

By Mathew Carr and Alessandro Vitelli

Oct. 2 (Bloomberg) -- Benchmark EU permits decline after open interest in Dec. 2015 contract overtook Dec. 2014 for 1st time yday, according to data from ICE Futures Europe in London.

- * Dec. 2014 futures slide 2.1% on ICE to settle at EU5.69/mt, lowest since Sept. 23
- * NOTE: Emitters sell current-yr contracts, buy later yrs if they have no need for permits for immediate compliance
- * NOTE: Lawmakers debating timing of proposed "market stability reserve" for 2021 to help mop up oversupply
- * It makes sense that traders who were betting on carbon permits rising this year are now shifting those bets into later years: Jan Pravda, director of Pravda Capital Trading in Prague
- * "The market is realizing that the MSR is going to require a lot of debate and approval. The MSR is complicated and it's not a done deal": Pravda today by phone
- * Dec. 2014 contract open interest dropped 5m mt yday to 462m mt; Dec. 2015 rose 2m mt to 463m mt: ICE
- * NOTE: Carbon Output Seen Shrinking Faster as EU Mulls Supply Fix
- * Carbon in theory valued at EU19/mt at end of this yr should EU implement reserve of permits in 2017 rather than 2021, place backloaded contracts into it, an "optimistic" scenario: Patrick Hummel, UBS analyst in Zurich, in e-mailed note dated yday
- * ~40% chance carbon will reach EU15/mt next yr; 20% chance price will drop to EU1/mt if mkt reform fails: Hummel
- * "In spite of the Russia/Ukraine crisis, we believe EU leaders will remain committed to structural reforms in the carbon market": Hummel

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- * Certified Emission Reductions for Dec. rise 9.1% to EU0.12/mt: ICE
- * EU Will Need to Look Closely at Carbon-Offsets Quality: Canete

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- * Calif. Dec. benchmark contract closed unchanged yday at \$12.12/mt on Nymex

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- * EUROPE GAS: EU Contracts Slide as Oil Prices Tumble on Supplies
- * Carbon May Reach GBP15.78/Mt in 2015: U.K. Govt High Scenario
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- * Canete Supports Early Introduction of EU Carbon-Market Reserve
- * EU Carbon Permit Sale Has Most Bids Since April 22 on EEX

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