

FIS Weekly EUA Report

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EUA DEC-25 EUR 75.94

EUAs Rise In Line with Bullish TTF Market

06/01/2025



SUPPORT: 71.42, 70.02, 68.11 | **RESISTANCE:** 75.85, 79.01, 80.32

52-Week Hi/Lo:

90.74/51.55

Monthly Hi/Lo: 75.91 - 72.00

Historical Vol: 10-day 19.315 ; 30-day 29.905 ; 50-day 29.636 ; 100-day 28.99

OUTLOOK

Overview: A fragmented festive period saw a steady incline in the EUA market, as the benchmark contract posted significant, uninterrupted daily gains amid lower volumes. The DEC25 price closed on Friday at EUR 75.94, marking the highest daily settlement price since April 2024. Price action mirrored that of the TTF market, which also experienced a significant increase, with prices closing just shy of EUR 50/MWh on Friday.

Several factors contributed to this squeeze, including colder-than-average weather forecasts, faster-than-average depletion of LNG storage, and bullish sentiment following the halt of Russian supply to the continent. Looking ahead, we can expect a tighter-than-average TTF market throughout the winter, with traders keeping a close eye on forecasts as a key driver of demand and price movements.

Technical: Technically bullish, the MA on the RSI is implying that momentum is supported. The failed breakout to the downside warned we could move higher, the upside breakout is being supported by the RSI making new highs, indicating the move looks to be bullish impulse. This would suggest that downside moves should be considered as countertrend in the near-term, making EUR 68.11 the key support to follow. A move below this level will warn that the probability of the futures trading to a new high will have started to decrease.



NEXT AUCTION: 07/01/2025

The next auction takes place on January 7th, with a return to European spot market auctions this week (one less than we can expect on a normal schedule). This weeks European schedule is as follows:

| DATE | Auction Price | Auction Vol | Cover Ratio | Differential to Spot |
|------------|---------------|-------------|-------------|----------------------|
| 07/01/2025 | - | 3,245,500 | - | - |
| 09/01/2024 | - | 3,245,500 | - | - |
| - | - | - | - | - |

Energy and Price Drivers

Gas TTF Spot (Feb 25' contract): EUR 49.62 | Feb-25 German baseload power EUR 112.20/MWh

Supply: Russian supplies to the continent were finally discontinued as expected on Wednesday, January 1, following months of speculation. Despite a 15 bcm tightening of supply, the halt of Russian gas via Ukraine does not pose an immediate risk to EU supply security, according to analysts at GIE. Elsewhere, domestic supply from Norway remained consistent at around 330-340 mcm, despite outages of 10.6 mcm/d in the first week of the new year, including an un-planned capacity reduction at Kollsnes due to a compressor failure, which is expected to persist until January 7.

Demand: Well-above-normal storage withdrawal rates since December 25 have weighed on overall reserves, bringing current levels down to 70.33% full as of January 4, according to GIE, compared to the previous five-year average of 76.2%. Northwest European LNG send-out rose to 220 mcm/d on January 4, up from an average of 196 mcm/d over the previous week. While current storage levels suggest that a supply squeeze is unlikely in the near term, the rate of withdrawal indicates that higher gas demand may become a factor as the year progresses.

Weather: The tightening of the TTF market in the new year was attributed to colder-than-average weather forecasts across Europe, compounded by lower wind and renewable generation, which added to the bullish outlook. Below-average temperatures are expected to persist into mid-January, continuing to support TTF prices.

| INVEST INST. | VOL. | CHANGE | OI |
|--------------|-------------|-----------|--------|
| LONG | 53,125.61 | +2,012 | +9.64% |
| SHORT | 48,575.91 | -1,541.23 | +8.84% |
| NET | 4,549.70 | +3,553.43 | - |
| CREDIT INST. | VOL. | CHANGE | OI |
| LONG | 188,590.65 | +1,469.18 | 34.26% |
| SHORT | 464,404.49 | +3,260.61 | 84.49% |
| NET | -275,813.84 | -1,791.44 | - |
| COMMERCIAL | VOLUME | CHANGE | OI |
| LONG | 247,691.36 | -850.51 | 44.96% |
| SHORT | 35,290.66 | -4,540.96 | 6.42% |
| NET | 212,400.70 | +3,690.45 | - |

Commitment of Traders report

Speculator positioning on the EUA Dec 25 contract expanded significantly over the festive period, with net long holdings now totalling 4,549 as of Friday 3rd Jan, 2025.

OPTIONS DATA (DEC 25 Contract)

Open Interest remains largely unchanged from December 23rd, with only a minor change in the Put option OI at 60. This is consistent with lower traded volumes throughout the festive period.

| STRIKE | 90 | 80 | 70 |
|---------|------------|----------------|------------|
| CALL OI | 20,083 (-) | 17,237 (-) | 13,120 (-) |
| STRIKE | 65 | 60 | 55 |
| PUT OI | 11,905 (-) | 9,820 (+2.08%) | 5,725 (-) |

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Summary of the Previous Five Days Of Trading

| | |
|--------------|--|
| Friday 27th: | <u>OPEN: 69.75 CLOSE: 71.56 HIGH: 71.80 LOW: 69.61</u> |
| Monday 30th | <u>OPEN 71.65 CLOSE: 71.98 HIGH: 72.06 LOW:70.40</u> |
| Tuesday 31st | <u>OPEN 72.04 CLOSE: 73.00 HIGH: 73.62 LOW:71.90</u> |
| Thursday 2nd | <u>OPEN 73.55 CLOSE: 75.19 HIGH: 75.35 LOW: 72.00</u> |
| Friday 3rd | <u>OPEN 75.05 CLOSE: 75.94 HIGH: 76.35 LOW: 74.86</u> |

In the News: Russian gas flows Officially halted at 8am January 1st 2025: [Rising LNG imports and strained reserves: The fallout from Ukraine's decision to cut Russian gas flows to Europe | Economy and Business | EL PAÍS English](#)

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