



A Climate Connect Limited Website

CHINA CARBON MARKET REVIEW

March 2015

Market Commentary

Almost all pilot carbon markets saw record-setting trading in March. Huge volumes were traded amidst volatile prices. The reason for this frantic run to the exchange by traders and covered entities was the announcement of compliance timelines by various regulatory bodies.

Hubei and Guangdong announced compliance timelines for their covered entities, starting with the submission of GHG inventories for 2014. Beijing took lead in this regard with all 190 covered entities submitting their emissions reports. These reports will now go for 3rd party verification.

Traded volume in Beijing was higher than short-term as well as long-term technical indicators on most of the trading days. The price remained volatile albeit in a narrow range. Traded volume last month was more than twice what it was in February 2015 and more than four times the volume traded in March 2014.

Similar trends were seen in Shanghai where the traded volume remained above the 150-day moving average during all but six trading sessions. Total traded volume crossed 200,000 which is equivalent to more than a third of the total volume traded in entire calendar year of 2014.

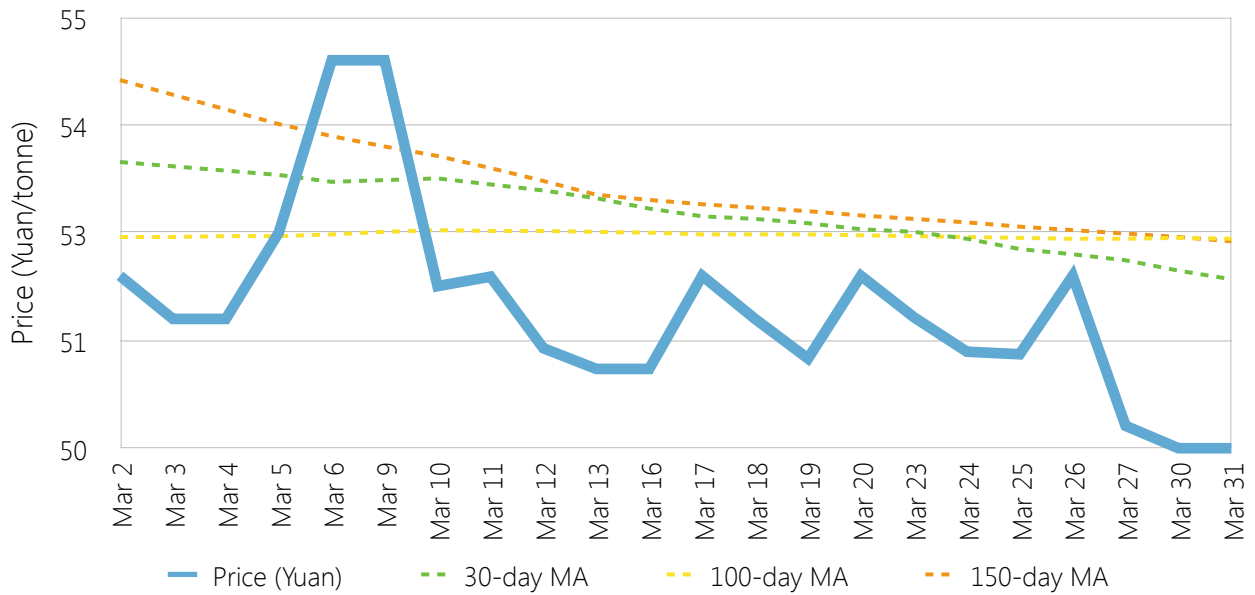
Hubei allowances touched 11-month highs and also saw some of the lowest prices in several weeks. The total traded volume touched almost 850,000, equivalent to 11.6% of the total volume traded in the nine months to December 2014.

Shenzhen 2014 emission allowances were also traded in huge numbers. Last month's volume was 17.5% of the total volume traded during the five months between August and December 2014.

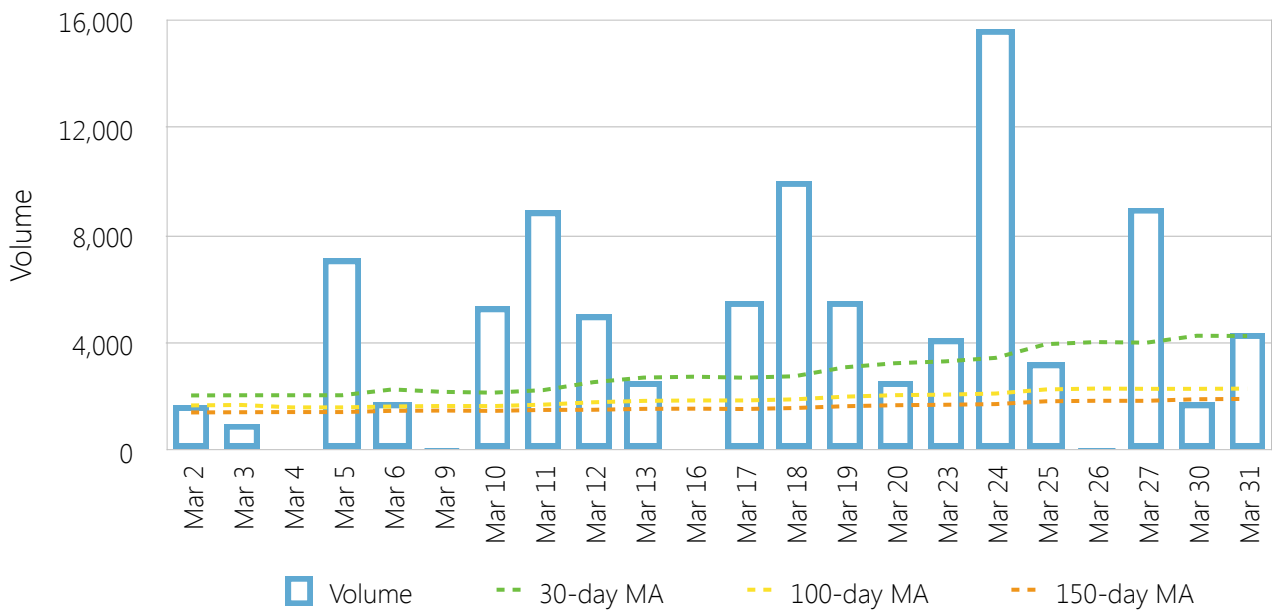
Massive deals and transactions also took place in the CCERs market. Although, some of the biggest ones did not include any compliance entities.

BEIJING CARBON MARKET

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

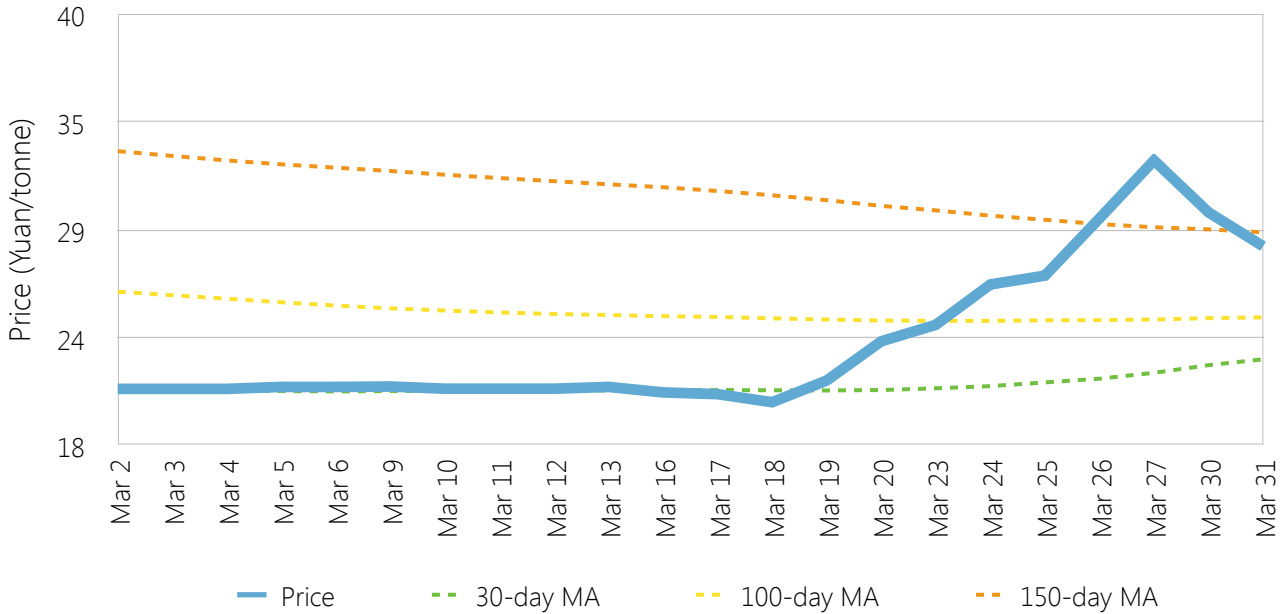


Trading Summary & Highlights – Beijing Carbon Market

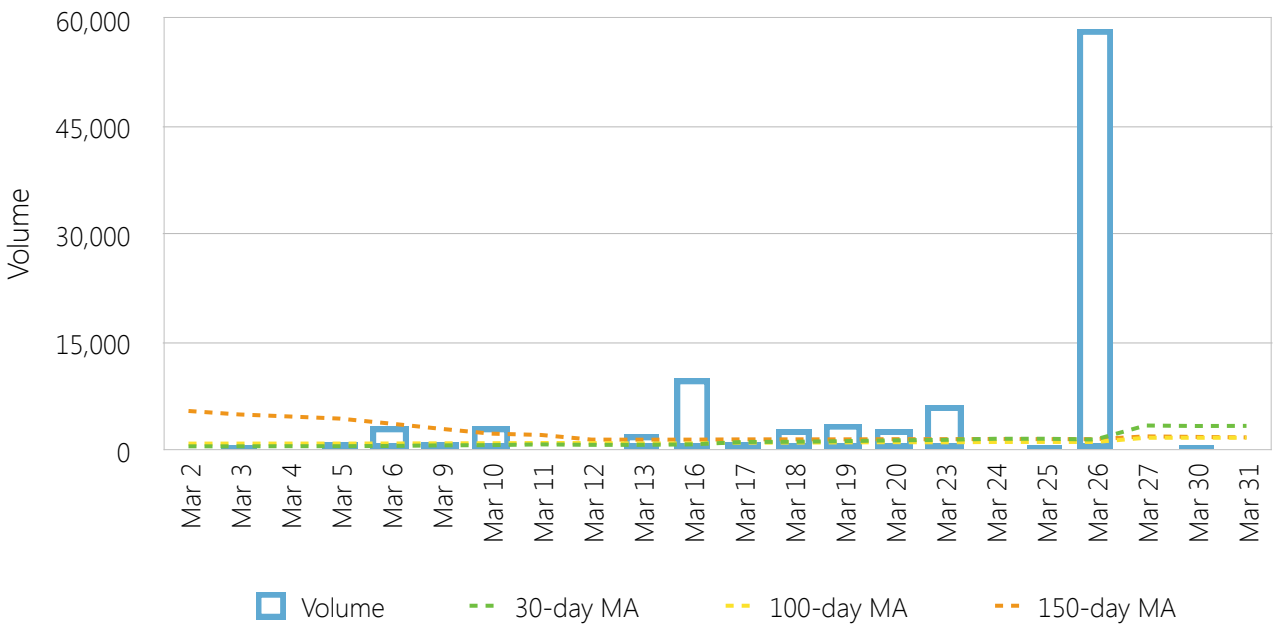
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	95,774	元54.50 \$8.79	元50.00 \$8.07	15,680
February 2015	42,590	元54.50 \$8.69	元51.00 \$8.14	22,290
March 2014	22,700	元56.95 \$9.18	元52.26 \$8.47	2,300

GUANGDONG CARBON MARKET

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

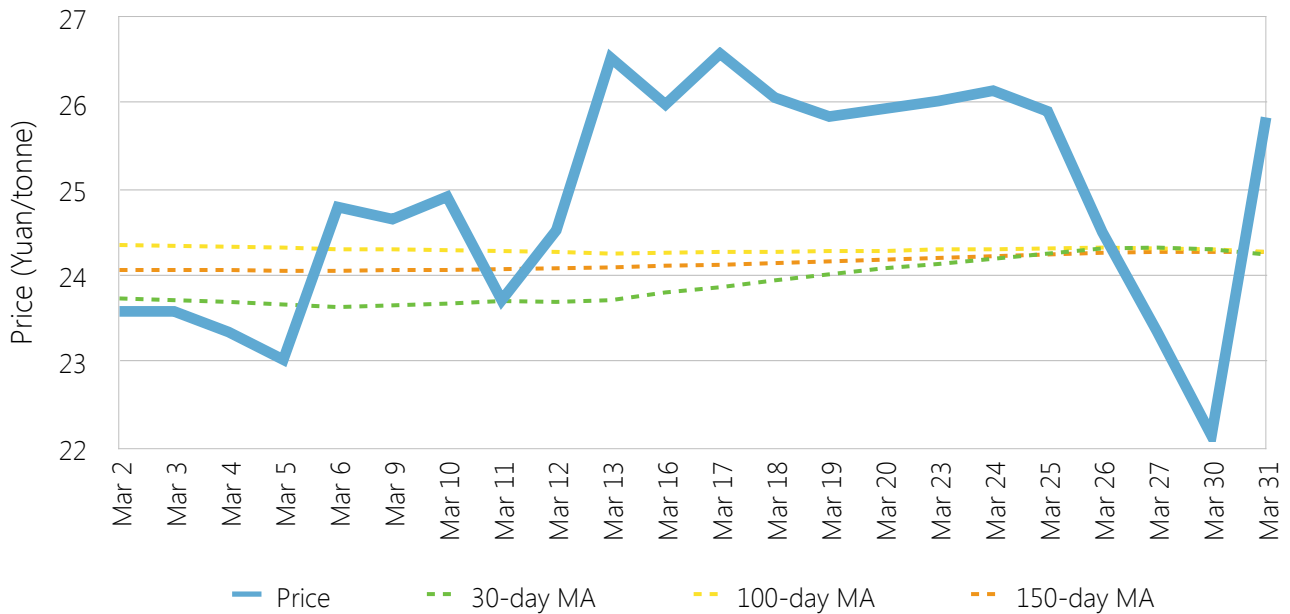


Trading Highlights & Summary – Guangdong Carbon Market

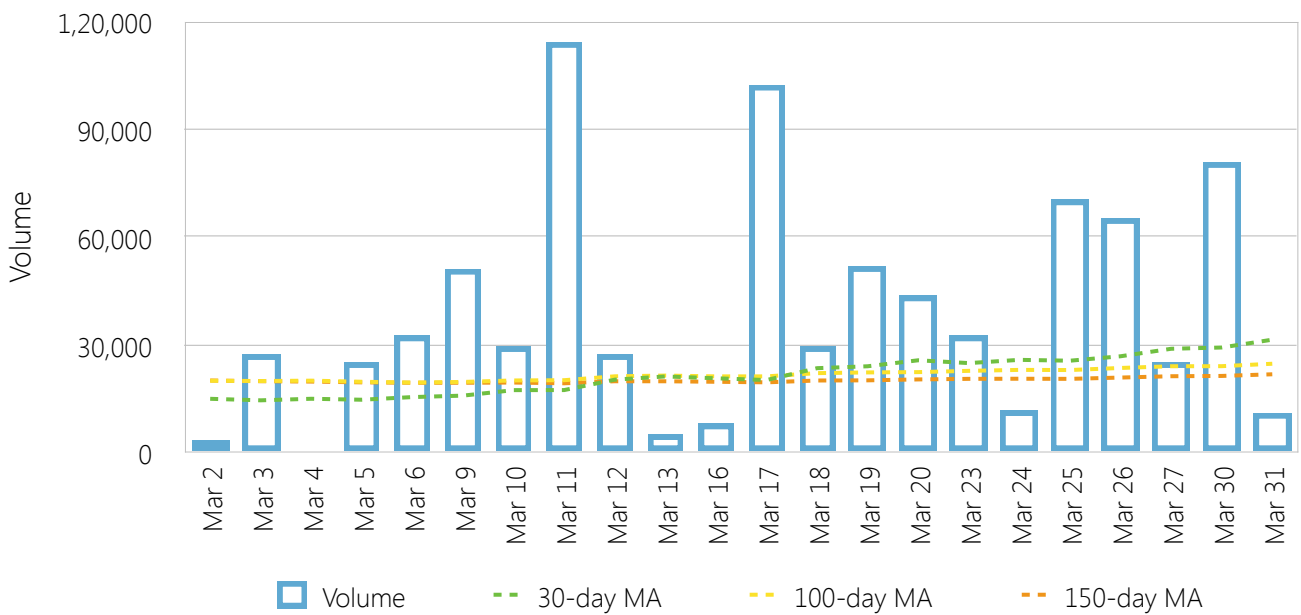
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	95,811	元32.54 \$5.25	元20.20 \$3.26	58,500
February 2015	9,584	元20.88 \$3.33	元20.69 \$3.30	4,000
March 2014	328	元66.00 \$10.65	元60.00 \$9.68	100

HUBEI CARBON MARKET

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

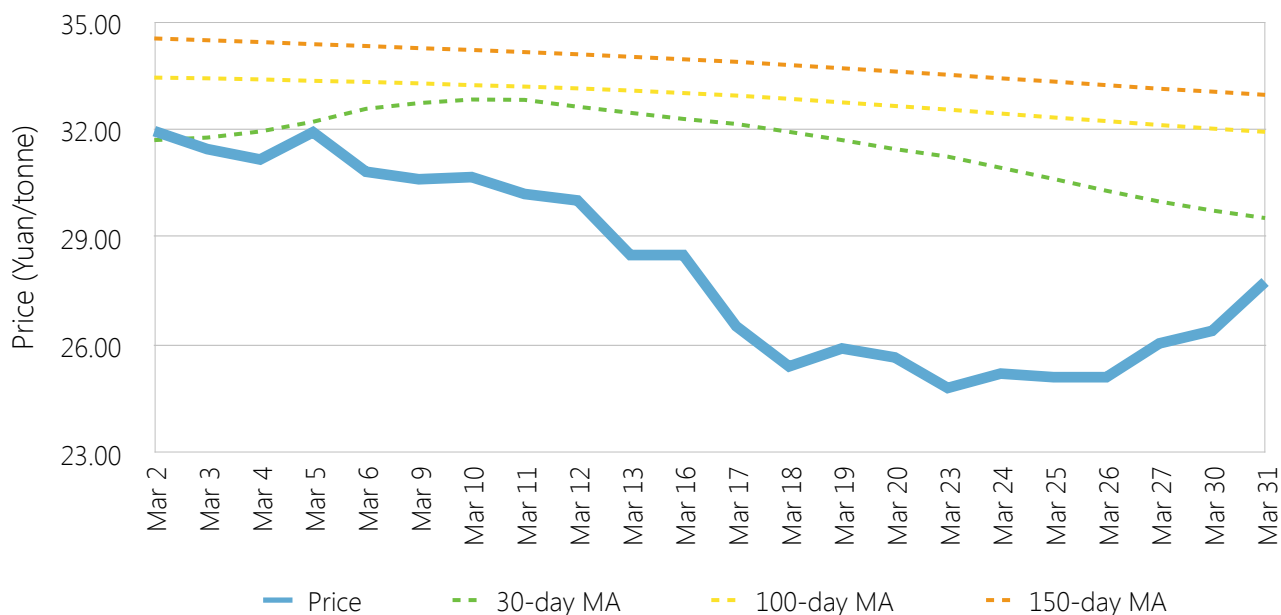


Trading Highlights & Summary – Hubei Carbon Market

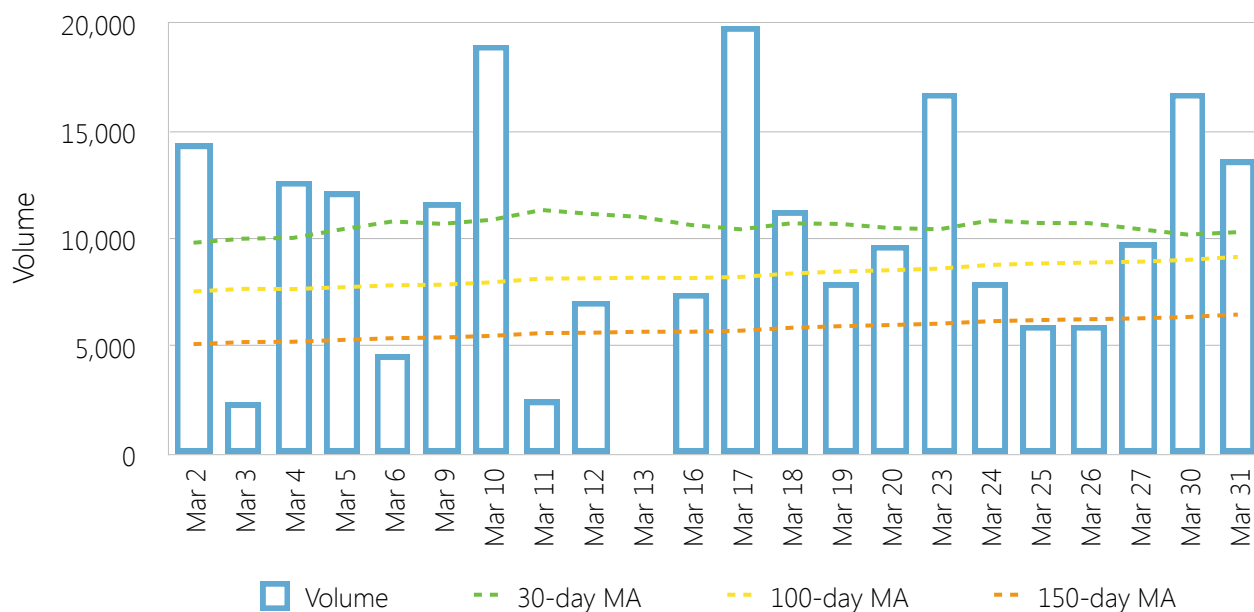
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	845,707	¥26.46 \$4.27	¥22.14 \$3.57	114,074
February 2015	196,254	¥24.20 \$3.86	¥21.44 \$3.42	42,992

SHANGHAI CARBON MARKET

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

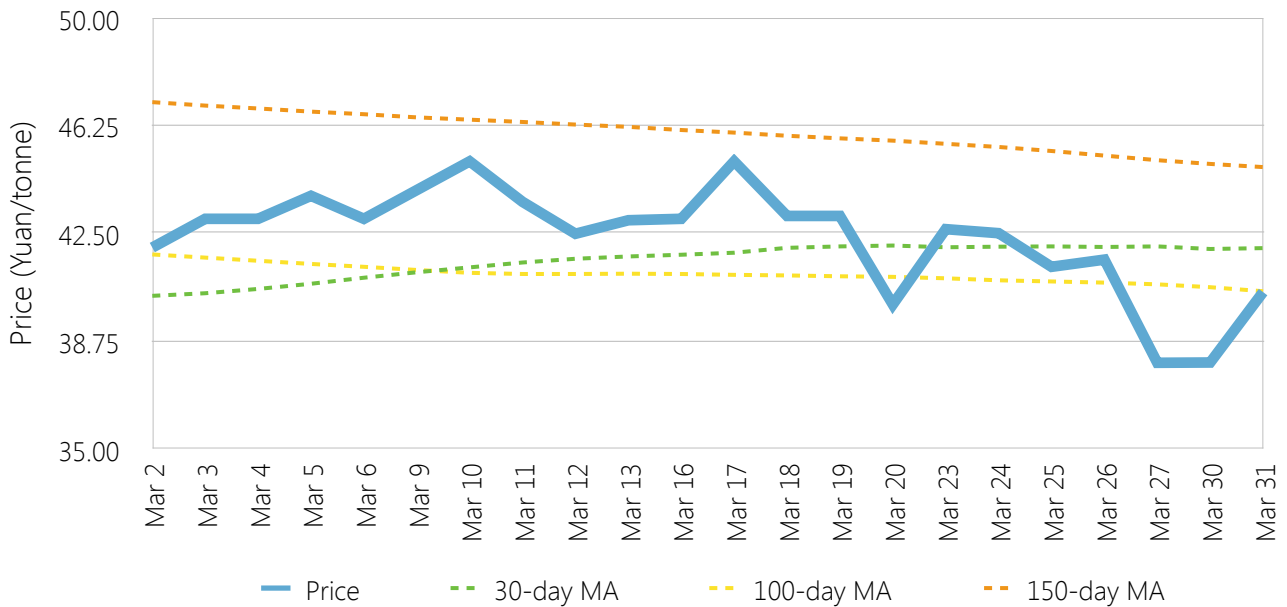


Trading Highlights & Summary – Shanghai Carbon Market

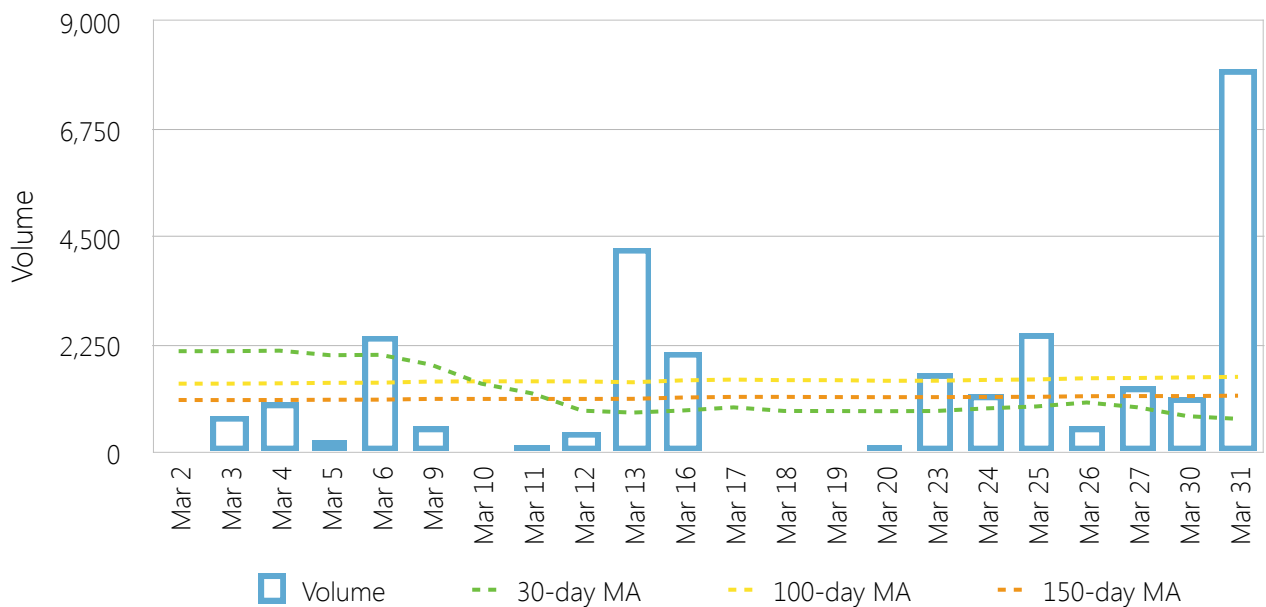
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	219,676	元31.95 \$5.15	元24.80 \$3.99	19,813
February 2015	170,107	元35.00 \$5.58	元31.01 \$4.95	21,422
March 2014	113,303	元40.50 \$6.53	元37.10 \$5.98	45,000

SHENZHEN CARBON MARKET (SZA2013)

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

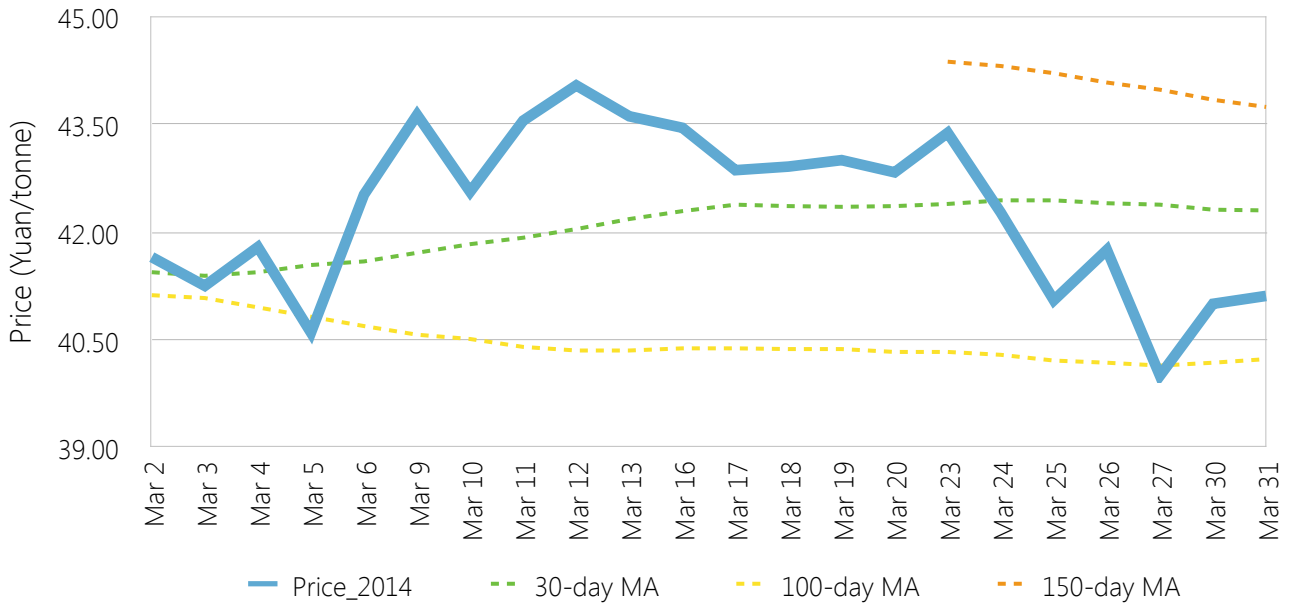


Trading Highlights & Summary – Shenzhen Carbon Market (SZA2013)

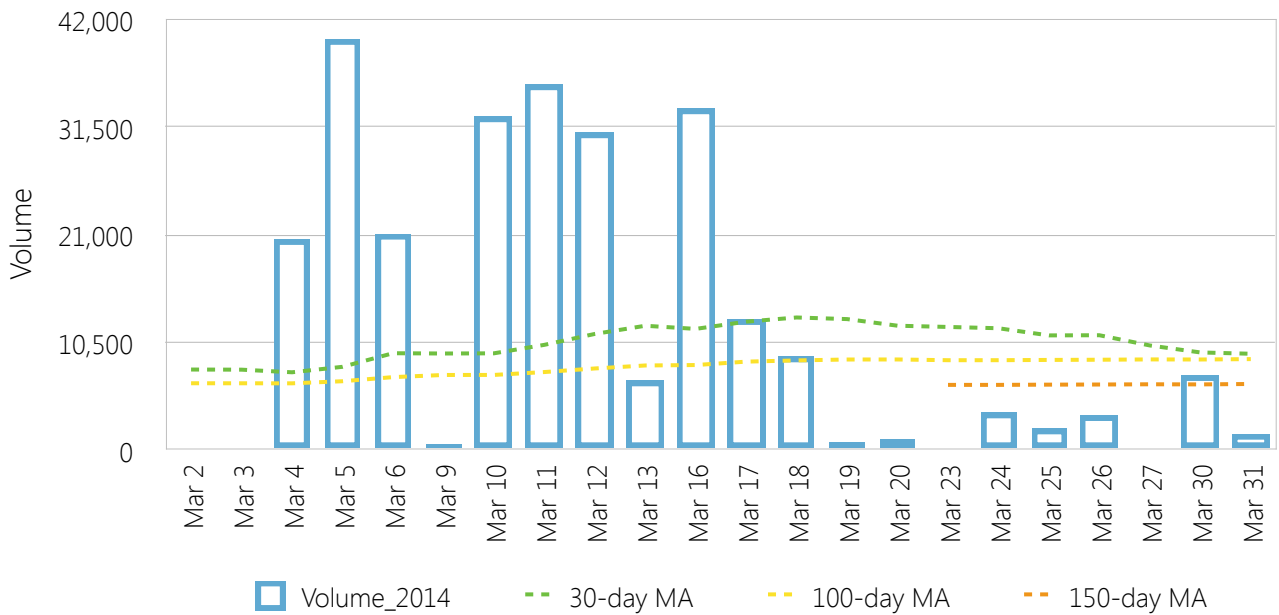
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	28,252	元45.00 \$7.26	元37.99 \$6.13	8,001
February 2015	13,850	元42.03 \$6.71	元37.18 \$5.93	6,960
March 2014	20,251	元86.00 \$13.87	元79.00 \$12.74	3,943

SHENZHEN CARBON MARKET (SZA2014)

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators

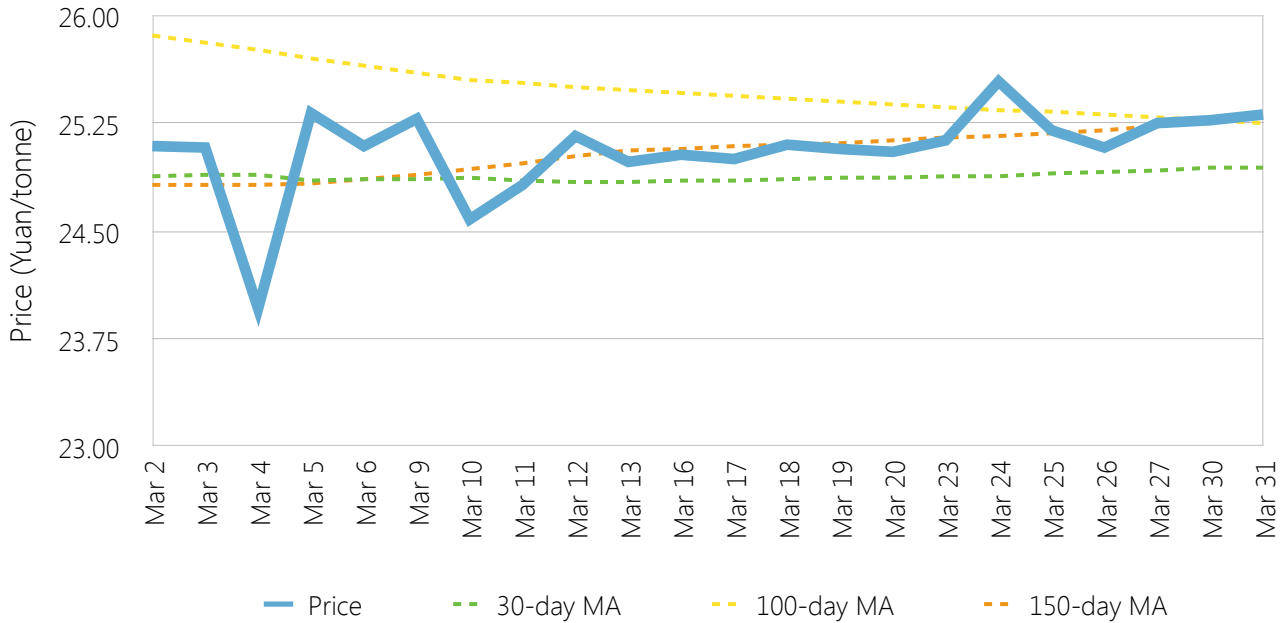


Trading Highlights & Summary – Shenzhen Carbon Market (SZA2014)

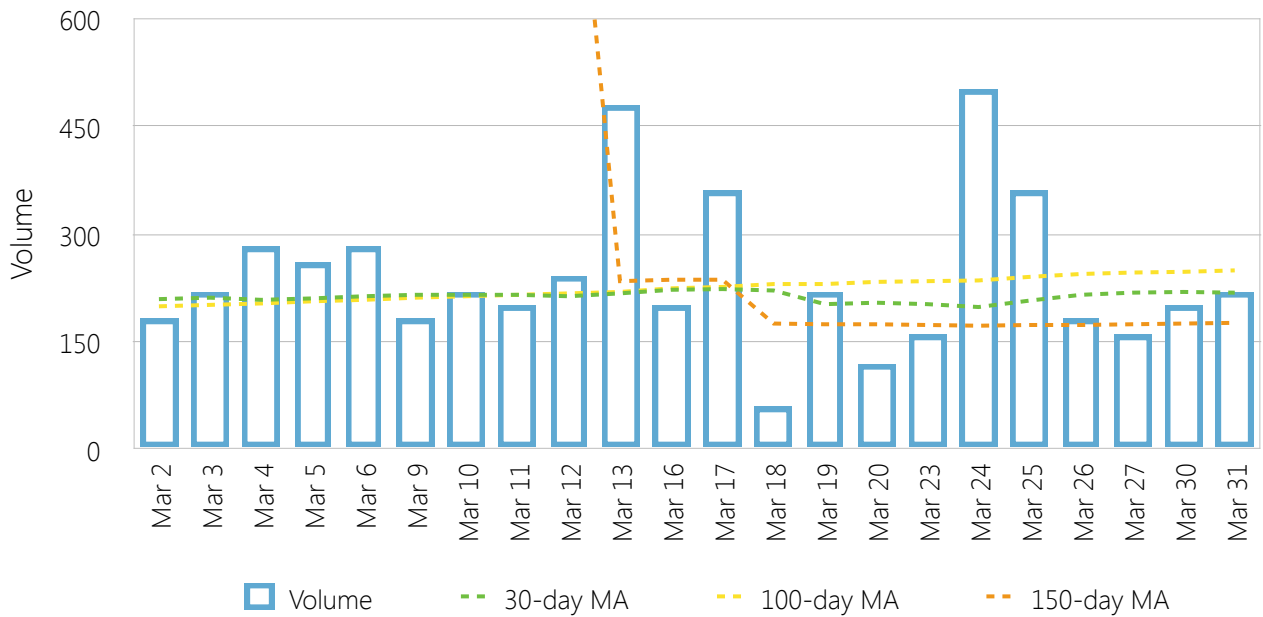
	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	262,390	元44.04 \$7.10	元40.00 \$6.44	40,004
February 2015	114,776	元46.09 \$7.35	元40.94 \$6.53	33,206

TIANJIN CARBON MARKET

Price Trends in March 2015 & Technical Indicators



Volume Trends in March 2015 & Technical Indicators



Trading Highlights & Summary – Tianjin Carbon Market

	Volume Traded	Highest Price	Lowest Price	Highest Daily Volume
March 2015	5,280	元25.54 \$4.11	元23.96 \$3.86	500
February 2015	2,560	元25.23 \$4.03	元24.00 \$3.83	340
March 2014	12,220	元50.11 \$8.07	元29.72 \$4.79	2,200

TECHNICAL INDICATORS

Traded Volume Trends Across Pilot Carbon Markets

Program	Volume Traded	March '15 Volume as % of Total 2014 Volume	Size of Emissions Cap (Million tCO ₂ e)	March '15 Volume as % of Emissions Cap
Beijing	95,774	8.7	50	0.19
Chongqing [^]	10,240	7.1	125	0.01
Guangdong	95,811	7.6	408	0.02
Hubei*	845,707	11.6	324	0.26
Shanghai	219,676	37.0	160	0.14
Shenzhen (2013)	28,252	1.9	32	0.91
Shenzhen (2014) [#]	262,391	17.5		
Tianjin	5,280	0.5	160	0.00

[^] Trading started in June 2014

* Trading started in April 2014

[#] Trading started in August 2014

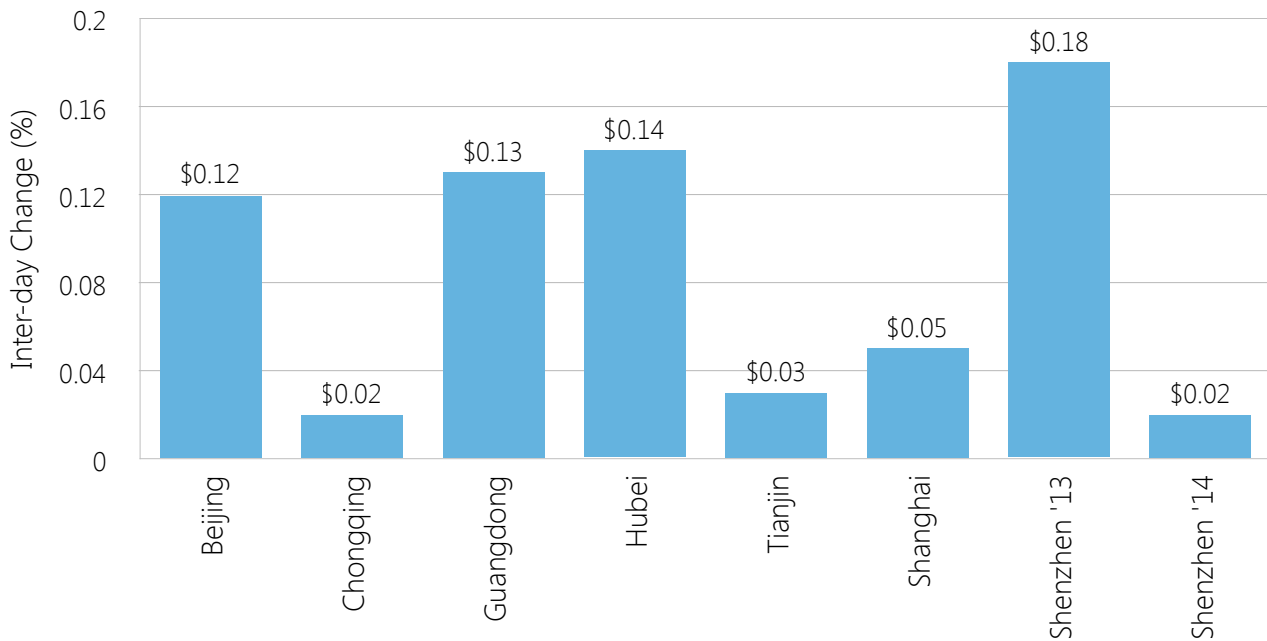
Price Comparison Across Global Carbon Markets for March 2015

Program	Price Range (\$/tonne)	Month-end Price (\$/tonne)	Monthly Price Change (%)	Differential to 100-day MA (%)
Beijing	8.07 - 8.79	8.07	- 8.25	- 4.63
Chongqing	3.87 - 4.92	3.87	- 21.34	- 20.00
Guangdong	3.26 - 5.25	4.54	+ 34.86	+ 14.80
Hubei	3.57 - 4.27	4.17	+ 20.47	+ 5.55
Shanghai	3.99 - 5.15	4.47	- 13.98	- 13.09
Shenzhen (2013)	6.13 - 7.26	6.52	- 4.64	- 0.07
Shenzhen (2014)	6.44 - 7.10	6.63	- 1.36	+ 2.18
Tianjin	3.86 - 4.11	4.16	+ 3.17	+ 0.23
EU ETS (EUA Spot)	7.04 - 7.73	7.58	- 2.40	- 0.72
California (CCA Spot)	12.48 - 12.53	12.56	- 0.79	- 0.55
RGGI (Spot) [#]	5.35 - 5.52	5.37	- 3.41	+ 0.20

[#] covers power sector emissions only

INTER-DAY PRICE CHANGE

Absolute Average Change in Inter-day Prices (\$ per tCO₂e)



NEWS UPDATES

Compliance deadline announced for Hubei carbon market

A senior official of the provincial government announced that verification of emissions of the 138 covered entities would start from March 16 and would be completed within a month. Submission of compliance instruments by the covered entities is expected to be completed before the end of May.

378,000 offsets traded in China's largest CCER deal

About 378,000 million CCERs were traded between Aba Hydropower Development Co. Ltd. and Shanghai Zhixin Carbon Asset Management Limited. The offsets generated at a hydro power project in the Sichuan province.

Guangdong auction sees just 42% clearance of emission allowances

Compliance entities were offered 1 million emission allowances at a base price of 35 Yuan, up 5 Yuan from the base price during the previous auction held December 2014. The highest bid was at 37.05 Yuan, however, the allowances were cleared at the base price of 35 Yuan. A total of 422,461 allowances were cleared with a cumulative revenue of over 14.7 million Yuan.

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