

Global & Regional Market Analysis

Natural Gas

August 2019

01/09/2019

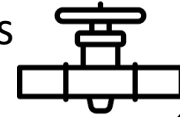


Stories of August

Eurozone growth slowdown with GDP +0,2% YoY (however regional HU +5.1%, RO +4.6%, PL +4.1%) among recession fears



HAG maintenance resulted all time record at Slovakian natural gas imports (126 GWh, 98%) supported by CEEGEX spot market



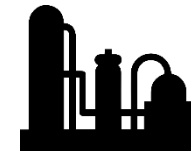
Dark clouds are gathering above the Romanian production project, BRUA delay is also likely



Futures and spot clean spark spreads still at multi-year high resulting coal and gas fired power plants switch in the merit order

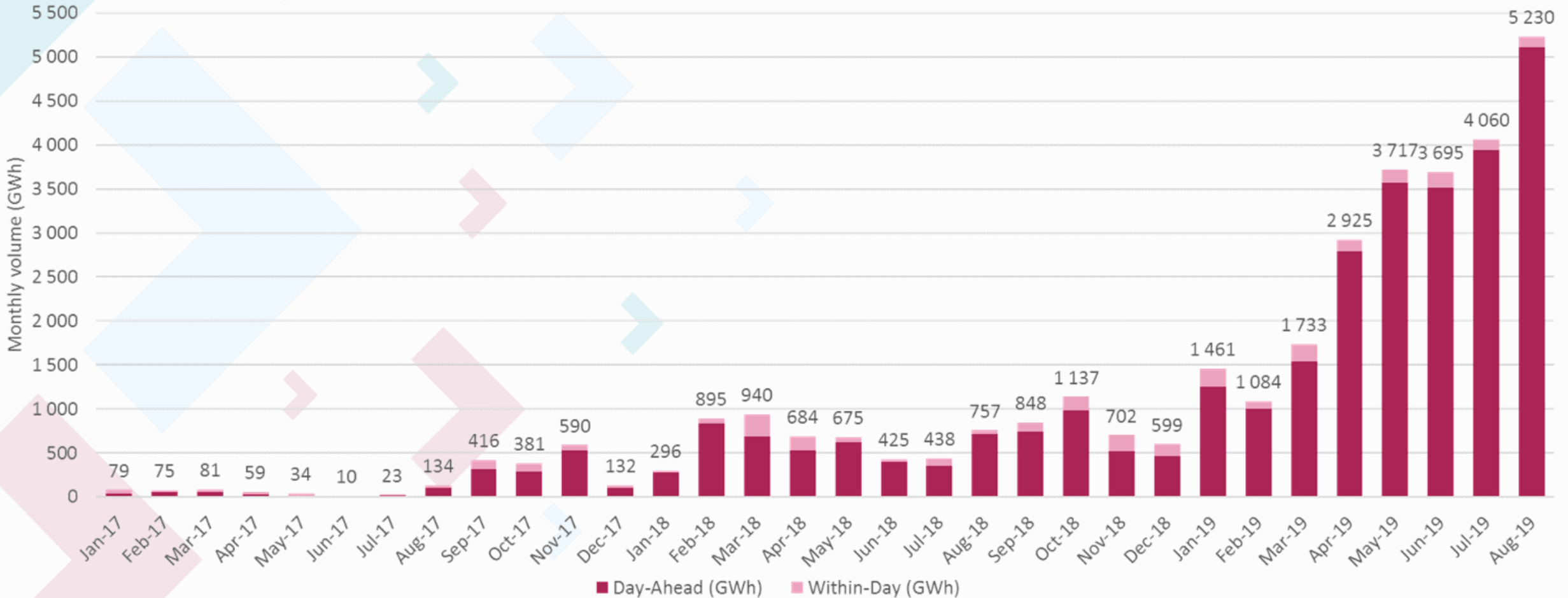


Storage injections slowing with storage levels hitting record EU 96%, Hungary 90%, Austria 97%, Ukraine 60%



Spot market monthly volumes of CEEGEX

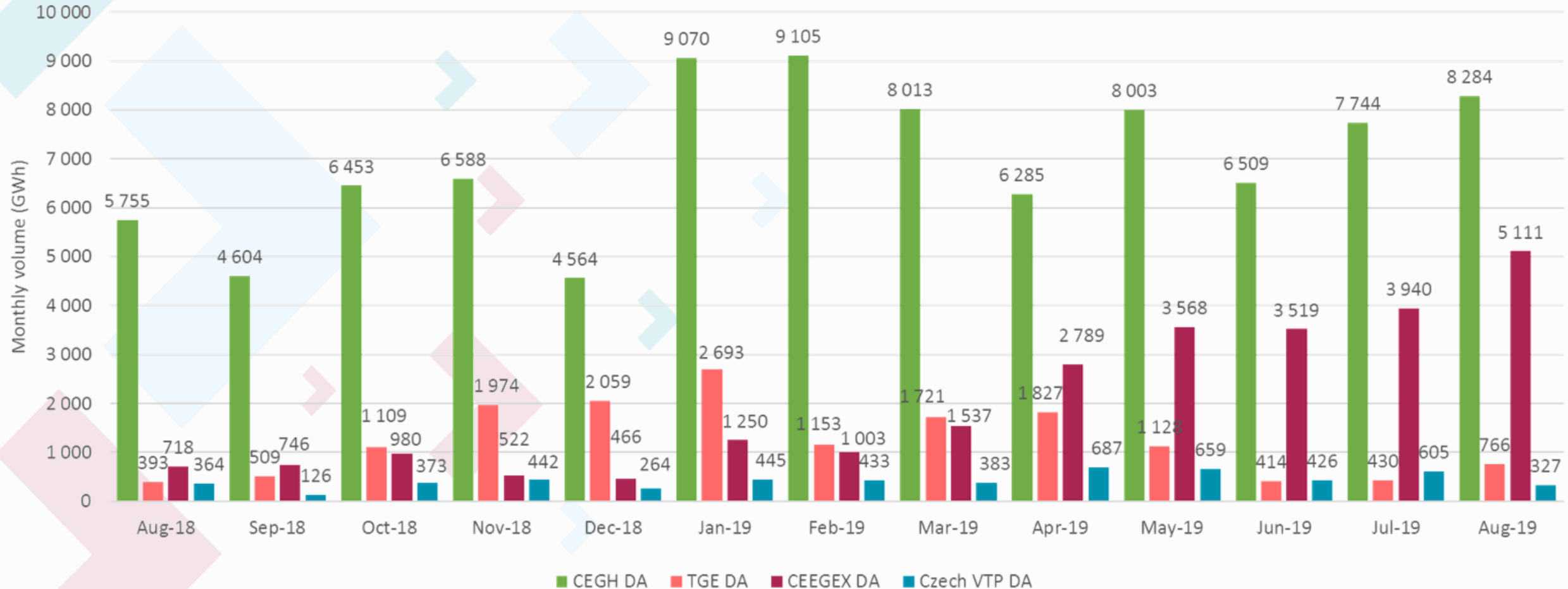
Source: CEEGEX



In August CEEGEX spot market volume surpassed 5 TWh, which is now the 6th monthly record in 2019. This year the liquidity of CEEGEX neglects the ordinary seasonal patterns

Regional gas Day-Ahead monthly volumes

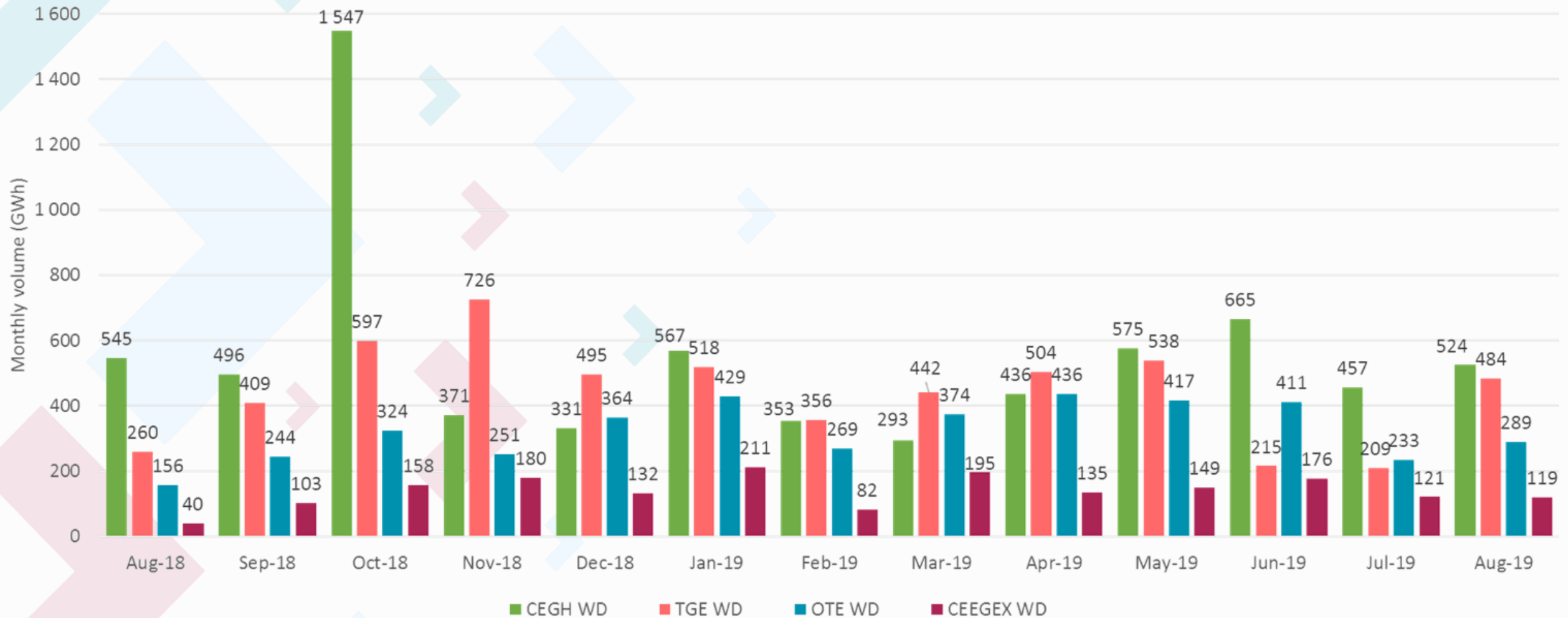
Source: CEGH, TGE, CEEGEX



CEEGEX became steadily the second largest gas exchange in the region this summer season and reached the level where CEGH was in 2017. While CEEGEX DA keep growing, other regional exchanges show seasonal pattern, thus CEEGEX liquidity could be even higher in the winter

Regional gas Within-Day monthly volumes

Source: CEGH, TGE, CEEGEX

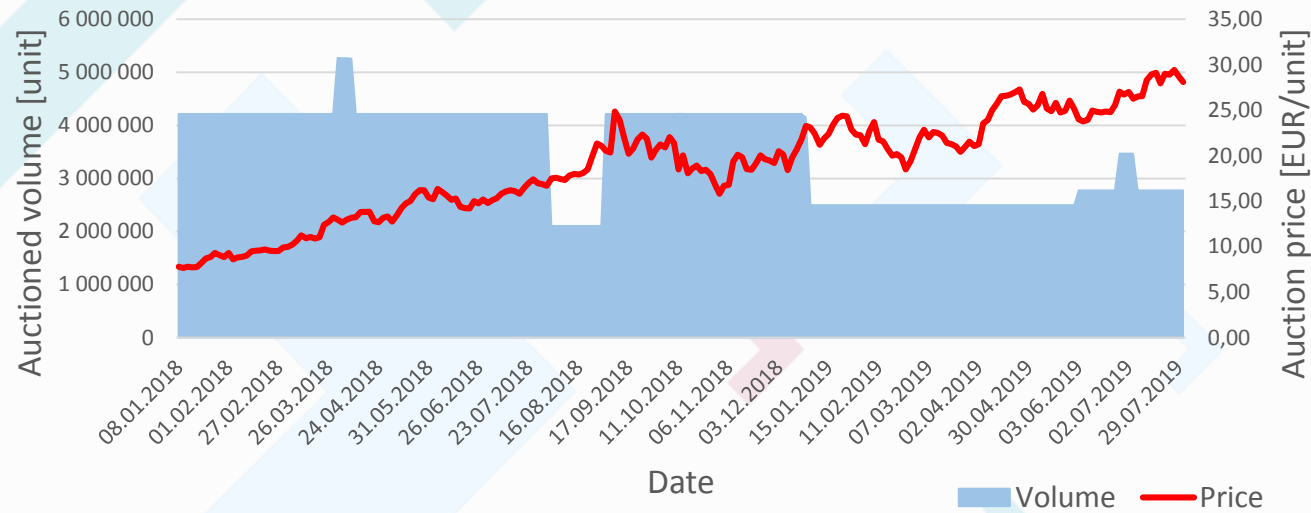


CEEGEX Within-Day volumes fell in July and August as balancing actions used to be lower by the TSO during summer, however the Bid-Ask spreads narrowed as stricter balancing rules were introduced

Follow-up – EUA auction prices & volumes

Source: EEX; Thomson Reuters

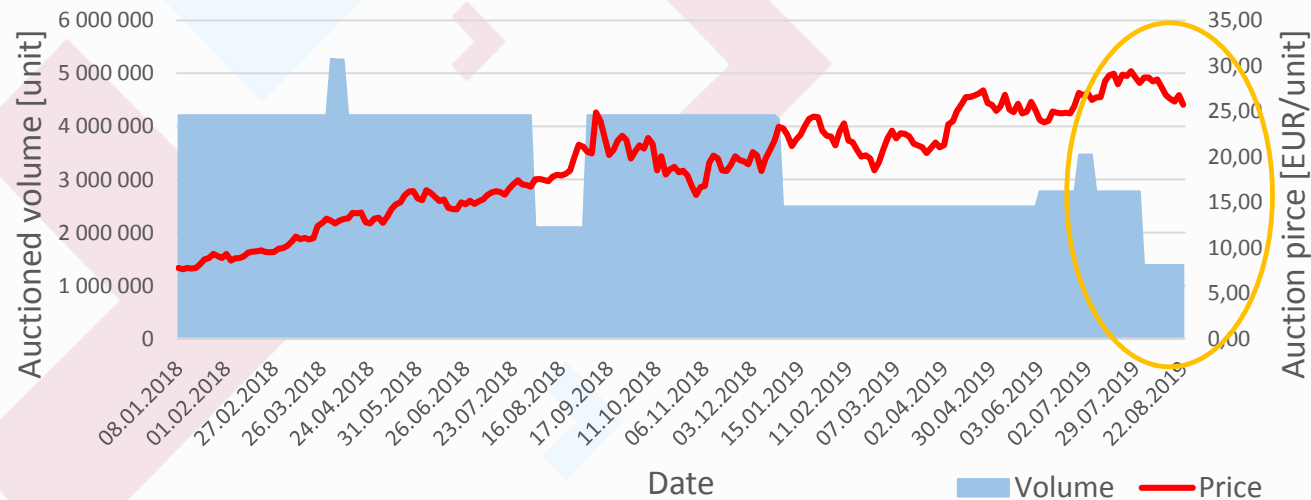
EUA auction volumes & prices (January 2018 - July 2019)



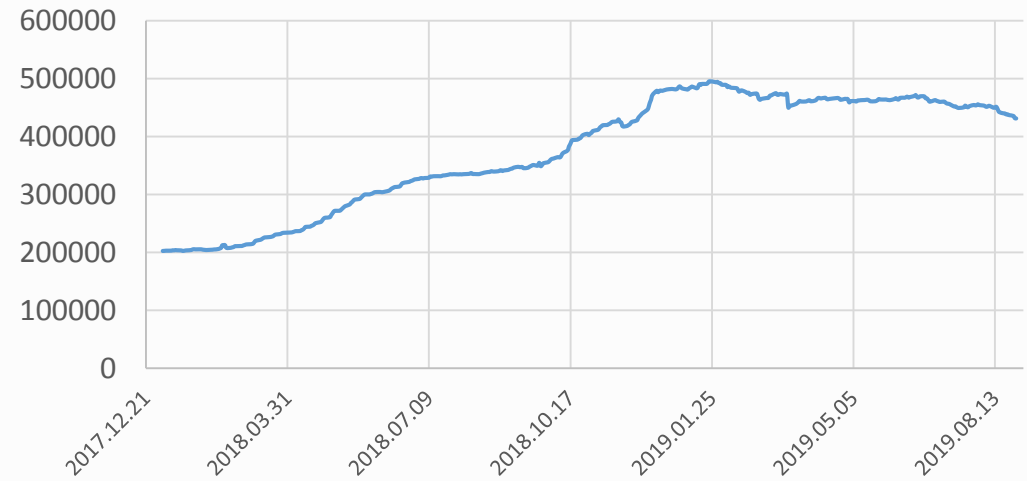
Reasons for price decrease with volume decrease:

- Fear of economical recession
- Fear of no-deal, hard Brexit
- Selling of futures positions as could be observed the decrease of the open interest

EUA auction volumes & prices (January 2018 - August 2019)

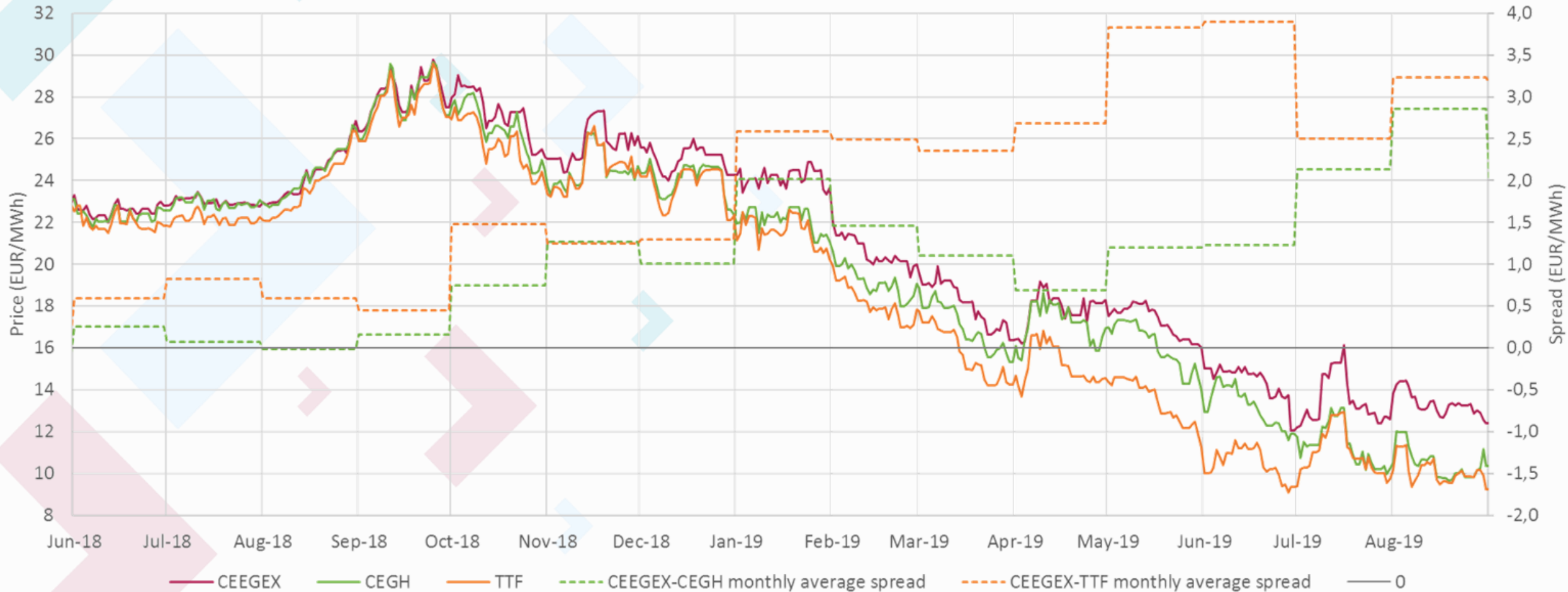


ICE EUA Open interest



Hungarian and benchmark spot gas prices

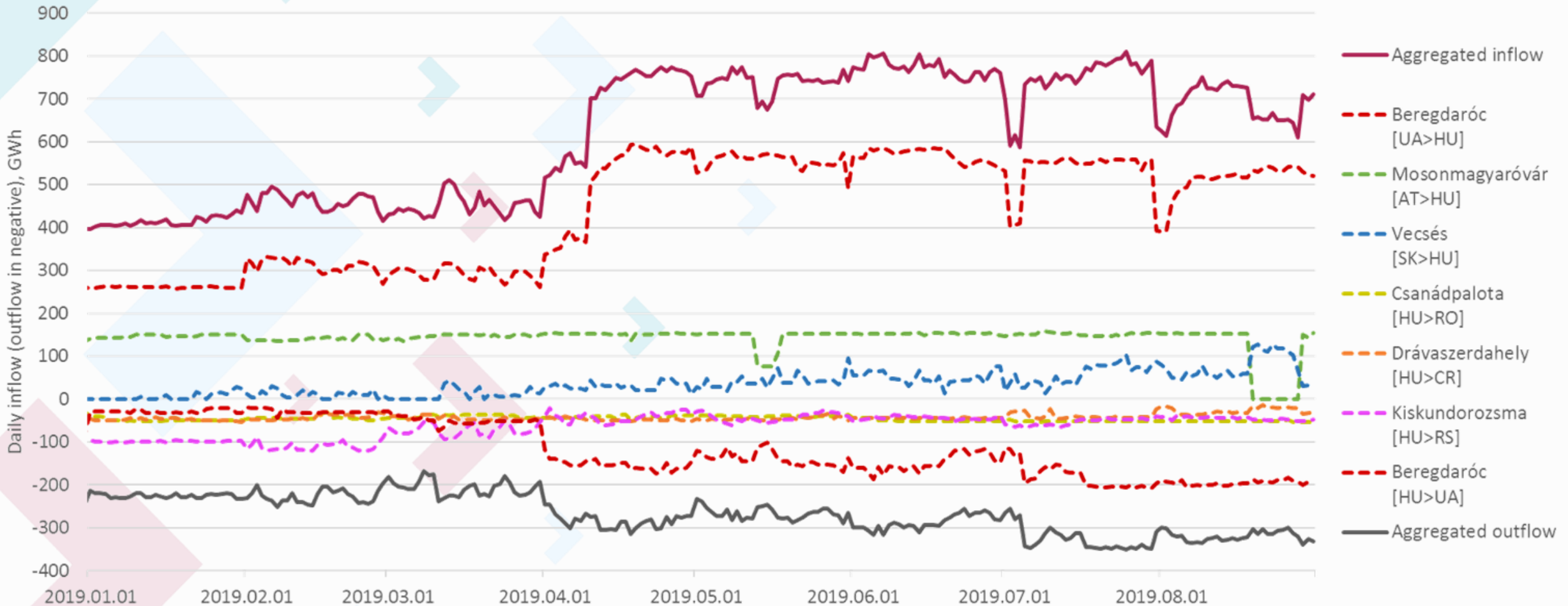
Source: PEGAS, CEEGEX



CEEGEX prices didn't exactly follow the bearish trend of CEGH due to the AT>HU maintenance, this combined with the high demand from Ukraine and Romania resulted record 3 EUR/MWh CEGH-CEEGEX spread

Gas flows on Hungarian cross-border points

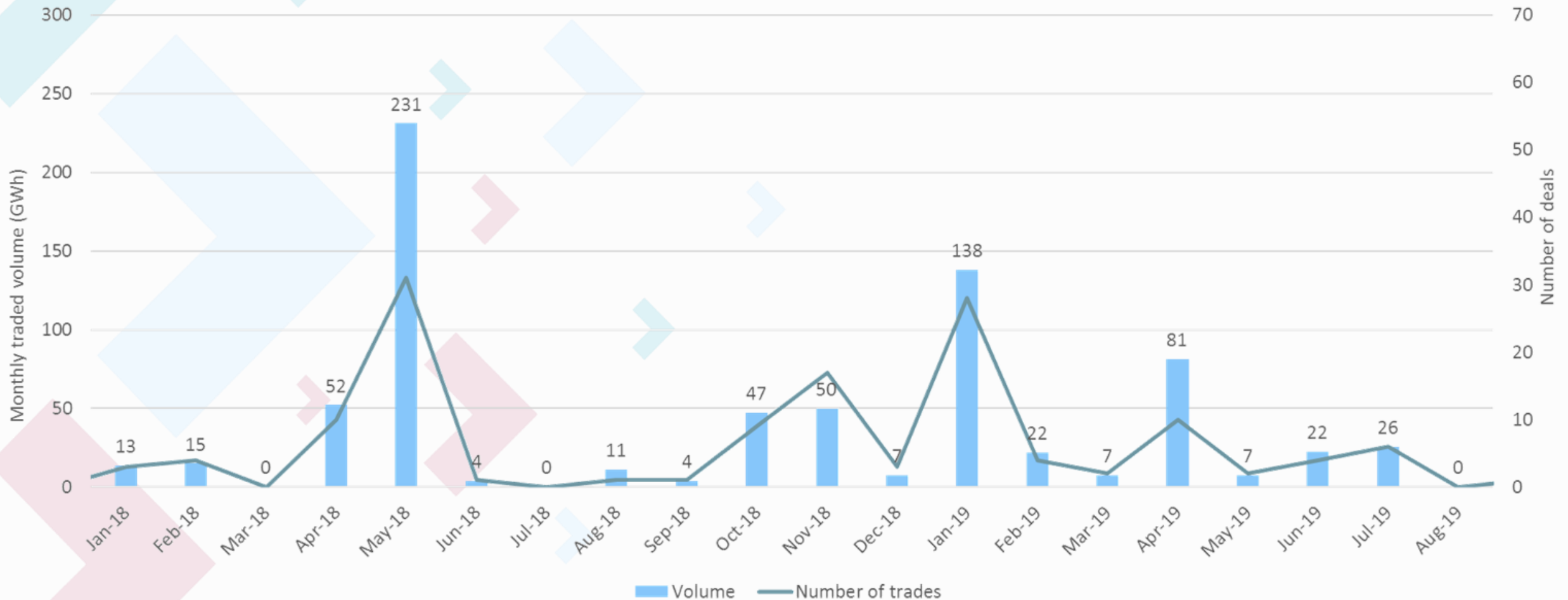
Source: FGSZ IP



The maintenance of AT>HU changed the pattern of regional gas flows with SK>HU crossing 100 GWh on multiple days and HU>CR decreasing to almost zero

HUDEX Natural Gas segment monthly volume

Source: HUDEX



After three months of growth, HUDEX Natural Gas segment reached zero again after July 2018, thus liquidity expected to grow mostly by new products starting on 1st October: yearly, seasonal and balance-of-month