

Global & Regional Market Analysis

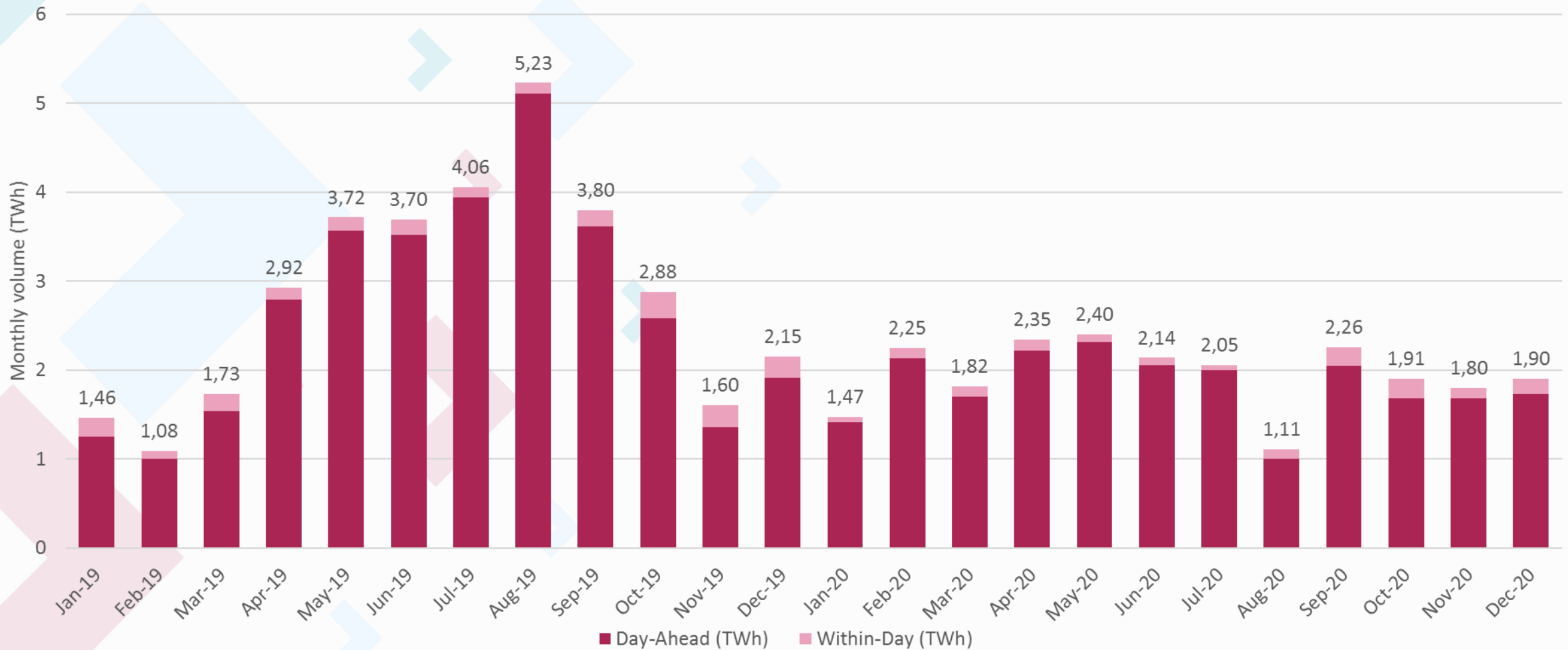
Natural Gas

Calendar year 2020

15/01/2020

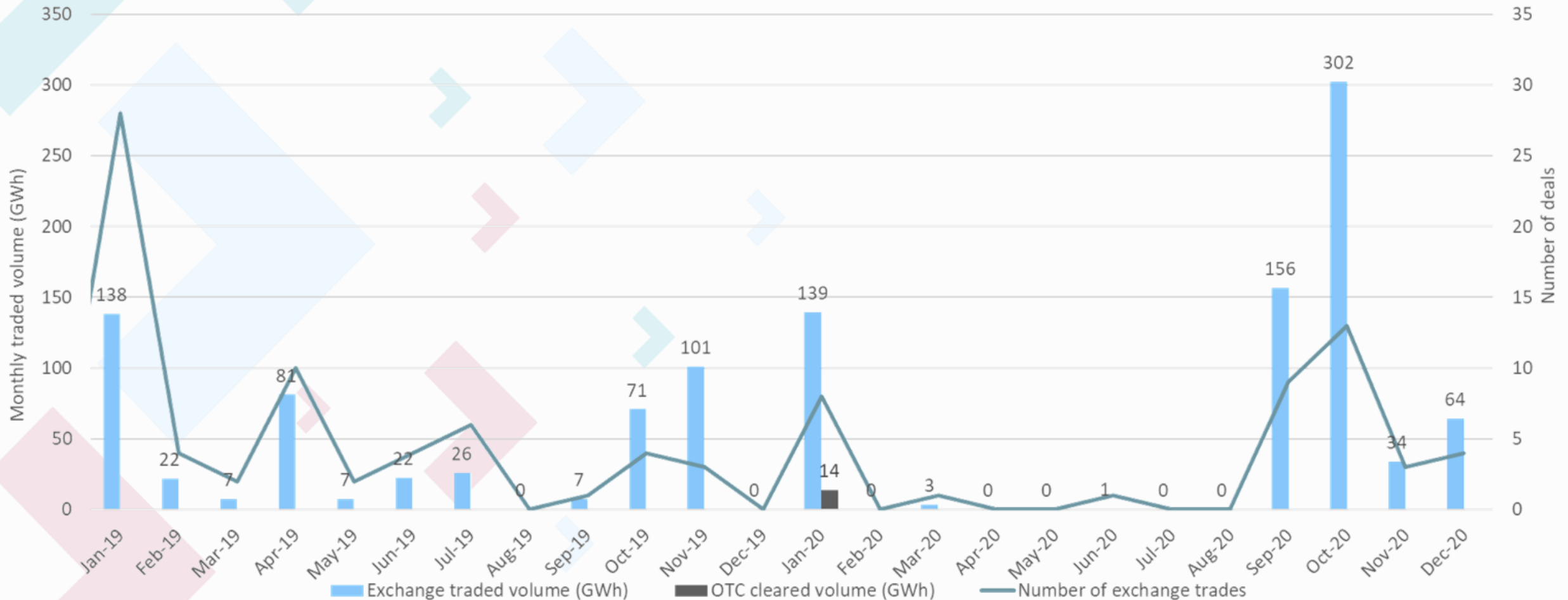
Spot market monthly volumes of CEEGEX

Source: CEEGEX



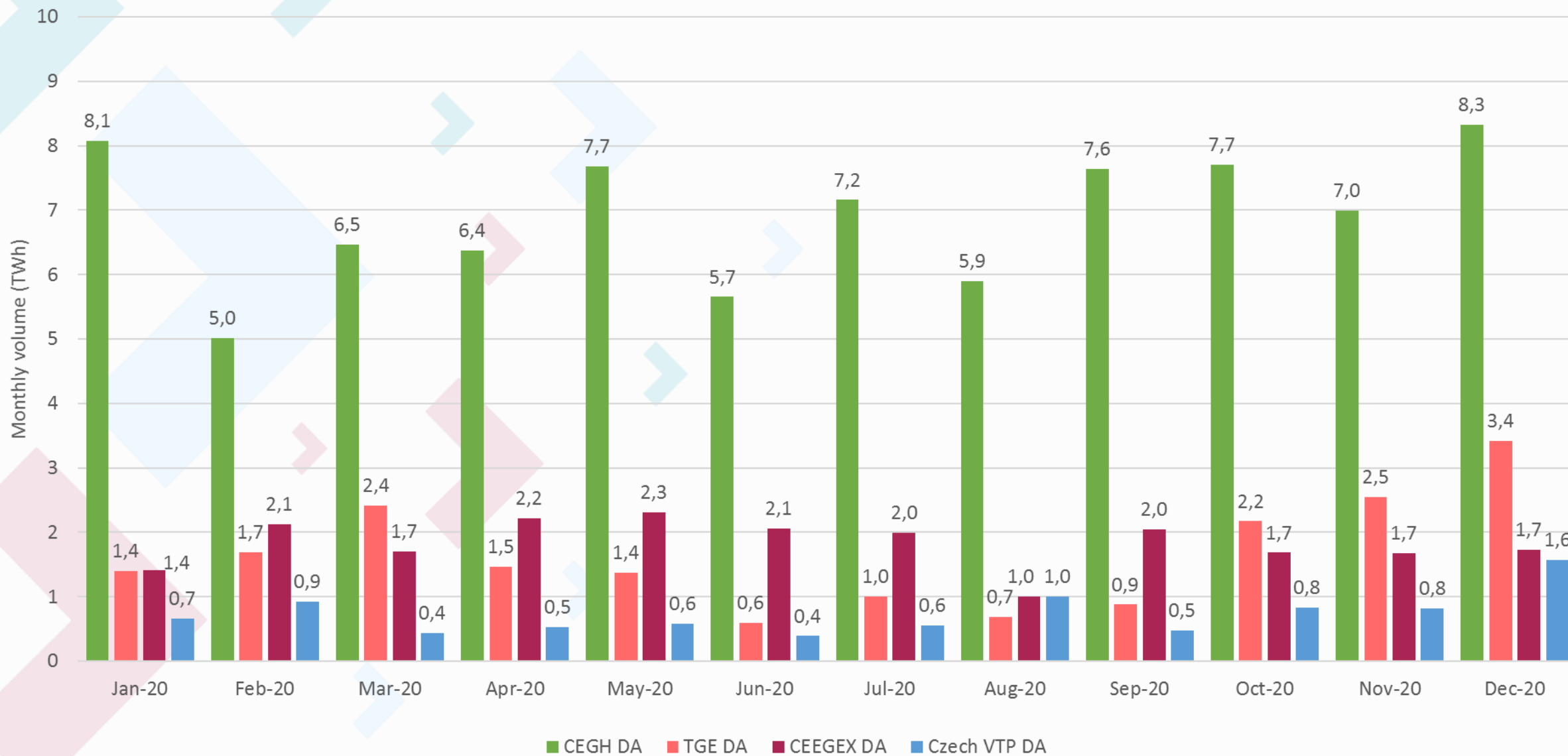
HUDEX Natural Gas Segment monthly volume

Source: HUDEX



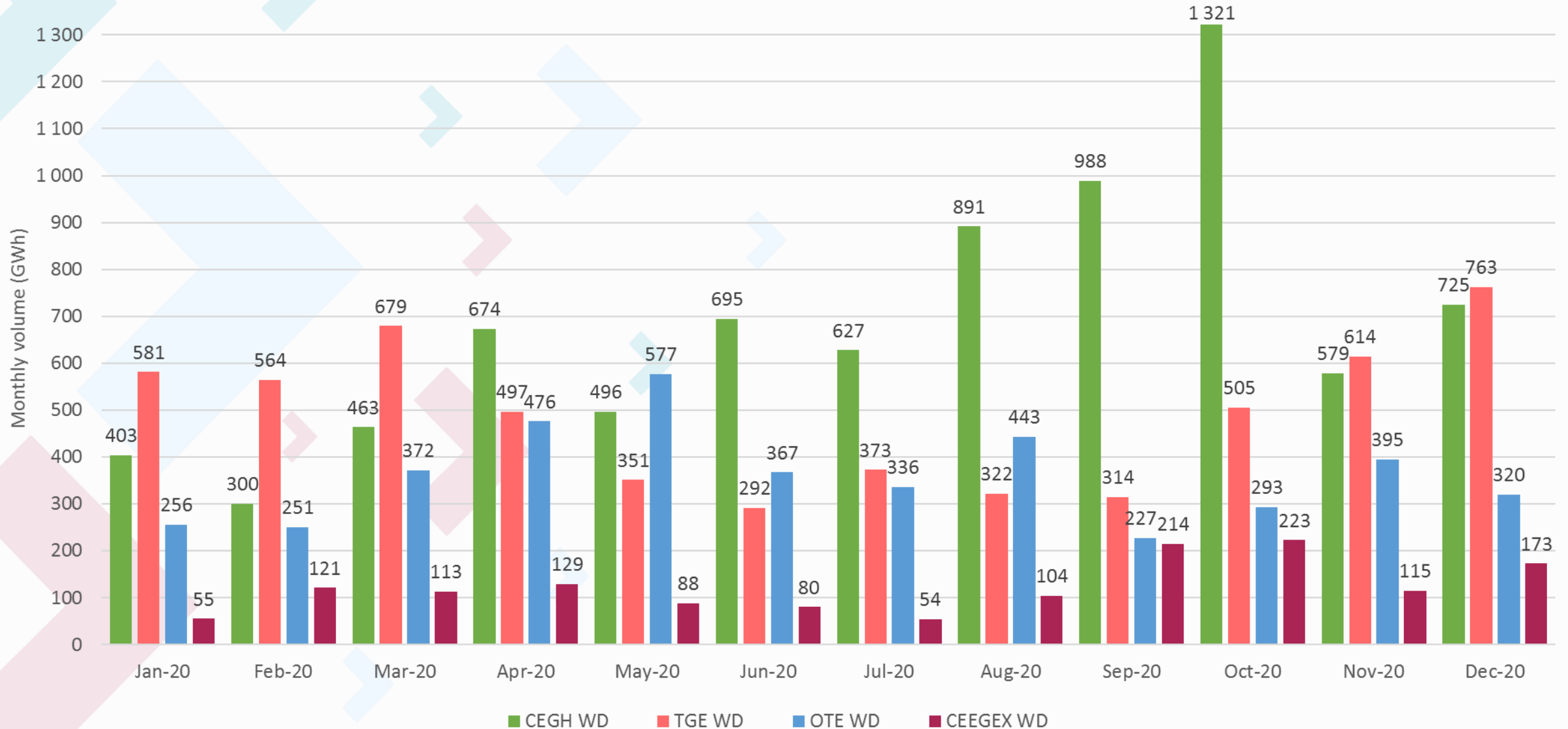
In 2020 HUDEX Natural Gas Segment reached 714 GWh with a growth of 48% compared to 2019 and registered its first OTC cleared transaction, while the exchange traded volume recorded on 700 GWh

Regional Day-Ahead monthly volumes



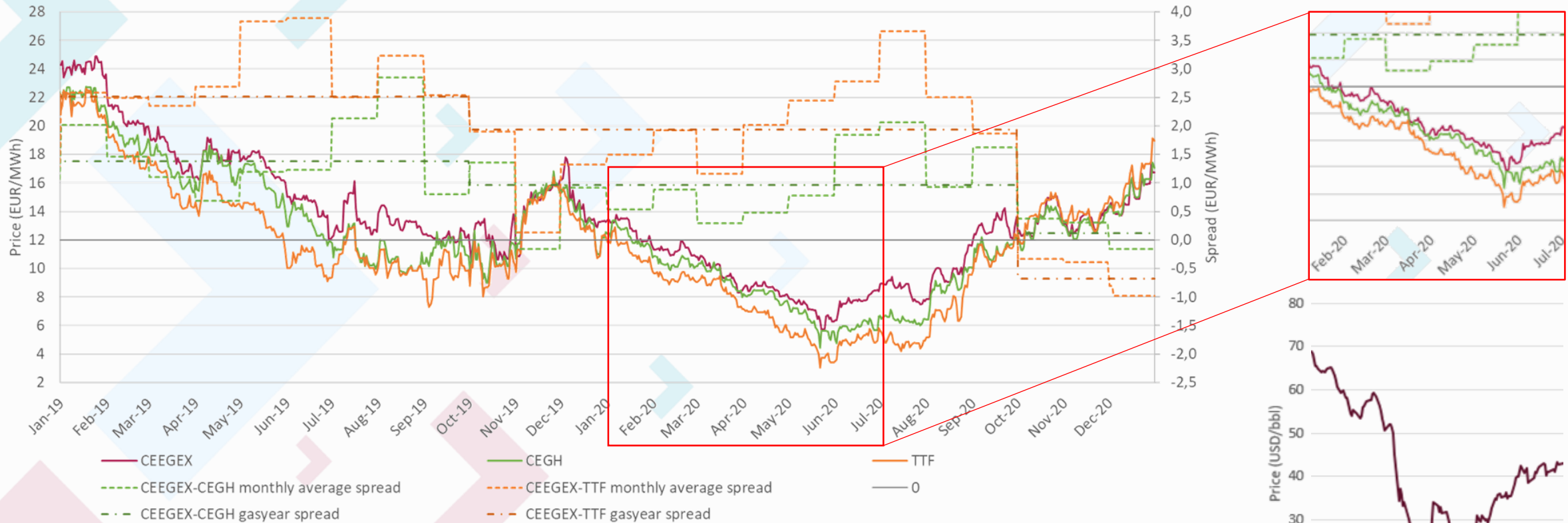
Regional Within-Day monthly volumes

Source: CEGH, TGE, OTE, CEEGEX

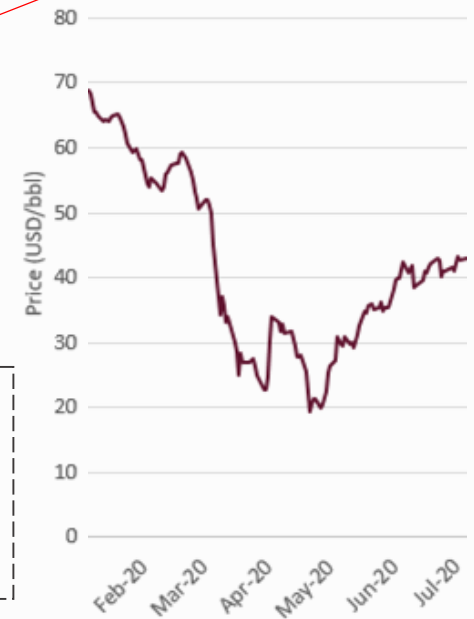


CEEGEX spot and benchmark prices

Source: CEEGEX, EEX, ICE

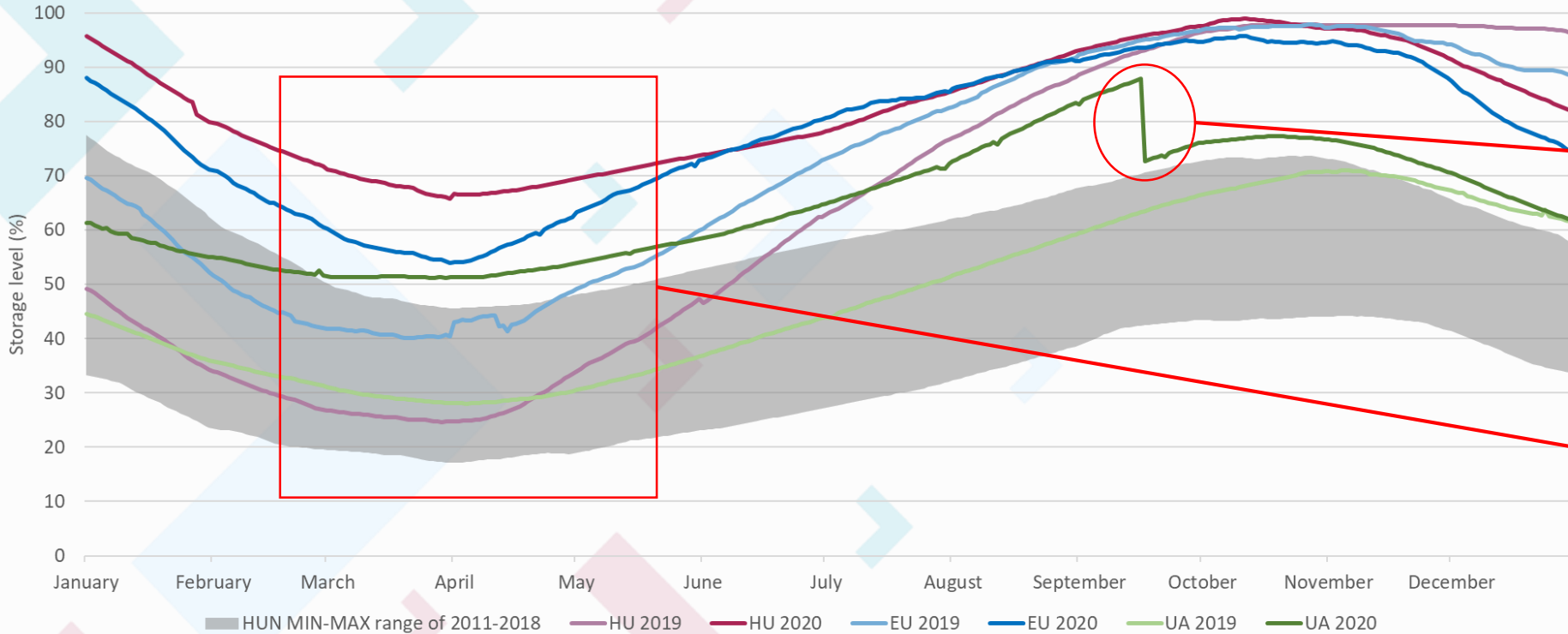


- No (only minimal) correlation between the gas and the Brent oil price
- The average difference between spot winter and summer was 3.4 €/MWh in gas year 2018/19 (8.7 € in 19/20)
- The lowest reference price of CEEGEX history in May
- New trend: CEEGEX price is under TTF since October 2020



High gas storage level at the start of summer season

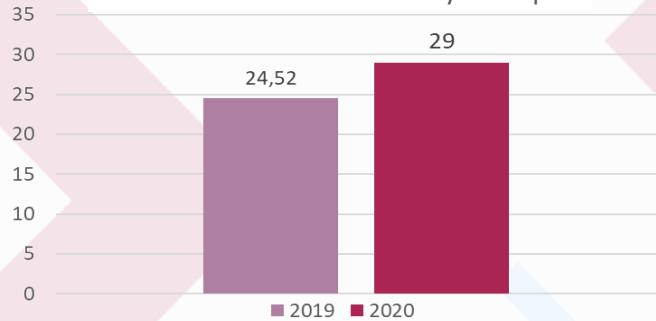
Source: AGSI, Naftogaz



The algorithm for mapping key performance indicators of underground gas storage facilities changed. Long-term gas has been separated, which is a total 4.6 bcm of natural gas.

The stored capacities stayed on high level in Hungary, EU and Ukraine. Only 30% decrease between January and April 2020. 50% storage level is higher than the Hungarian max level since 2011.

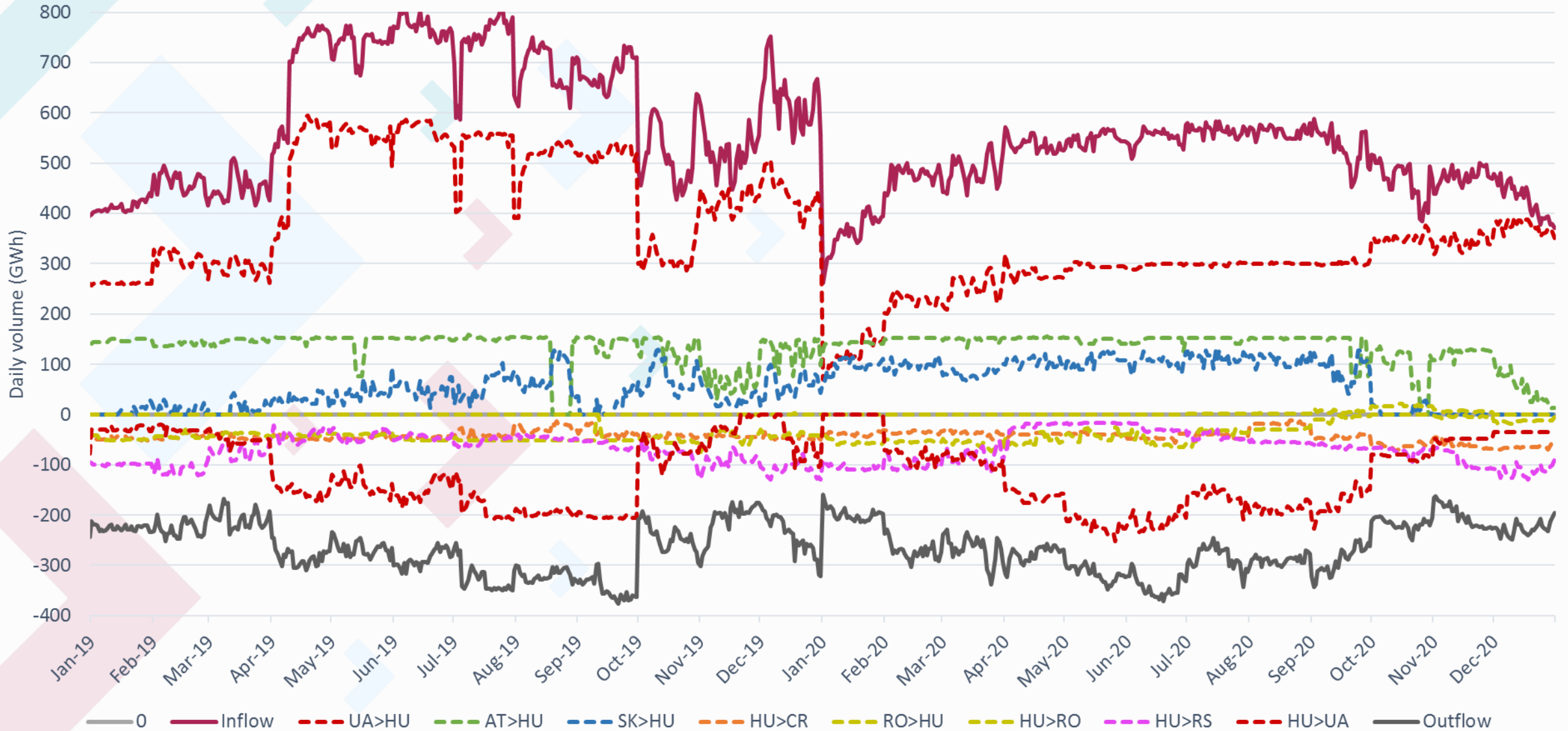
Withdrawal between January and April



- New trend outlining? Utilizing the full capacity of storages?
- The big amount of gas could be incentive for the traders to change their portfolio management
- Gas price has been affected by the high storage levels
- The frequently used storage capacities could mitigate the volatility of gas price

Allocations on Hungarian cross-border points

Source: FGSZ IP



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Krk LNG terminal

Source: ENTSOG, LNG.hr, MFGK

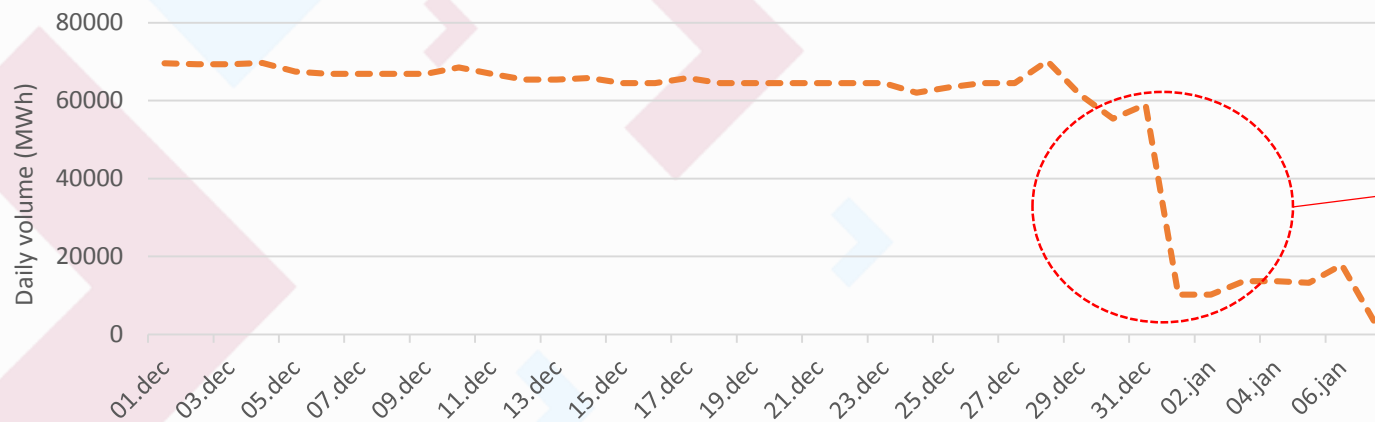
In the summer of 2020, the Croatian subsidiary of **MFGK** secured a total of **6.75 bcm of capacity** for the period from January 2021 to October 2027. This annual 1 bcm capacity is equal to 10% of Hungary's annual gas demand.

In September 2020, **Hungary** signed a **6 year term agreement** with **Shell** to receive **0.25 bcm of LNG annually**, via Krk LNG terminal.

On 1st January, 2021 the total **2.6 bcm/y capacity** Krk LNG terminal launched commercial operation.



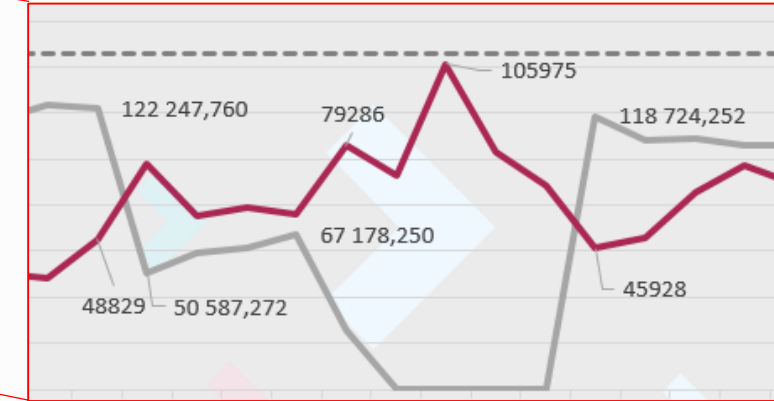
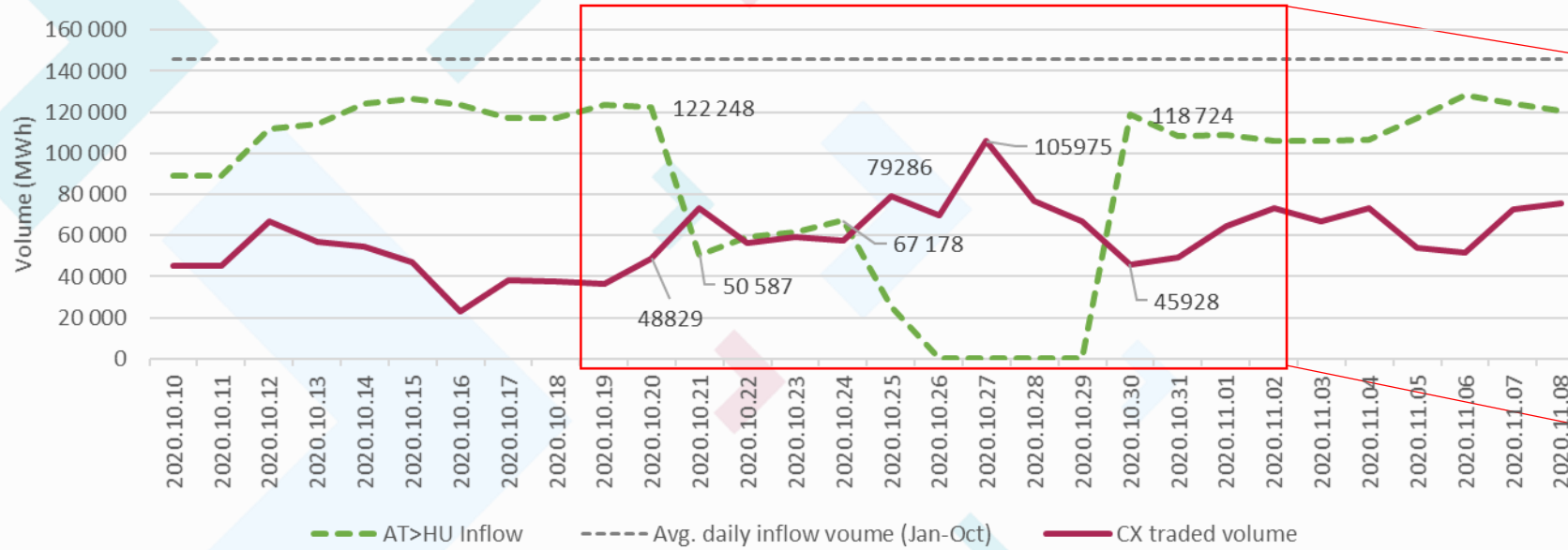
Drávaszerdahely Physical Flow



Gas delivery started on 1st January, which can be seen in the decline of the physical flow of the Drávaszerdahely (HU>HR) interconnector.

AT>HU interconnector outage

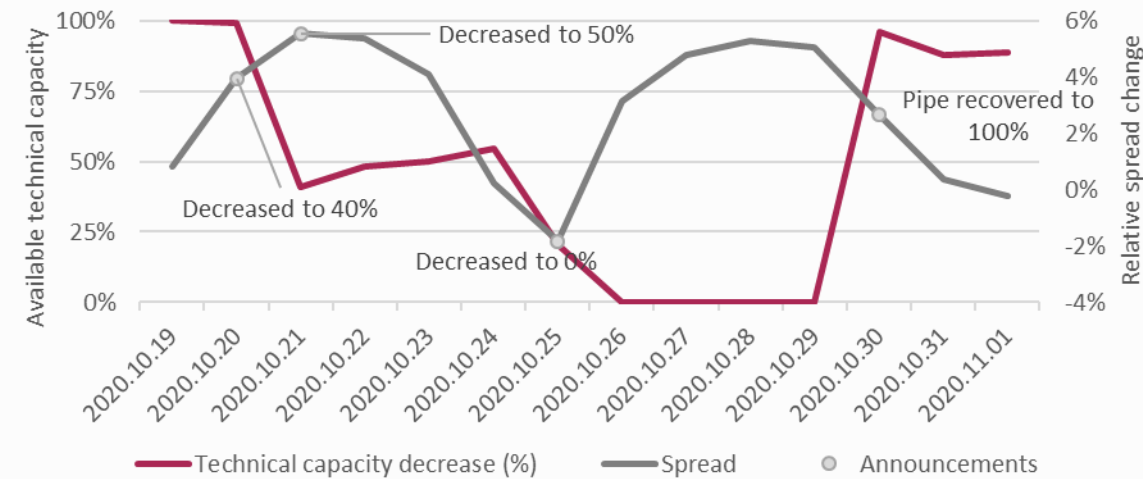
Source: FGSZ, CEEGEX, CEGH



From 20th to 30th October FGSZ gradually decreased the capacity of Mosonmagyaróvár interconnector due to an unfortunate event.

During the outage and parallel with the capacity decrease the CEEGEX traded volume, and the CX-CEGH spread started to increase.

However it was not permanent and ceased when the maintenance completed.



Trans Adriatic Pipeline

Source: ICIS, TAP

On 15th November the Trans Atlantic Pipeline became operational. The first delivery has arrived to Italy on 31st December.

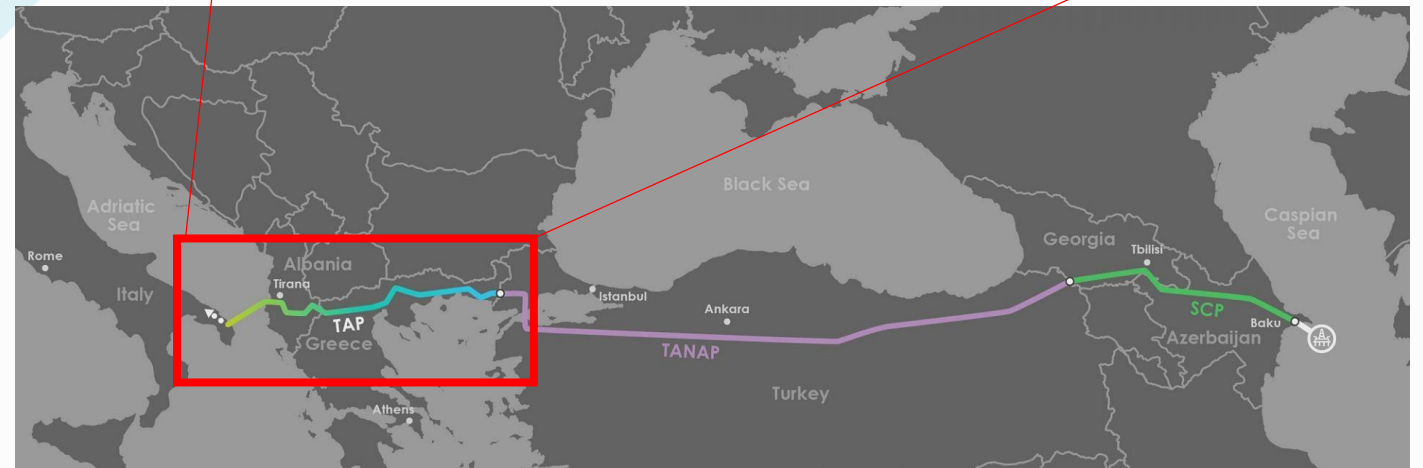
The 878 km long TAP connects to the TANAP Turkish pipeline in Greece. With this connection gas delivery started to Italy from the Azerbaijani Caspian Sea gas fields.

TAP's capacity is 10bcm/year but can be increased up to 20bcm.

95% of its total capacity has been already secured for 25 years.

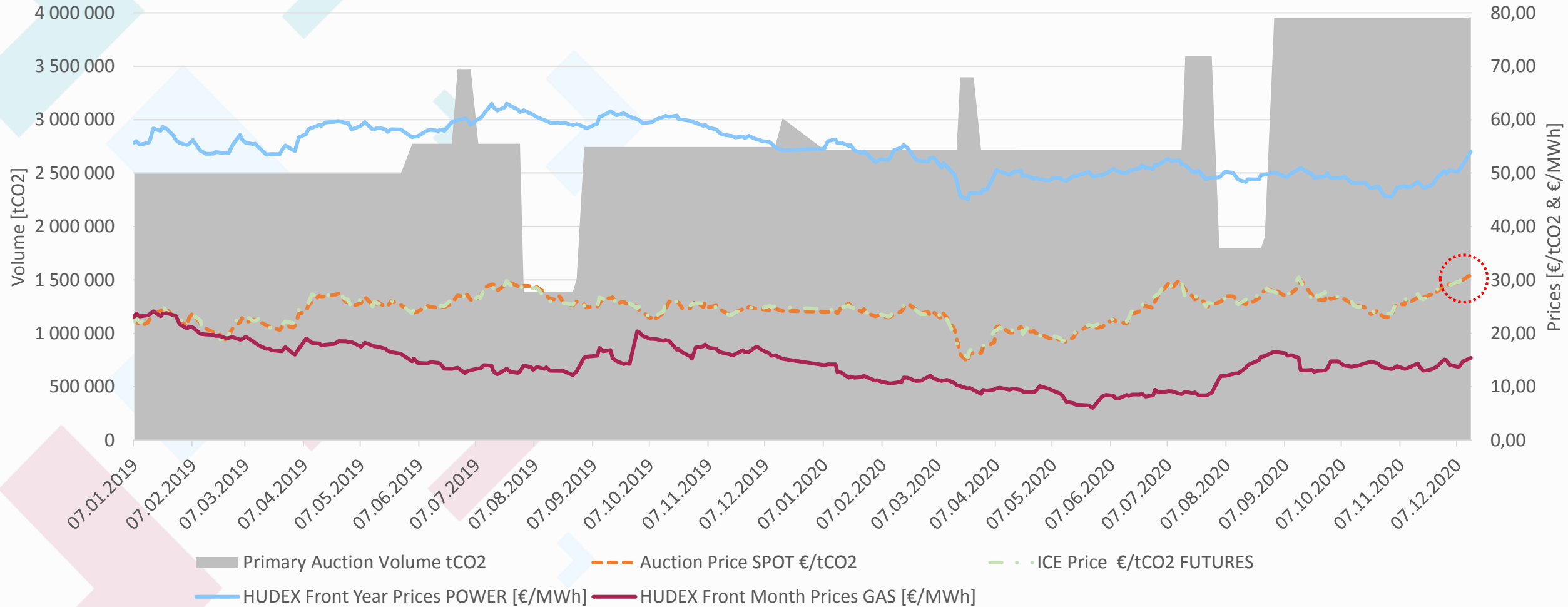
With the operation of TAP, **Europe increased its security on natural gas supplies.**

The new supply into Italy may **reduce the volumes from Austria to Italy** and potentially has an influence on Central European gas flows.



EUA prices rocketed higher at the end of 2020

Source: EEX, ICE, HUDEX



Primary EUA auction and secondary trading price levels show the same picture. A strong correlation can be observed between the HUDEX and EUA prices.

Outlook for 2021

Source: ICIS, Argus, Energetika.net

Infrastructure & market integration

- 1 Nord Stream 2, 2021
- 2 RS>HU natural gas direction, Q4 2021
- 3 THE (The Hub Europe) NCG-GASPOOL VTP merger October 2021

Green Deal

- Hydrogen
- Energy efficiency obligatory scheme

