

FIS Weekly EUA Report

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EUA DEC-25 EUR 79.26 +5.11%

EUA's Defy a Stagnant TTF Market as Bull Run Continues

20/01/2025



SUPPORT: 74.15, 72.23, 69.61 | **RESISTANCE:** 81.70, 83.08, 85.05

52-Week Hi/Lo:

90.74/51.55

Monthly Hi/Lo: 80.04 - 71.55

Historical Vol: 10-day 26.656 ; 30-day 32.595 ; 50-day 29.428 ; 100-day 30.076

OUTLOOK

Overview: The Bullish momentum in EUAs continued unabated last week, with the benchmark contract recording five consecutive daily gains. The price hike was robust, as EUAs outperformed a subdued TTF market, where warmer forecasts and easing risk premiums, following the middle east ceasefire, suppressed upward momentum in gas prices. However, US sanctions on Russian LNG exports and a faster-than-average depletion of European storage levels have kept traders cautious about the situation. Speculative positioning on EUA's appeared to reflect broader concerns for a tighter energy market in 2025 as the EUA Commitment of Traders report depicted investment funds long holdings being the highest since August 2022.

Technical: Despite the strong move higher the technical is unchanged this week. We remain bullish on what looks to be an extended Elliot & wave 3, implying downside moves should be countertrend, making EUR 69.64 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. The 1-hour RSI is in divergence with price, whilst the futures are trading around the 200-period weekly MA (EUR 79.86), meaning we have a note of caution on upside moves at these levels, as the technical is warning that we are becoming vulnerable to a pullback.

NEXT AUCTION: 20/01/2025

DATE	Auction Price	Auction Vol	Cover Ratio	Differential to Spot
13/01/2025	74.40	3,245,500	1.49	+0.01
14/01/2025	74.45	3,245,500	2.27	-0.09
16/01/2025	75.70	3,245,500	1.63	-0.04

Energy and Price Drivers

Gas TTF Spot (Feb 25' contract): **EUR 46.88** | Feb-25 German baseload power **EUR 103.68/MWh**

RUSSIAN GAS SUPPLY

- The week began on a bullish note following the announcement of further US sanctions on Russian LNG. The export terminals implicated could tighten LNG flows from Russia by 2.3mcm per year
- The EU is continuing to pursue a hardline approach to Natgas flows from Russia as the commission is considering a gradual ban on Russian LNG as part of its 16th iteration of sanctions with Russia. Discontent from Slovakia remains, amid PM Fico's protestation of the halt and subsequent meetings with Russia which were followed by threatening remarks of 'harsh reciprocal measures' against Ukraine if the gas transit problem is not solved.
- A confirmed attack on the Turkish pipeline, conducted by Ukraine, was confirmed by a Turkish Minister over the weekend and has resulted in retaliatory strikes on Ukrainian gas infrastructure and other energy facilities.

Storage

- European gas storage has fallen to 61% full on Jan. 20, the lowest level for this time of year since 2022, compared to the previous five-year average of 71.3% and a European target of 50% by February 1st. Based on the withdrawal rates from the last ten years from now until the end of March the EU storage level would fall to an average of 37.8% at the end of the season with a range between 26.3% and 45.2%.
- ICIS forecasts that natural gas storage volumes are set to fall to 43% by April 1 and are likely to reach the EU target of 90% full ahead of winter 2025/26. At least six LNG tankers have diverted to Europe since the start of the week amid favourable spread

Demand

EU11 and GB gas demand is forecast to rise 118TWh, or 3% y/y in 2025 despite declining gas burn. Demand is forecast down 15% compared to the 2017-2021 average, according to ICIS. ICIS added in its 2025 outlook that European gas will see bullish price pressure amid tighter fundamentals and geopolitical risks, according to an ICIS 2025 Outlook. In Germany, gas demand remained largely unchanged in 2024, according to Argus. Both Industrial and power sector gas use increased, offsetting lower residential and commercial consumption.

Weather

A warmer weather forecast for next week will ease pressure after demand this week has been balanced by higher LNG imports and strong storage withdrawals. Temperatures in NW Europe are forecast to rise over the coming week and back above normal from mid next week.

Summary of the Previous Five Days Of Trading

Monday 13th.....	<u>OPEN: 75.40 CLOSE: 76.92 HIGH: 77.23 LOW: 75.40</u>
Tuesday 14th	<u>OPEN: 76.75 CLOSE: 76.96 HIGH: 77.25 LOW: 75.75</u>
Wednesday 15th.....	<u>OPEN: 77.25 CLOSE: 77.98 HIGH: 78.95 LOW:77.20</u>
Thursday 16th.....	<u>OPEN: 78.00 CLOSE: 78.33 HIGH: 78.75 LOW: 77.25</u>
Friday 10th.....	<u>OPEN: 78.18 CLOSE: 79.26 HIGH: 80.50 LOW: 77.80</u>

Commitment of Traders report

Speculator positioning turned again more bullish on the week with net long positionings at the highest since 19th August 2022. Investment funds net long positionings have now increased 9,416 to 29,045.

INVEST INST.	VOL.	CHANGE	OI
LONG	68,568.50	+9,924	+11.96%
SHORT	39,523.38	+509.35	+6.90%
NET	29,045.12	+9,415.54	-
CREDIT INST.	VOL.	CHANGE	OI
LONG	201,479.41	+5,887.55	35.16%
SHORT	478,133.76	+6,439.02	83.42%
NET	-276,654.88	-551.47	-
COMMERCIAL	VOLUME	CHANGE	OI
LONG	238,134.43	-1,001.67	41.55%
SHORT	53,949.93	+6,928.74	9.41%
NET	181,184.50	-974.65	-

OPTIONS DATA (DEC 25 Contract)

Open interest on options increased at these levels, with heavy concentration on the 80 call option remaining largely unchanged from the previous week, suggesting this is a key level of resistance to monitor.

STRIKE	90	80	70
CALL OI	19,310 (3.76%)	47,950 (0.6%)	9,530(-3%)
STRIKE	65	60	55
PUT OI	7,425 (17.4%)	11,045 (+9.4%)	5,925

In the News: The US. Imposed further sanctions on Russian LNG exports: [US issues fresh round of sanctions against Russia ahead of Trump return to White House | Reuters](#)

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