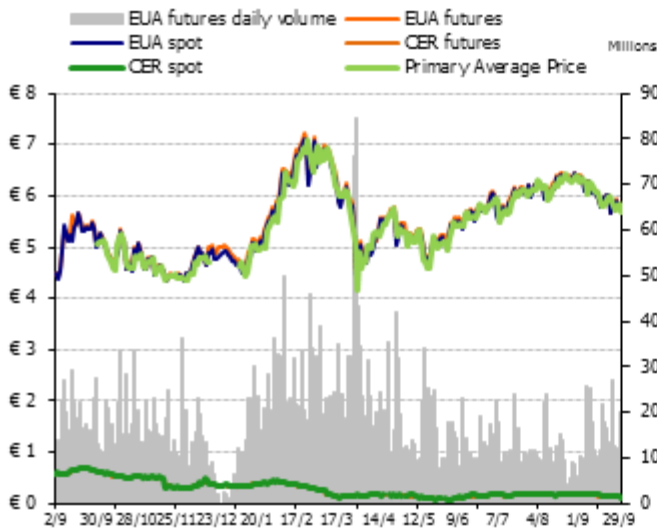
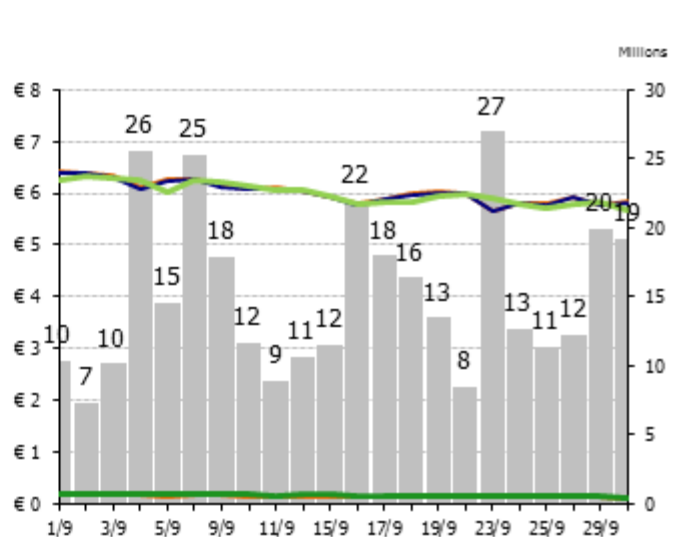


**Monthly: In early September EUA attacked 5-months high of € 6.50, but later closed 10.5% lower at € 5.82 dragged down by larger auction volumes and EU parliament delaying voting on Market Reserve. CER lost 40%, closing at € 0.12 on September 30<sup>th</sup>.**

Market development in last 12 Months



Market development in last month



### SPOT

|     | Aug close | Sep close | closing % | max  | min  | volatility % |
|-----|-----------|-----------|-----------|------|------|--------------|
| EUA | 6.38      | 5.82      | -8.8%     | 6.38 | 5.66 | 13%          |
| CER | 0.20      | 0.12      | -40.0%    | 0.20 | 0.12 | 67%          |

### FUTURE

|     | Aug close | Sep close | closing % | max  | min  | volatility % |
|-----|-----------|-----------|-----------|------|------|--------------|
| EUA | 6.42      | 5.84      | -9.0%     | 6.42 | 5.67 | 13%          |
| CER | 0.16      | 0.11      | -31.3%    | 0.16 | 0.11 | 45%          |

Měsíční objem na aukcích byl 35.6 milionů tun. Monthly volume at the auctions was 35.6 million tons.

Commentary: In September, auction volumes returned to their pre-August levels, bringing new supply to the markets. We can only reaffirm our August monitor view: with back-to-normal auction volumes the bullish pressures might not last. In fact, the EUA price reached its high between 29<sup>th</sup> August and 2<sup>nd</sup> September and has been on decline since.

In New York, United Nations climate change summit took place on September 23<sup>rd</sup>. Its aim was to strengthen global climate change awareness and prepare ground for binding international carbon treaty that is expected to be passed next year on Paris conference. General UN secretary Ban Ki-Moon himself demonstrated willingness to act by taking part in accompanying 300,000 people march through Manhattan, the largest social protest in the decade. Important message from China, now world's top CO<sub>2</sub> emitter: It pledged to cap its emissions as soon as possible (absolute number of emissions will be set), improving its previous commitment of decrease of emissions per unit of output (relative target).

On September 23<sup>rd</sup> EUA fell 5% responding to the news, that European Parliament environmental committee will not vote on a proposal to reform Market Stability Reserve until February 2015. Initially, market was expecting the

vote this autumn. In our view, the impact on the price was commensurate as this prolonged legislation procedure (estimated up to 2 years in this case) might endanger the earlier adoption concepts still fought for by many EU countries (Denmark, Germany, Latvia, Slovenia, Sweden).

Last but not least, Germany has become the first large European Union member to start ratifying the extension of the Kyoto Protocol treaty. The extension should fill the vacuum between Kyoto protocol (valid till 2012) and its not yet adopted successor (supposedly to be passed next year in Paris).

Among the market price drivers of EUA, natural gas price (European Natural Gas Futures EGIX) dropped 2.3% to € 22/MWh. Coal price (API2 CIF ARA) slumped 2.2% to € 57.2/t. Theoretical switching price for continental Europe is thus around € 23/t CO<sub>2</sub>, nearly 10% down as well.

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