

EUA DEC-25 EUR 72.97 -3.6%

Carbon Decouples From Bullish Gas

23/06/2025



SUPPORT: 69.60, 69.31, 67.54 | RESISTANCE: 75.31, 76.19, 77.07

52-Week Hi/Lo:

84.50/71.55

Monthly Hi/Lo: 74.04 - 71.01

Historical Vol: 10-day 20.537 ; 30-day 29.479 ; 50-day 32.829 ; 100-day 31.805

OUTLOOK

The Carbon market moved independently of equities and natural gas last week as the benchmark contract settled at EUR 72.97 on Friday marking a 3.6% weekly decline. However, Carbon appeared to reject upside moves beyond the upper Bollinger band instead moving lower with Thursday marking a significant daily decline of 2.5%. In contrast the European gas market has risen 13% since the initial Israeli strikes as traders look to price in any disruption to oil and gas flows via the strait of Hormuz, the implications of which threaten to directly cut supply to Europe as well as force premium Asian market. As of this moment we have seen a subdued response to the events in the middle east and this is perhaps reflective of the fact that gas remains the more profitable alternative to coal by spark spread metrics and we are still some distance from fuel switching resistance levels in gas. Looking ahead we expect uncertainty and caution to continue in the carbon market with 76.75 (last weeks high) the key level to watch.

Technical: Technically we remain bullish, the MA on the RSI is now flat, implying momentum is turning neutral. The futures are holding above the 200-period MA, implying the market is supported; however, above EUR 75.02 the intraday 4-hour RSI will be divergence with the RSI, we could also be divergent on the daily RSI. For this reason we continue to be cautious on upside breakouts at this point For upside continuation, the futures will need to trade to a new high with the divergence failing. If we close and hold below the 200-period MA, then Fibonacci support level will start to look

DATE	Auction Price	Auction Vol	Cover Ratio	Differential to Spot
09/06/2025	74.51	3,245,500	1.35	-0.12
17/06/2025	74.05	3,245,500	1.61	-0.04
12/06/2025	73.48	3,245,500	1.39	+0.02

NEXT AUCTION: 23/06/2025

Energy and Price Drivers

Gas TTF Spot (JUN 25' contract): [EUR 40.929](#) | JUN-25 German baseload power [EUR 63.41 /MWh](#)

30 day Correlation between EUA/TTF for 30-day has diminished to 0.33 The EUA/EUSTOXX 50 remains low at 0.19

TTF gas

TTF gas rallied last week, trading above the upper Bollinger band as traders looked to price in any possible disruption to oil and gas through the strait of a Hormuz. From the initial Israeli strikes TTF has jumped 13%, however a subdued response to US escalation would suggest that much of the risk premium has been priced in.

A complete closure of the Strait of Hormuz is deemed impractical and ineffective as roughly 75% of the oil and gas travelling through the strait heads to the east. With the greatest impact on China US Secretary of State Marco Rubio has called on China to prevent Iran from closing the Strait according to a Fox news interview on Sunday.

Iran's parliament endorsed a measure to close the Strait of Hormuz in response to overnight U.S. airstrikes on Iranian nuclear sites, Iranian state media reported Sunday.

Gains from a closure would be capped after countries released strategic reserves, and Saudi Arabia and the United Arab Emirates redirected some crude to facilities outside Hormuz according to Saxo Bank analyst

Weather

- CWE wind generation is forecast to drop lower towards the end of June, according to SpotRenewables.
- CWE peak solar output is forecast to drop lower later this week, before output will rise again at the end of the month, according to SpotRenewables.

Volatility

- Implied volatility from options has risen to 31.59%, reflecting heightened caution amid geopolitical tensions

Summary of the Previous Five Days Of Trading

MondayOPEN: 75.76 CLOSE: 75.34 HIGH: 76.47 LOW: 74.69

TuesdayOPEN: 75.15 CLOSE: 74.64 HIGH: 75.66 LOW: 74.15

WednesdayOPEN: 74.85 CLOSE: 74.61 HIGH: 75.26 LOW: 74.19

ThursdayOPEN: 74.60 CLOSE: 72.74 HIGH: 75.03 LOW: 71.73

FridayOPEN: 72.80 CLOSE: 72.97 HIGH: 73.37 LOW: 72.08

Commitment of Traders report

INVEST INST.	VOL.	CHANGE	OI
LONG	57,818.12	-198.32	30.51%
SHORT	40,899.27	+739.59	+6.15%
NET	16,918.85	-937.91	-
CREDIT INST.	VOL.	CHANGE	OI
LONG	203,045.88	+6,688.11	30.51%
SHORT	576,784.71	+11,834.14	86.73%
NET	-373,738.81	-5,146.00	-
COMMERCIAL	VOLUME	CHANGE	OI
LONG	326,191.49	+3,940.39	49.03%
SHORT	45,153.94	-2,384.63	+6.79%
NET	281,037.38	+6,325.03	-

Speculators Raise Net Long Positionings in EUAs
Investment funds net long positionings in EU ETS futures on the ICE exchange increased for the second consecutive week to the highest since early April, according to the latest COT data as of 6 June.

* Investment Funds net long positionings rose by 5,411 to +28,070.

* Investment Firm net short positionings increased by 6,240 to -385,767.

* Commercial Undertaking net long positionings edged down by 544 to +279,676 – broadly unchanged for the second consecutive weeks.

* EU ETS Dec25 allowances saw a weekly net increase of almost 3% last week, supported by a rally in EU gas prices.

STRIKE	100	90	80
CALL OI	31,491	10,848	20,720
STRIKE	65	70	75
PUT OI	10,030	12,329	4,535

Options data (Dec 25 contract)

Options Open interest increased marginally for both put and call contracts last week as traders look to position for the June 25th EUA options Expiry.

IN THE NEWS

Iran's Parliament has approved the closure of Hormuz: [On the brink: Why the Iran-Israel conflict threatens the Middle East's future](#)

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