



Weekly Carbon Review

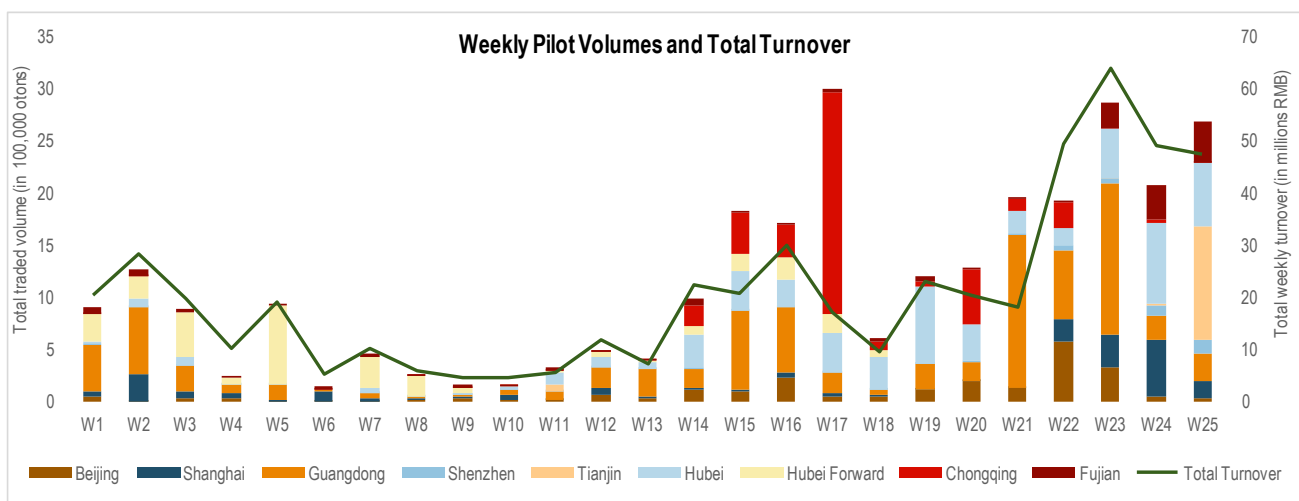
July 3, 2017

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Summary

Market	Item	Observations
Beijing	Price	Y50.33
	Volume	27,949 tons
Shanghai	Price	Y36.38
	Volume	170,991 tons
Guangdong	Price	Y12.85
	Volume	259,136 tons
Shenzhen	Price	Weighted average falls to Y25.17
	Volume	131,053 tons
Tianjin	Price	Y8.51
	Volume	1083470 tons
Hubei	Price	Spot – Y13.58
	Volume	Spot – 611,918
Chongqing	Price	Y1.50
	Volume	11,134 tons
Fujian	Price	Y25.47
	Volume	398,572 tons
Sichuan	Price	Y10
	Volume	No trading reported on exchange
CCERs	Price	Beijing CCER – Y17.95
	Volume	807,060 tons



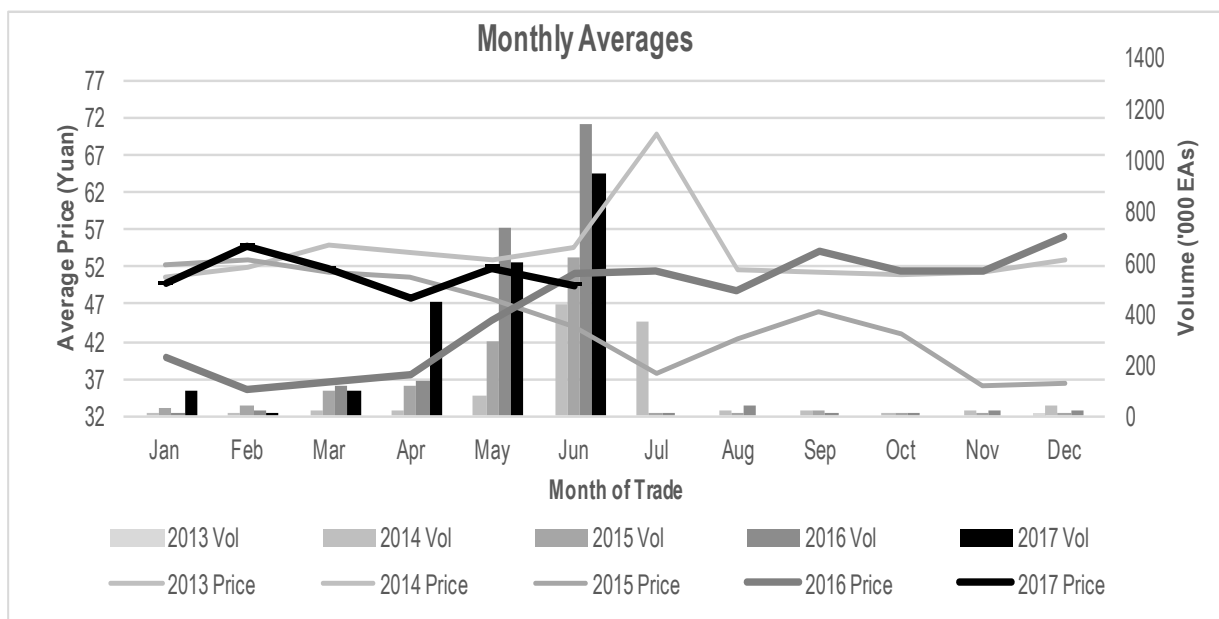
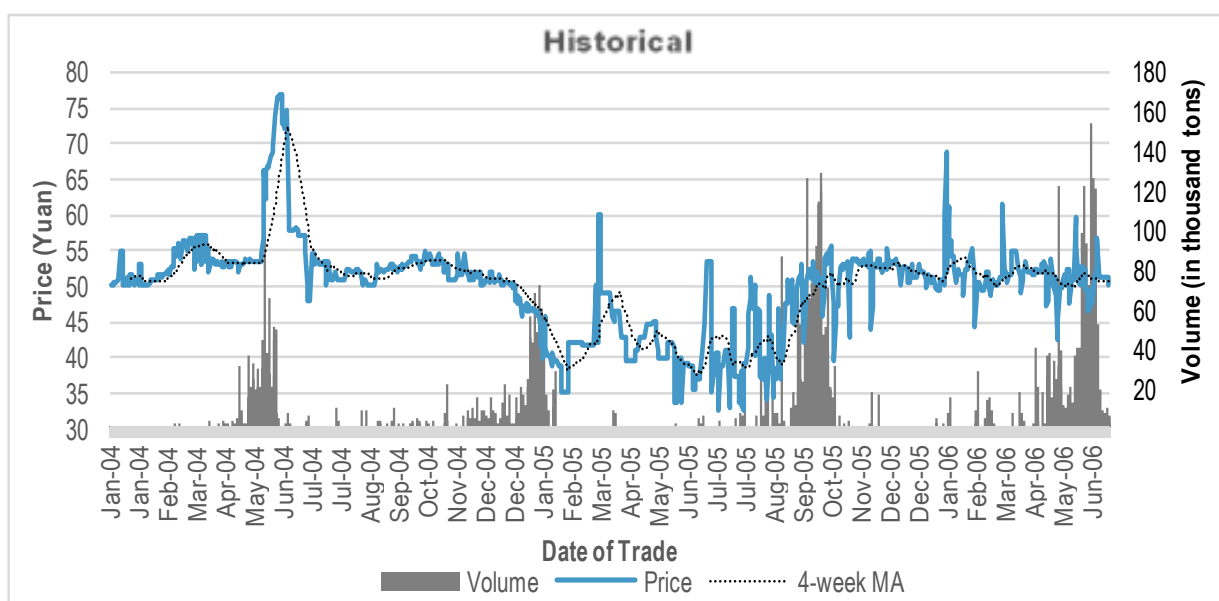
Allowance Markets

Beijing (BEA)

Prices		
Date	Settle	Δ
June 30, 2017	50.33	-
June 23, 2017	52.81	+2.48
June 16, 2017	51.49	+1.16
Spot Volumes		
June 26– June 30	27,949	
4-week average	75,871	
12-week average	157,900	
52-week average	48,116	

The Beijing carbon market continued to post healthy volumes despite the recent end of its compliance year. Prices maintained at a weighted average of Y50.94.

Beijing traded a total of 2,303,770 tons at an average price of Y51.60 for the 2016 compliance year. This is slightly higher than the previous year's volume of 2,205,660 tons.

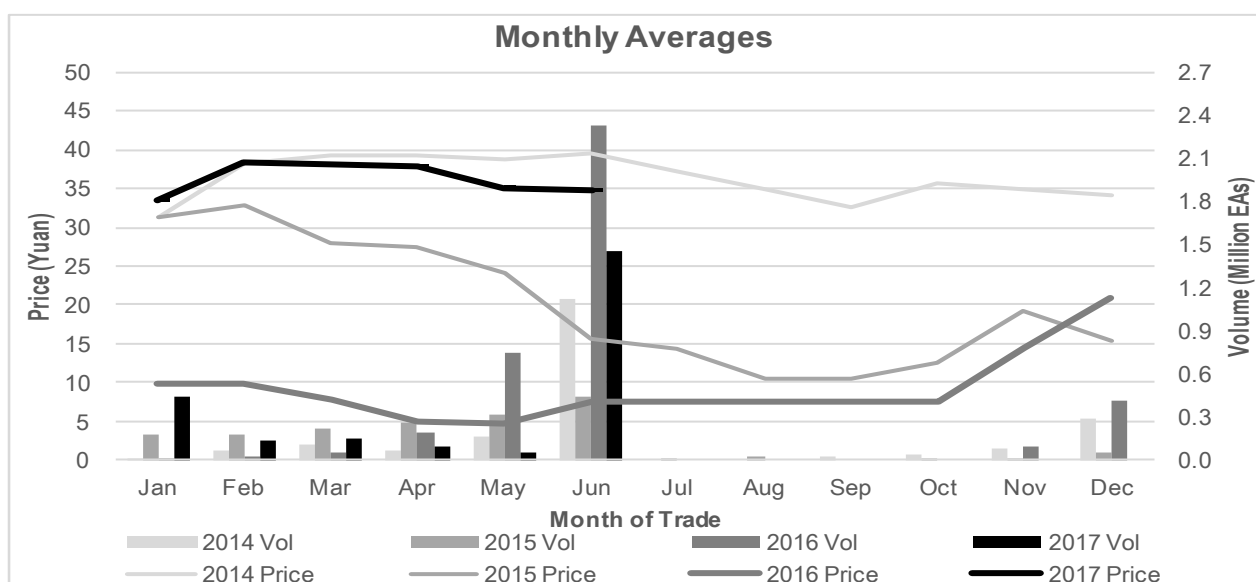


Prices		
Date	Settle	Δ
June 30, 2017	36.38	-
June 23, 2017	35.23	-1.15
June 16, 2017	33.14	-3.24
Spot Volumes		
June 26– June 30	170,991	
4-week average	358,854	
12-week average	132,452	
52-week average	81,571	

Shanghai (SHEA)

The Shanghai carbon market was one of three that saw their compliance end last week. Prices increased by 3.26% over the week as a total of 170,991 tons traded on-exchange. Regulators also held a last minute auction which sold 41,855 tons at a considerably higher price than the secondary market at Y38.77.

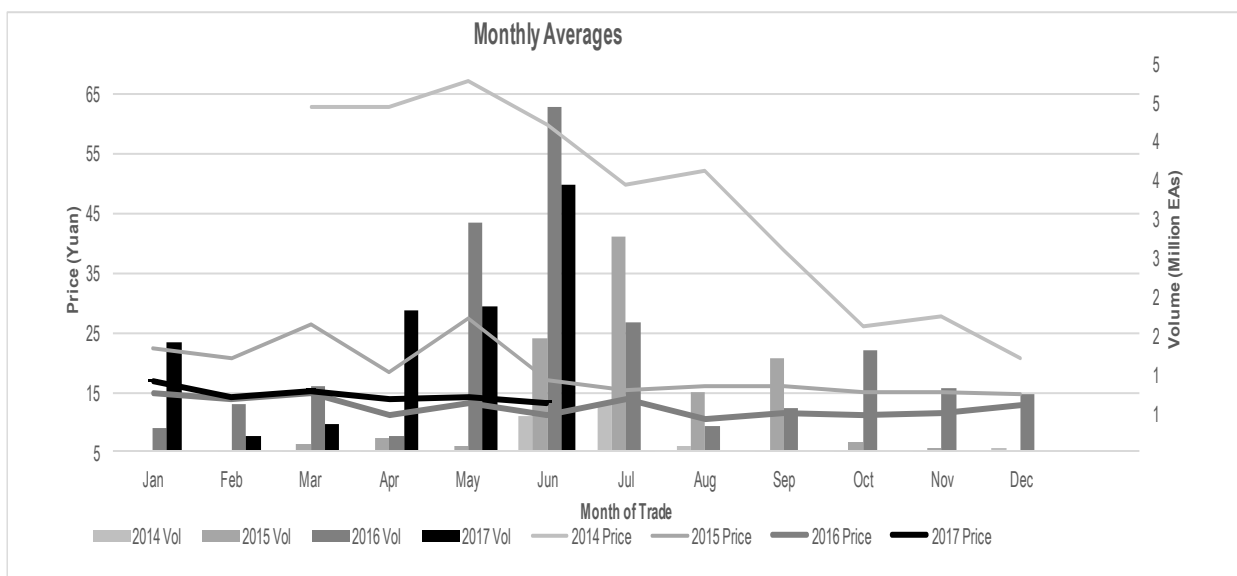
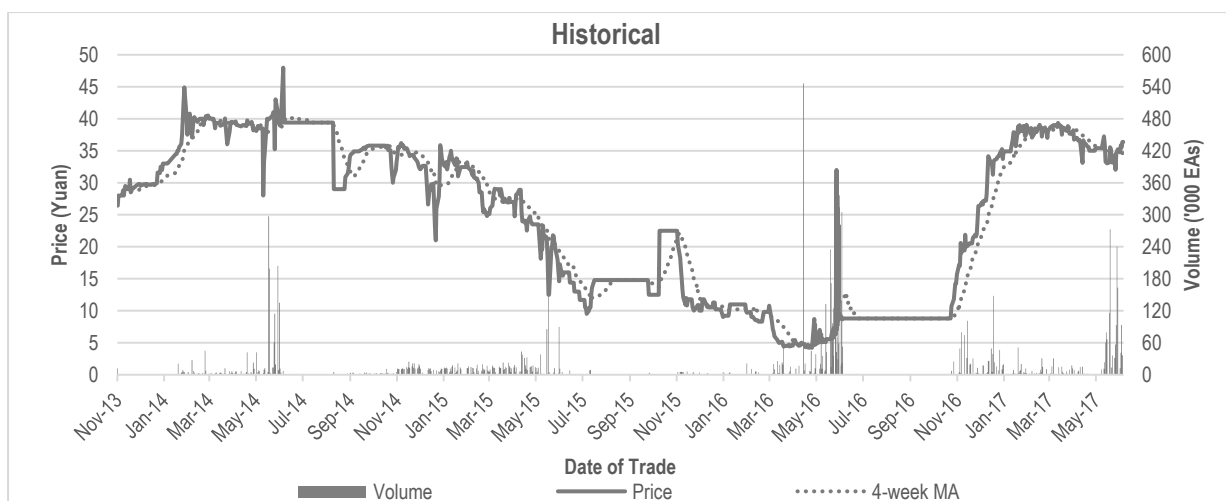
Shanghai traded a total of 2,828,060 tons for the 2016 compliance period, an 18% decrease year-on-year, however, the average price per ton increased three times to Y31.60.



Prices		
Date	Settle	Δ
June 30, 2017	12.85	-
June 23, 2017	14.00	+1.15
June 16, 2017	12.94	+0.09
Spot Volumes		
June 23- June 30	259,316	
4-week average	785,645	
12-week average	580,039	
52-week average	283,937	

Guangdong (GDEA)

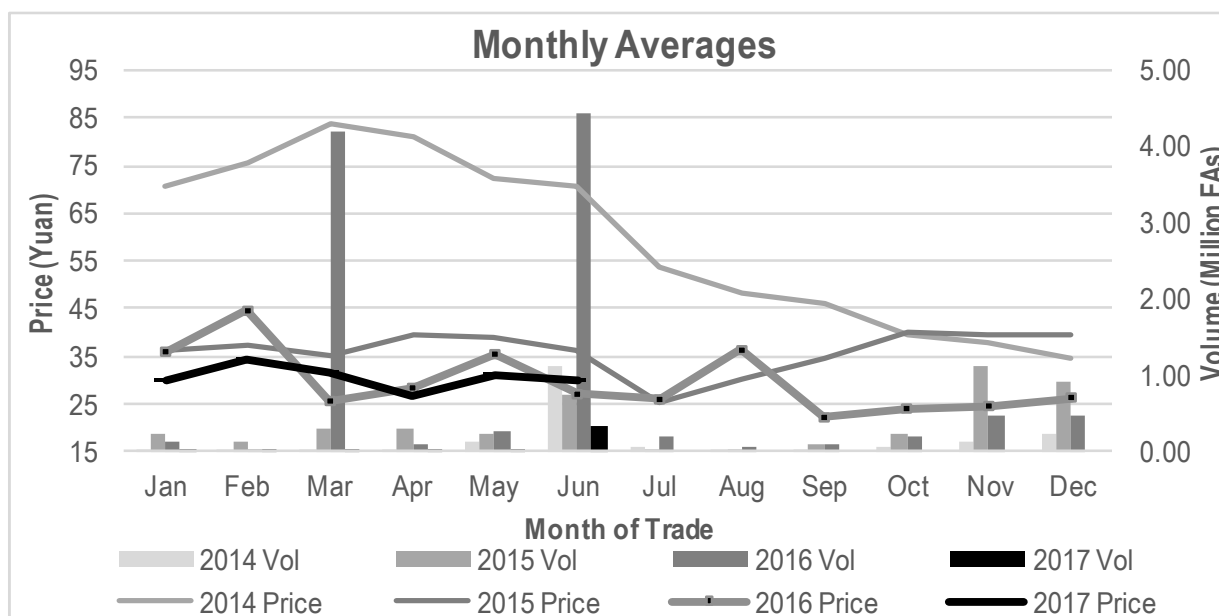
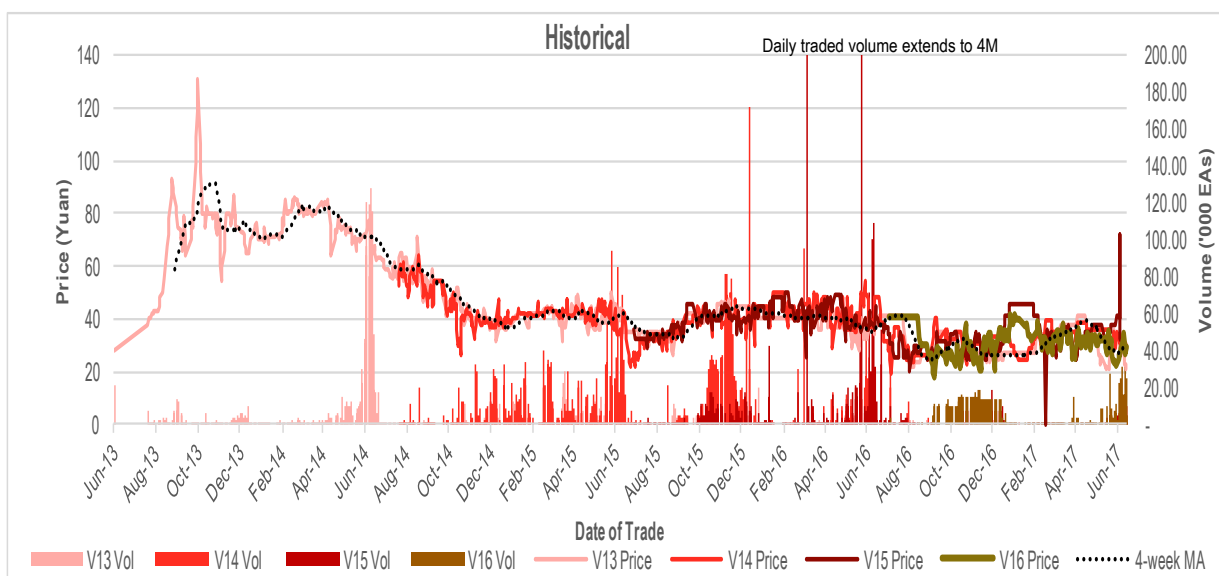
Guangdong traded another week in six figures despite its compliance surrender ending with full compliance a week before. For most of the week prices maintained in the high Y14s and even reached Y15.69 on Wednesday, however, GDEAs dropped by 8.99% on Friday to close at Y12.85.



Prices (Volume-weighted average)		
Date	Settle	Δ
June 30, 2017	25.17	-
June 23, 2017	32.40	+7.23
June 16, 2017	40.93	+15.76
Spot Volumes (All vintages)		
June 23– June 30	131,053	
4-week average	109,306	
12-week average	44,682	
52-week average	50,264	

Shenzhen (SZA)

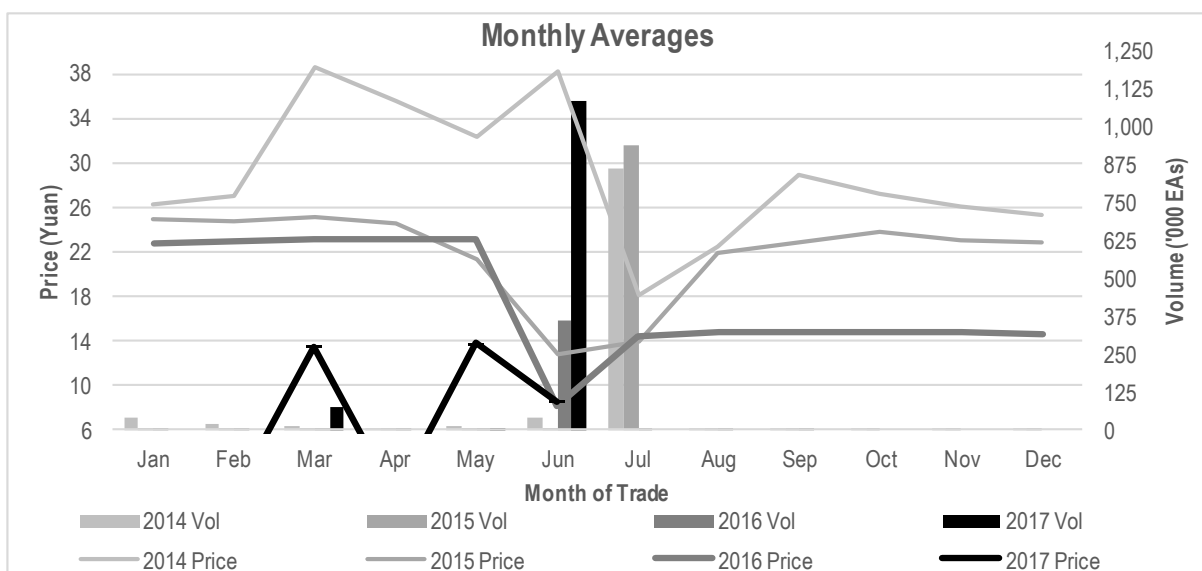
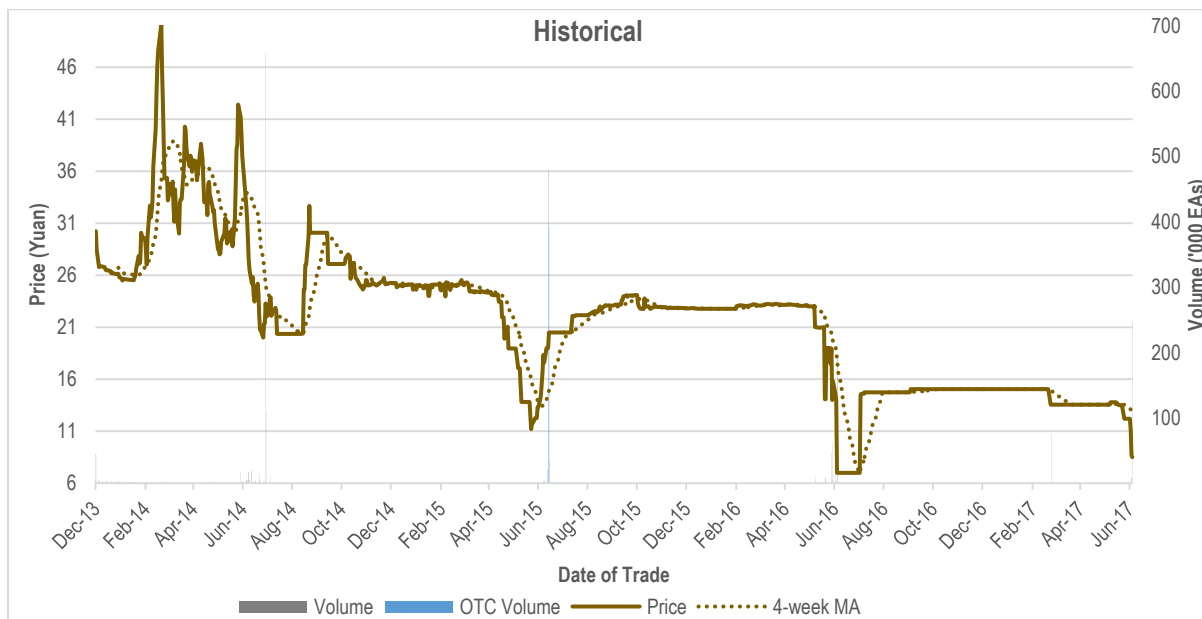
Shenzhen entities completed their compliance obligations last week with no defaults. For a second week in a row, weekly traded volume reached six-figures with the majority falling on the V16. Earlier vintages also saw an increase in volumes, mainly the V15 which traded 17% of the total volume. Volume-weighted average prices across vintages fell significantly over the week, largely due to a 34.39% drop in V13 prices.



Tianjin (TJEA)

Prices		
Date	Settle	Δ
June 30, 2017	8.51	-
June 23, 2017	12.20	+3.7
June 16, 2017	13.50	+4.9
Spot Volumes		
June 23– June 30	1,083,470	
4-week average	271,592	
12-week average	90,530	
52-week average	29,158	

The Tianjin carbon market had big week as the dormant market posted seven figure volumes. Nearly all of this volume came in the last two days of the week as prices dropped by 22%. This was expected of Tianjin which sees volumes peak drastically before its compliance deadline with prices reaching an annual nadir.

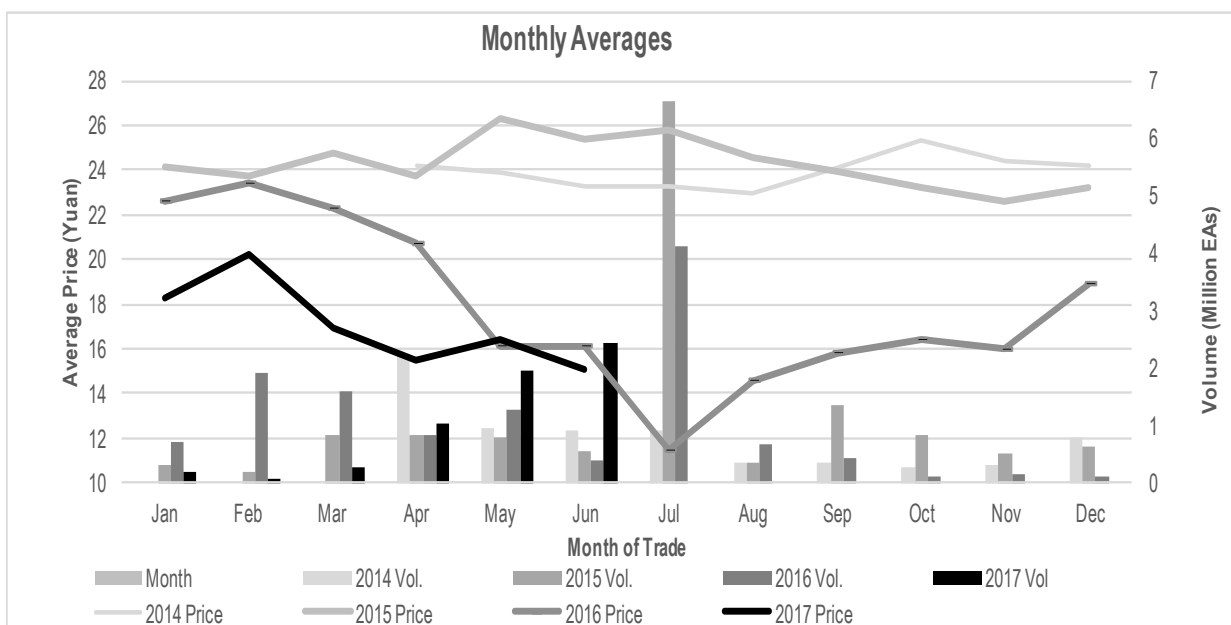


Hubei (HBEA)

Prices (Spot)		
Date	Settle	Δ
June 30, 2017	13.58	-
June 23, 2017	14.48	+0.9
June 16, 2017	15.57	+1.99
Volumes (Spot)		
June 23– June 30	611,918	
4-week average	610,405	
12-week average	458,695	
52-week average	223,307	

The HBEA spot traded a total of 1,395,127 tons over the last two weeks as compliance demand fails to raise spot prices. Compared to other pilots, Hubei trades robustly through the year, however, the highest volumes are traded in July which accounted for 28.4% of the volume traded last year and 54.3% before that. This year's total spot-traded volume stands 49.7% below last's - due to low prices at the start of the compliance period and volume migrating to the May17 delivery – leaving room for over 6 million tons between this year's total and the two-year average.

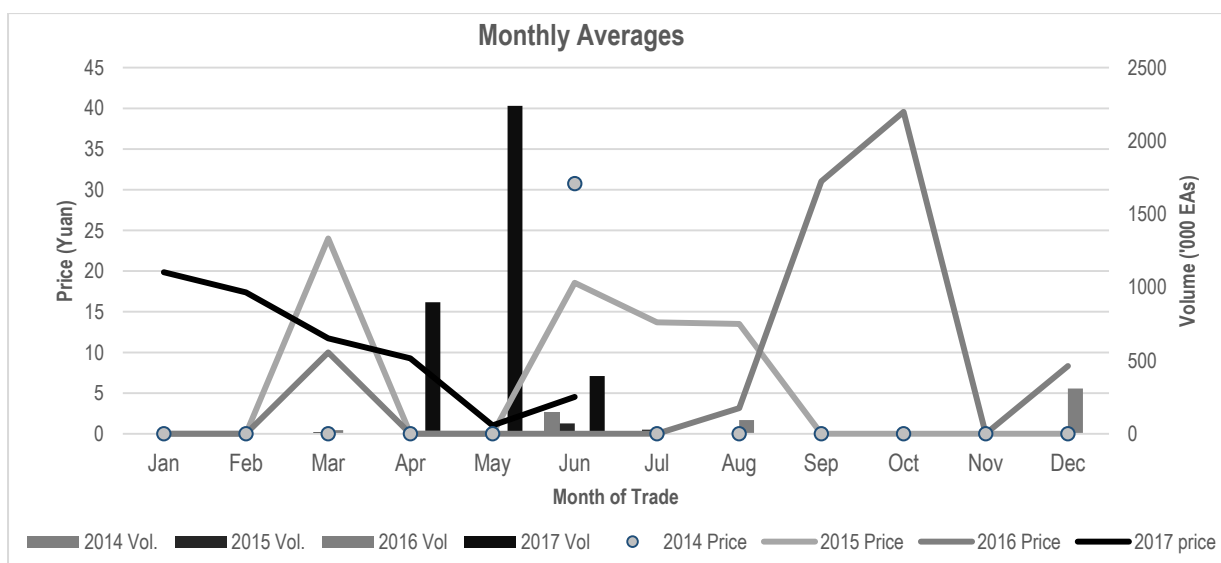
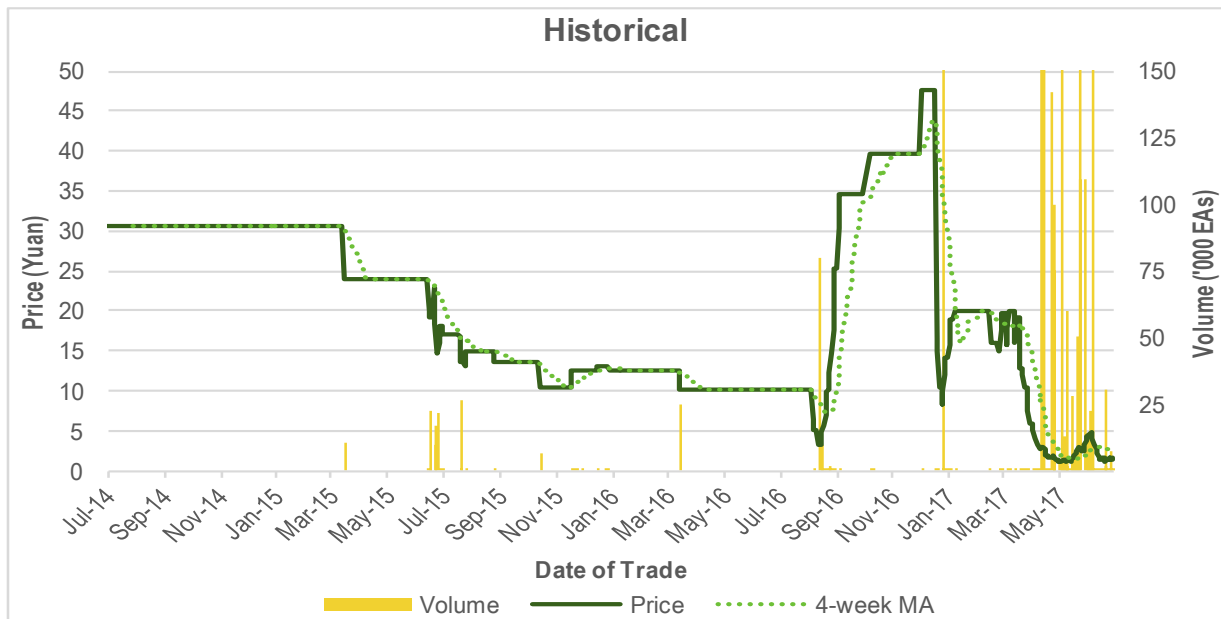
The bearish price trend continued as the spot dropped 7% and 6.22% of its value over the last two weeks, respectively, despite expectations of the demand peak. This is not uncommon in Hubei which saw prices reach an all-time low last year as over half the annual volume exchanged hands.



Chongqing (CQEA)

Weekly volumes dropped by 76.4% to 7.420 tons in Chongqing. Prices remained minimal with the market closing at Y1.50. Chongqing is one of the last pilots to close the compliance year, and with just a couple of weeks to go, CQEAs seem unlikely to pick up any long-lasting momentum or make a notable gain above the absolute floor.

Prices		
Date	Settle	Δ
June 30, 2017	1.50	-
June 23, 2017	1.30	-0.2
June 16, 2017	1.36	-0.14
Volumes		
June 23– June 30	11,134	
4-week average	72,731	
12-week average	342,215	
52-week average	86,761	

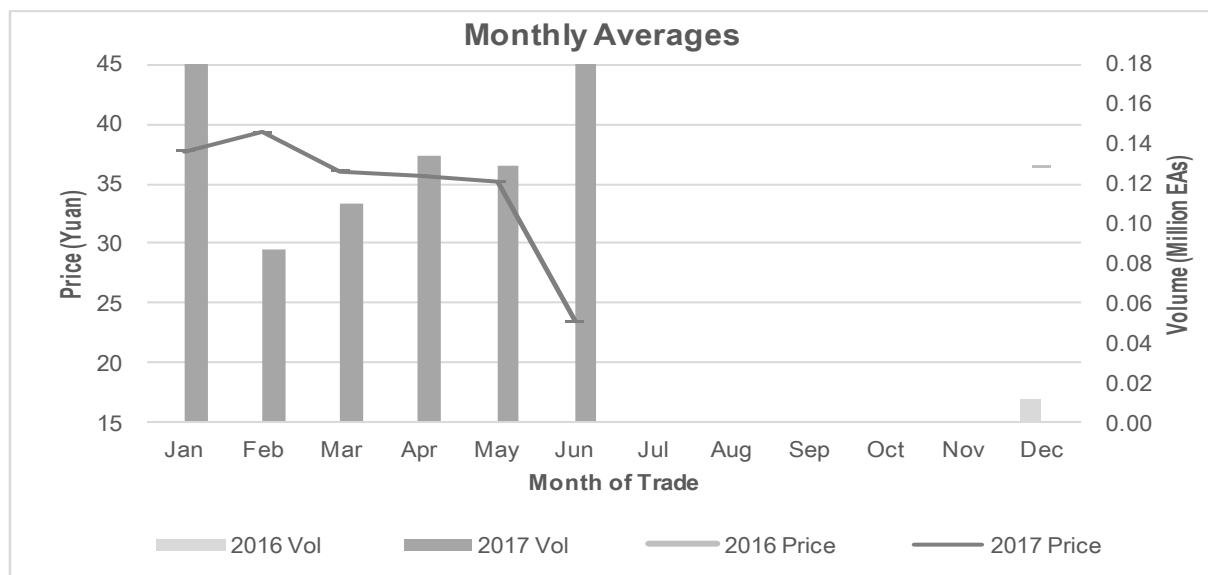
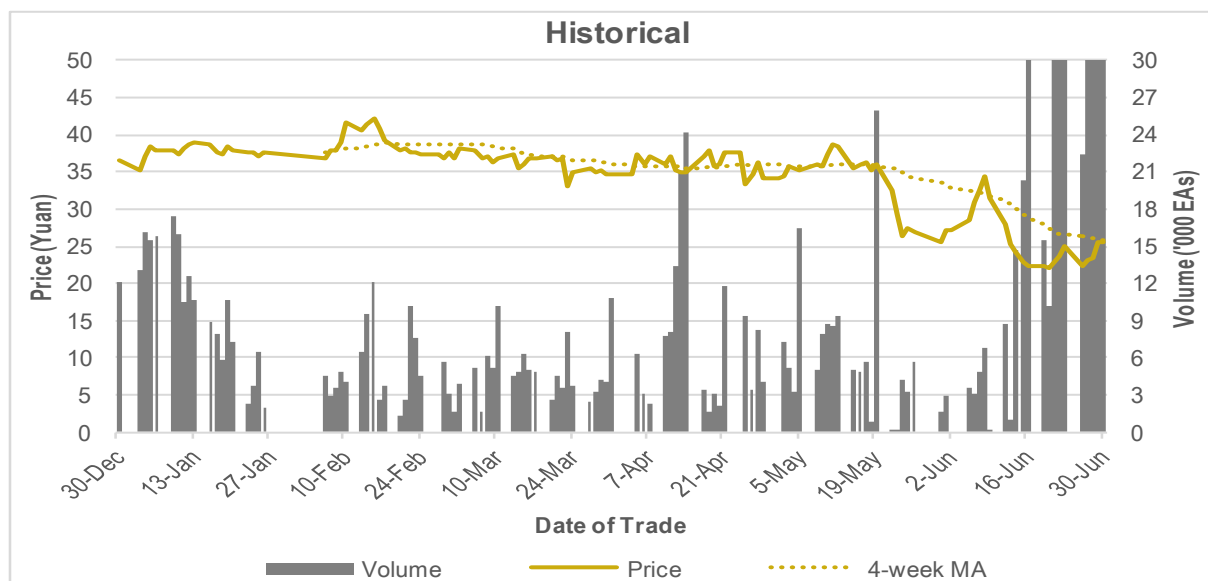


Prices		
Date	Settle	Δ
June 30, 2017	25.47	-
June 23, 2017	24.92	-0.55
June 16, 2017	22.42	-3.05
Volumes		
June 23- June 30	398,572	
4-week average	259,945	
12-week average	108,125	
52-week average	-	

Fujian (FJEA)

FJEA prices turned their downward momentum to gain 2.21% over the last week. Volumes remained high as the market traded in six-figures again pulling the three week average to 325,589 tons a week.

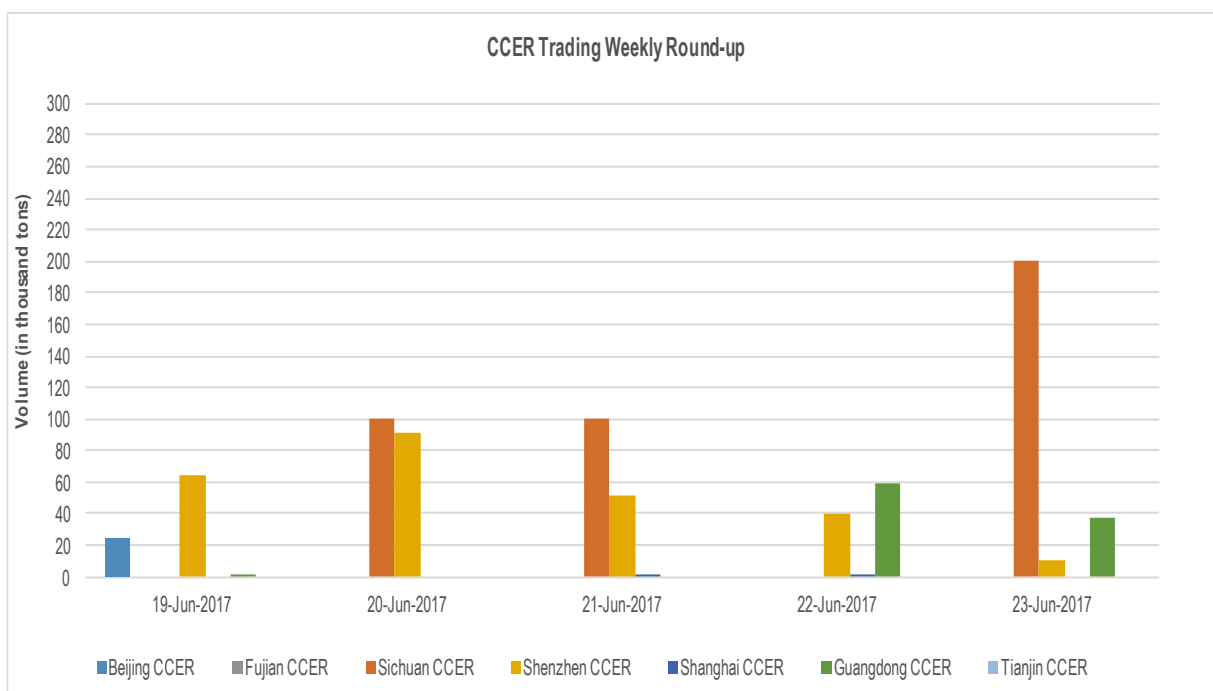
Unlike many other pilots, Fujian has traded consistently since its inception in December; however, this might not be the case moving forward as the Fujian exchange has raised the minimum tradable threshold to 50,000 tons despite daily volumes only averaging around 14,000 tons.



CCERs

CCER	
Pilot	Weekly Volume
Beijing	25,000
Shanghai	1,391
Guangdong	97,304
Shenzhen	258,365
Tianjin	0
Sichuan	200,000
Total	807,060

Weekly volumes dropped by 15.42% last week as demand from Guangdong and Beijing faded. However, liquidity remained over the annual norm with Shenzhen and Sichuan witnessing most of the activity last week. With the compliance ended for most pilots, CCER trading is likely to decline to four-figures with irregular spikes in volume after this month.



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