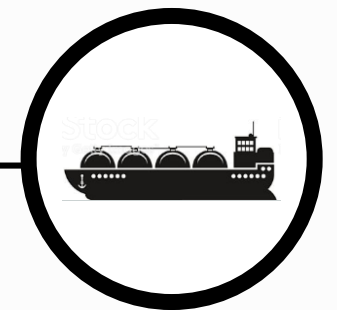


# Global & Regional Market Analysis

Natural Gas

September 2021

04/10/2021



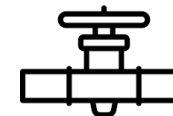


# Stories of the recent weeks

Despite of the high European gas prices, Dutch government will not raise the production in Groningen, aiming to completely shutting down the field in 2022-23



Baltic pipeline reached the Polish border and is on track to deliver its first gas in Q4 2022, while Polish-Slovakian and Polish-Lithuanian interconnectors are planned to start in 2022 as well



More than 40 members of the European Parliament asked the European Commission to investigate a possible market manipulation in the relation of high gas prices and the activity of Gazprom



Rosneft is aiming for a possible 10 bcm gas export as the European Union plans to apply EU rules on Nord Stream 2, which could restrict the exported volumes of Gazprom

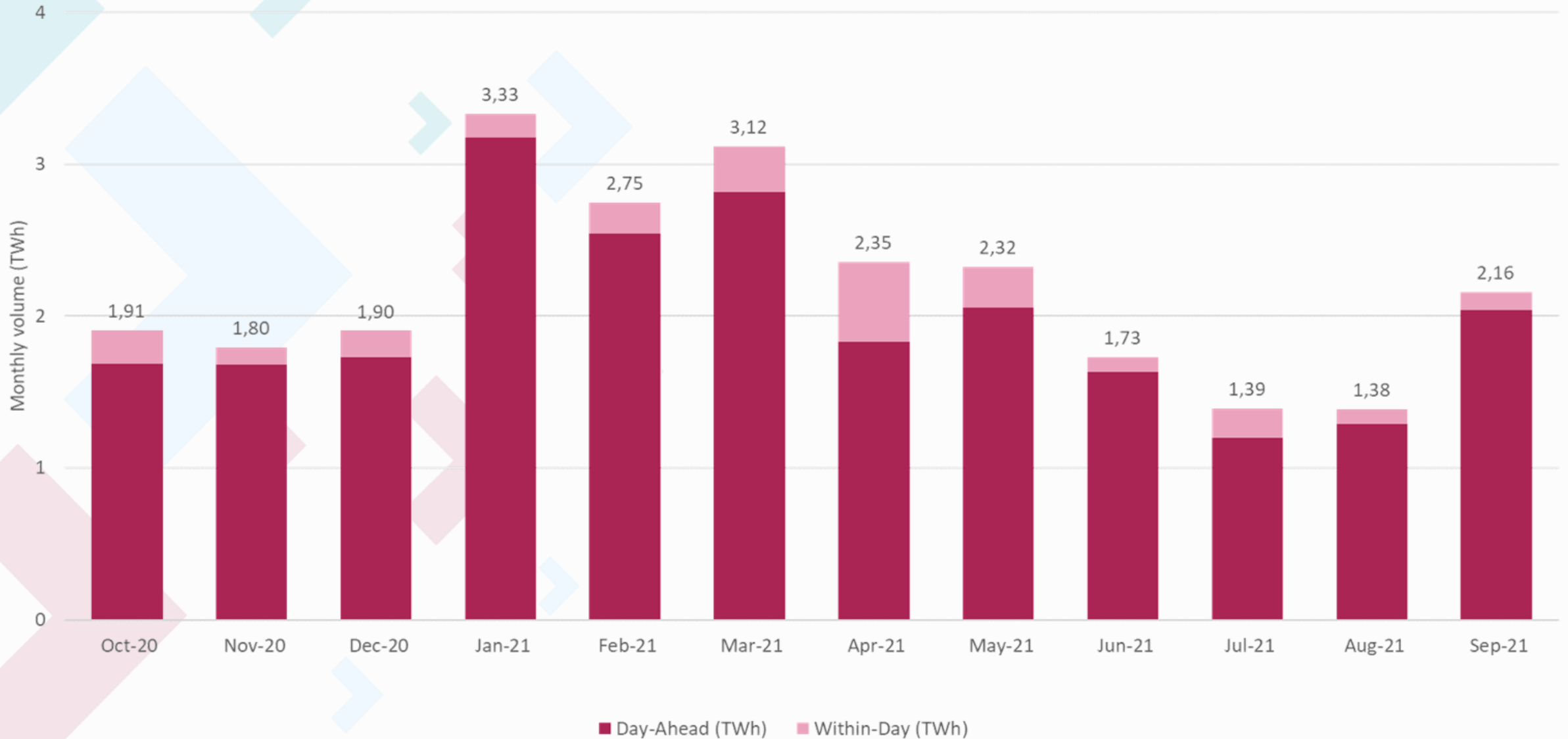


The new Russian-Hungarian gas deal signed in September has led to a minor diplomatic conflict between Ukraine and Hungary. Ukraine is asking the European Commission to review the deal



# CEEGEX monthly traded volumes

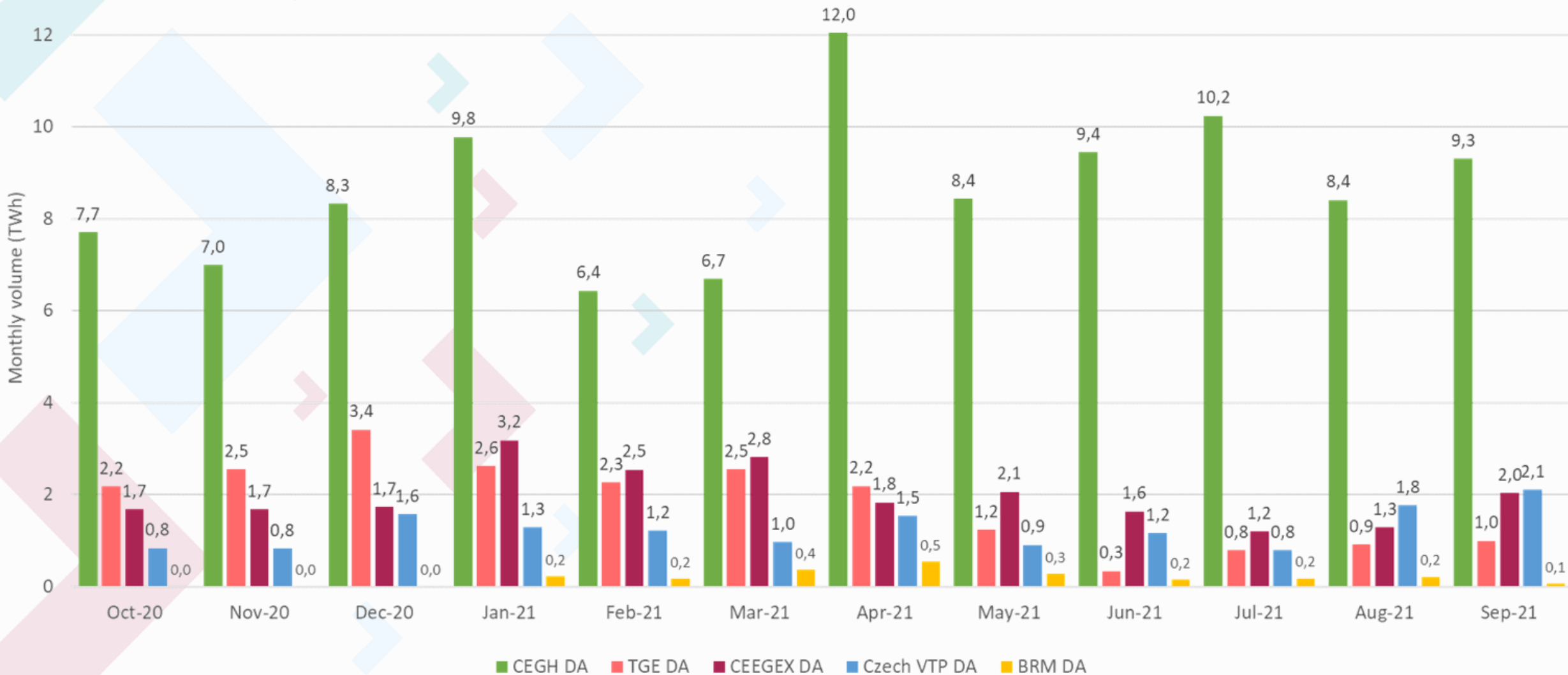
Source: CEEGEX



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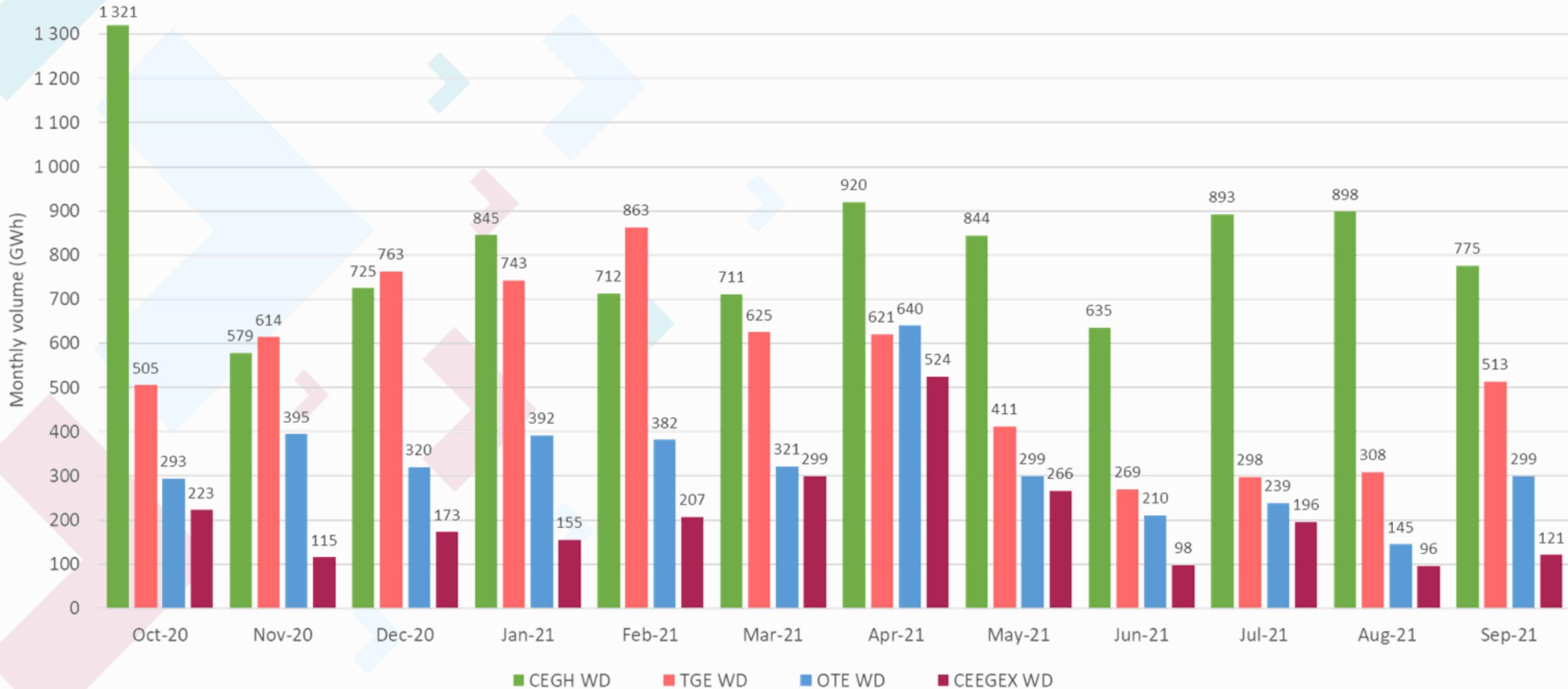
# Regional Day-Ahead traded volumes

Source: CEEGEX, EEX, TGE, BRM



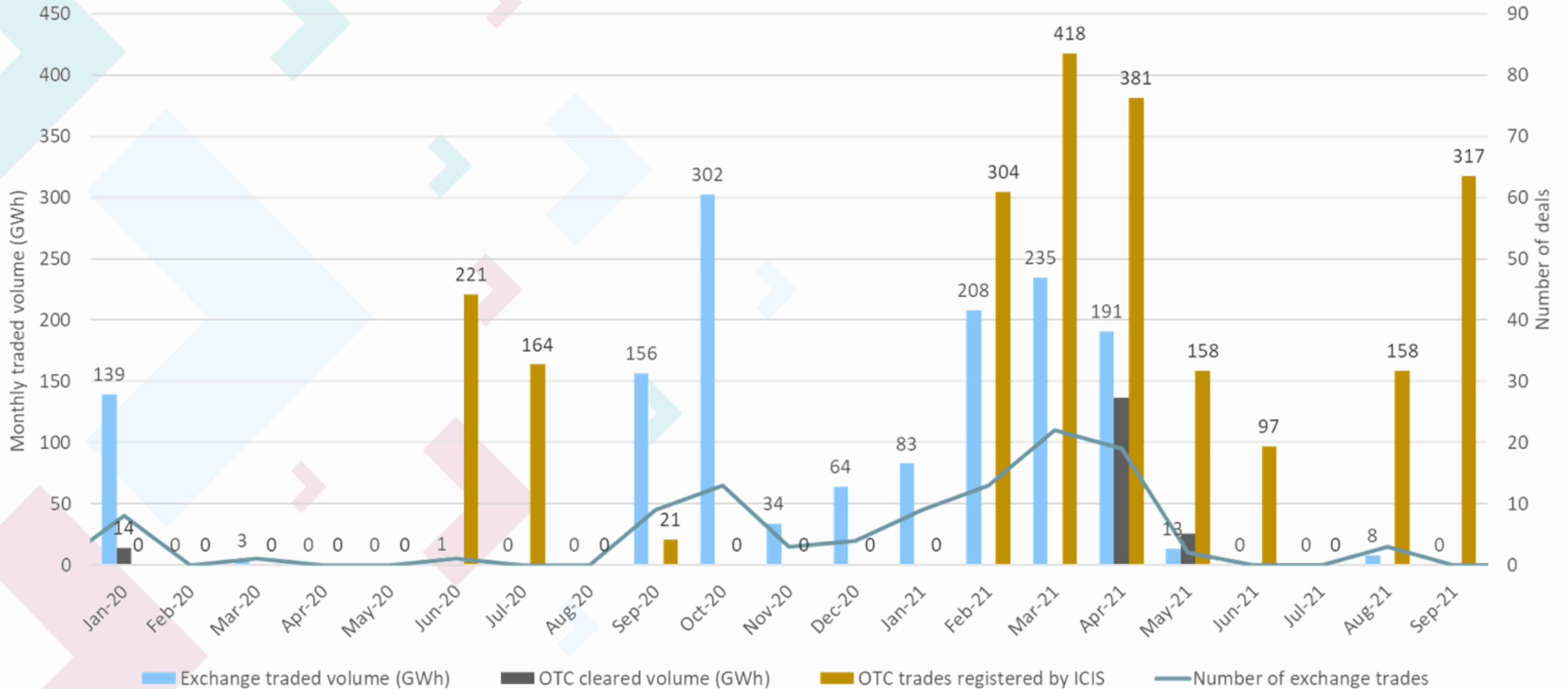
# Regional Within-Day traded volumes

Source: CEEGEX, EEX, TGE, OTE



# HUDEX Natural Gas Segment and OTC volumes

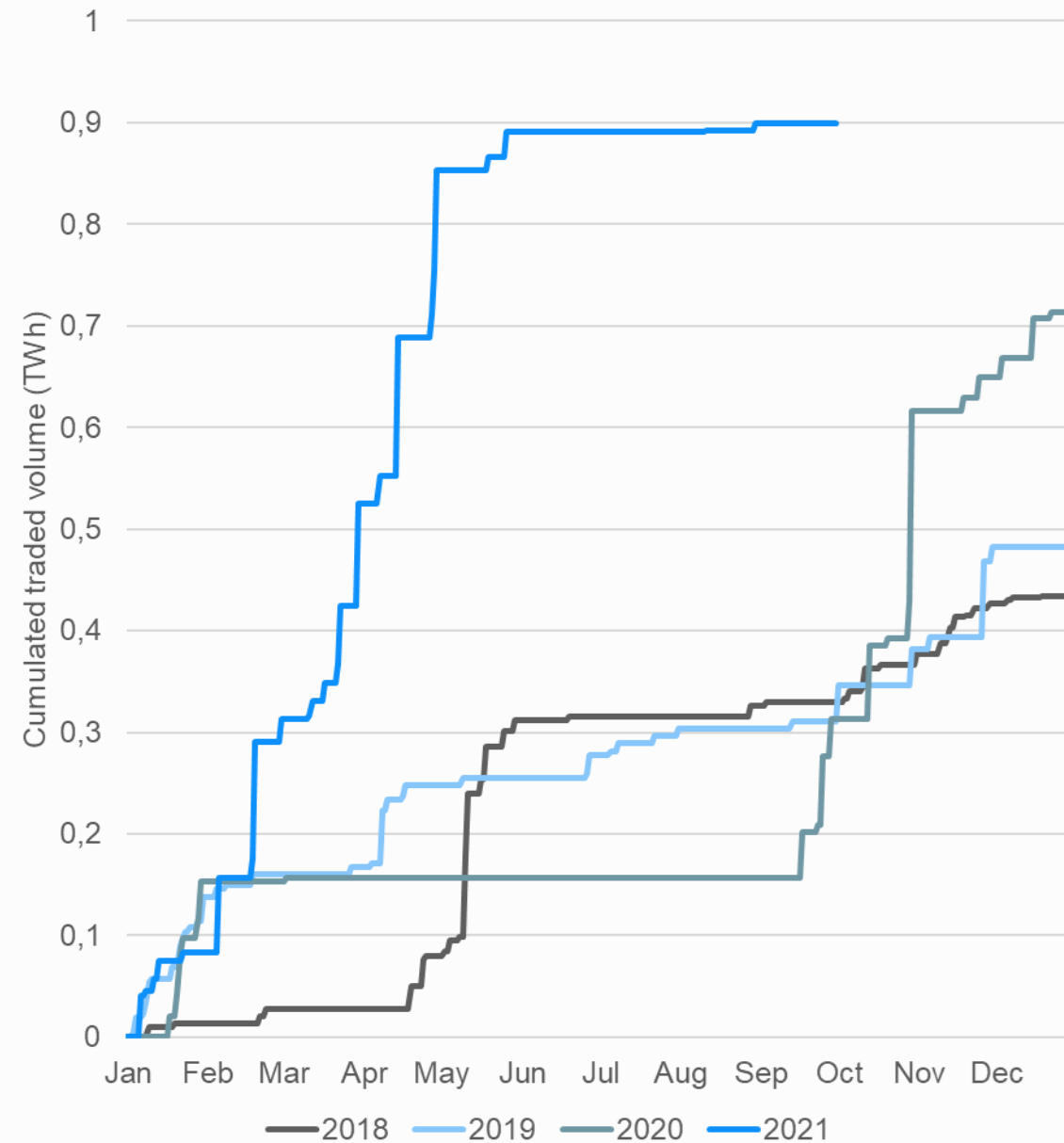
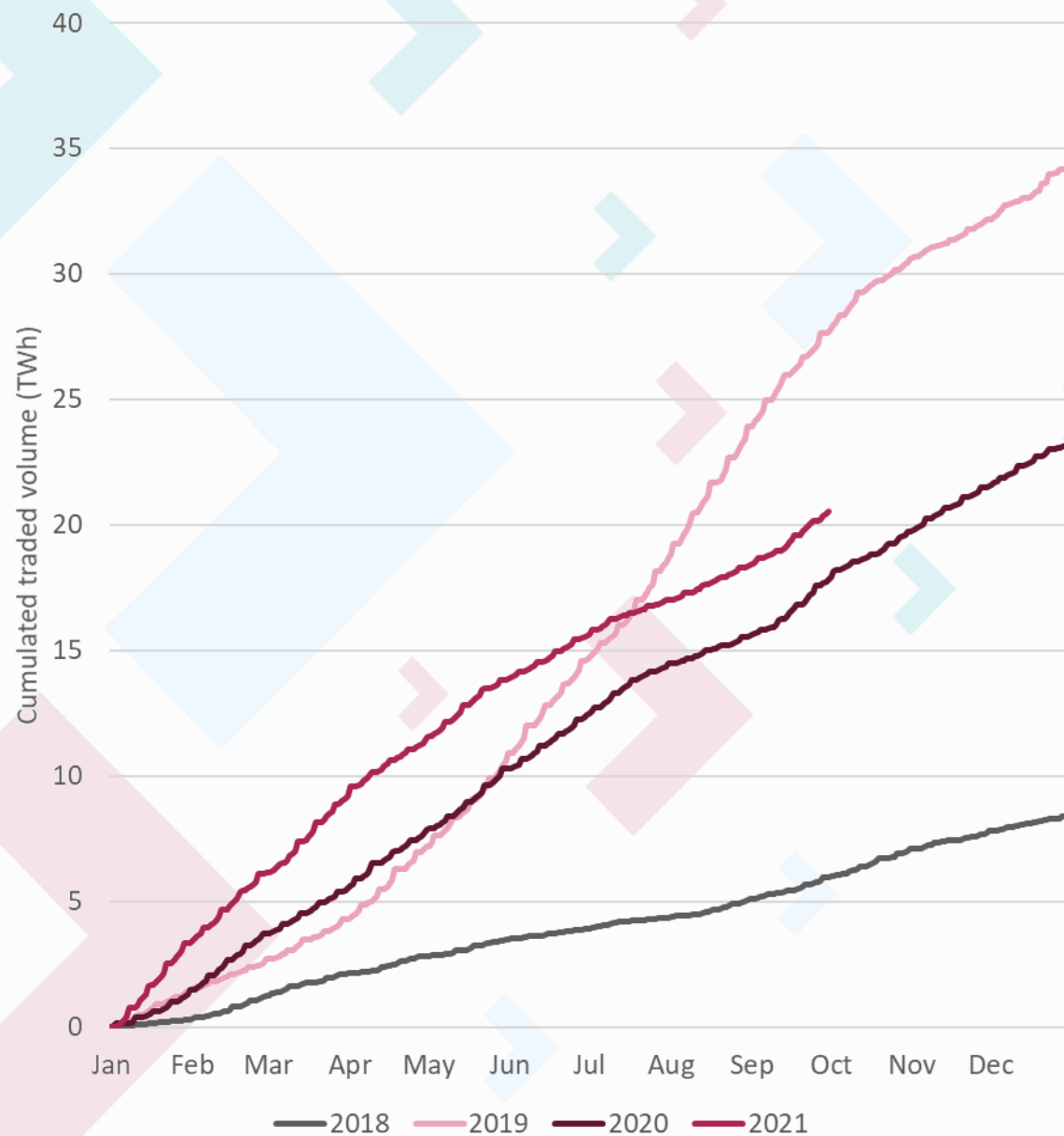
Source: HUDEX, ICIS



More than **1.5 TWh OTC trades in 2021** (2019 – 370 GWh, 2020 – 384 GWh).  
 Most of the trades registered by ICIS are **curve products**, months and quarters.

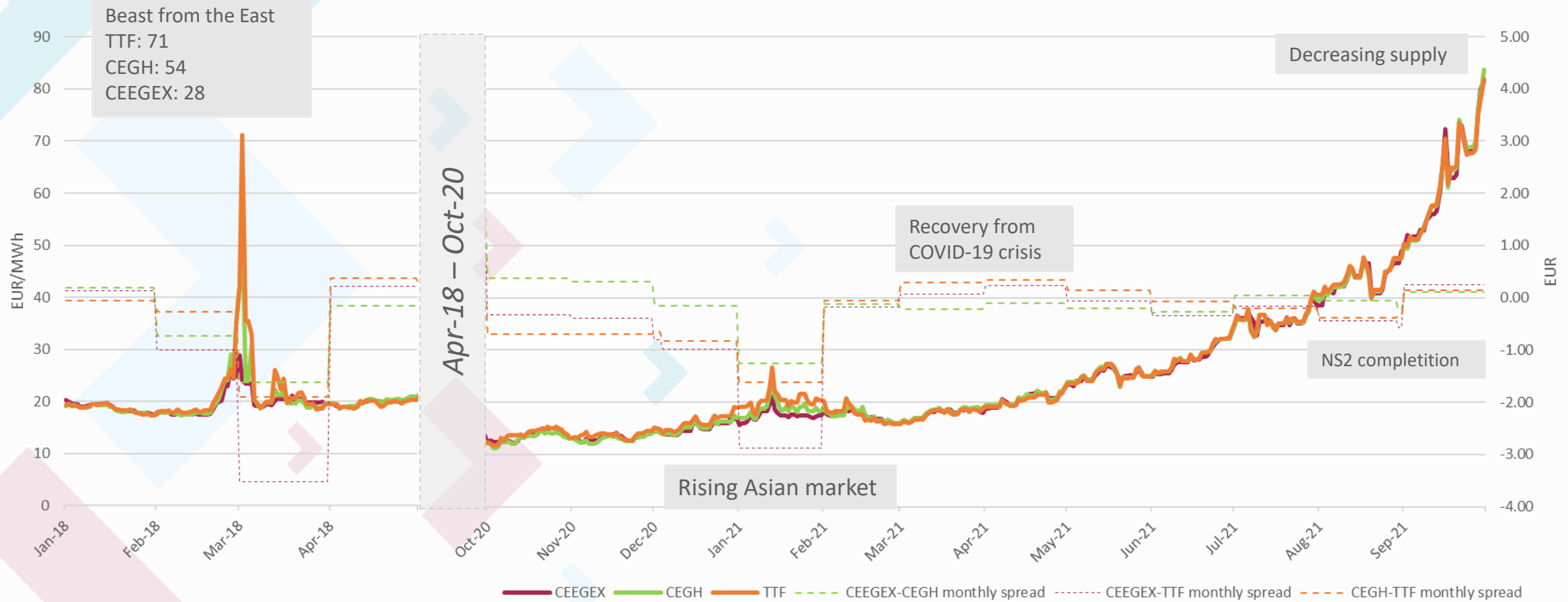
Rare trades: Balance-of-Week, Balance-of-Month, sometimes Day-Ahead and Within-Day.

# CEEGEX and HUDEX Natural Gas cumulative annual volumes



# Historical price movements

Source: CEEGEX, EEX, Montel, REKK

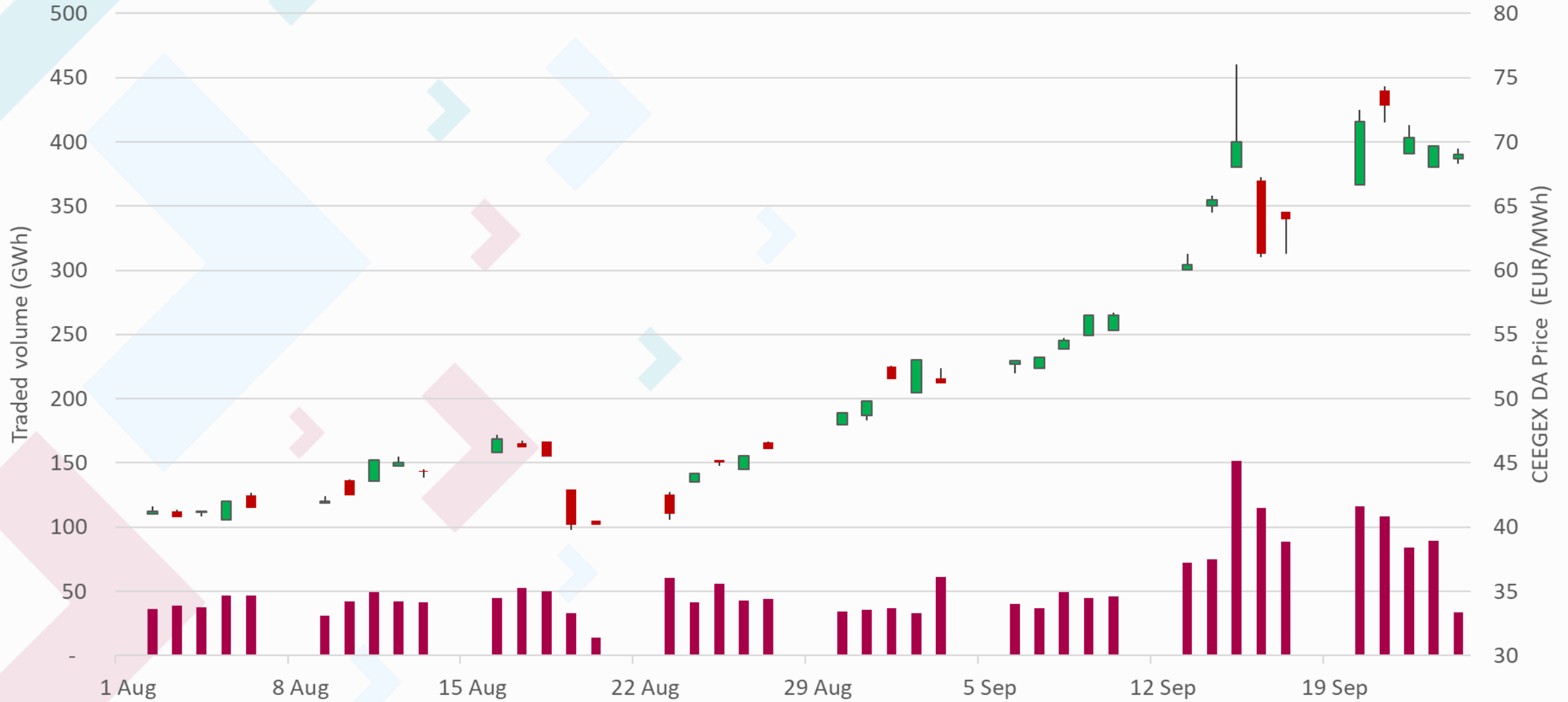


In the past few years, gas prices have been driven by a number of spikes. On the positive side the Beast from the East and the currently unfolding energy crisis and on the negative side the COVID-19 pandemic were the strongest. The positive spikes show similarities on storage levels, weather, supply (mainly from Russia) and LNG (Asian markets). However, as can be seen in the spreads, in the case of Beast from the East western markets were more affected. However, in the current situation the problem is not only regional, but affected on the whole EU. Market expectations are heavily dependent on news about Nord Stream 2 and Russian supply. This was illustrated by the event at the end of September, when a sudden gas flow disruption on the Yamal pipeline pushed the price over the historic 80 EUR level. In September the reference price on CEEGEX increased by more than 40 EUR (65% increase).



# CEEGEX Day-Ahead volumes and candles

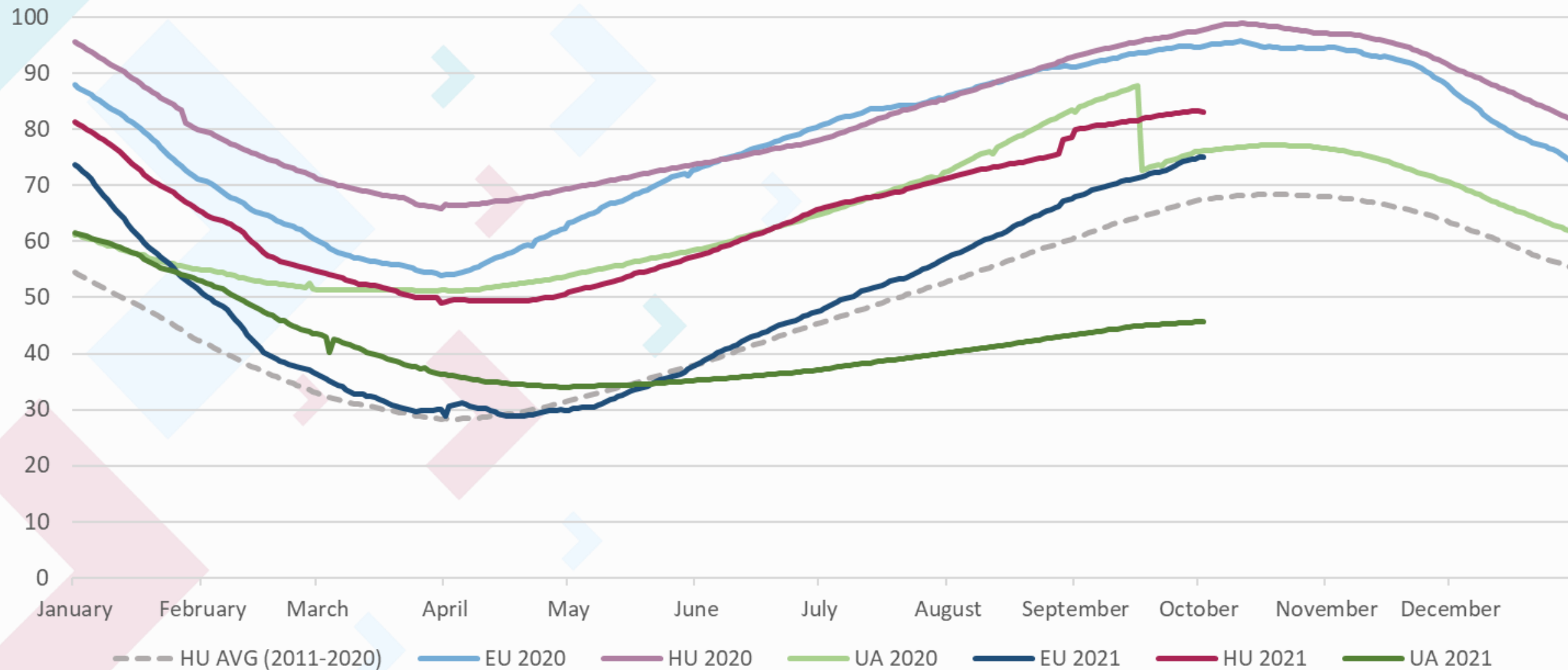
Source: CEEGEX



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# Regional storage levels

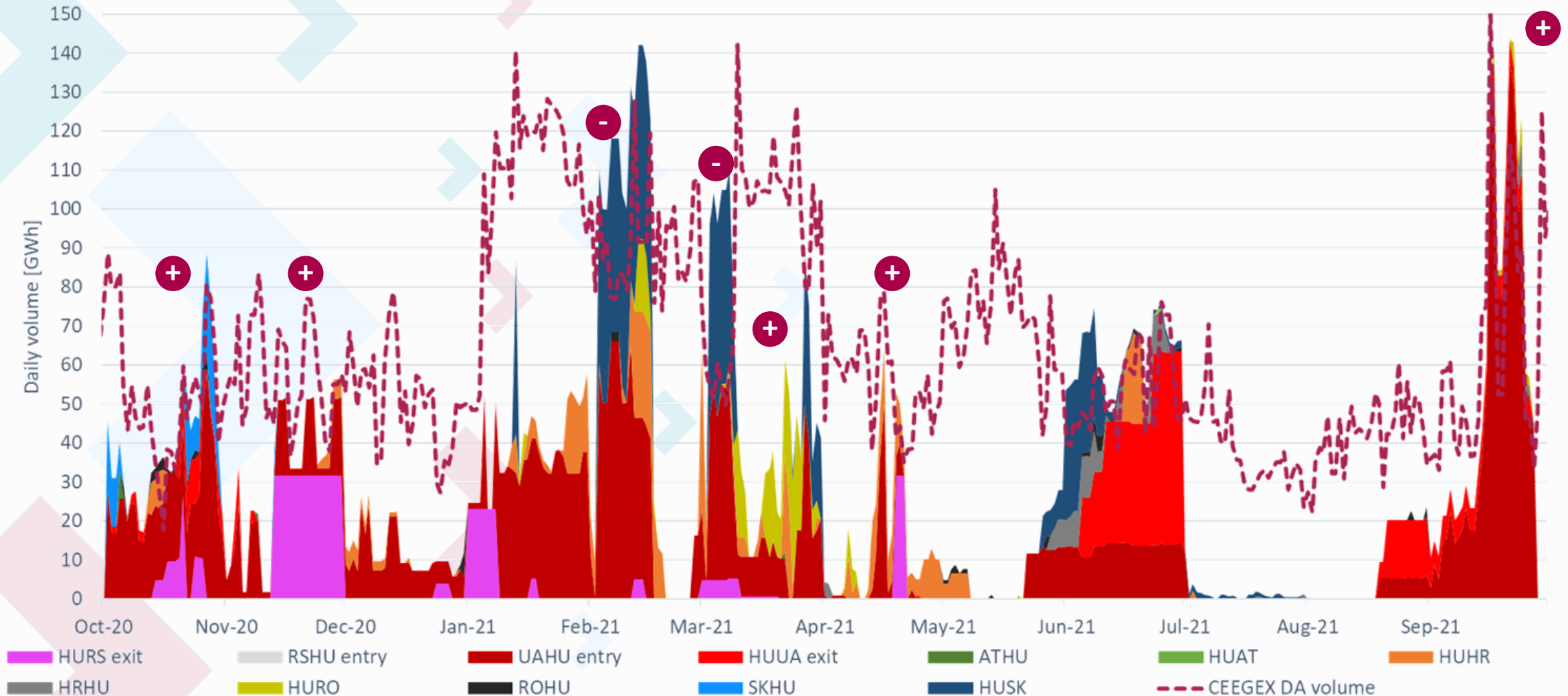
Source: AGSI



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# Day-Ahead capacity bookings at Hungarian IPs

Source: RBP, CEEGEX

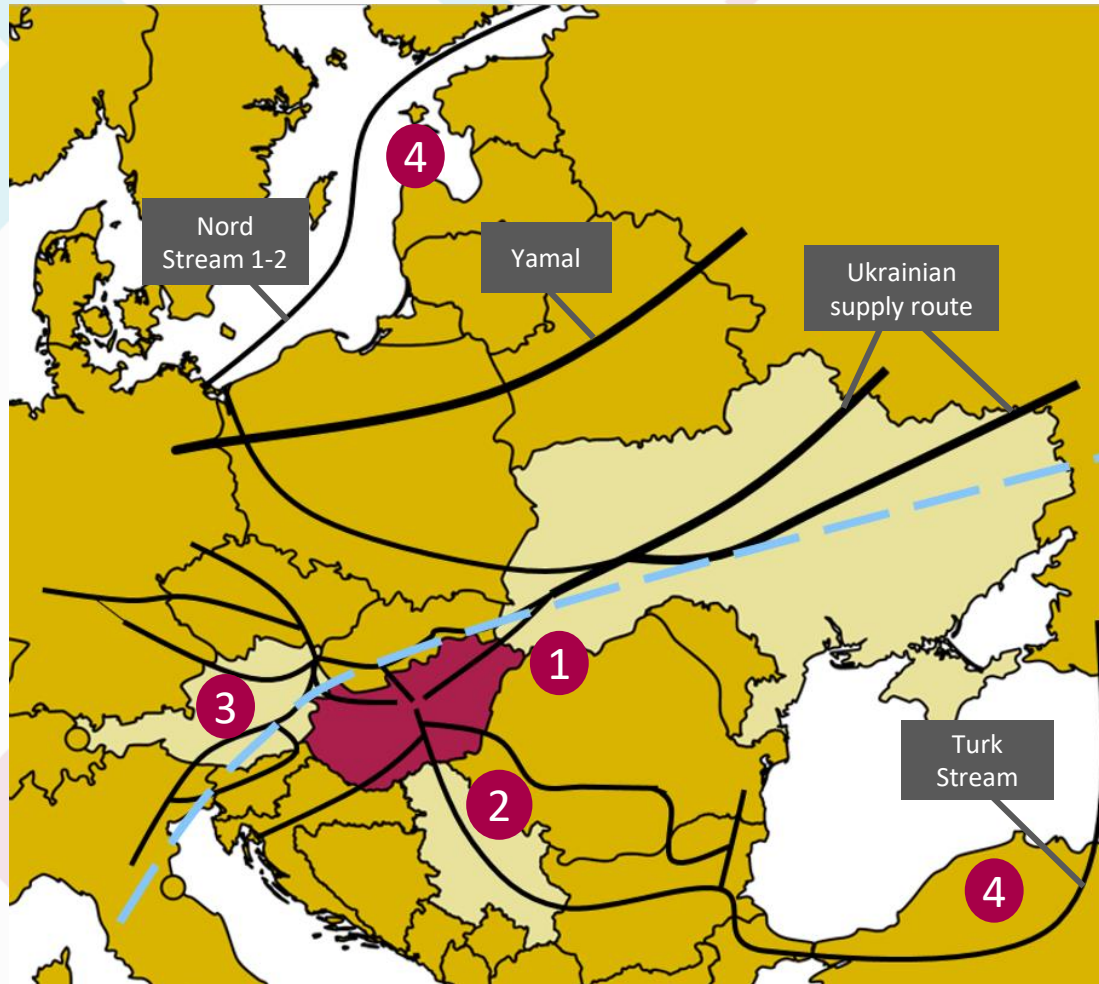


Before October, 2020, HU>UA and SK>HU DA capacity bookings showed positive correlation with CEEGEX DA volumes.

In the last gas year CEEGEX DA volumes showed:

- + Positive correlation with UA>HU, HU>RO and HU>HR DA capacity bookings
- Negative correlation with HU>SK DA capacity bookings

# New Russian gas deal



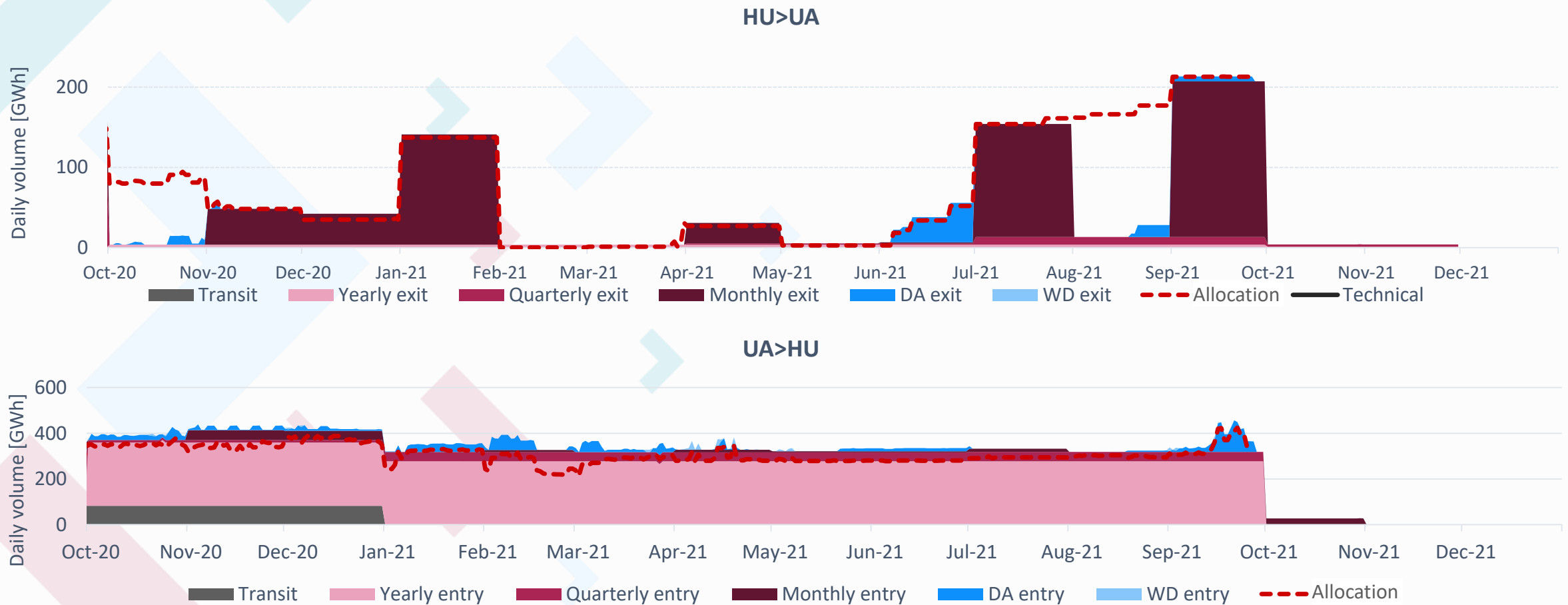
- 1 Under the new agreement, Hungary will buy gas from Russia by bypassing Ukraine.
- 2 Nearly 80% (3.5 bcm/year) of this gas will come from the new southern route from the direction of Serbia.
- 3 The other part of the dealt gas volumes will delivered through Austria.
- 4 Countries under the blue line will receive gas via the Balkan and the countries above will receive via Yamal & Nord Stream 1 & 2.

Previous deal	Current deal
1996-2015 (extended to 2021)	10+5 years
Mostly from Ukraine	4,5 bcm/y (from Serbia and Austria)
Take-or-pay	Take-or-pay

The current contract is essentially for smaller quantities (about half of the previous one) and for a shorter period than the previous one. This may be due to the Krk LNG terminal, take-or-pay clause and the quantities not used in the previous contract. The route bypassing Ukraine led to a minor diplomatic conflict at the end of September.

# Ukrainian direction after new gas deal

Source: RBP, FGSZ IP



Under the new Russian-Hungarian gas deal, gas will come to Hungary from Russia, bypassing Ukraine. This is also visible in the capacity bookings. As the physical flow of gas is unidirectional along this route, the possibility of the Ukrainian reverse direction is expected to be eliminated in the future.