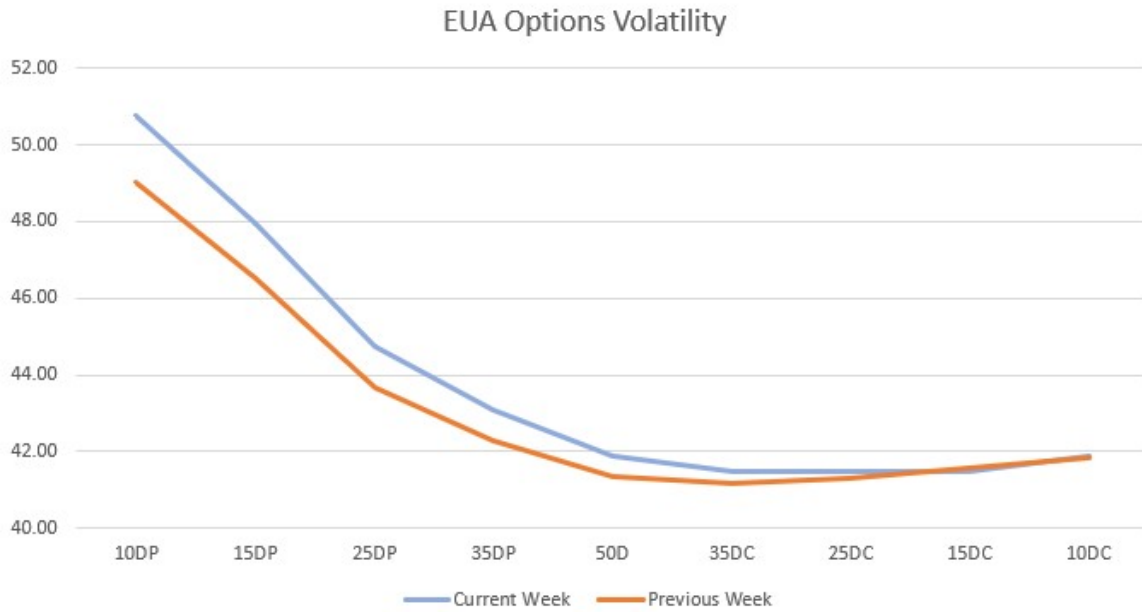
Source: Refinitiv

EUA Options Market

10DP Vol up 3.57% and 10DC Vol flat

Source: Bloomberg

Volatility Surface: 22/04/2024									
TERM	10DP	15DP	25DP	35DP	50D	35DC	25DC	15DC	10DC
Current Week	50.76	47.94	44.72	43.08	41.90	41.48	41.46	41.46	41.89
WoW Change	1.75	1.42	1.04	0.82	0.55	0.31	0.17	-0.12	0.05
Previous Week	49.01	46.52	43.68	42.26	41.35	41.17	41.29	41.58	41.84



Source: Refinitiv

Source: Bloomberg

Market News

(CarbonPulse): The federal government has announced 6 gigawatts of new variable renewable energy projects will go out for tender in May, as part of its Capacity Investment Scheme (CIS). The new renewable energy across the National Electricity Market will be bid on in the scheme's first auction in the later part of next month, the government said. It noted that the May auction would target investment in renewable energy only, to avoid overlapping with the tender currently open for dispatchable capacity, or storage, in South Australia and Victoria. This will also provide an opportunity to implement lessons from the South Australia and Victoria tender in future dispatchable capacity tenders, the government said. Additionally, the federal and New South Wales Labor governments have signed a new deal to deliver at least 2.2 GW of renewable energy specifically for the state, as part of the tender.

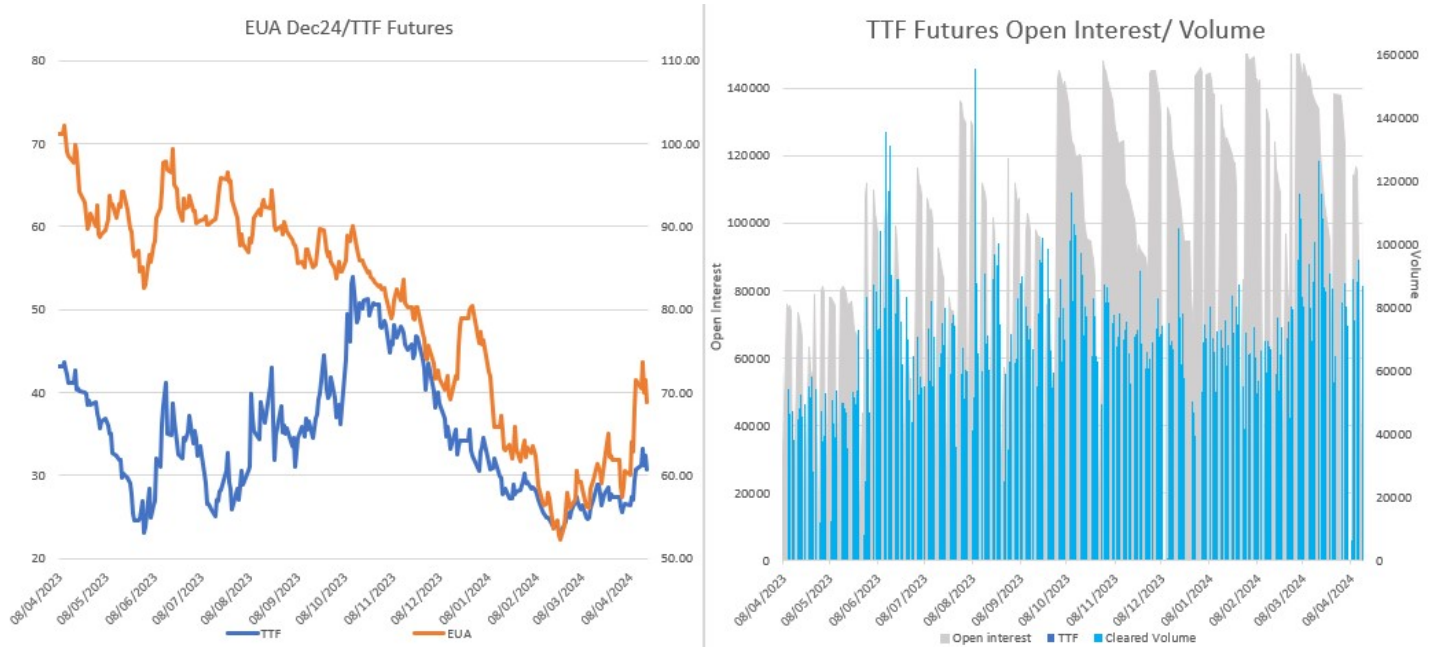
(CarbonPulse): India is seeking an exemption from Britain's planned carbon adjustment border tax (CBAM) as part of negotiations aiming to finalise a free trade deal with the UK, according to an exclusive in the Guardian newspaper. India's negotiating team have spent this week in London to try to overcome the remaining hurdles to an agreement. UK Prime Minister Rishi Sunak is said to be keen to get the trade deal over the line before the next election, likely to be called in October. India has used the limited time Sunak has left before the general election as a bargaining chip, the Guardian claims. India's commerce minister said on Monday that there were "very few pending issues" and that a deal was close to being finalised. A British government official, who has been briefed on progress in the talks, said India was asking to be exempted from the UK's planned CBAM on the basis that it is a developing country.

(Bloomberg): Adding cement producers to China's national carbon market will extend the system's coverage to a sector that accounts for about 1 billion tons of annual greenhouse gas emissions. A consultation launched this week on reporting and verification of emissions data for the industry is seen as preparing the ground for the expansion of the country's emissions trading system beyond the power sector. Companies including China National Building Material Group Co., Anhui Conch Cement Co. BBMG Corp. and Huaxin Cement Co. are being consulted on the plans, the Ministry of Ecology and Environment said in a Wednesday statement. The government earlier published similar guidelines for the addition of aluminum producers to the market.

(Xpansiv): VCM spot volume rose last week driven primarily by purchases from Australian companies in advance of a month-end, annual reporting deadline. The purchases drove total CBL spot VCM volume to 394,632 metric tons, up from just under 120,000 the previous week. Most of the week's volume was comprised of OTC blocks of Latin American nature credits with newer-vintage REDD+ credits trading as high as \$7.50 per ton and older vintage, out-of-favor AFOLU credits crossing at \$0.37.

Indicated Markets

Early in the session, the analysts commented that “the attack appeared to be limited and did not touch nuclear sites. Supply risk remains present though, but futures might decrease in case of de-escalation.” May TTF natural gas ended the day down 4.8% at €30.758/MWh on ICE, while cal-25 German baseload power fell 5.3% to €89.85/MWh on EEX. Cal-25 API2 coal erased a modest early rise to stand 6 cents lower at \$121.00/tonne at the close on ICE. Forecast for European summer from the Copernicus program and the European Space Agency, say there may be some light relief for Europe in 2024 as El Niño transitions to a more neutral state or even a cooler La Niña event, though scientists said it’s too early to say. The EU endured its joint-hottest year on record in 2023 fuelling wildfires and flooding (in China).



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