

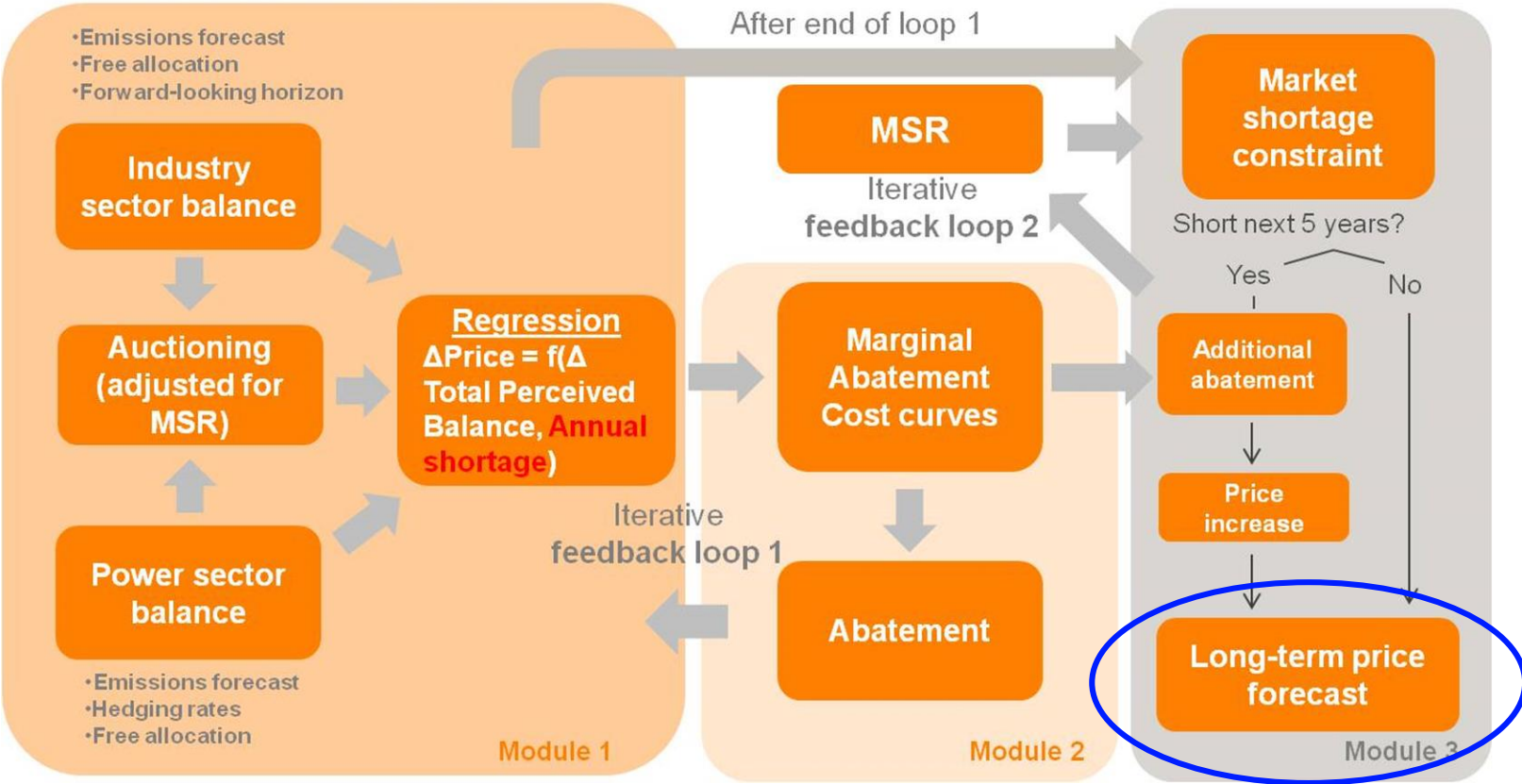


# Carbon price modelling – a piece of cake?

Hæge Fjellheim, Head of Carbon analysis, Refinitiv

Paris, 6 November 2018

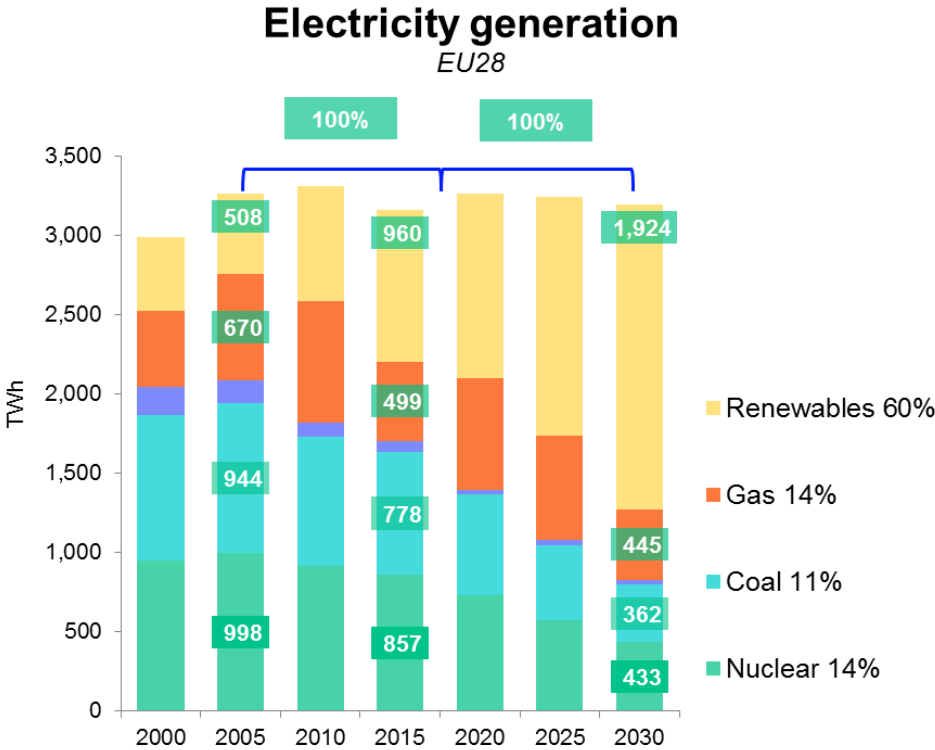
# Modelling carbon markets – what ingredients?





# At the very core: Market balance

## Demand (emissions)



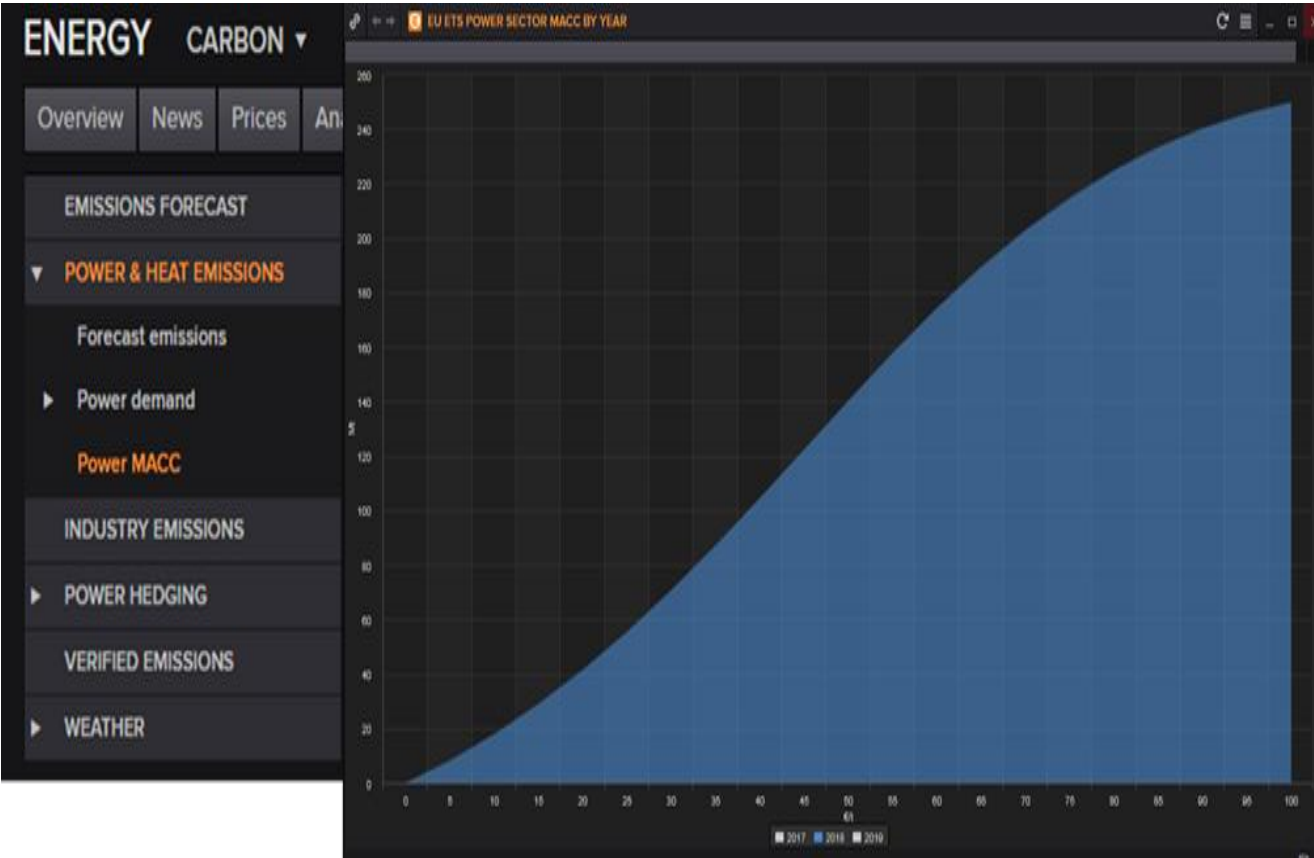
## Supply (policy)



**Julie Girling** @juliegirling Nov 9  
#euets preliminary agreement reached with @EU2017EE after long night of negotiations - Good news ahead of #COP23 Bonn!

A photograph of three men in suits standing together in front of a wooden wall. The man on the left is older with a beard, the woman in the middle is wearing a grey scarf, and the man on the right is younger.

# Abatement – what price is required to reduce emissions?



# Market strategies and behaviour



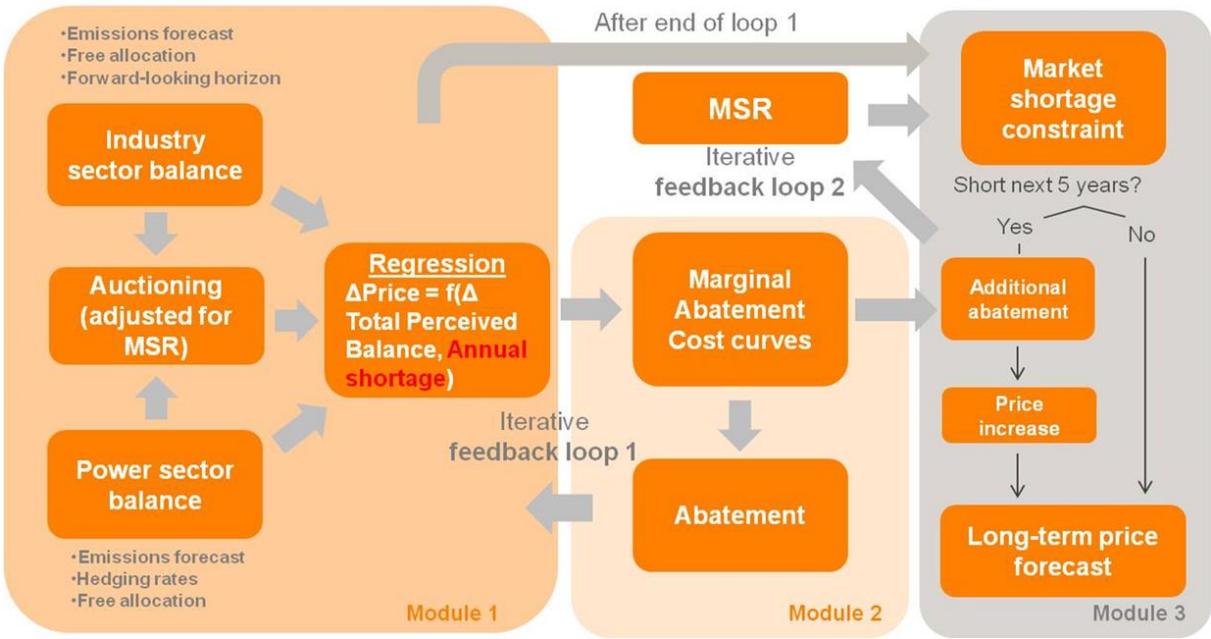
- 55% of EU ETS emissions
- Buy all allowances at auctions or in secondary market
- **More aggressive carbon hedging strategies?**

- 45% of EU ETS emissions
- Receive allowances for free
- **More reluctant to use or sell allowances in light of tighter future allocation?**

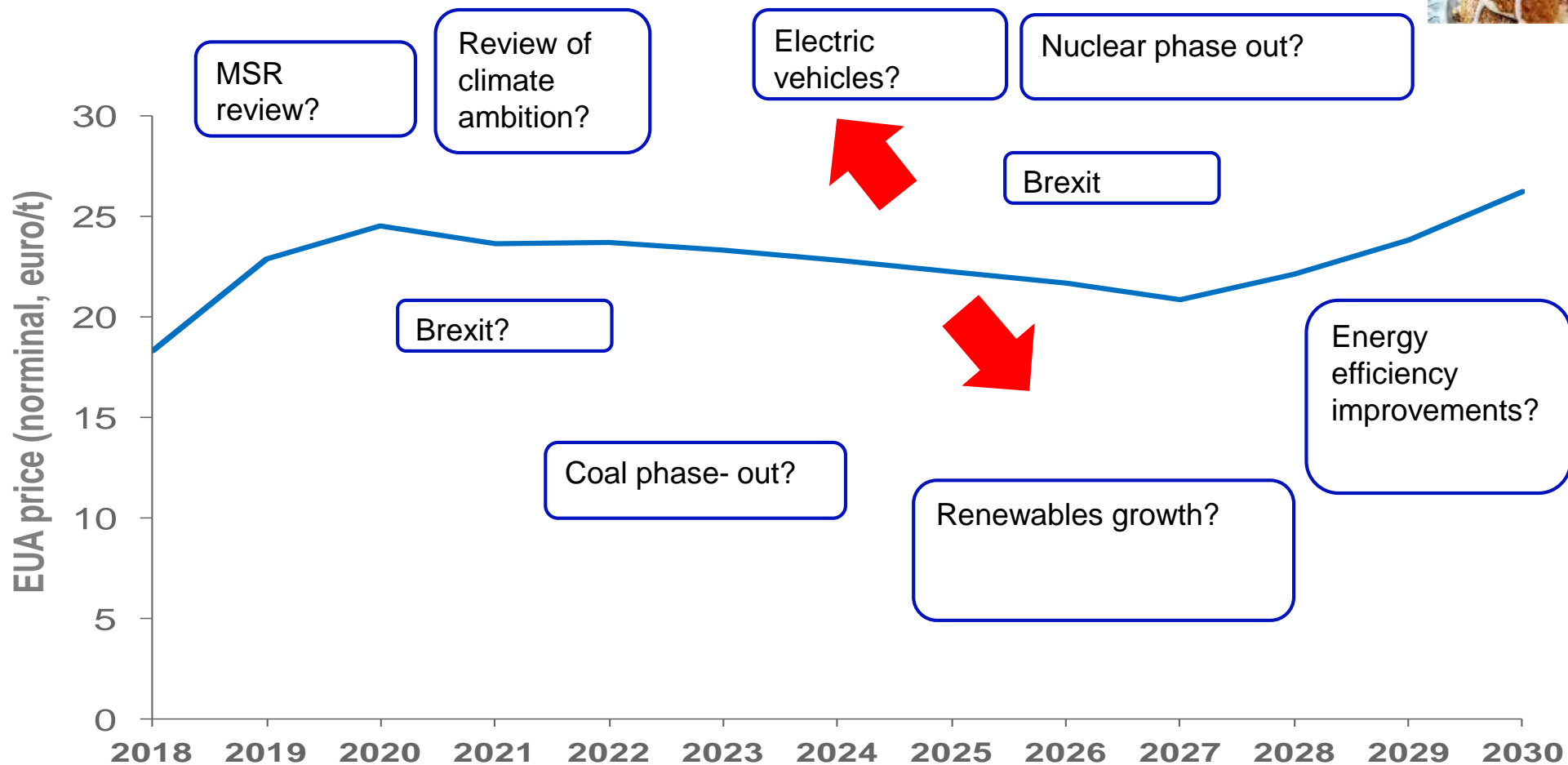
- Banks and hedgefunds re-entering the market
- Increased volatility
- **In it for how long?**



# A balanced and great team of analysts!

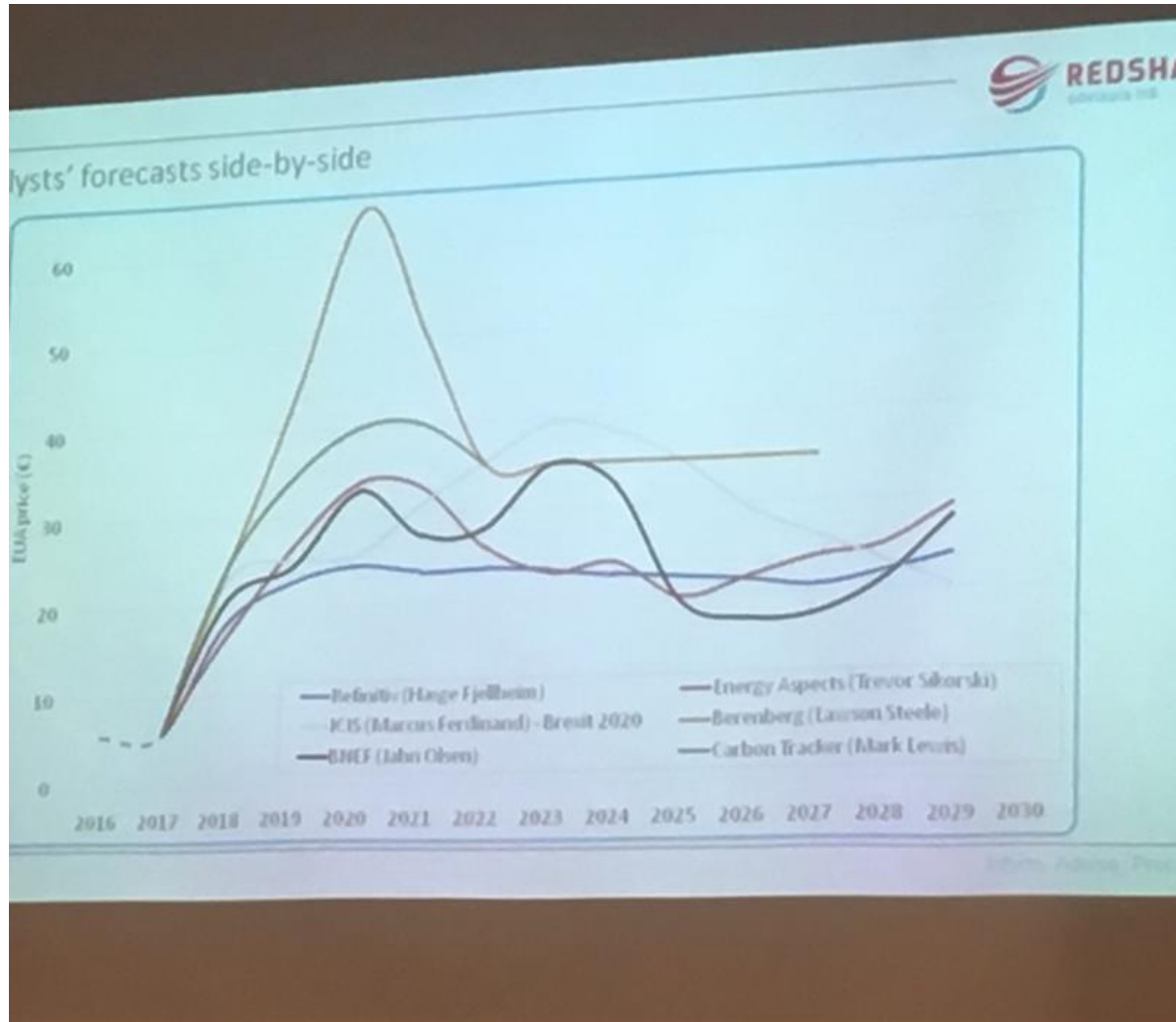


# Voila! Carbon price forecast



# No consensus!

Range of analysts EUA price forecasts – Carbon Forward 16 October 2018





# Thank you!

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