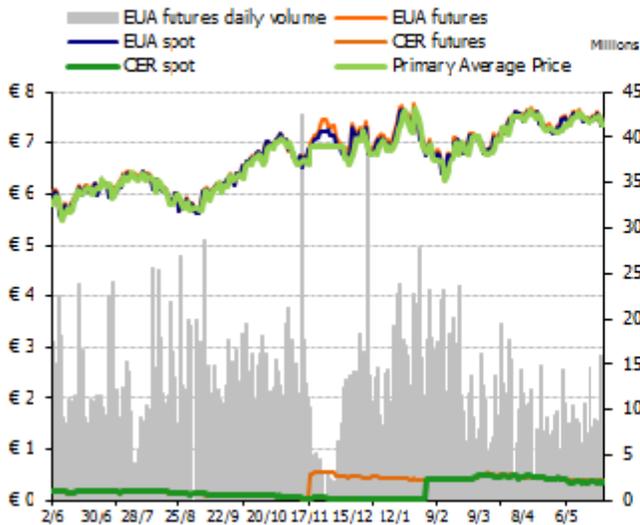
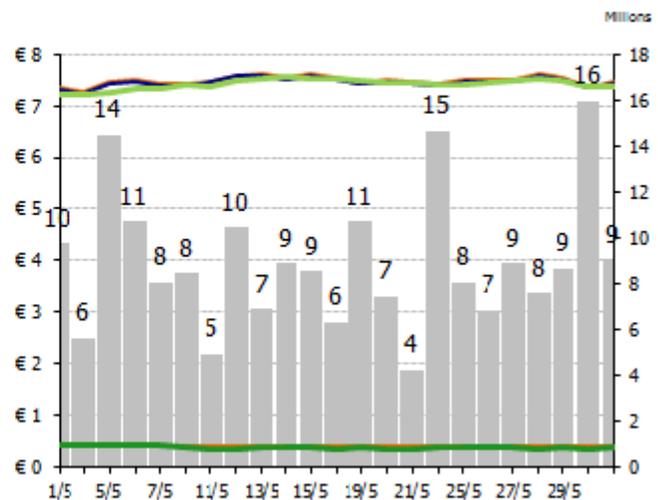


Monthly: In June, prices of allowances stayed relatively flat: **EUA gained 1.9% to € 7.31. CER lost 15.9% and closed at € 0.37 on 30th of June.**

Market development in last 12 Months



Market development in last month



	SPOT						FUTURE					
	May close	Jun close	closing %	max	min	volatility %	May close	Jun close	closing %	max	min	volatility %
EUA	7.31	7.45	1.9%	7.59	7.24	5%	7.36	7.46	1.4%	7.64	7.21	6%
CER	0.44	0.37	-15.9%	0.44	0.35	26%	0.42	0.40	-4.8%	0.42	0.39	8%

Měsíční objem na aukcích byl 50.7 milionů tun. Monthly volume at the auctions was 50.7 million tons.

Commentary: Lack of carbon related news in June corresponded to lower volatility of EUA.

There are only two weeks remaining till the European Parliament plenum finally decides on the Market Stability Reserve (MSR), but no vote took place since the approval of the draft in Council in the end of May. EU Parliament vote is scheduled on early July and as we reported earlier, the risk of refusal remains relatively low as main parties expressed their support for the draft.

On 19th of June the EU Commission approved the impact assessment of EU ETS post-2020 reform. The reform assumes the acceleration of annual decrease of emission cap from 1.74 % to 2.2 % and should deal with unallocated allowances. Commission is yet to prepare its proposal on the ultimate fate of the unallocated allowances. The entire ETS review (which also MSR is part of) would still need to be agreed by EU lawmakers in a process that could take at least two years.

However, any wilder optimism on the carbon market was being chilled by several factors:

First, new German plan to reach national emissions reduction goal aims to mothball a few selected power plants (burning brown coal) with total output of 4-6 GW. The previous solution imposing additional charges on old coal

power plants in the form of EUA was opposed by industry representatives and the members of the most powerful party CDU/CSU. The new plan is clearly more bearish for allowances as no additional demand for EUA emerges – on the contrary, some of the largest German carbon polluters will be closed down.

Second, German power stayed cheap. Price of year-ahead (cal-16) contract on German power is hovering around 32 €/MWh.

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