

FIS Weekly EUA Report

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EUA DEC-25 EUR 83.93 +3.58%

Carbon continues to Rise on Colder weather and Tight gas

03/02/2025



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

52-Week Hi/Lo:

84.50/71.55

Monthly Hi/Lo: 80.04 - 71.55

Historical Vol: 10-day 30.561 ; 30-day 25.704 ; 50-day 28.808 ; 100-day 29.848

OUTLOOK

Overview: EUA prices continued their upward trajectory last week, with the benchmark contract rising 3.58% to close at EUR 83.93 on Friday—its highest level since November 2023. The market remained buoyed by concerns over a tighter TTF market through the remainder of winter and into the refuelling season, driven by above-average storage withdrawals, prolonged colder weather forecasts, and ongoing supply fears following the halt of Russian gas exports. Looking ahead, these factors are likely to continue supporting prices in both the gas and carbon markets. However, EUA prices have opened lower this morning, as concerns over economic activity in Europe deepen amid the prospect of a trade war with the US following Donald Trump's announcement of new tariffs on several nations.

Technical: The futures continued their correction last week by selling another EUR 2.00 lower to a low of EUR 78.30; however, we have since seen another move higher. We are above all key moving averages supported by the RSI above 50. Technically bullish, our Elliot & wave analysis continues to suggest that we are on an extended wave 3, meaning downside moves look like they could be countertrend. Near-term Fibonacci projections suggest we could trade as high as EUR 89.39 within this phase of the cycle. However, we are in divergence on the intraday chart whilst price is once again two standard deviations above the linear regression line, suggesting caution on upside moves at these levels.



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NEXT AUCTION: 27/01/2025

DATE	Auction Price	Auction Vol	Cover Ratio	Differential to Spot
27/01/2025	77.70	3,245,500	1.66	-0.15
28/01/2025	77.06	3,245,500	1.70	+0.35
30/01/2025	81.57	3,245,500	1.71	+0.01

Energy and Price Drivers

Gas TTF Spot (Feb 25' contract): **EUR 51.15** | Feb-25 German baseload power **EUR 126.75/MWh**

Supply

- The cessation of Russian gas via Ukraine had a localised impact on Central Europe, rather than a broader impact on the European market, the Oxford Institute for Energy Studies said
- Uniper's CEO Michael Lewis told Reuters that when Trump sends more gas to Europe, it will relax the world market and prices will fall. More US gas production is positive for the market as it creates more opportunities for sourcing, he added
- 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, the IEA said.
- Norwegian pipeline supplies to Europe have recovered slightly to 325.2mcm, according to Bloomberg. Gassco shows capacity reductions totalling 23.7mcm/d, amid an unplanned outage at Asgard. Norwegian supply was slightly off last week however a gradual recovery this week is expected.

Storage

- European gas storage has fallen to 54.65% full on Jan. 29, according to GIE, compared to the previous five year average of 61.5%. Net withdrawal rates are almost unchanged on the day and below normal since Jan. 24.
- 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 36.4% at the end of the season with a range between 25.0% and 44.3%

Demand

- European LNG imports are rising, but this has so far not been enough to meet continued rise in apparent demand, according to GFB Insight
- In the last two weeks, the gap that LNG imports will need to fill throughout the rest of the year has increased by around 4 bcm, as both demand and storage withdrawals reached new winter peaks.

Weather

The latest 6-10 day ECMWF weather forecast for Dusseldorf suggests mean temperatures have been slightly revised down on the day with mean temperatures below the seasonal normal until 11 February, before rising broadly in line with the average.

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Summary of the Previous Five Days Of Trading

Monday 20th.....	OPEN: 81.07 CLOSE: 79.36 HIGH: 81.58 LOW: 79.00
Tuesday 21st	OPEN: 79.55 CLOSE: 80.26 HIGH: 80.80 LOW: 78.50
Wednesday 22nd.....	OPEN: 80.80 CLOSE: 82.95 HIGH: 83.80 LOW:80.80
Thursday 23rd.....	OPEN: 83.50 CLOSE: 82.66 HIGH: 84.50 LOW: 82.25
Friday 24th.....	OPEN: 82.90 CLOSE: 83.93 HIGH: 84.44 LOW: 82.67

Commitment of Traders report

INVEST INST.	VOL.	CHANGE	OI
LONG	94,051.62	+14,963.52	+15.57%
SHORT	41,008.76	+3779.02	+6.79%
NET	53,042.86	+11,184.49	-
CREDIT INST.	VOL.	CHANGE	OI
LONG	205,345.67	+4,785.42	33.98%
SHORT	503,241.97	+15,906.52	83.28%
NET	-297,896.31	-11,121.13	-
COMMERCIAL	VOLUME	CHANGE	OI
LONG	239,569.92	+2,639.21	39.65%
SHORT	57,904.69	+2,502.81	9.59%
NET	181,665.23	+136.41	-

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 the week of 10 September 2021, according to this latest CoT (January 24th)

Options data (Dec 25 contract)

STRIKE	100	90	80
CALL OI	25,460 (-18%)	11,360 (-28.59%)	32,225 (-15.36%)
STRIKE	65	70	75
PUT OI	4,400(-47%)	7,005 (+7.27%)	2500(56.25%)

Call option open interest posted significant declines on the most liquid contracts, possibly reflecting profit taking as speculators look to take profit and reposition. On the put side the biggest moves occurred on the 65 and 75 put options with significant declines in the former and a sharp hike in the latter.

UKA'S HIKE OVER POTENTIAL MERGER WITH EU ETS

UKA prices jumped significantly this past week, rising 11.35% on Wednesday and a staggering 29.46% gain on the week, as reports emerged that the UK have requested that ETS linkage is included on the agenda talks with the EU in spring. An ETS linkage would imply a price convergence between the two markets, with the most probable situation being the smaller, discounted UK ETS gravitating toward EU price. This prospect has fuelled bullish sentiment this past week as participants look to price in the growing likelihood of integration.

LINK: [UK carbon prices close 13.5% higher on EU linking talks report | Reuters](#)

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