

# Carbon Investing & Bloomberg User Guide

## Carbon Allowances (Compliance Market)

- Sometimes referred to as carbon credits, represents the legal right to **emit one metric ton of carbon** dioxide or equivalent greenhouse gas.
- Issued to companies and organizations participating in a mandatory regional, national, or international carbon **emissions trading system (ETS)**.
- Carbon allowances are either purchased by regulated emitters, often by auction or allocated for free based on forecasted carbon emissions.
- The largest markets include: EU allowances (**EUAs**), California allowances (**CCAs**), UK allowances (**UKAs**), and the Northeastern US Regional Greenhouse Gas Initiative (**RGGI**).

## Carbon Offsets (Voluntary Market)

- Offset credits are generally outside of an ETS but can be imported into an ETS depending on the market's regulations.
- **One offset credit represents one ton of carbon** dioxide or equivalent greenhouse gas (GHG). However, it is **generated by a reduction in emissions** made by a voluntary project designed specifically for that purpose.
- Projects typically include building wind turbines or a solar farm, supporting methane reduction projects, planting a tree, or preserving forests.



## Bloomberg Carbon Market Monitor: CO2E

**CO2E** includes carbon prices (allowances and offsets), relevant energy indicators, related news and reports, and additional market tools. With a Bloomberg Anywhere account, users get access to tools like a Fuel Switching Monitor, EU ETS Hedging Calculator, EU ETS Market Stability Reserve Model, and more.

The latest **auction results** can be found either under the tools tab or by entering **AUCT** function. The frequency of when auctions are held differs with each market. For example, the EU market holds auctions throughout the week while California's are quarterly.

Prices	Fundamentals	Tools	Carbon Market Monitor
Carbon Allowance Prices   COMM »		Bloomberg Analysis   More »	
Carbon Allowance Prices	Unit	Last Price	%1D
1) EU	EUR/t	90.96	.74%
2) EU Aviation	EUR/t	90.81	.74%
3) UK	GBP/t	73.69	.93%
4) California	* USD/t	31.08	.75%
5) RGGI	* USD/st	13.18	.61%
6) New Zealand	NZD/t	56.18	.00%
7) South Korea	KRW/t	12,800.00	.00%
8) China National	CNY/t	56.70	1.25%
Carbon Offset Prices   COMM »		News   More »	
Carbon Offset Prices	Unit	Last Price	%1D
21) CBL Core	USD/t	.65	.00%
22) CBL Global	USD/t	2.07	.00%
23) CBL Nature-Based	USD/t	1.98	4.21%
24) ICE Nature-Based	USD/t	3.19	1.92%
25) California	* USD/t	19.61	.87%
26) Australia	AUD/t	38.50	-.65%
Indicators   COMM »		Indicators	
Indicators	Unit	Last Price	%1D
31) Global Average CO2 Price	USD/t	5.44	.04%
32) EU Gas (TTF)	EUR/MWh	43.61	1.88%
33) EU Coal (ARA)	EUR/t	129.00	7.28%

Source: Bloomberg

## Charting Prices:

For either funds or underlying futures contracts, enter **GP** for a line chart of historical prices, **HP** for a table listing historical prices and volumes, and **HCP** for historical prices with percentage change/ net change. Additionally, **COMP** allows you to compare performance of the funds vs. the index as well as the futures contracts in both a chart/ table format.

## Fund Holdings: MEMB

To find the breakdown of positions held in our carbon funds, enter fund name: **[Fund Ticker]→ MEMB**

The tickers for the current carbon futures contracts held in the fund can be found there. By right clicking on the ticker names, you can find more info on the contracts including pricing, related news, and ownership data.

Breaking down the ticker:

EU allowances (EUA): “**MOZ23 Comdty**”

“**MO**” = EUA contract code; “**Z**” = month code, in this case December; “**23**” = year, 2023

US carbon futures also have different vintages. For example, California allowances (CCA): “**LUDZ23 Comdty**” = CCA Vintage23 Dec23. The CCA contract code changes with the different vintages. For vintage year 2024, the ticker is “**CDBZ24 Comdty**”.

Note, the current positions held in our funds can also be found at [www.kraneshares.com](http://www.kraneshares.com).

## Contracts Table: CT

After entering the ticker code (e.g. “MOZ23 Comdty”), go to the **CT** function to view a table of all currently trading futures contracts under that code and their last price, volume, open interest, bid-ask, etc.

## Commodity Curve Analysis: CCRV

With the **CCRV** function, the specified futures contract and prices are charted to show the steepness of the contango/backwardation curve. Contango is where the futures price is higher than the spot price, which indicates that traders expect prices to rise and results in an upward-sloping forward curve. Backwardation, the opposite of contango, is where the futures price is below the spot price and is represented by a downward sloping forward curve.



Source: Bloomberg

## Additional Resources:

For more information on the carbon markets, including their market structures and outlook, see our research/ insights and product presentations on [www.kraneshares.com](http://www.kraneshares.com).



Sign up to our climate market blog

[www.climatemarketnow.com](http://www.climatemarketnow.com)

Coverage includes carbon allowance pricing analysis, voluntary carbon offset highlights, policy reform updates, and company/industry watch within the energy transition movement.