

FIS Weekly EUA Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

EUA DEC-25 EUR 81.67 +3.38%

Carbon Bulls Hold Their Nerve

27/01/2025



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: EUAs extended their upward momentum last week, gaining 3.38% to close at EUR 81.67, the highest level since December 2023. Carbon markets remained supported by concerns over a tight TTF gas market, with storage withdrawals continuing to outpace yearly averages. Europe is emerging as a premium market for gas traders, as high gas prices continue to attract diverted Asian cargo vessels, whilst signals from the new Trump administration suggesting a willingness to fulfil gaps in LNG supply to Europe. The benchmark contract price approached resistance at EUR 81.70 on Thursday and briefly traded above, but selling pressure at this level capped further gains, as the market was hesitant to push higher. Looking ahead, we can expect gas storage to remain a consistent price driver in both gas and carbon, with weather related fluctuations in demand a factor as we move through the winter.

Technical: The futures remain in a bullish trending environment in what looks to be an extended Elliot & wave 3, suggesting downside moves should be considered as countertrend. We are in divergence on the intraday 1-and-4-hour timeframes, warning buyside momentum could be about to slow down. Like last week, we maintain our view that the futures are vulnerable to a technical pullback. We are cautious on upside moves in the very near-term due to the divergence. We also note the EUR 82.00 is two standard deviations above its linear line, on the move that started on the 09/10/24, from a low of EUR 61.98, suggesting we should in theory find further selling interest around this area if tested.

NEXT AUCTION: 27/01/2025

DATE	Auction Price	Auction Vol	Cover Ratio	Differential to Spot
20/01/2025	76.40	3,245,500	1.49	0
21/01/2025	74.30	3,245,500	1.53	-0.09
23/01/2025	79.06	3,245,500	1.50	-0.15

Energy and Price Drivers

Gas TTF Spot (Feb 25' contract): **EUR 49.70** | Feb-25 German baseload power **EUR 114.73/MWh**

Supply

- Supplies from Azerbaijan via the ICGP pipeline linking Greek and Bulgarian gas grids have returned to normal, Bulgarian Energy Minister Zhecho Stankov said.
- Norway's Hammerfest LNG export facility resumed production Jan. 20 after a 17-day outage.
- TTF could price at a premium to Asia LNG prices, especially in Q1-3 as Europe could outcompete the more price sensitive Southeast Asian markets for LNG supply
- An overall tighter European balance is anticipated in 2025, with Russian gas imports to Europe falling by 15bcm and storage injections in the EU rising by 15bcm on the year, the IEA said. This is despite further growth in LNG output.

Storage

- European gas storage withdrawals remain well above normal and just below the highest since Feb 2021 seen on Jan. 21. Storage has fallen to 57.6% full on Jan. 22, according to GIE, compared to the previous five year average of 65.7%.
- EU storage refill demand is expected to drive European LNG imports 25% higher year on year through the reliance on LNG to refill stocks – forecast to end winter around 40%. However, Platts said that a ramp-up of
- US LNG production may ease competition for cargoes between Europe and Asia, even as the market focuses on Asia's summer procurement.

Demand

- EU storage refill demand is expected to drive European LNG imports 25% higher year on year through the summer season, the IEA added.
- Energex forecasts Europe's LNG imports rising by 25m-35m mt in 2025, due to faster storage withdrawals and 11m mt of LNG equivalent lost after Ukraine transit flows ended.

Weather

Warmer temperatures are forecast for the remainder of January with a return to cooler (seasonally average) temperatures for the start of February.

Summary of the Previous Five Days Of Trading

Monday 20th.....	OPEN: 79.00 CLOSE: 79.99 HIGH: 80.50 LOW: 78.45
Tuesday 21st	OPEN: 80.11 CLOSE: 80.27 HIGH: 80.42 LOW: 77.90
Wednesday 22nd.....	OPEN: 79.81 CLOSE: 78.94 HIGH: 79.95 LOW:78.48
Thursday 23rd.....	OPEN: 79.22 CLOSE: 80.76 HIGH: 82.00 LOW: 78.98
Friday 24th.....	OPEN: 81.11 CLOSE: 81.67 HIGH: 81.73 LOW: 79.88

Commitment of Traders report

Speculators positioning in EU ETS futures on the ICE exchange turned again more bullish on the week with net long positionings at the highest level since late February 2022, according to this latest CoT (January 17th)

INVEST INST.	VOL.	CHANGE	OI
LONG	79,310.10	+10,741.60	+13.64%
SHORT	37,229.74	-2,293.64	+6.90%
NET	42,080.36	+13,035.24	-
CREDIT INST.	VOL.	CHANGE	OI
LONG	200,560.25	-919.16	34.49%
SHORT	487,335.45	+9,201.69	83.42%
NET	-286,775.19	-10,120.84	-
COMMERCIAL	VOLUME	CHANGE	OI
LONG	236,707.71	-1,426.72	40.70%
SHORT	55,401.88	+1,451.95	9.53%
NET	181,184.50	-2878.67	-

Options data (Dec 25 contract)

Open Interest on the DEC 25 options contracts saw a decline across call OI at key levels last week, likely driven by profit-taking amid ongoing price hikes in the benchmark contract. On the contrary, put option OI increased suggesting a potential shift in sentiment.

STRIKE	90	80	70
CALL OI	15,910 (-17.6%)	38,075 (-20.5%)	9,530(-)
STRIKE	65	70	75
PUT OI	8,225(11%)	6,530 (7%)	1,600(7%)

In the News: [Germany considers measures to incentivise storage refills in anticipation of a tighter summer refilling period](#) [Germany considers plan to subsidise storage refills, says gas trading hub](#)

Contact

Robert Jones (Head of Emissions Broking)
+44 7727 479982
RobertJ@freightinvestor.com

William Addisson (Emissions Junior Broker)
william@freightinvestor.com

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