

Global & Regional Market Analysis

Natural Gas

May 2019

01/06/2019



Stories of May

LNG flows remain high but are likely to decrease a little as storages are filling fast and there may be no space left by the end of the summer at this rate of injection

Prices are expected to keep going down for the summer months while the forward curve from Win19 onwards remains a sustained level with - reasonable Oil & Coal prices



Russian and Norwegian flows remain high with still at a high premium between east and west (PSV - TTF)



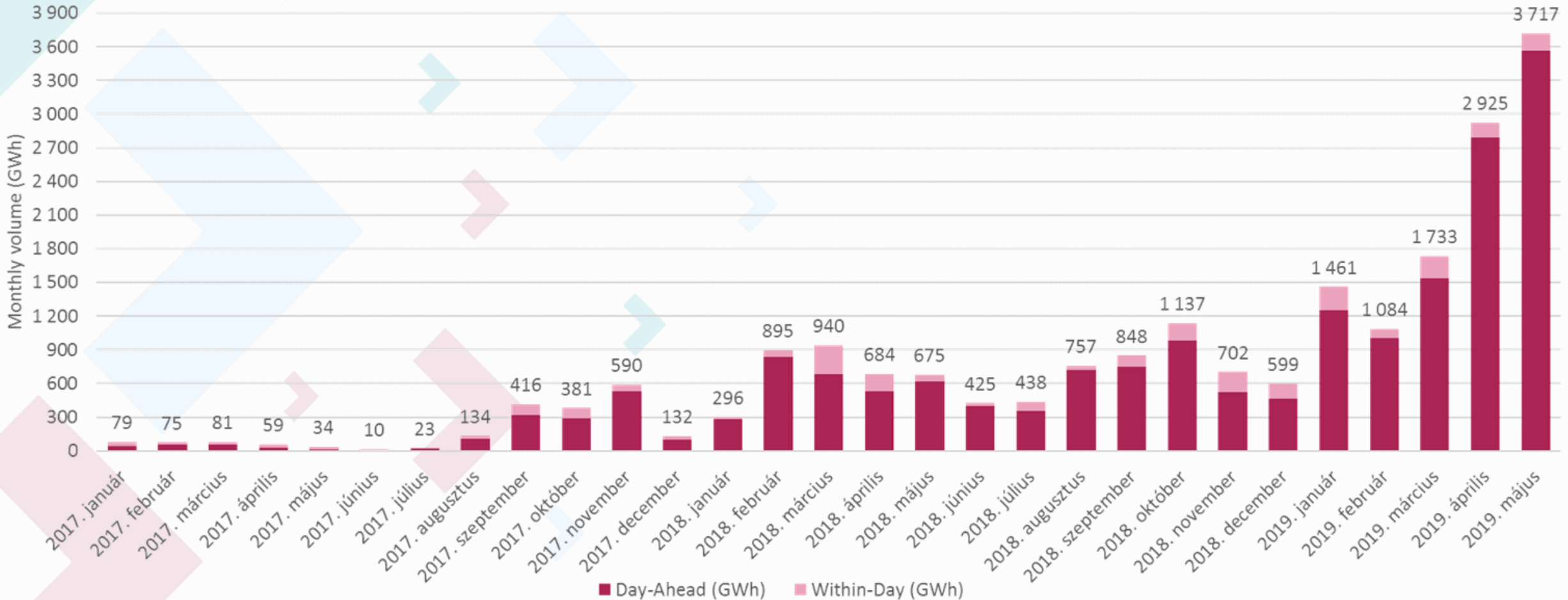
JKM prices down as LNG production increase outweighs demand growth in Asia, abundant stocks leftover from winter and return of Japanese nukes

A fresh batch of Final Investment Decisions (FIDs) for the new wave of US LNG exports projects may be coming in the next few months



Spot market monthly volumes of CEEGEX

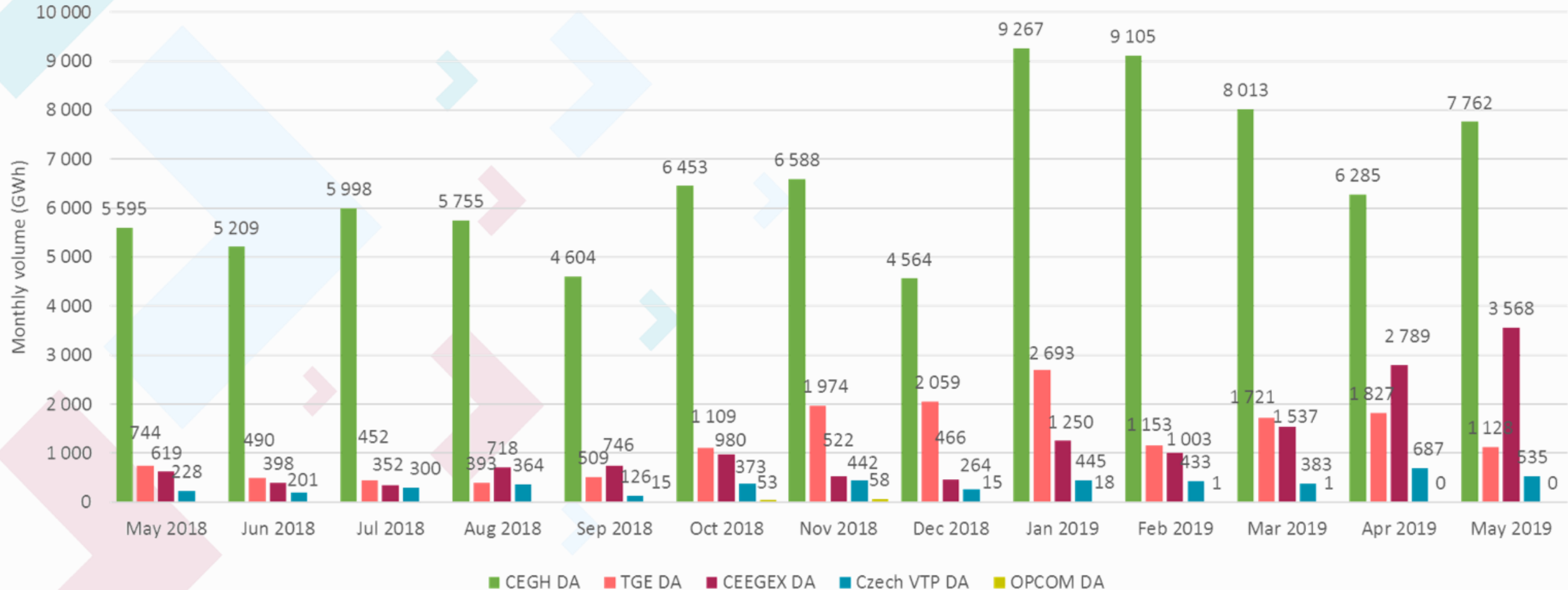
Source: CEEGEX



In May CEEGEX spot market volume reached record once again with 3.7 TWh volume boosted mainly by Day-Ahead volume

Regional Day-Ahead monthly volumes

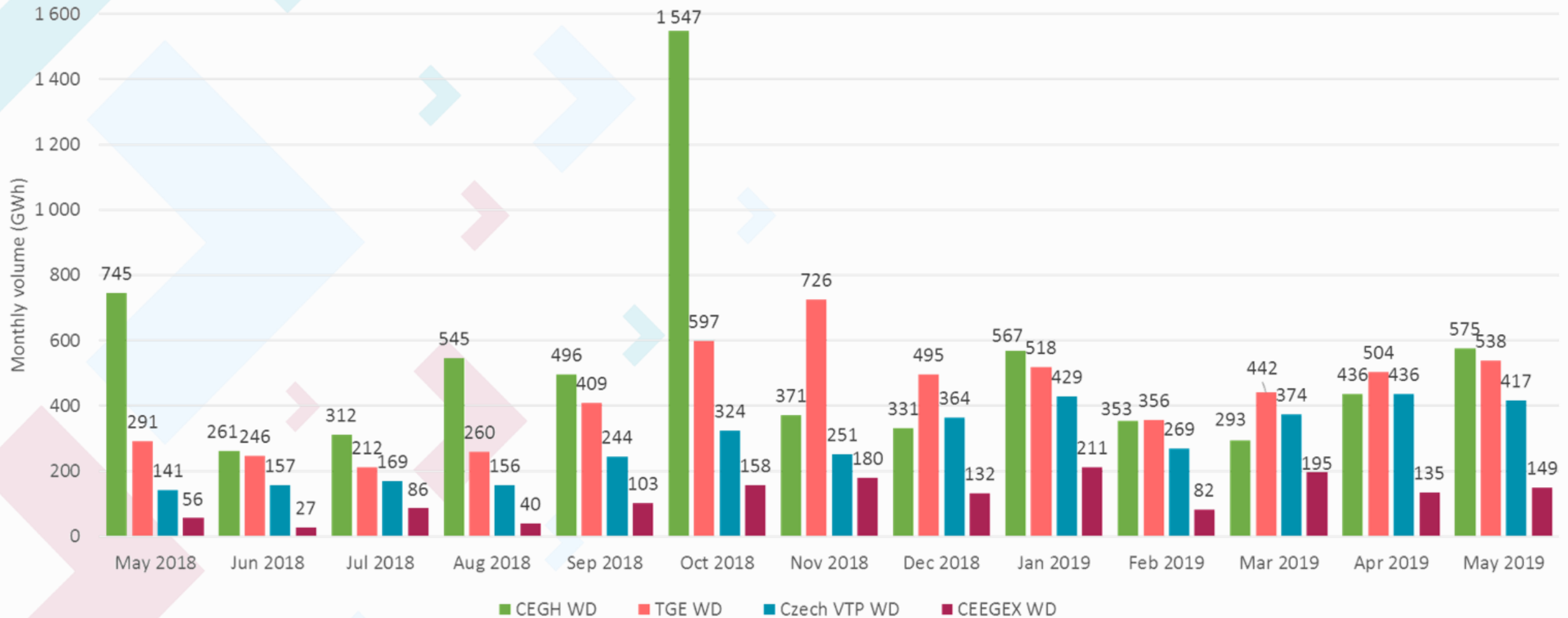
Source: CEGH, TGE, OPCOM, CEEGEX



CEEGEX is now the second largest gas exchange in the region for the second month in row. While CEGH could grow also in May, CEEGEX daily volume approached the Austrian volume on many days

Regional Within-Day monthly volumes

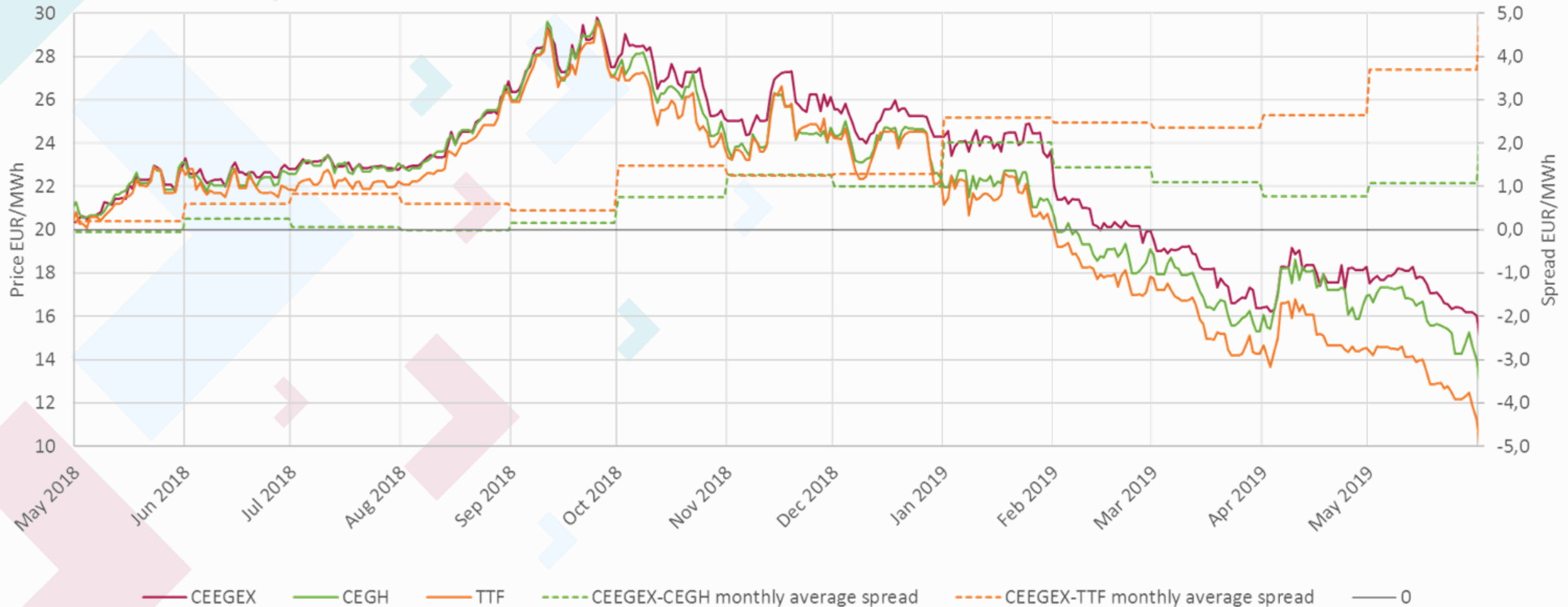
Source: CEGH, TGE, CEEGEX



In May the regional Within-Day volumes grew slightly, showing the pattern could be observed last in January. CEEGEX kept failing to reach the level of the regional balancing markets

Hungarian and benchmark spot gas prices

Source: PEGAS, CEEGEX



In the last two month spot market gas prices were hawkish with huge volatility. In May the TTF reached 12 EUR/MWh level, a key level couldn't be observed for 3 years. The CEEGEX-CEGH spread was volatile also during the month, thus the average remain stable

Technical analysis of CEGH DA reference prices

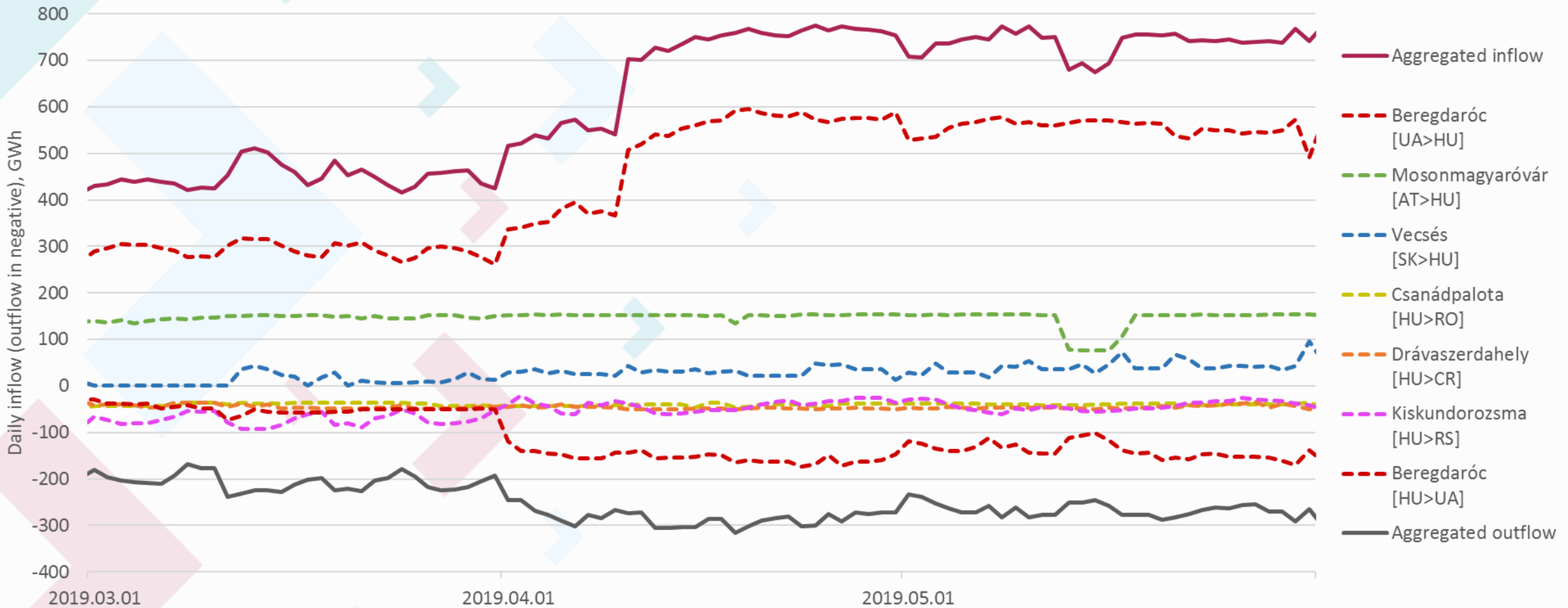
Source: PEGAS



The bearish trend continued in May as by the end of the month the DA reference price closed far below the EMA-20 and EMA-100 as well

International gas flows on Hungarian cross-border points

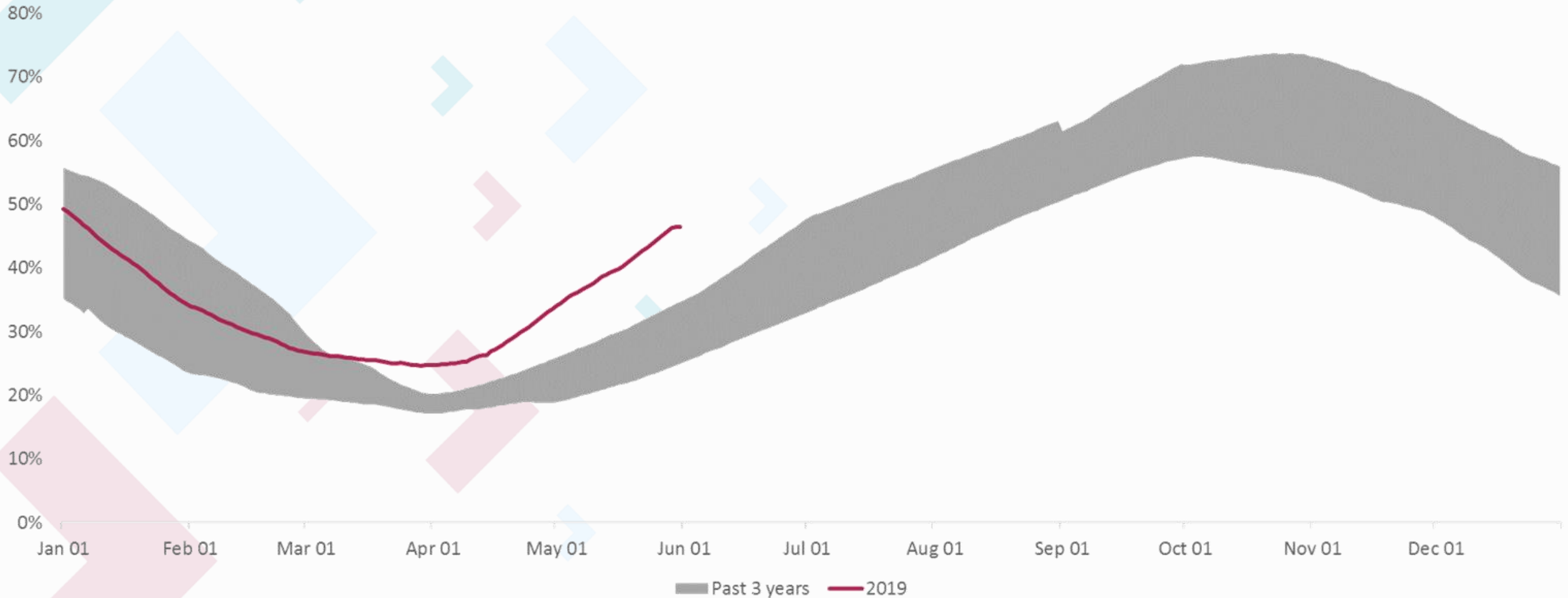
Source: FGSZ IP



Regional gas flows remained high in May, without any significant change in this quarter. The maintenance at the AT>HU interconnector reduced the HU>UA gas flows also

Natural gas storage in Hungary

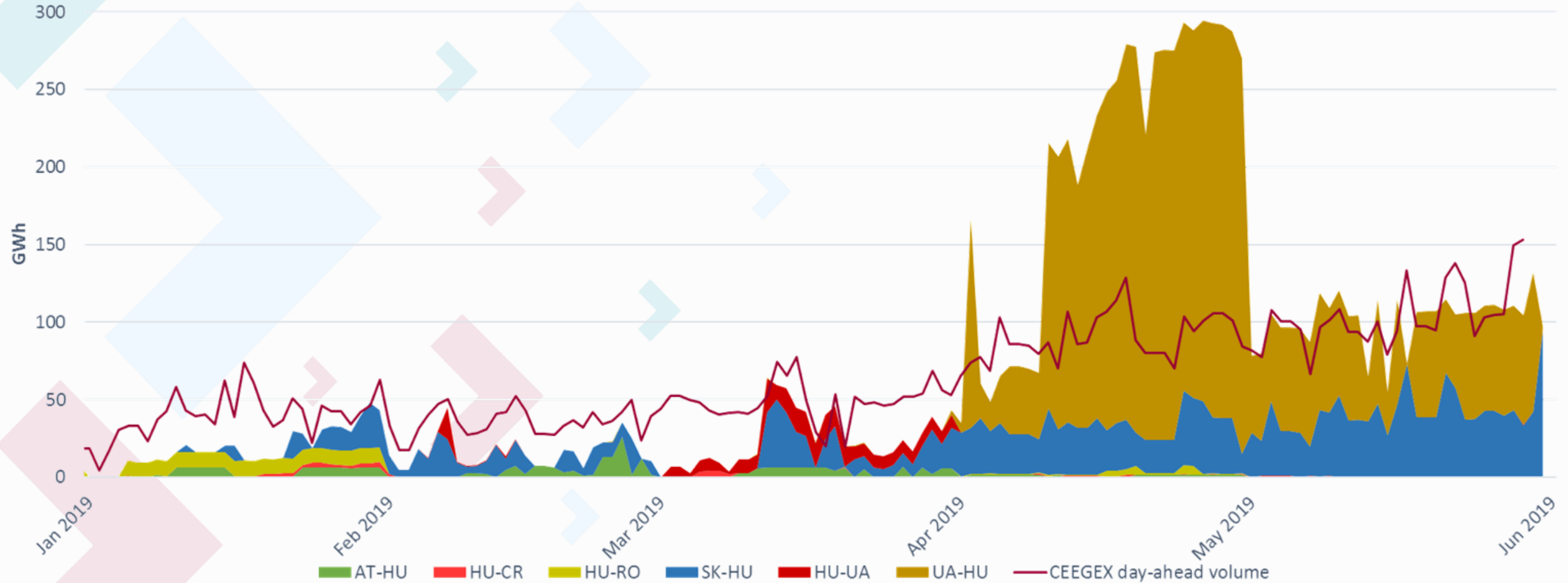
Source: AGSI



The aggregated capacity use of UGSs continue to show steep increase in May, keeping the record of the highest storage fullness during the spring period in the past 4 years. Decreasing prices motivate traders to store cheap commodity

Day-Ahead capacity bookings

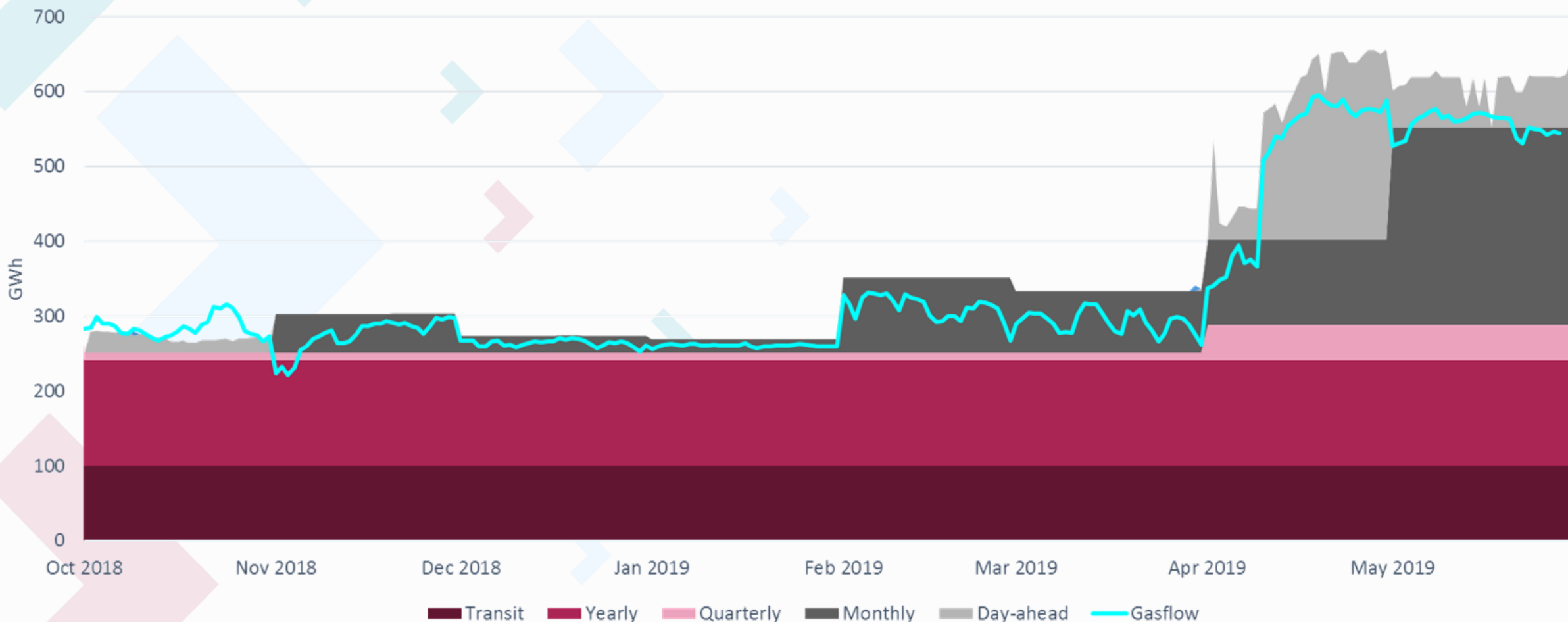
Source: RBP, CEEGEX



There's a strong correlation between the CEEGEX Day-Ahead volumes and booked Day-Ahead capacities. The Slovakian entry and Ukrainian exit capacity allocations show a strong dominance in May, however the Ukrainian Day-Ahead capacities decreased to its half

UA>HU capacity bookings and gas flow

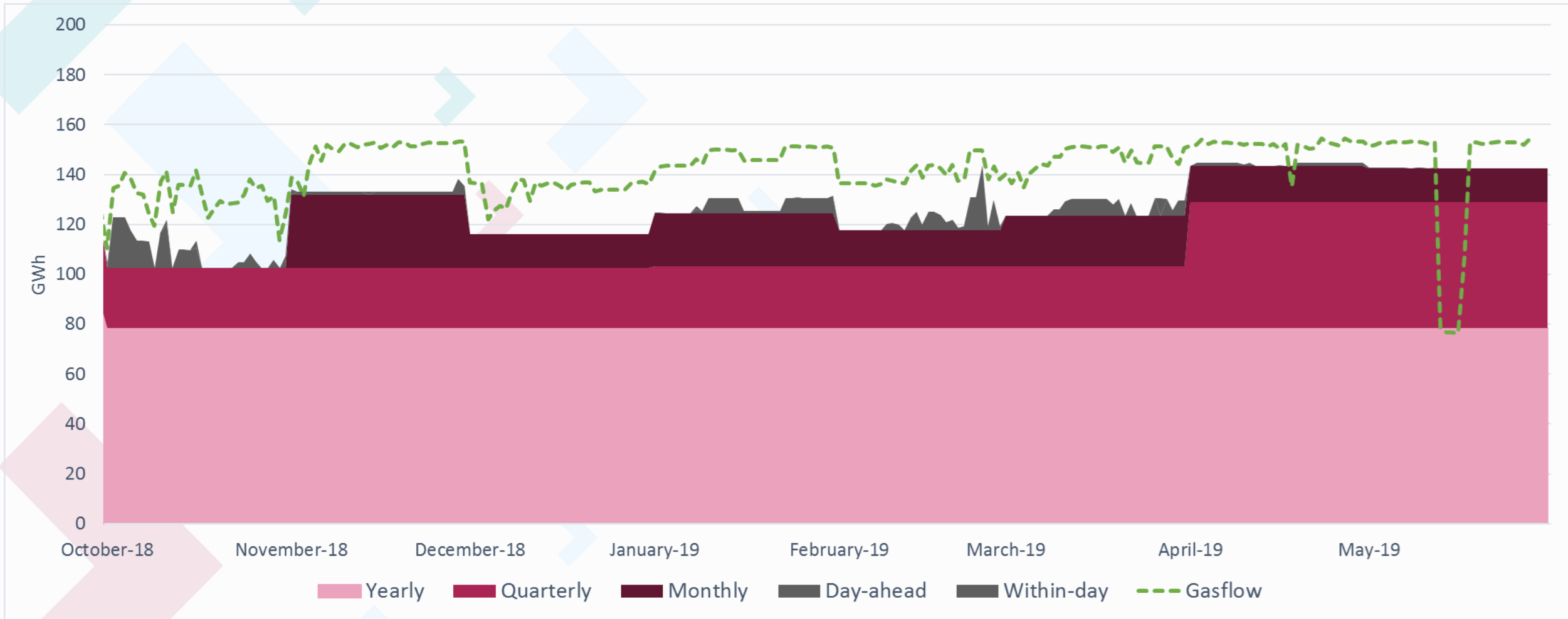
Source: RBP, FGSZ IP



The exports to Ukraine should remain high in June as wide spreads between the Hungarian and Ukrainian markets will exceed export tariffs. The monthly capacity fee at Beregdaróc (0,06 EUR/MWh) is more competitive to Poland and Slovakia, so the traders booked the capacity for the whole month instead of buying DA capacities

AT>HU scheduled maintenance

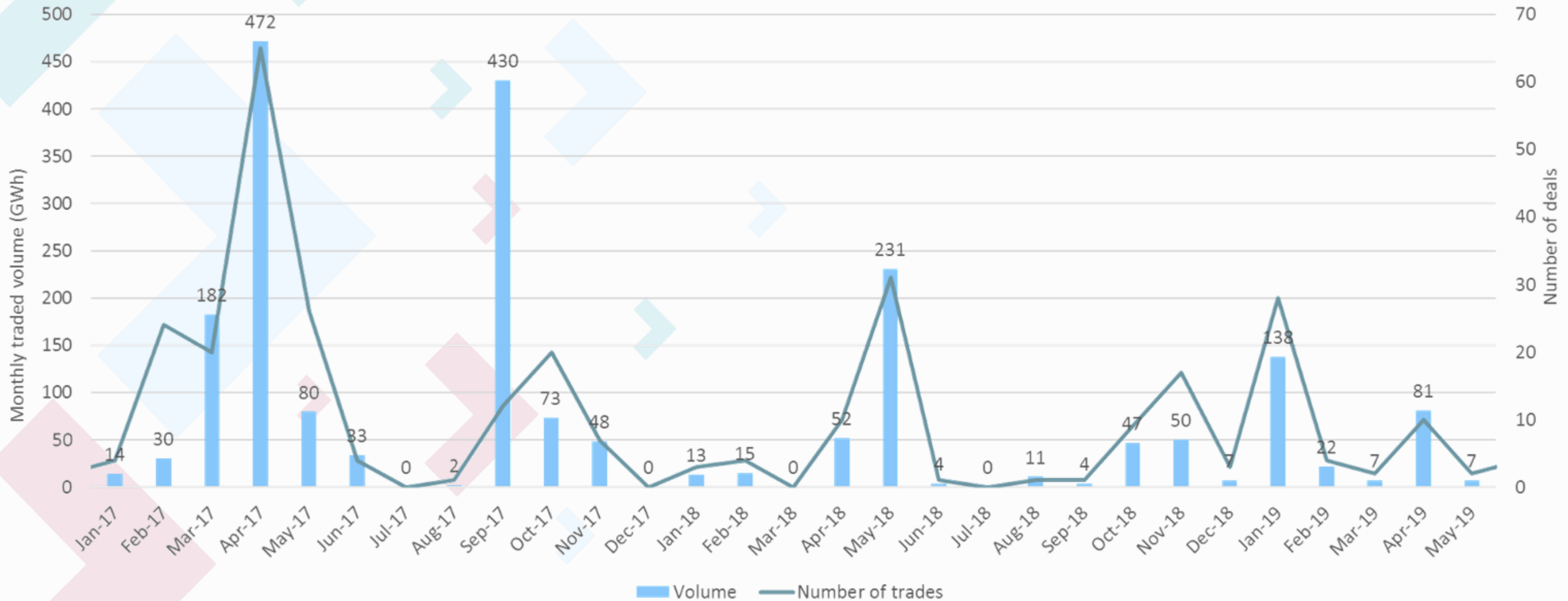
Source: RBP, FGSZ IP



Due to a maintenance on the AT>HU interconnector the gas flow fell down by 50% in the second week of May, in the meantime CEEGEX liquidity remain stable. The shippers booked monthly capacities to flow the gas to Hungary and the Day-Ahead auctions disappeared in this month

HUDEX Natural Gas Segment

Source: HUDEX



HUDEX Natural Gas volume fell again in May with only 2 deals made both for Jun-19 monthly product