

Comment

NEW ZEALAND CARBON MARKET – NZ\$ per tonne

Unit	NZU Spot	2010 Vintage	2011 Vintage	2012 Vintage	Spot sCER Vintage
Last Traded Price or Sell Price	18.35	20.50	20.50	20.50	21.60
Est Emitter Holding Costs	1.13	0.62	0.62	0.62	1.56
ESTIMATE BELOW CAP	- 5.52	-3.68	-3.68	-3.68	-1.84

Local Market Comment

Please see www.nzcarbonmarket.com for live carbon prices

It's been a very quiet week in the local carbon market with little volume on offer – emitters however are not pushing prices well aware that more credits are likely to start flowing into the market from next month via the Emission Intensive Trade Exposed companies (EITEs). The market is very well bid at the \$18 level for spot NZUs – buying at this level represents a considerable saving over the CAP.

The big question is will the expected flow of credits into the market offset the pent-up demand - if you add the EITEs with the Pre-1990 – then one would expect prices to pull back from present levels.

A trade at \$18.35 in the spot NZU market is about \$5.50 under the CAP.

Carbon deals on offer

The market is bid at \$18.30 for 35,000 tonnes and offered at \$18.60 for 25,000 tonnes

We have further bids at \$18.05 for 30,000 and about 200,000 bid at \$18.00

We are offered 150,000 tonnes at \$18.70

We have 245,000 tonnes offered across the strip at NZ\$20.50 – it includes the 2010, 2011 and 2012 vintages. This price represents a saving of \$3.68 per tonne versus the CAP.

Global Market

The global carbon price is still struggling to put on meaningful gains and sits on support within its long term trading range. It's hard to see what will push the market higher – it's even ignoring the normally high correlation with oil which has rallied 10% in the last three weeks. With no new Kyoto replacement in sight and the lack-lustre performance of the global economy – its hard to see the carbon price putting on meaningful gains in the short term however if the oil price continues to push higher – we would expect to see the carbon price move up.

Spot NZUs at NZ\$18.35 per tonne equates to about €10.31

Spot CERs closed at €12.15 per tonne.

Spot EUAs closed at €14.15 per tonne.

The NZDEUR exchange rate is .5623



Daily Carbon Price in Euro

For latest news see Carbon news www.carbonnews.co.nz

Please see our website for our disclosure document

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