

WEEKLY CARBON REPORT

Week 31

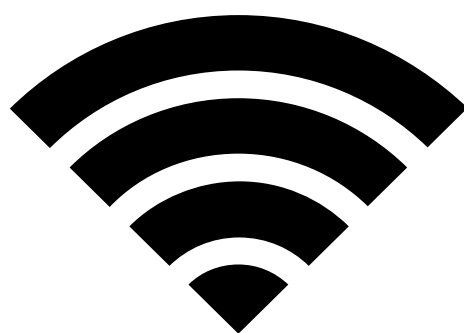
27th July 2026

**WEEKLY
CLOSING PRICE**

€ 83.40/t

**WEEKLY
CHANGE**

+5.14%



Neutral

MARKET SENTIMENT

• **Policy: Neutral** • **Technical: Neutral** • **Weather: Bearish**

European Carbon Rallies as ETS Reform Concerns Recede

The EUA Dec 26 contract rose **€4.29/t (5.14%)** week on week to close at **€83.40/t**. The EUA Dec 26 contract began the week with a sharp rally, gaining €4.16/t (5.3%) on Monday, as the market concluded that the ETS reform proposal was less bearish than had already been priced in. Bullish momentum accelerated on Wednesday as the Dec 26 contract surged €3.43/t (4.1%) to €86.63/t. While Thursday and Friday saw some profit taking with prices dropping. ICE Commitment of Traders data for the week ending 17th July showed investment funds had reduced net long positions by 7.2 million allowances during the first two weeks of July. The broader energy complex also strengthened. Front month TTF gas climbed 4.1% to €62.54/MWh, its highest level since January 2023. European gas storage remains around 11 percentage points below last year's level, while Brent crude extended above US\$100/bbl after reports of Houthi attacks on Saudi oil tankers.

EUA Dec 26 Futures

■ Volume — Price



Favourable Fuel Switching Economics Underpin Fundamentals

- Attention will remain firmly focused on the market's ongoing reassessment of the ETS reform proposal. While the initial reaction has now passed, further commentary from member states, MEPs and market participants could continue to influence prices over the coming weeks.
- Fuel switching economics have become increasingly supportive for carbon. Coal generation is now cheaper than gas for both front month and front year contracts, with estimated front year coal to gas switching price rising to around €97/t, comfortably above current EUA prices and reinforcing incentives for higher coal burn.
- Geopolitical developments remain a major uncertainty. Gas prices are trading close to year high levels, while renewed disruption around the Bab al Mandab shipping route and Brent crude trading near US\$100/bbl continue to underpin energy markets. At the same time, sustained high energy prices raise concerns around demand destruction and inflation, creating opposing forces for carbon.

Commodity	Latest Price	Weekly Change
EUA DEC 26 (EUR/t)	83.40	4.29 ↑
UKA Dec 26 (GBP/t)	59.83	1.13 ↑
TTF Aug 26 (EUR/MWh)	63.58	6.24 ↑
NBP Aug 26 (p/th)	154.11	15.36 ↑

UK Allowances Rise Despite Postponement of Summer Linkage Summit

The UKA Dec 26 contract rose **£1.13/t (1.89%)** week on week to close at **£59.83/t** despite a 2.4% decline on Friday. Trading reached 1.9 Mt, while the UKA discount to EUAs widened to €13.29/t, the largest in two and a half weeks. After rallying strongly on Monday alongside EUAs, UKAs remained volatile through the week. Wednesday's gains were interrupted after reports suggested any UK EU linkage summit would not take place until after the summer, although officials continued to indicate that an agreement remains likely before year end. Market participants now expect limited policy driven movement over the summer, with attention likely to return once both the UK and European institutions resume business in September.

UKA Dec 26 Futures

■ Volume — Price

