



Weekly Carbon Review

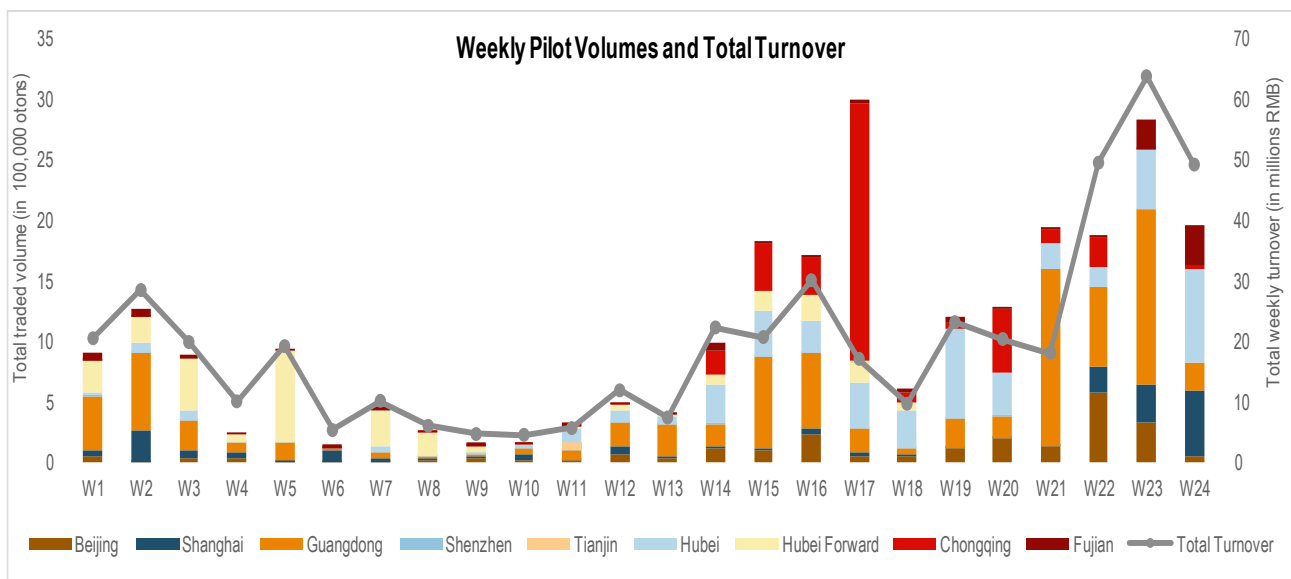
Jun 26, 2017

Rahul Rana (rahul.rana@chinacarbon.net.cn)

Ishana Aggarwal (ishana.aggarwal@climate-connect.com)

Summary

Market	Item	Observations
Beijing	Price	Y52.81
	Volume	39,586 tons
Shanghai	Price	Y35.23
	Volume	553,022 tons
Guangdong	Price	Y14.00
	Volume	219,604 tons
Shenzhen	Price	Weighted average slides to Y32.4
	Volume	113,110 tons
Tianjin	Price	Y12.20
	Volume	1,520 tons
Hubei	Price	Spot – Y14.48
	Volume	Spot – 783,209
Chongqing	Price	Y1.30
	Volume	31,521 tons
Fujian	Price	Y24.92
	Volume	335,061 tons
Sichuan	Price	Y10
	Volume	No trading reported on exchange
CCERs	Price	Beijing CCER – Y17.95
	Volume	954,264 tons

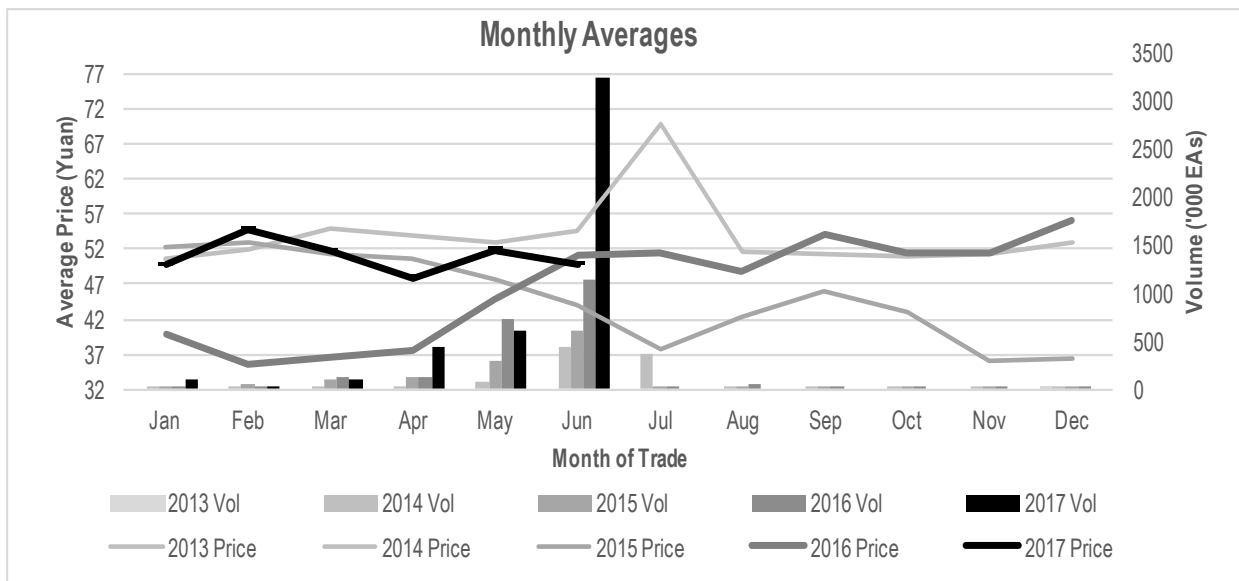
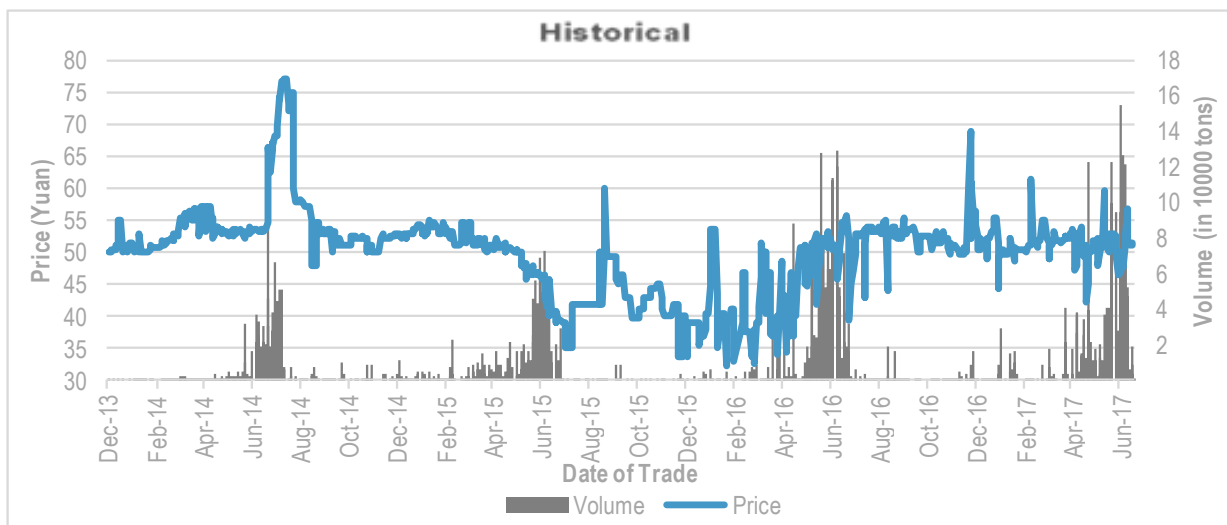


Allowance Markets

Prices		
Date	Settle	Δ
June 23, 2017	52.81	-
June 16, 2017	51.49	-1.32
June 9, 2017	47.55	-5.26
Spot Volumes		
June 19– June 23	39,586	
4-week average	212,082	
12-week average	164,487	
52-week average	551,359	

Beijing (BEA)

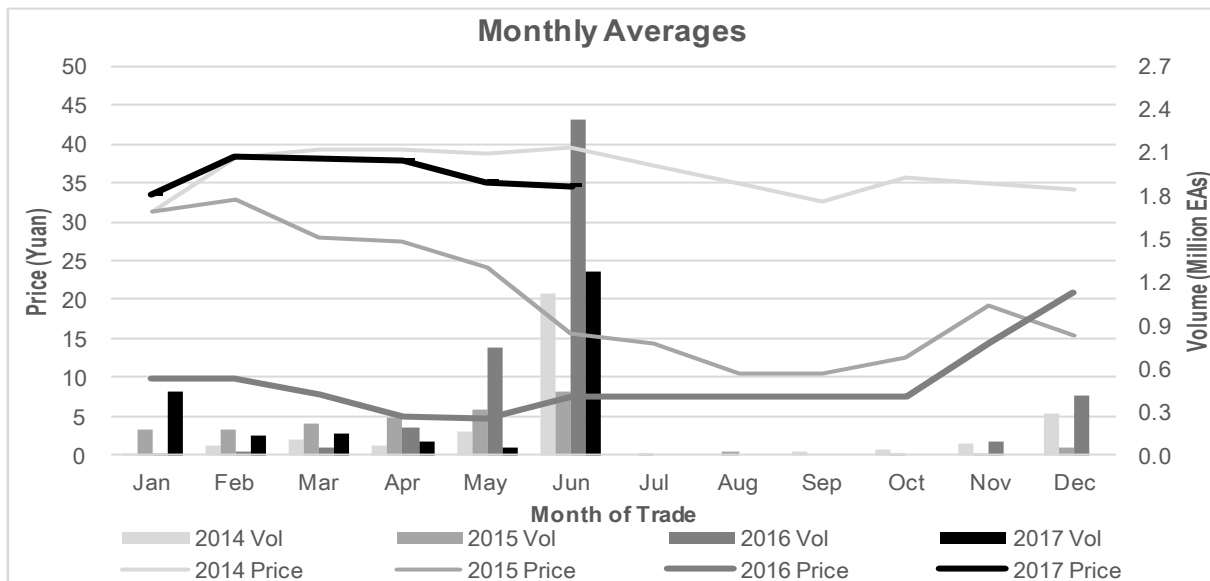
The 2016 compliance year ended in Beijing without any of the characteristic volatility the market had previously shown. BEAs traded a total of 2.29M allowances over the course of the year at an average price of Y50.06 and a standard deviation of 2.67 which is lower than half of 2015's 5.43. There are no indications that this trend will change as trading cools down at the start of the new compliance period.



Prices		
Date	Settle	Δ
June 23, 2017	35.23	-
June 16, 2017	33.14	-2.09
June 9, 2017	33.04	-2.19
Spot Volumes		
June 19– June 23	553,022	
4-week average	318,213	
12-week average	118,429	
52-week average	85,159	

Shanghai (SHEA)

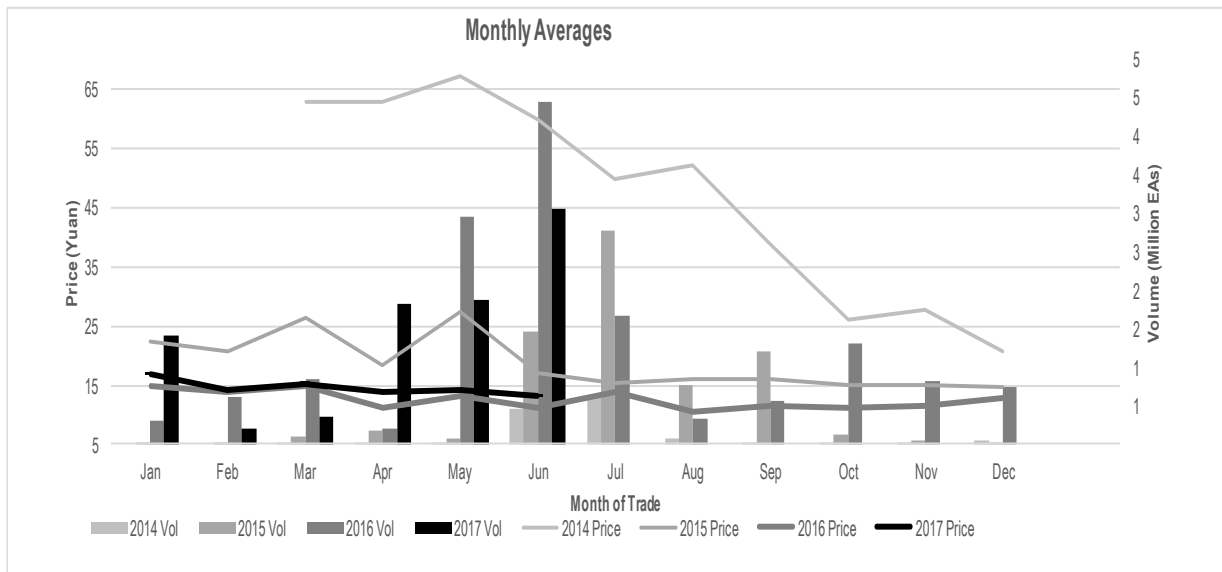
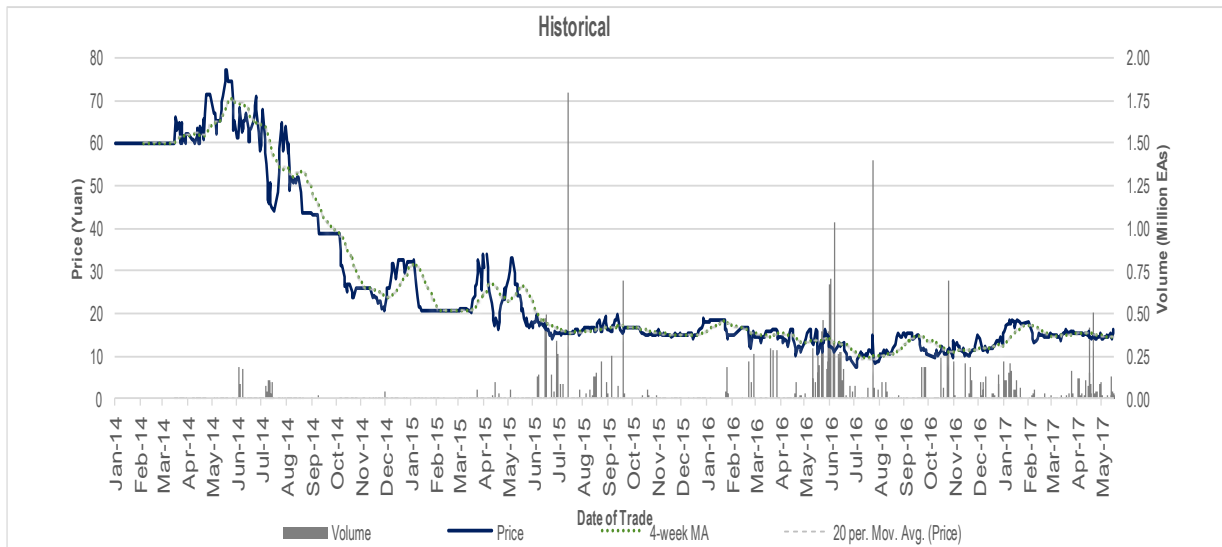
Despite seeing a delayed start and the launch of a futures market, the Shanghai emissions market stuck to the convention of reaching peak volumes during the final compliance month of June. Daily trade volumes reached six-figures on four occasions in the last three weeks with a daily-traded average of 79,553 tons over the same period. Prices have flattened in the mid-Y30s with little volatility and the final week of 2016 compliance year should play out no differently.



Prices		
Date	Settle	Δ
June 23, 2017	14.00	-
June 16, 2017	12.94	-1.06
June 9, 2017	13.39	-0.61
Spot Volumes		
June 19- June 23	219,604	
4-week average	1,046,387	
12-week average	556,977	
52-week average	285,174	

Guangdong (GDEA)

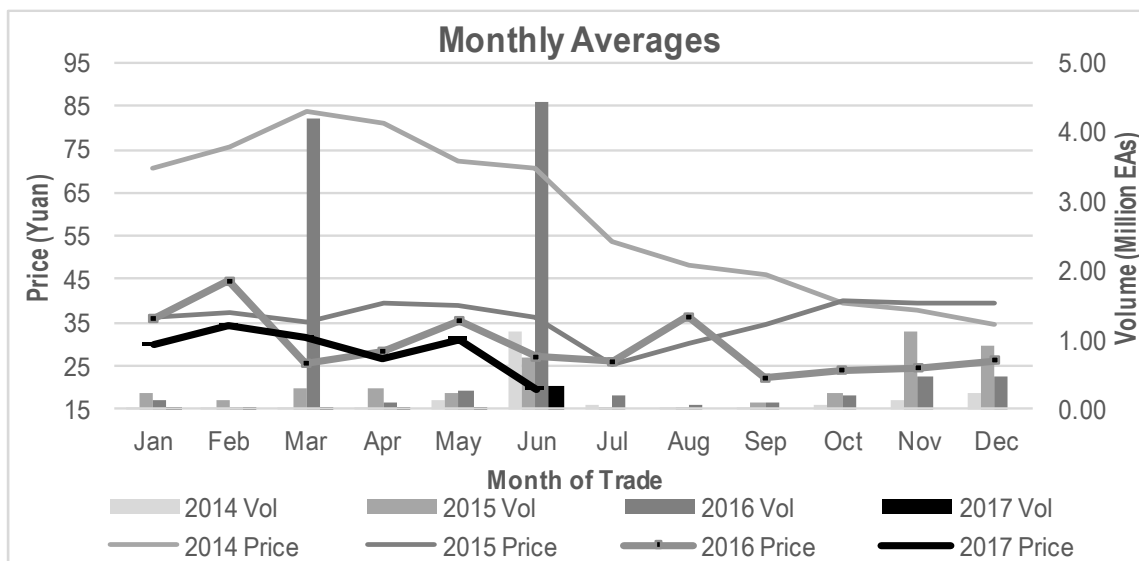
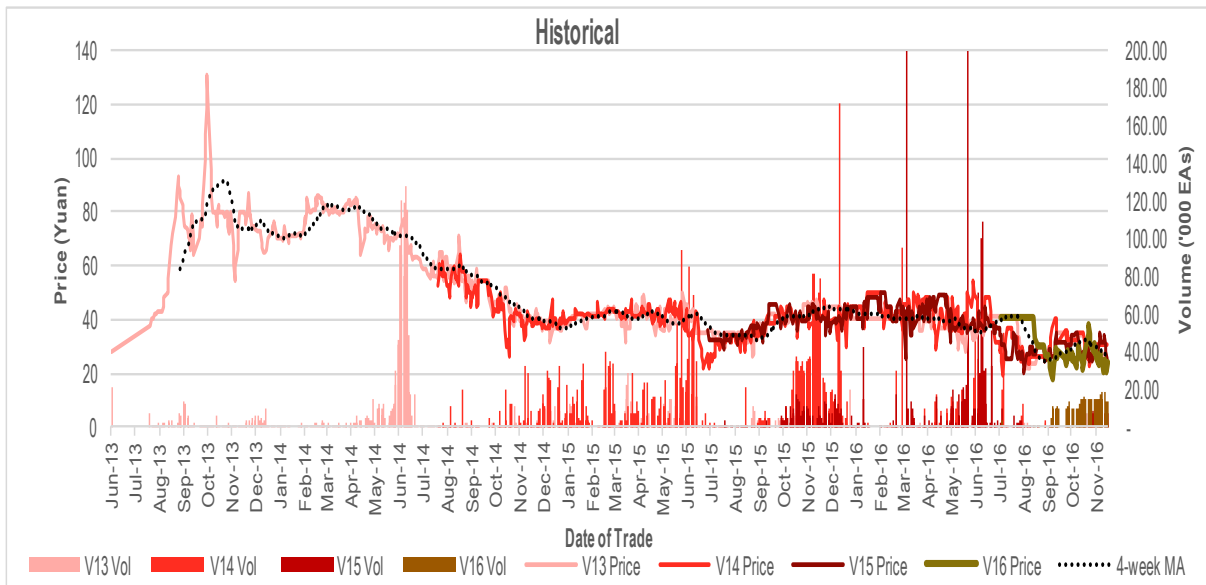
Guangdong was the second pilot, after Beijing, to finish the 2016 compliance surrender last week, and saw total compliance for a third consecutive year. Trading peaked in the final two weeks as the average daily traded volume surged to 258,123 tons. Prices moved within a range of Y12.94 – Y14.27, although the average prices slid to Y13.60 from a previous two-week average of Y15.22. Despite the compliance year ending, GDEA spot continued to trade through the week and closed at Y14 on Friday.



Prices (Volume-weighted average)		
Date	Settle	Δ
June 23, 2017	32.40	-
June 16, 2017	40.93	+8.53
June 9, 2017	32.57	+0.17
Spot Volumes (All vintages)		
June 19 – June 23	145,594	
4-week average	61,444	
12-week average	24,423	
52-week average	118,514	

Shenzhen (SZA)

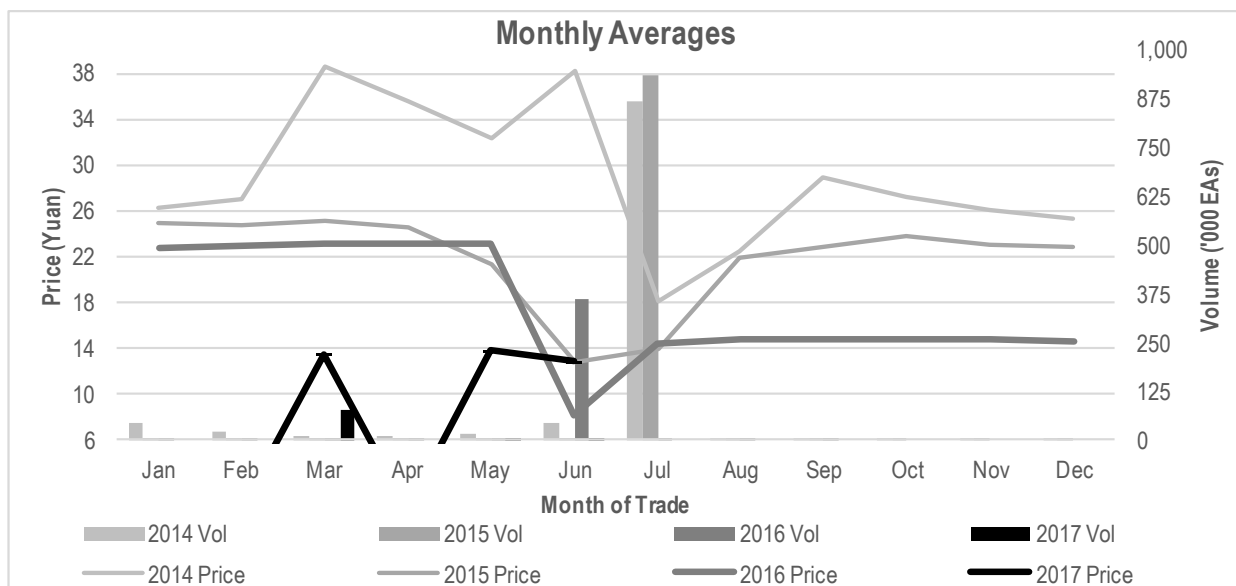
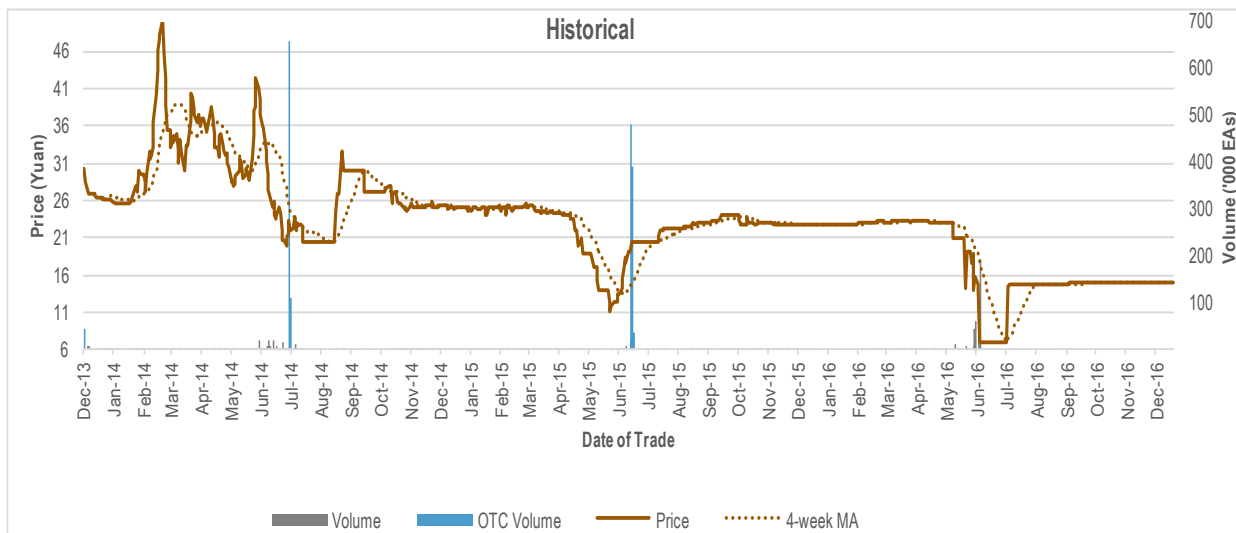
Weekly traded volume in Shenzhen rose to six-figures for the first time since December 2016, and as expected the majority if it fell on the V16 (79%), and the remaining bulk on the V15 (17%). Trading continued during the weekend during which time 4,178 tons traded. The V16 picked up by 29.2% week-on-week on Friday and further gained Y7.2 to close at Y36 on Sunday. The Shenzhen spot market has traded near 2.5M tons per year; this year's total falls 600,000 tons short of that with only a week's trading left.



Tianjin (TJEA)

TJEAs traded 1,520 tons last week at Y12.20 per ton. The Tianjin pilot does not adhere to its official surrender deadline of 31 May, and usually ends compliance in the last weeks of June or early July.

Prices		
Date	Settle	Δ
June 23, 2017	12.20	-
June 16, 2017	13.50	+1.3
June 9, 2017	13.50	+1.3
Spot Volumes		
June 19– June 23	1,520	
4-week average	675	
12-week average	6,558	
52-week average	8,513	



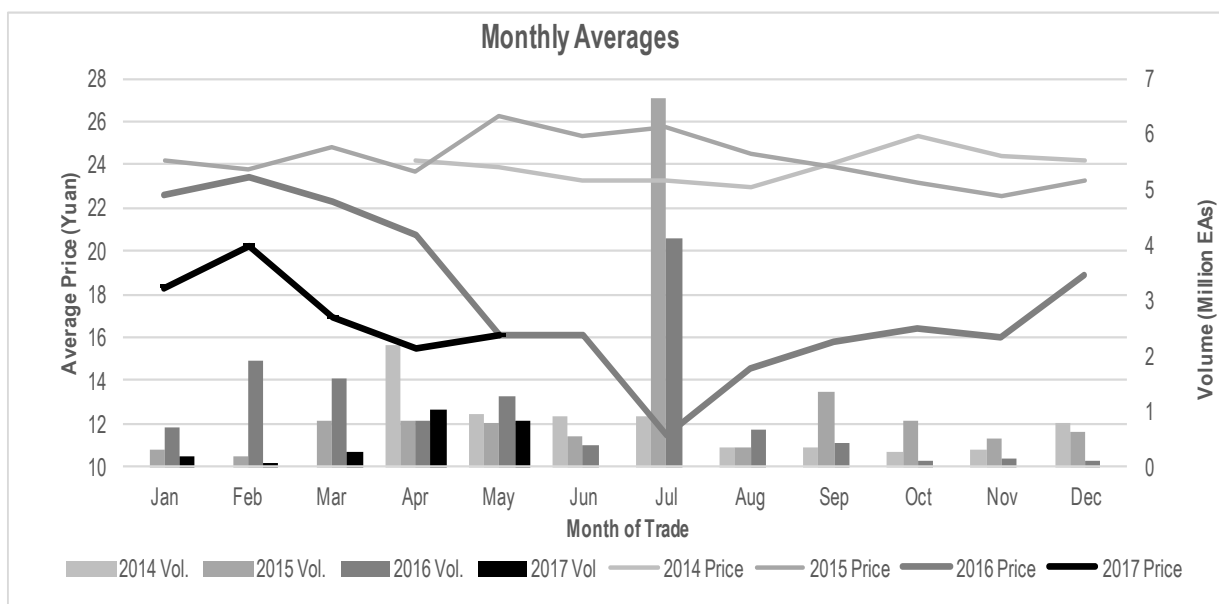
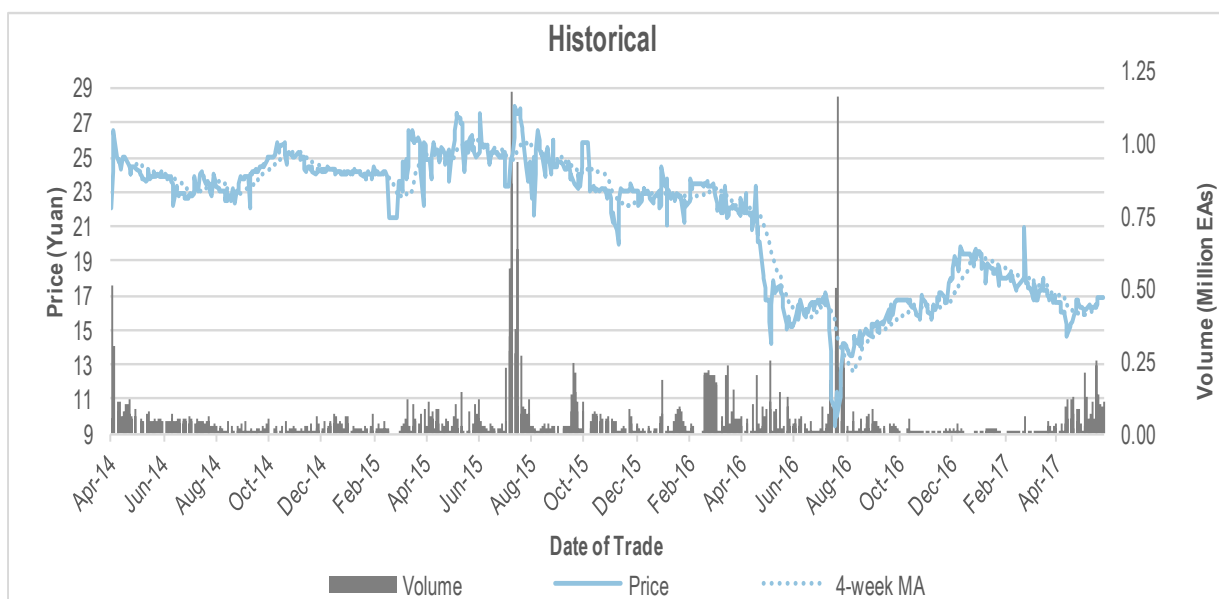
Hubei (HBEA)

Prices (Spot)		
Date	Settle	Δ
June 23, 2017	14.48	-
June 16, 2017	15.57	+1.09
June 9, 2017	15.76	+1.28
Volumes (Spot)		
June 19– June 23	783,209	
4-week average	483,880	
12-week average	396,784	
52-week average	209,182	

Weekly volumes increased by 61% in the Hubei spot market last week as prices fell by 7% week-on-week. The Hubei spot has traded 6.65M tons in this compliance period, 64.05% lower than the previous year. July is when liquidity peaks in Hubei, and we should see large volumes trade over the coming weeks.

This was the first year that Hubei offered a forward contract with the May17 delivery. The May17 sold a total of 252,492,735 tons for an average price of Y23.91 till expiry. Much of the volume came in early at higher prices which then slowly tapered down to Y18.27 at close on 19

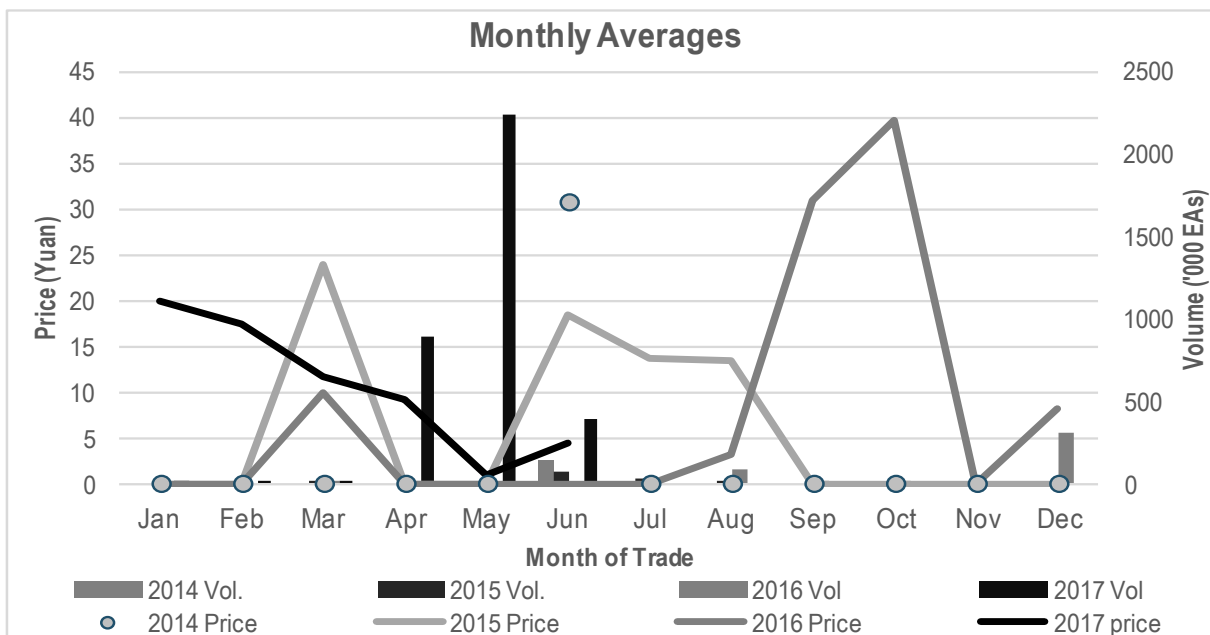
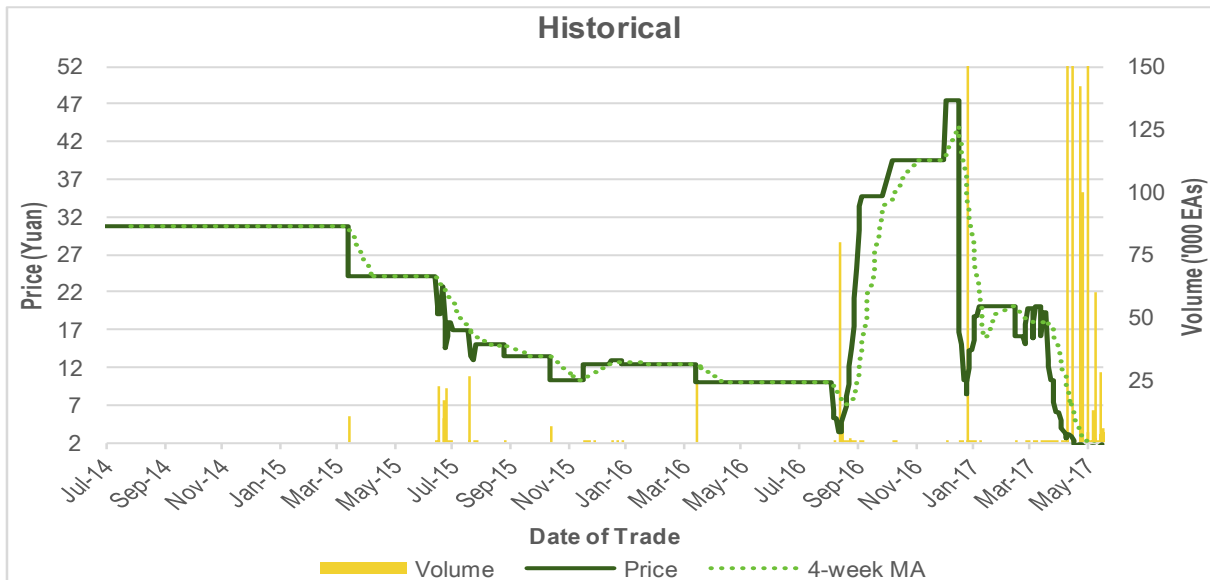
May 2017. Undoubtedly, those who had positioned themselves early with bullish expectation around the compliance surrender will have been disappointed with the Y14.48 close last week.



Prices		
Date	Settle	Δ
June 23, 2017	1.30	-
June 16, 2017	1.36	+0.6
June 9, 2017	3.14	+1.84
Volumes		
June 19– June 23	31,521	
4-week average	106,502	
12-week average	341,597	
52-week average	86,618	

Chongqing (CQEA)

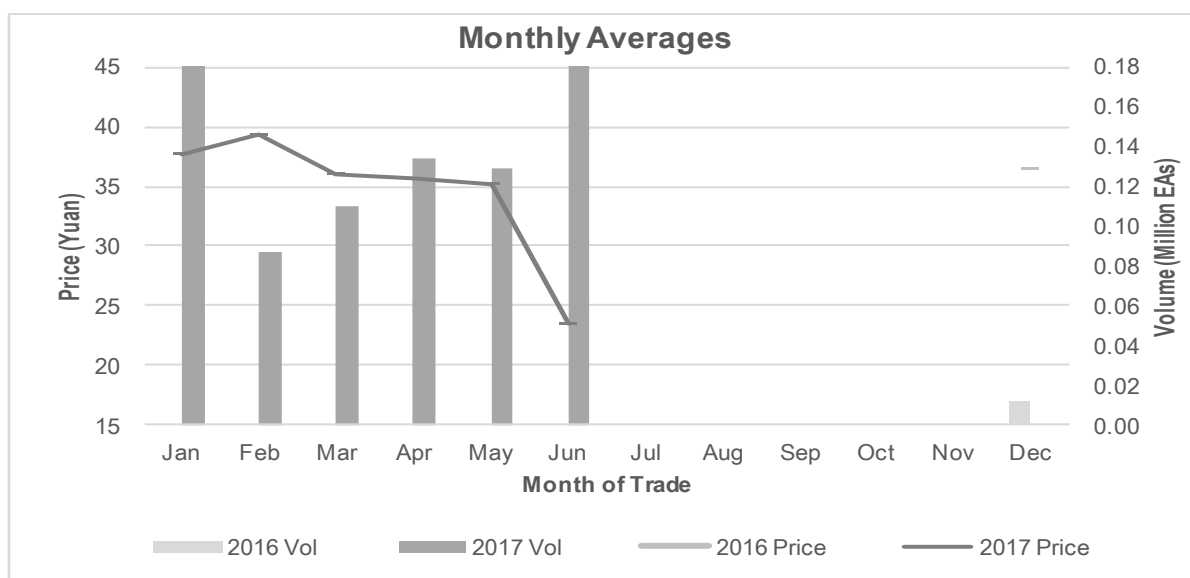
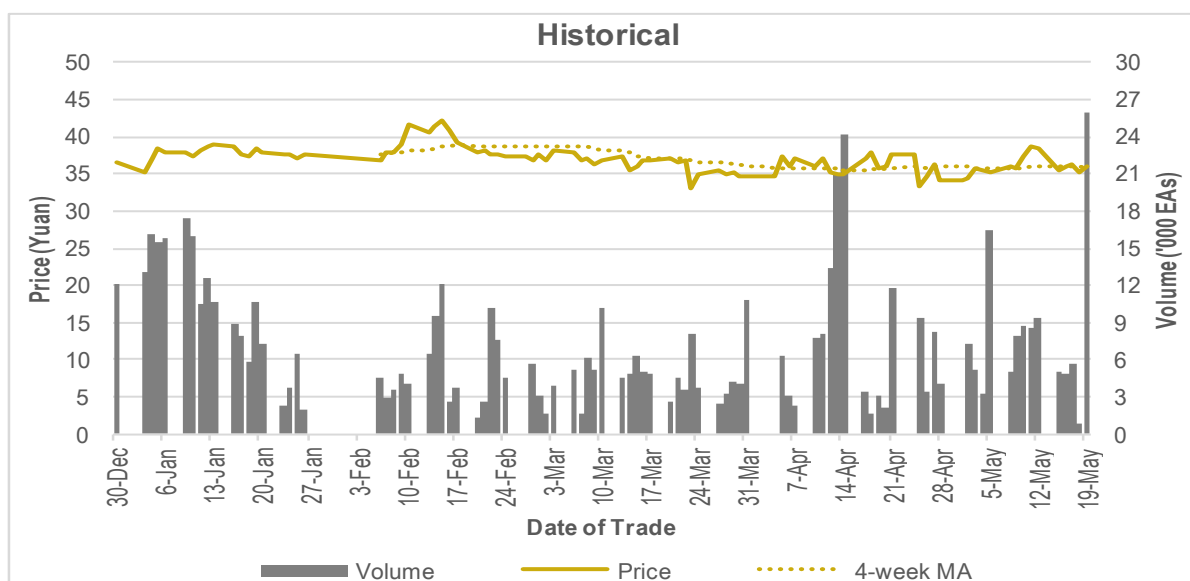
Weekly volumes picked up to 31,521 tons from a previous trifle of 274 tons. Prices continued to decline even further to reach Y1.30. Chongqing is one of the last pilots to close the compliance year, and with nearly a month left for the surrender deadline, CQEAs seem unlikely to pick up any long-lasting momentum.



Prices		
Date	Settle	Δ
June 23, 2017	24.92	-
June 16, 2017	22.42	-2.5
June 9, 2017	31.50	+6.58
Volumes		
June 19- June 23	335,061	
4-week average	157,741	
12-week average	74,732	
52-week average	-	

Fujian (FJEA)

Activity has picked up in the FJEA emissions market over the course of the last two week accompanied by a sharp decline in prices. Fujian faces its first compliance surrender deadline this week (officially). Fujian, which covers an estimated 200 MtCO₂e has traded a total of 1,277,331 tons at an average price of Y30.28 this year. The market has proved to be liquid and void of unprecedented volatility.

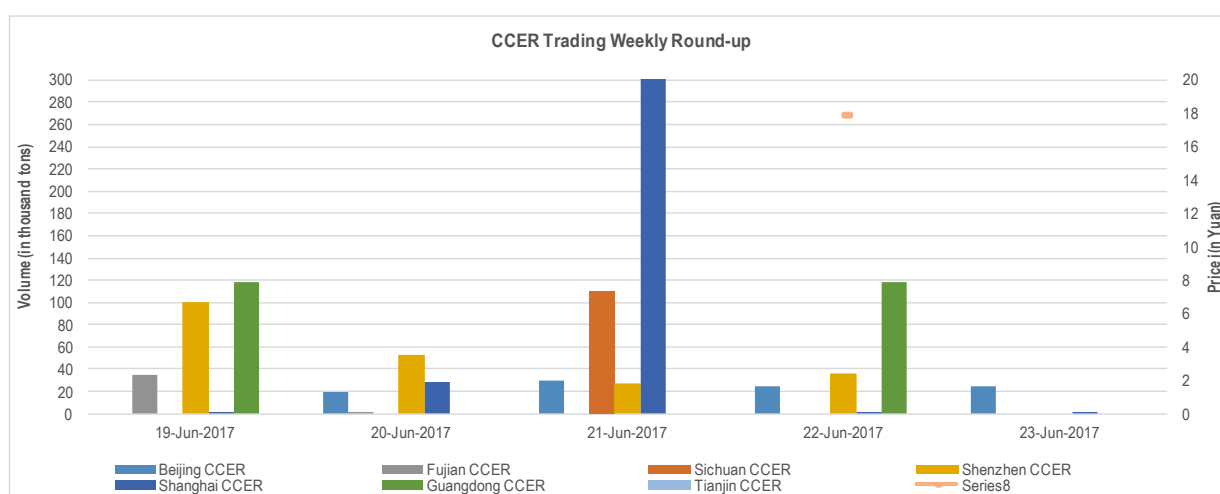


CCERs

CCER	
Pilot	Weekly Volume
Beijing	100,000
Shanghai	428,014
Guangdong	235,690
Shenzhen	215,228
Tianjin	0
Sichuan	110,000
Total	954,264

CCER trading dropped to 954,264 tons across China after two weeks of peak volume averaging at 2.5M tons per week. Traded volumes dropped notably in Guangdong and Beijing as both pilots saw compliance year end last week. Shanghai accounted for a major portion of the CCER volume last week with 428,014 tons.

On Thursday, 25,000 Beijing CCERs traded at Y17.95/ton as reported online by the exchange.



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