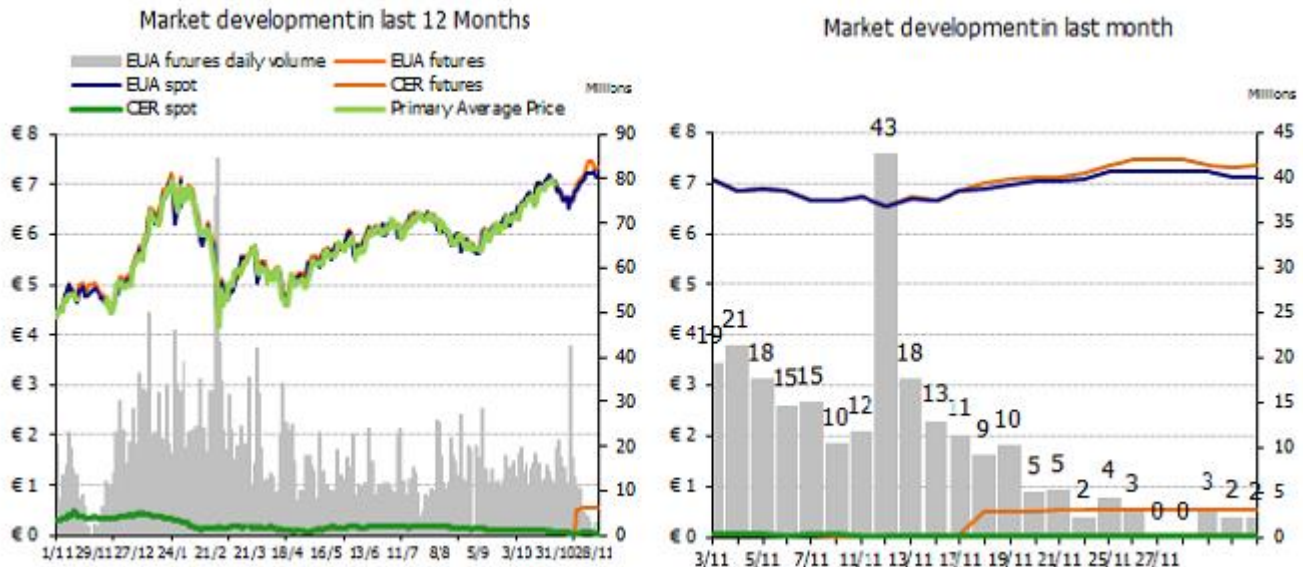


Monthly: During December EUA price gained 1.6% to € 7.14 and continued its previous upward movement on the wave of global and European climate action hopes. CER lost 50% and closed at € 0.04 on December 31th.



SPOT							FUTURE						
	Nov close	Dec close	closing %	max	min	volatility %		Nov close	Dec close	closing %	max	min	volatility %
EUA	7.03	7.14	1.5%	7.25	6.54	11%	EUA	7.04	7.34	4.3%	7.46	6.56	14%
CER	0.08	0.04	-50.0%	0.08	0.03	167%	CER	0.06	0.54	800.0%	0.54	0.02	2600%

Měsíční objem na aukcích byl 19.5 milionů tun. Monthly volume at the auctions was 19.5 million tons.

Commentary: Bullish trend of allowances went on further in December as the basic fundamentals of their current strength remained intact: increasing chances for global climate treaty in Paris and continued support for MSR in European parliament and among EU members.

December, another round of United Nations talks on climate change (this time in Lima) ended up successfully and ensured the globe remains on track to a new treaty to be approved on Paris conference next December. The conference achieved to unite the global views on climate change: unlike in Kyoto treaty, here all the nations recognize the need to contribute to climate action and following the China-US agreement from November, no major nation seems to stay aside. Yet, concrete obligations may differ among countries, as developing ones demand cash contributions from the developed ones.

Meanwhile in European parliament the Environmental committee (ENVI) and Industrial committee (ITRE) discussed the Market stability reserve (MSR) proposal. There was a consensus on the need of more ambitious and earlier implementation of the mechanism among the ENVI. Also a transfer of backloaded allowances directly into MSR was supported. However, the ITRE held more sober view on the measure as approximately half of the MPs supported earlier implementation and the other half against.

In Germany, the government agreed to cut emissions by as much as 78 million tons of CO₂ equivalent by 2020, including 22 million tons from the power sector. By this action Germany seeks to meet a national climate target of a reduction in carbon emissions of 40% from 1990 levels by 2020. Germany has recently expanded renewable energy sources such as solar and wind, yet it used coal to generate 45 percent of its power last year, its highest level since 2007, to help replace atomic reactors shut after the Fukushima disaster.

The price of the main determining commodities – coal and gas – weakened further. German electricity fell back to its lows around € 35 after spiking early in the month. Oil continued its plunge from its July highs with Brent currently costing under \$ 60.

CERs created new historical lows around € 0.04 and have already lost more than 99 percent from a 2008 peak. As CERs for emission cuts before 31st December 2012 can't be used after 31st March 2015 in the EU's emissions trading system, the market realizes their value can drop up to 0.

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