

FIS Weekly EUA Report

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EUA DEC-25 EUR 74.85 -1.4%

Successive Losses Trimmed by Late-Week Rebound

13/01/2025



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: 76.35 - 71.55

Historical Vol: 10-day 28.864 ; 30-day 31.307 ; 50-day 29.944 ; 100-day 29.489

OUTLOOK

Overview: EUA's posted successive early week sell offs in what was largely considered to be corrective move following an uninterrupted hike in the benchmark contract since the end of last month. The years first auction took place on Tuesday, with a weak cover ratio and a 20 cent discount to the spot market providing an indicator for long holdings to liquidate positions as a profit taking defined price action early in the week. However, EUA's demonstrated strength later in the week, shrugging off a stagnant TTF market to post two days of significant price hikes, significantly trimming the weeks losses. A robust EUA market found strength in bullish weather fundamentals, which were revised to forecast lower renewable generation and a continuation of colder than average temperatures until the middle of January.

Technical: Technically bullish, as noted last week the upside move had been supported by the RSI making new highs, indicating the move was bullish impulse. Likewise, lower timeframe Elliot & wave analysis is also suggesting that downside moves look like they could be countertrend, making EUR 68.23 the key support to follow. If broken, then the probability of the futures trading to a new high will start to decrease. Upside moves that fail at or below EUR 74.72 will warn that there is potentially further downside within the corrective phase. However, we maintain a cautious view on downside moves at this point, as the technical suggests they could struggle to hold. The move was bullish impulse.

NEXT AUCTION: 13/01/2025

This week saw a highly anticipated return to the European spot market auctions. Price traded rangebound in anticipation of the auction on Tuesday, before a cover ratio of 1.37 and a 20 cent discount to the spot market was interpreted as a significant indicator of weakness by the market and as such was followed by a subsequent sell off in the benchmark contract.

DATE	Auction Price	Auction Vol	Cover Ratio	Differential to Spot
07/01/2025	70.01	3,245,500	1.57	-0.20
09/01/2024	71.50	3,245,500	2.27	-0.06
-	-	-	-	-

Energy and Price Drivers

Gas TTF Spot (Feb 25' contract): **EUR 46.400** | Feb-25 German baseload power **EUR 96.03/MWh**

Supply: TTF Gas Prices have Surged this morning on TurkStream Attack Claims, following Russian claims that Ukraine attempted to attack the TurkStream gas compressor on January 11. The pipeline, which runs under the Black Sea to Turkey, remains the last major route for Russian gas to Europe and has been the subject of speculation over whether Russian gas could still reach Europe indirectly via this route in 2025. Meanwhile, Norwegian gas flows to Europe have stabilized, reaching 337 mcm/d today, after dropping to 320 mcm/d on January 8.

Demand: Europe has been burning through its gas at the fastest rate in seven years as cold weather ramps up heating needs, with temperatures seen falling again this week, Bloomberg said. Storage levels have dropped by 25 percentage points from their peak, more than any drop any since 2019, and now stand at 66.38% compared to the previous five year average of 72.5% (according to GIE data, cited by Bloomberg). Although there is no risk of an immediate shortage, the rapid depletion may make stockpiling more challenging ahead of the next heating season.

Weather: Colder than Average temperatures were associated with a weather related squeeze over the past few weeks, with traders wary over any potential uptick in demand in already tight TTF market. We can expect temperatures to remain cooler over the weekend, before a return to seasonally average temperatures are expected to follow as the week progresses. Elsewhere a revised wind forecast depicts an increase in expected renewable generation forecast for next week.

INVEST INST.	VOL.	CHANGE	OI
LONG	58,643.61	+5,518	+10.5%
SHORT	39,014.03	-9,561.88	+6.98%
NET	19,629.58	+15,079.88	-
CREDIT INST.	VOL.	CHANGE	OI
LONG	195,591.86	+7,001.21	35.04%
SHORT	471,694.74	+7,290.25	84.41%
NET	-276,102.88	-289	-
COMMERCIAL	VOLUME	CHANGE	OI
LONG	239,136.10	-9,243.26	42.84%
SHORT	47,021.19	+6,114.53	8.42%
NET	192,114.91	-15,357.80	-

Commitment of Traders report (as of Jan 3rd)

Speculator positioning turned significantly more bullish on the week with net long positionings at the highest level since the 10th March 2023.

OPTIONS DATA (DEC 25 Contract)

Open interest on options contracts have undergone a significant change in the last week, with a heavy concentration surrounding the 80 call option with traders opting to unload puts amid a bull market for the benchmark contract.

STRIKE	90	80	70
CALL OI	18,610 (-7.33%)	47,650 (176.44%)	9,830 (-25%)
STRIKE	65	60	55
PUT OI	6,300 (-47.08%)	10,095 (+2.8%)	5,925 (3.48%)

Summary of the Previous Five Days Of Trading

Monday 6th:

OPEN: 75.94 CLOSE: 74.36 HIGH: 76.15 LOW: 73.80

Weakness in the gas market led the decline in EUA prices, with both markets falling from the start of trading. EUAs dropped from 76.15 to 74.25 within the opening hours, testing support at this level before breaching lower to 73.80 by midday. However, a stabilization in the gas market and a steady recovery in EUAs helped the benchmark contract erase earlier losses, eventually settling at 74.36.

Tuesday 7th

OPEN:74.56 CLOSE: 74.04 HIGH: 74.92 LOW: 72.91

Trading opened in line with Monday's close, remaining rangebound in the early hours as markets awaited the daily auction. The auction was considered weak, featuring a lower-than-average cover ratio and a 20-cent discount, which triggered selling and led to price consolidation around 73.10. However, late buying once again eroded losses, driven largely by a surprise uptick in TTF prices. This recovery helped the benchmark contract settle at 74.04, closing 0.7% lower on the day.

Wednesday 8th

OPEN: 74.62 CLOSE: 72.17 HIGH: 74.62 LOW:71.91

Early selling pressure tested support within the first 90 minutes, pushing prices down to 72.91. Persistent selling continued through midday, with EUAs languishing at 71.91. Price action closely tracked the weaker natural gas market, which once again attempted a late recovery. However, unlike previous sessions, the rebound lacked the momentum needed to trigger a comparable price reversal. As a result, the benchmark contract settled at 71.91, marking a 3.6% decline on the day.

Thursday 9th

OPEN: 71.95 CLOSE: 73.46 HIGH: 73.71 LOW: 71.55

EUAs opened weaker, once again tracking losses in the natural gas market. Sellers were emboldened by a 6-cent auction discount, pushing prices down to support at 71.65. However, the market responded strongly at this level, triggering a sustained rally throughout the afternoon. EUAs surged to a session high of 73.71, marking a significant divergence from natural gas, which had continued to decline throughout the afternoon.

Friday 10th

OPEN: 73.39 CLOSE: 74.85 HIGH: 75.18 LOW: 72.33

European carbon allowance (EUA) trading opened with an early decline, dropping from 73.48 to 72.33 ahead of the German auction. However, the auction cleared at a 0.07 premium to the spot market, setting the stage for a rebound. A sustained rally followed throughout the afternoon, with EUAs rising in tandem with the broader energy complex. Prices eventually settled at 74.85, marking a strong recovery from the morning's dip.

In the News: Russia's claims this Morning that Ukraine has attacked Turkstream has resulted in an uptick in the TTF price [Ukraine tried to attack TurkStream pipeline infrastructure in southern Russia, Moscow says](#)

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