



MARCH 2020



IMPACT CARBON

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MARKET SITUATION

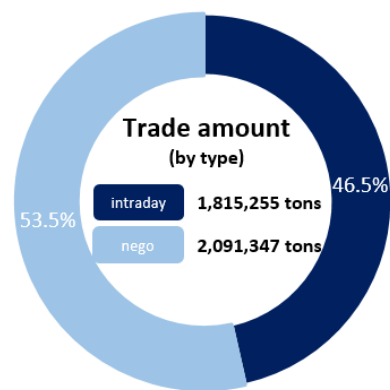
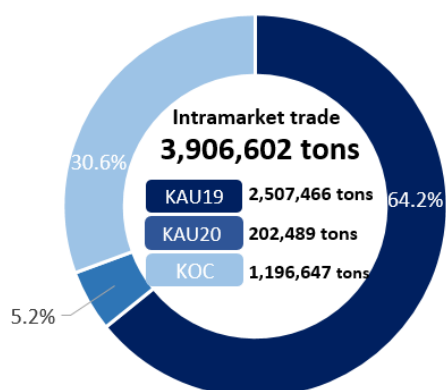
Comprehensive Trading Information (January 2019 – February 2020)

KAU19	
↑ 39,350 ▲1,150(+3.01%)	
Closing Price	39,350 Won
- 1 Month Average	39,108 Won
- 3 Month Average	39,250 Won
- Total Average	33,397 Won
Total Trading Amount	2,507,466 tons
- Intraday	1,622,667 tons
- Negotiated	884,799 tons
Total Trading Value	83.74 B Won

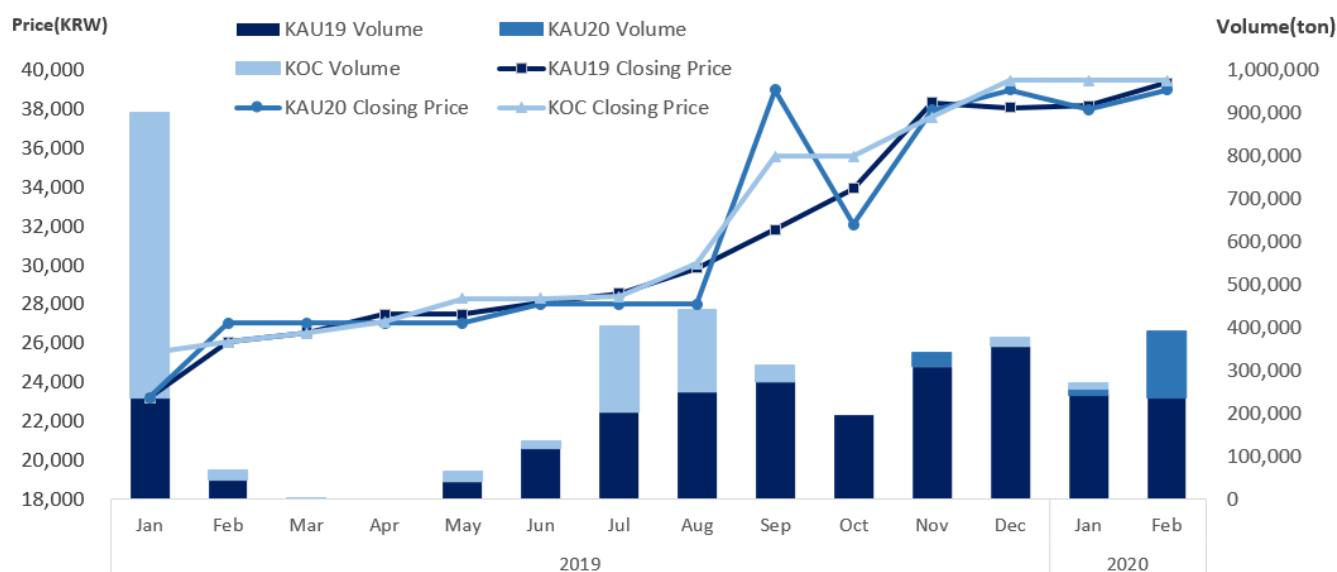
KCU19	
→ 31,850 (0.0%)	
Closing Price	31,850 Won
- 1 Month Average	-
- 3 Month Average	-
- Total Average	-
Total Trading Amount	-
- Intraday	-
- Negotiated	-
Total Trading Value	-

KAU20	
↑ 39,000 ▲1,000(+2.63%)	
Closing Price	39,000 Won
- 1 Month Average	38,500 Won
- 3 Month Average	38,461 Won
- Total Average	37,417 Won
Total Trading Amount	202,489 tons
- Intraday	41,350 Won
- Negotiated	161,139 tons
Total Trading Value	7.58 B Won

KOC	
→ 39,500 (0.0%)	
Closing Price	39,500 Won
- 1 Month Average	-
- 3 Month Average	39,365 Won
- Total Average	27,188 Won
Total Trading Amount	1,196,647 tons
- Intraday	151,238 tons
- Negotiated	1,045,409 tons
Total Trading Value	32.53 B Won



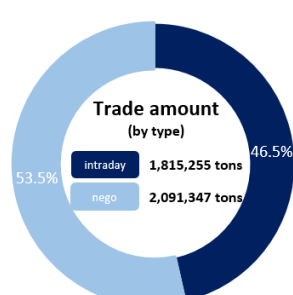
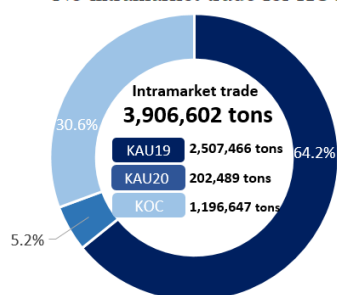
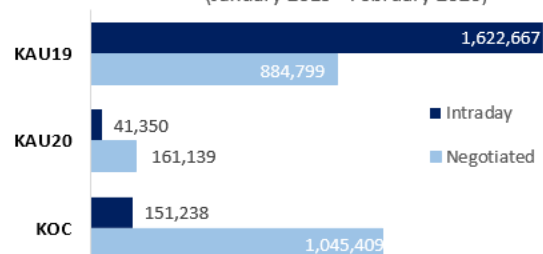
*Trade information are official data from the Korea Exchange (KRX); based on February 2020 (in comparison with previous month)

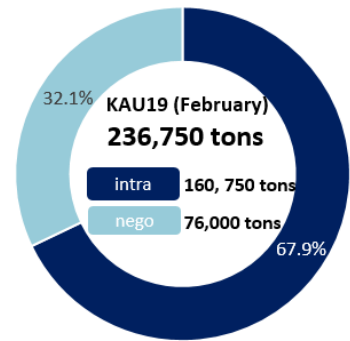
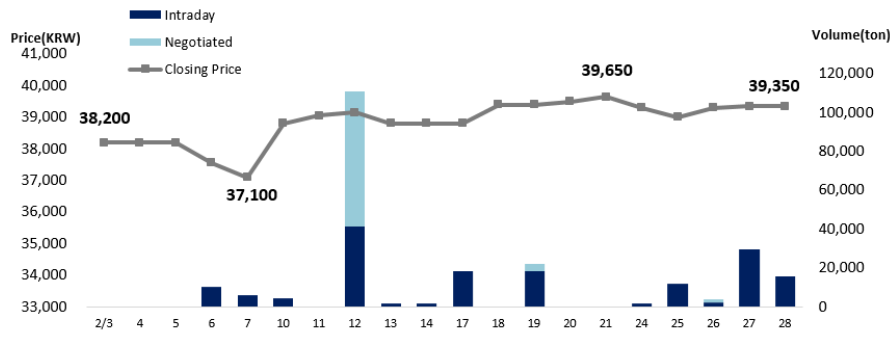
Monthly Trading Information (January 2019 – February 2020)

		KAU19			KAU20			KOC		
		Closing Price	Monthly Increase	Trade Volume	Closing Price	Monthly Increase	Trade Volume	Closing Price	Monthly Increase	Trade Volume
2019	Jan	23,200	-	237,000	23,200	-	-	25,500	▲1,000	664,754
	Feb	26,050	▲2,850	45,000	27,050	▲3,850	-	26,050	▲550	23,163
	Mar	26,550	▲500	-	27,050	-	-	26,500	▲450	4,229
	Apr	27,500	▲950	-	27,050	-	-	27,100	▲600	-
	May	27,500	-	40,500	27,050	-	-	28,300	▲1,200	25,000
	Jun	28,100	▲600	118,000	28,000	▲950	-	28,300	-	16,702
	Jul	28,550	▲450	202,500	28,000	-	-	28,400	▲100	200,000
	Aug	29,850	▲1,300	250,300	28,000	-	-	30,100	▲1,700	190,963
	Sep	31,850	▲2,000	273,522	39,000	▲11,000	1,139	35,600	▲5,500	36,532
	Oct	33,950	▲2,100	196,517	32,100	▼6,900	-	35,600	-	-
	Nov	38,350	▲4,400	308,743	37,950	▲5,850	32,000	37,600	▲2,000	-
	Dec	38,100	▼250	355,983	39,000	▲1,050	-	39,500	▲1,900	20,000
2020	Jan	38,200	▲100	242,651	38,000	▼1,000	13,300	39,500	-	15,304
	Feb	39,250	▲1,050	236,750	39,000	▲1,000	156,050	39,500	-	-
Total		-	-	2,507,466	-	-	202,489	-	-	1,196,647

*End-of-the-month closing price

*No intramarket trade for KCU19

Intraday and Negotiated Trade Volume
(January 2019 - February 2020)

KAU19 Trading Trends (February 2020)

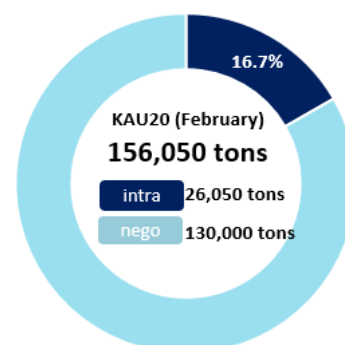
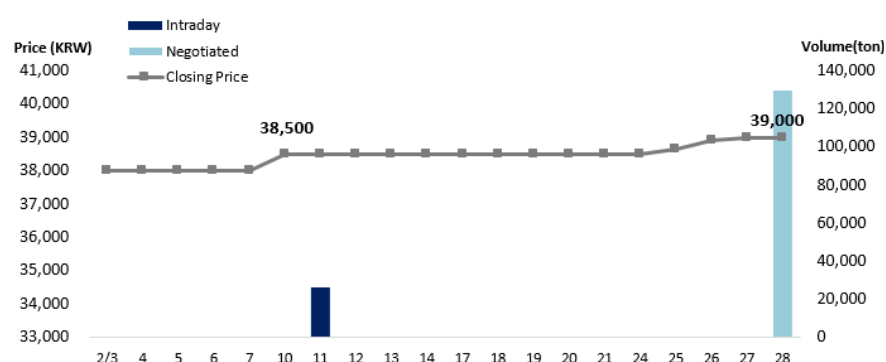
Price (KRW)	Closing Price	39,350	Trade Volume	Intraday	160,750
	Average Price	39,108		Negotiated	76,000
	Monthly Highest	39,650		Total	236,750
	Monthly Lowest	37,100	Total Trade Value (B won)		9.26

	Date	Closing Price	Gap	Rate	Trade Volume		
					Intraday	Negotiated	Total
KAU19	3-Feb-2020	38,200	-	-	-	-	-
	4-Feb-2020	38,200	-	-	-	-	-
	5-Feb-2020	38,200	-	-	-	-	-
	6-Feb-2020	37,550	▼650	-1.70	10,000	-	10,000
	7-Feb-2020	37,100	▼450	-1.20	6,000	-	6,000
	10-Feb-2020	38,800	▲1,700	4.58	4,500	-	4,500
	11-Feb-2020	39,050	▲250	0.64	-	-	-
	12-Feb-2020	39,150	▲100	0.26	41,000	70,000	111,000
	13-Feb-2020	38,800	▼350	-0.89	1,500	-	1,500
	14-Feb-2020	38,800	-	-	1,500	-	1,500
	17-Feb-2020	38,800	-	-	18,000	-	18,000
	18-Feb-2020	39,400	▲600	1.55	-	-	-
	19-Feb-2020	39,400	-	-	18,000	4,000	22,000
	20-Feb-2020	39,500	▲100	0.25	-	-	-
	21-Feb-2020	39,650	▲150	0.38	-	-	-
	24-Feb-2020	39,300	▼350	-0.88	1,500	-	1,500
	25-Feb-2020	39,000	▼300	-0.76	12,000	-	12,000
	26-Feb-2020	39,300	▲300	0.77	2,000	2,000	4,000
	27-Feb-2020	39,350	▲50	0.13	29,250	-	29,250
	28-Feb-2020	39,350	-	-	15,500	-	15,500
	Total	-	-	-	160,750	76,000	236,750



(Price) KAU19 allowances traded at an average of KRW 39,108 in February accompanied by frequent fluctuations, and closed the month at KRW 39,350.

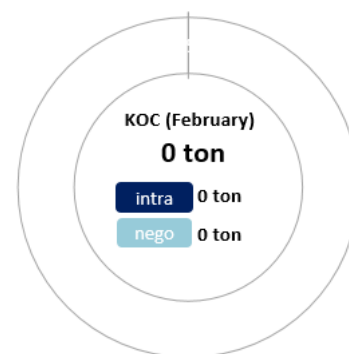
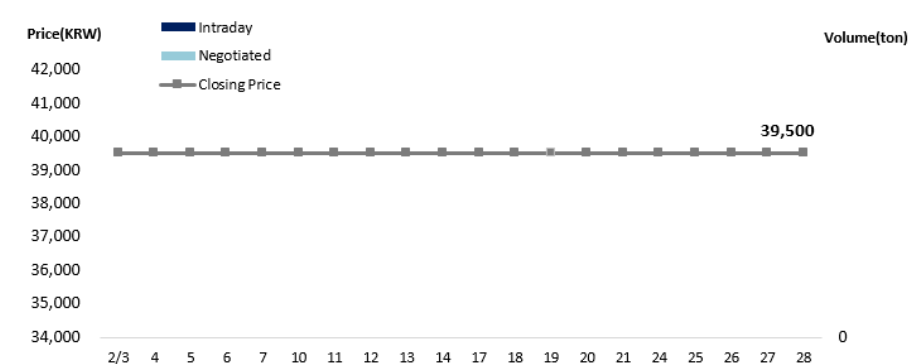
(Trade) In February, around 237,000 tons have been traded with 160,750 tons (67.9%) going through intraday deals and 76,000 (32.1%) as bilateral deals.

KAU20 Trading Trends (February 2020)

Price (KRW)	Closing Price	39,000	Trade Volume	Intraday	26,050
	Average Price	38,500		Negotiated	130,000
	Monthly Highest	39,000		Total	156,050
	Monthly Lowest	38,000		Total Trade Value (B won)	6

	Date	Closing Price	Gap	Rate	Trade Volume		
					Intraday	Negotiated	Total
KAU20	3-Feb-2020	38,000	-	-	-	-	-
	4-Feb-2020	38,000	-	-	-	-	-
	5-Feb-2020	38,000	-	-	-	-	-
	6-Feb-2020	38,000	-	-	-	-	-
	7-Feb-2020	38,000	-	-	-	-	-
	10-Feb-2020	38,500	▲ 500	1.32	-	-	-
	11-Feb-2020	38,500	-	-	26,050	-	26,050
	12-Feb-2020	38,500	-	-	-	-	-
	13-Feb-2020	38,500	-	-	-	-	-
	14-Feb-2020	38,500	-	-	-	-	-
	17-Feb-2020	38,500	-	-	-	-	-
	18-Feb-2020	38,500	-	-	-	-	-
	19-Feb-2020	38,500	-	-	-	-	-
	20-Feb-2020	38,500	-	-	-	-	-
	21-Feb-2020	38,500	-	-	-	-	-
	24-Feb-2020	38,500	-	-	-	-	-
	25-Feb-2020	38,650	▲ 150	0.39	-	-	-
	26-Feb-2020	38,900	▲ 250	6.65	-	-	-
	27-Feb-2020	39,000	▲ 100	0.26	-	-	-
	28-Feb-2020	39,000	-	-	-	130,000	130,000
	Total	-	-	-	26,050	130,000	156,050

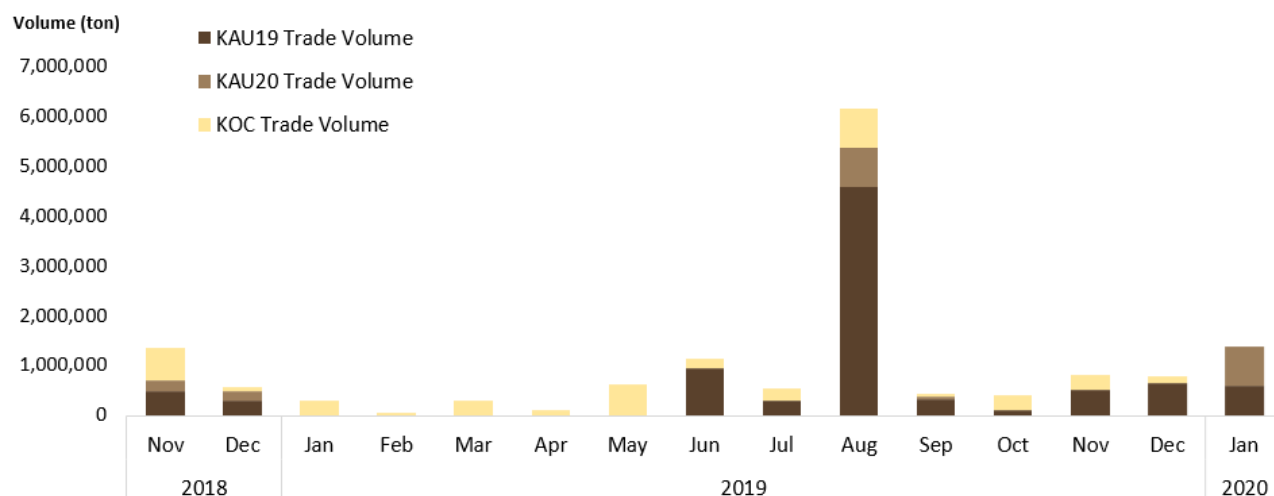
KAU20 prices opened at KRW 38,000 in the first day of the month and rose to KRW 39,000 through four occasions as momentum continued. 26,050 tons of allowances were traded in the second week of February and another bilateral trade amounting to 130,000 tons was made on the last day of the month.

KOC Trading Trends (February 2020)

Price (KRW)	Closing Price	39,500	Trade Volume	Intraday	-
	Average Price			Negotiated	-
	Monthly Highest	39,500		Total	-
	Monthly Lowest	39,500	Total Trade Value (KRW)		

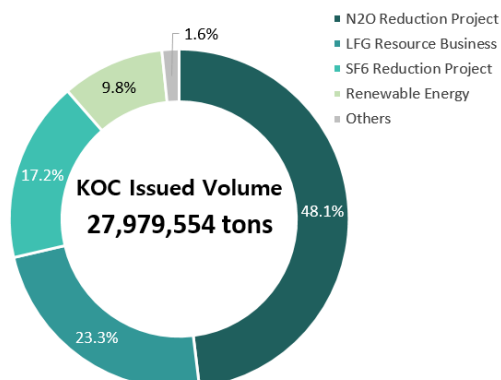
	Date	Closing Price	Gap	Rate	Trade Volume		
					Intraday	Negotiated	Total
KOC	3-Feb-2020	39,500	-	-	-	-	-
	4-Feb-2020	39,500	-	-	-	-	-
	5-Feb-2020	39,500	-	-	-	-	-
	6-Feb-2020	39,500	-	-	-	-	-
	7-Feb-2020	39,500	-	-	-	-	-
	10-Feb-2020	39,500	-	-	-	-	-
	11-Feb-2020	39,500	-	-	-	-	-
	12-Feb-2020	39,500	-	-	-	-	-
	13-Feb-2020	39,500	-	-	-	-	-
	14-Feb-2020	39,500	-	-	-	-	-
	17-Feb-2020	39,500	-	-	-	-	-
	18-Feb-2020	39,500	-	-	-	-	-
	19-Feb-2020	39,500	-	-	-	-	-
	20-Feb-2020	39,500	-	-	-	-	-
	21-Feb-2020	39,500	-	-	-	-	-
	24-Feb-2020	39,500	-	-	-	-	-
	25-Feb-2020	39,500	-	-	-	-	-
	26-Feb-2020	39,500	-	-	-	-	-
	27-Feb-2020	39,500	-	-	-	-	-
	28-Feb-2020	39,500	-	-	-	-	-
	Total	-	-	-	-	-	-

KOC prices, which rose to KRW 39,500 on December 2019, remained unchanged for the past two months. No trading volume has been recorded in February.

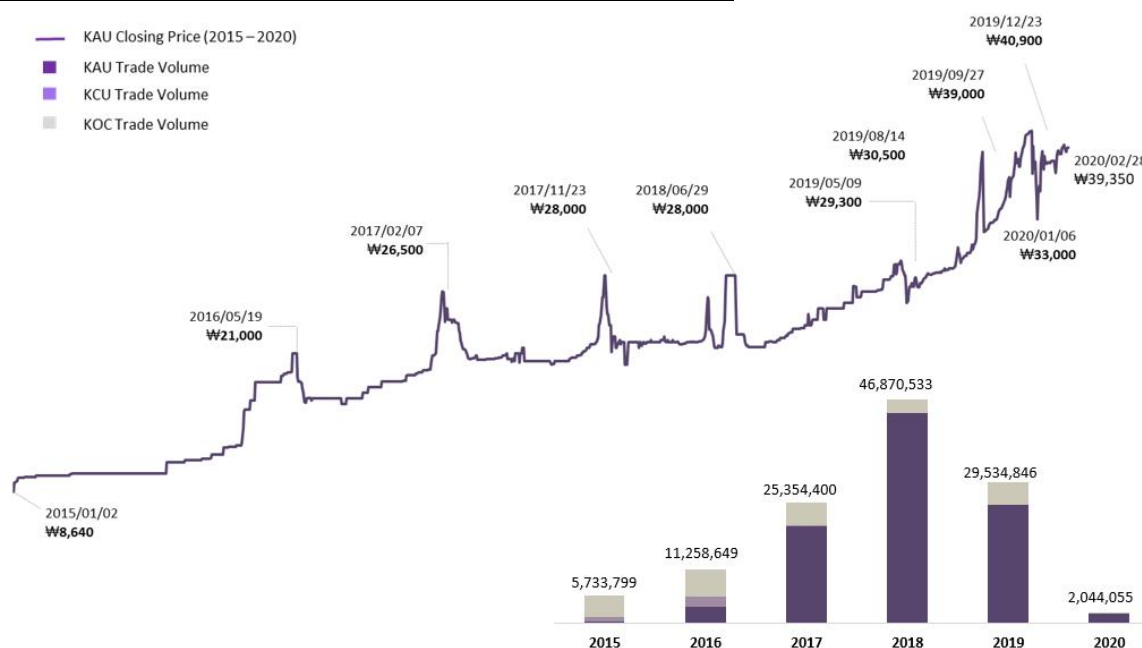
Over-the-Counter Transactions (November 2018 – January 2020)

Year	Month	KAU19 Trade Volume	KAU20 Trade Volume	KOC Trade Volume	Total
2018	Nov	500,000	200,000	648,372	1,348,372
	Dec	300,000	200,000	67,041	567,041
	Jan	-	-	300,000	300,000
	Feb	-	-	64,116	64,116
	Mar	-	-	300,000	300,000
	Apr	-	-	96,369	96,369
2019	May	3,000	-	632,253	635,253
	Jun	955,000	-	179,085	1,134,085
	Jul	300,000	-	246,484	546,484
	Aug	4,580,000	800,000	784,422	6,164,422
	Sep	336,099	50,000	39,388	425,487
	Oct	100,000	-	300,000	400,000
2020	Nov	515,000	-	300,000	815,000
	Dec	649,000	-	141,164	790,164
2020	Jan	590,000	790,000	-	1,380,000
Total		8,828,099	2,040,000	4,098,694	14,966,793

KAU19 OTC transactions are estimated to be SWAP transactions with KAU18 and KAU20, and the actual supply of KAU19 is currently limited.

KOC Issuance and Usage Status (as of February 2020)

KOC's estimated supply for the second and third implementation years are 2.8 million tons and 2.7 million tons, respectively. However, many companies tend to hold KOCs rather than converting them into offset credits, therefore, the actual amount available to the market may be limited.

Total ETS Performance (January 2015 – February 2020)

		2015	2016	2017	2018	2019	2020	Sub-total
KAU15	Intramarket	321,380	1,298,844	-	-	-	-	1,620,224
	OTC	78,315	207,642	-	-	-	-	285,957
KCU15	Intramarket	920,717	1,725,135	-	-	-	-	2,645,852
	OTC	-	286,149	-	-	-	-	286,149
KAU16	Intramarket	-	1,263,224	7,730,376	-	-	-	8,993,600
	OTC	-	713,312	2,949,959	-	-	-	3,663,271
KCU16	Intramarket	-	158,632	323,276	-	-	-	481,908
	OTC	-	10,000	-	-	-	-	10,000
KAU17	Intramarket	-	-	5,977,452	15,777,144	-	-	21,754,596
	OTC	-	-	3,644,509	13,939,228	-	-	17,583,737
KAU18	Intramarket	-	-	-	1,753,242	5,767,233	-	7,520,475
	OTC	-	-	-	11,531,332	8,853,686	-	20,385,018
KAU19	Intramarket	-	-	-	-	2,028,065	479,401	2,507,466
	OTC	-	-	-	800,000	7,438,099	590,000	8,828,099
KAU20	Intramarket	-	-	-	-	33,139	169,350	202,489
	OTC	-	-	-	400,000	850,000	790,000	2,040,000
KOC	Intramarket	-	661,822	703,032	299,582	1,181,343	15,304	2,861,083
	OTC	4,413,387	4,933,889	4,025,796	2,370,005	3,383,281	-	19,126,358
Sub-total	Intramarket	1,242,097	5,107,657	14,734,136	17,829,968	9,009,780	664,055	48,587,693
	OTC	4,491,702	6,150,992	10,620,264	29,040,565	20,525,066	1,380,000	72,208,589
Total		5,733,799	11,258,649	25,354,400	46,870,533	29,534,846	2,044,055	120,796,282



MARKET FORECAST

(Market Price)

KAU19 traded at KRW 23,200 in November 2018 and rose by 76.3% to a record high of KRW 40,900 in December 2019. KAU19 jumped to KRW 40,000 levels in just four months after hitting KRW 30,000 in September 2019 as small volumes supplied by market makers triggered aggressive buying. While market makers dominated market trading from July 2019 to October 2019, non-market makers have started supplying from November 2019 as higher prices proved tempting for sales.

After reaching the price peak, the environment ministry stepped in and held a meeting with large-scale emitters, and market makers moved to stabilize the overheated market by reducing supply. As a result, the price of KAU19 temporarily dropped to KRW 33,000 in early January but shot back up to KRW 38,000 after four days as aggressive buying continued. Despite the ministry's announcement that there is sufficient volume in the second phase, the market continues to see prices play between the KRW 38,000 – KRW 39,000 levels. February's average price of KRW 39,108 is the scheme's second recorded highest after December 2019's average of KRW 40,171.

(Market Trade)

Looking at the monthly trading trend from 2015, 63.2% of the total trading volume has been concentrated in March of the compliance cycle, when statements are scheduled to be submitted. Likewise, KAU19 is expected begin full trading between April and June.

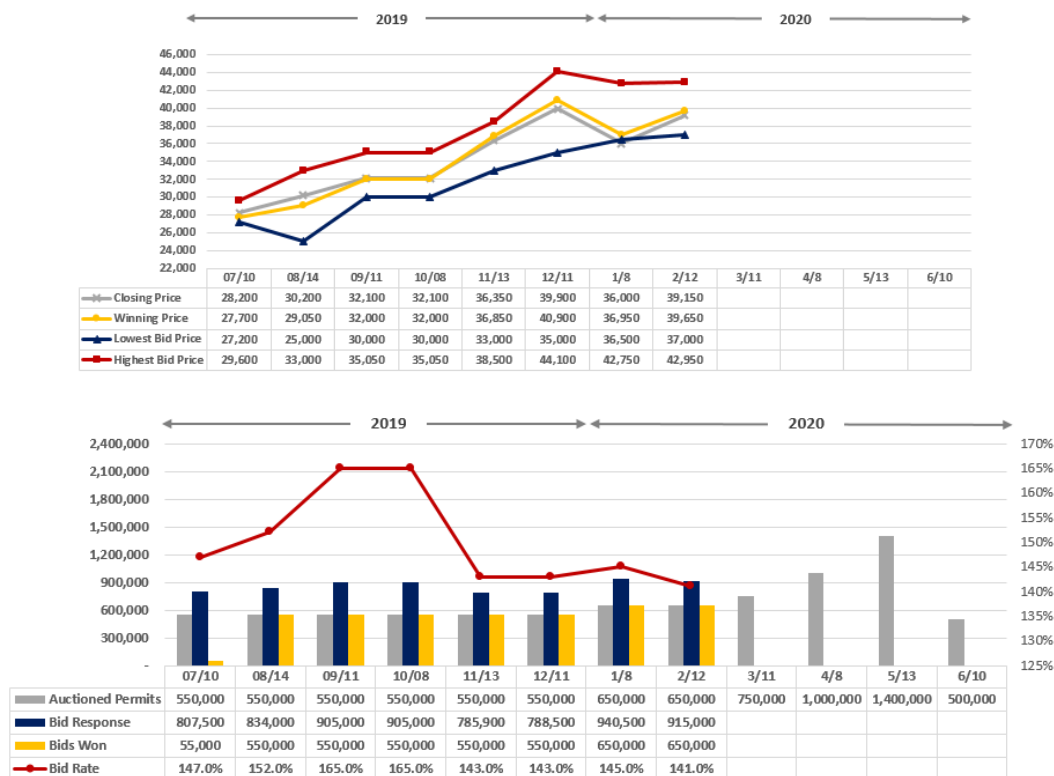
In addition, this year's schedule is expected to be tighter unlike the previous year when the government extended the deadline to accommodate the introduction of new banking restrictions.



MONTHLY AUCTION

	February 2020
Auctioned Permits	650,000 tons
Total number of received bids	915,000 tons
Bid Rate	141%
Participating companies	9
Winning companies	8
Lowest Bid Price	KRW 37,000
Highest Bid Price	KRW 42,950
Market Closing Price	KRW 39,150
Winning Bid Price	KRW 39,650
Total amount of bids won	650,000 tons
Total value of bids won	KRW 25,772,500,000

Eight companies successfully bid for 650,000 tons of KAU19 allowances on February 12, 2020. The winning bid price was KRW 39,650, 1.3% higher than the KAU19 market closing price of KRW 39,150. Bid prices ranged from the lowest KRW 37,000 to KRW 42,950.



KAU bid prices, following secondary market prices, have been gradually rising hitting the highest records on December 2019. In the next three months, auction volume will increase ahead of the compliance deadline.



KOREA ETS 2020 SCHEDULE

January		July	
13th KAU Auction (KAU19, 650,000 tons)	(01/08)	19th Auction (KAU20, 500,000 tons)	(07/08)
		33rd Emission Certification Committee (Q3)	(07/27-29)
		Notification of Results (Objections/Appeals)	(07/31)
		Phase 3 Assignment of Compliance Entities	(07/31)
February		August	
14th KAU Auction (KAU19, 650,000 tons)	(02/12)	Application of Banking/Borrowing (appealing)	(08/10)
30th Emission Certification Committee (Q1)	(02/17-18)	Surrender of Allowances (appealing compan	(08/10)
Submission of Data for Allocation Plan	(02/17-28)	20th KAU Auction (KAU20, 500,000 tons)	(08/12)
		Submission of Allocation Application	(08/31)
March		September	
Application for CDM External Project Approval	(02/12-03/02)	21st KAU Auction (KAU20, 500,000 tons)	(09/09)
15th KAU Auction (KAU19, 750,000 tons)	(03/11)		
Statement and MP submission	(02/11-03/31)		
Application of Additional Allocation	(02/11-03/31)		
31st Emission Certification Committee	(03/30-31)		
April		October	
16th KAU Auction (KAU19, 1 million tons)	(04/08)	34th Emission Certification Committee (Q4)	(10/12-13)
		22nd KAU Auction (KAU20, 500,000 tons)	(10/14)
		Phase 3 Allocation Quota Notification	(10/31)
May		November	
17th KAU Auction (KAU19, 1.4 million tons)	(05/13)	23rd KAU Auction (KAU20, 650,000 tons)	(11/11)
32nd Emission Certification Committee (Q2)	(05/25-27)		
Notification of Certified Emissions/Additional	(05/31)		
June		December	
18th KAU Auction (KAU19, 500,000 tons)	(06/10)	24th KAU Auction (KAU20, 650,000 tons)	(12/09)
Application of Banking/Borrowing	(06/10)		
Approval of Banking/Borrowing Applications	(06/20)		
Application of Appeal	(06/30)		
Surrender of Allowances	(06/30)		
Application for ETS Voluntary Participation	(06/30)		
Phase 3 Allocation Plan	(06/30)		



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