

Global & Regional Market Analysis

Natural Gas

December 2019

08/01/2020



Stories of the recent weeks

European natural gas markets are oversupplied, which trend leads bearish prices with CEEGEX decreasing below 14 EUR/MWh



Oversupply is also driven by the record storage levels (EU 85%, HU 93%) and record LNG arrivals and send-out



Russia and Ukraine agreed on gas transit in the next five years: 65 bcm in 2020, then 40 bcm until 2024

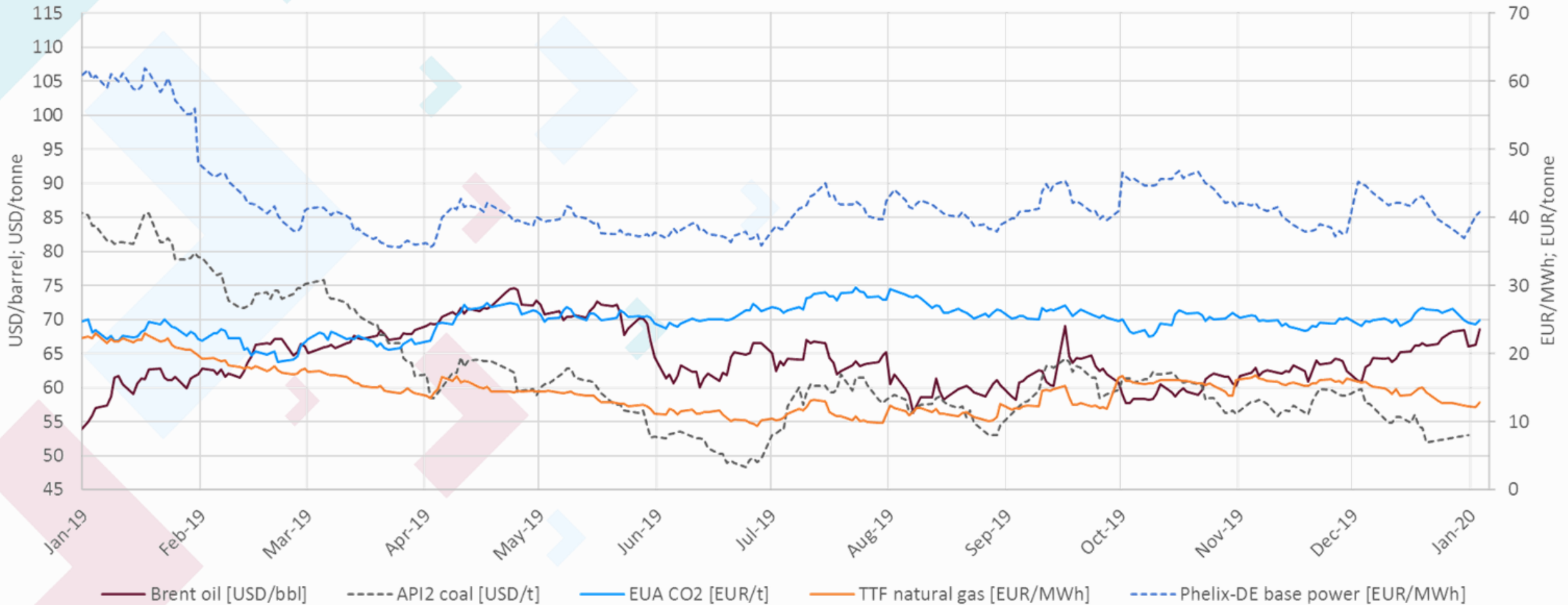


USA-Iran conflict intensified further, which resulted bullish oil prices again thus Brent is nearing April's level, key 70 USD/bbl



European commodity prices

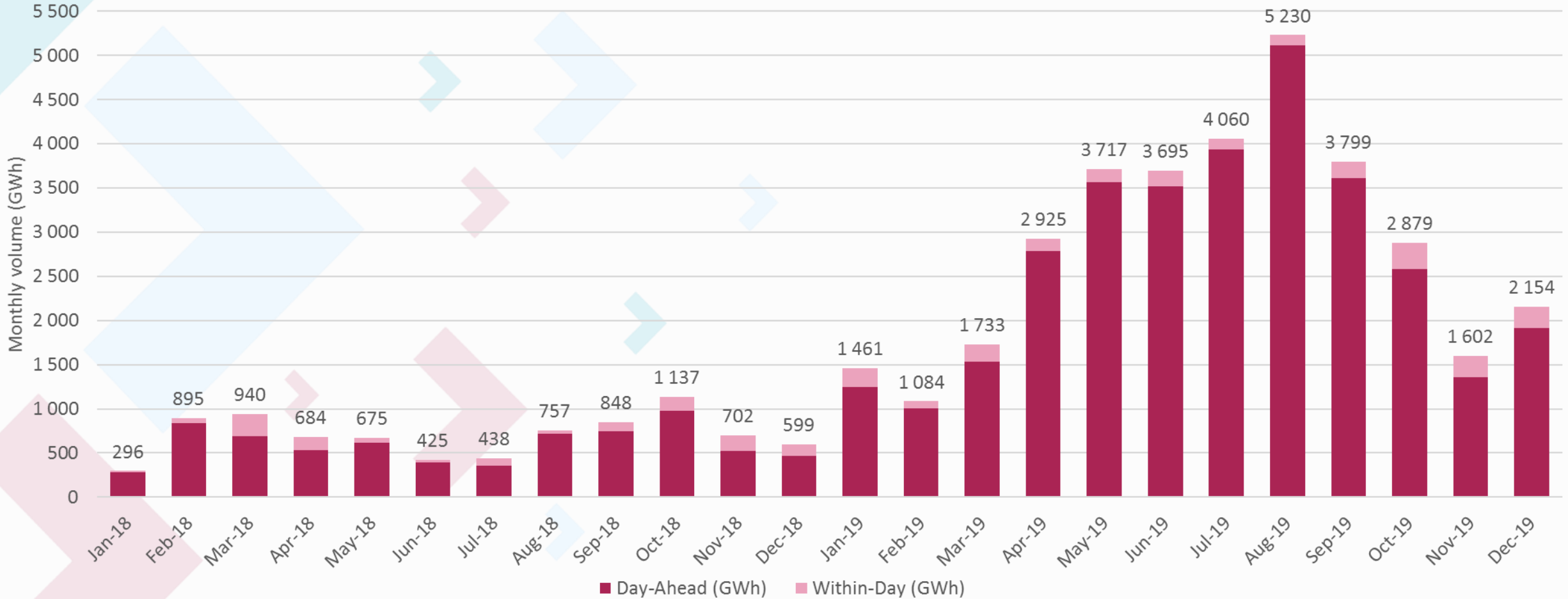
Source: CEEGEX



The stagnating CO₂ closed the year under 25 EUR/t, meanwhile TTF and Brent showed completely negative correlation with TTF front month sank below 13 EUR/MWh from 15 EUR/MWh and its Brent counterpart rose from 60 USD/bbl to almost 70 USD/bbl

Spot market monthly volumes of CEEGEX

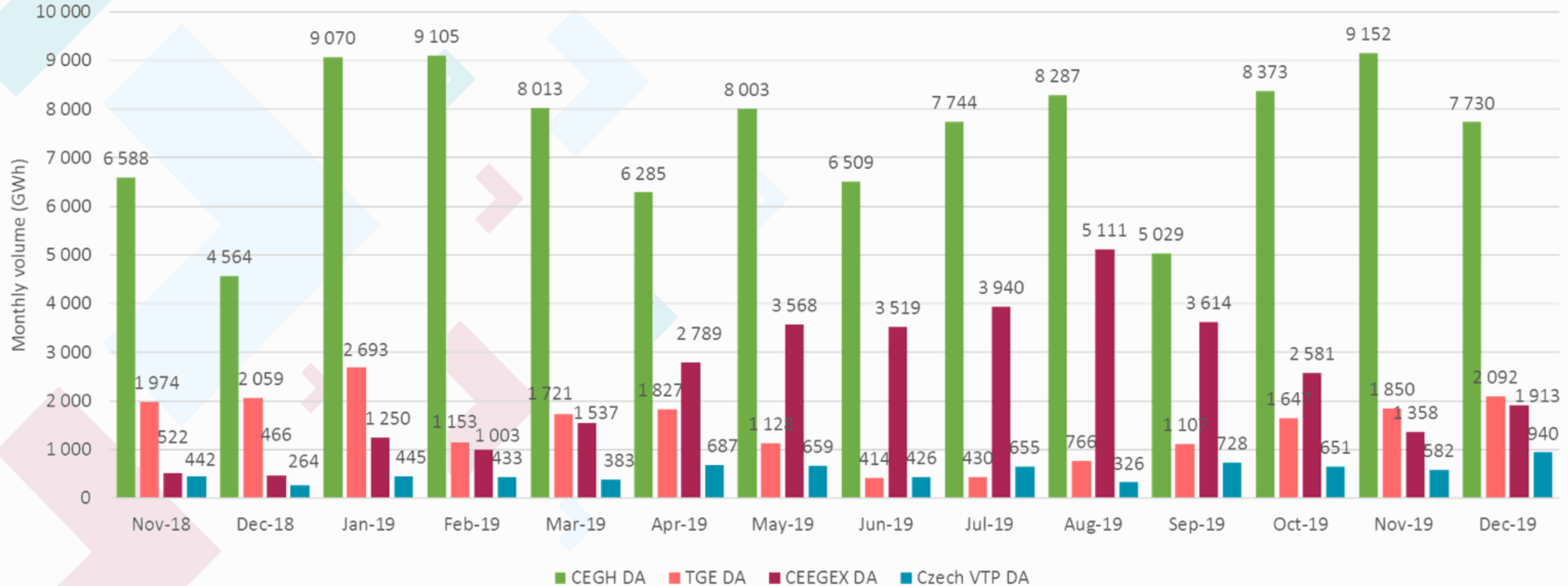
Source: CEEGEX



CEEGEX volumes grew again in December after August, which was particularly affected by the colder weather in December than November

Regional Day-Ahead monthly volumes

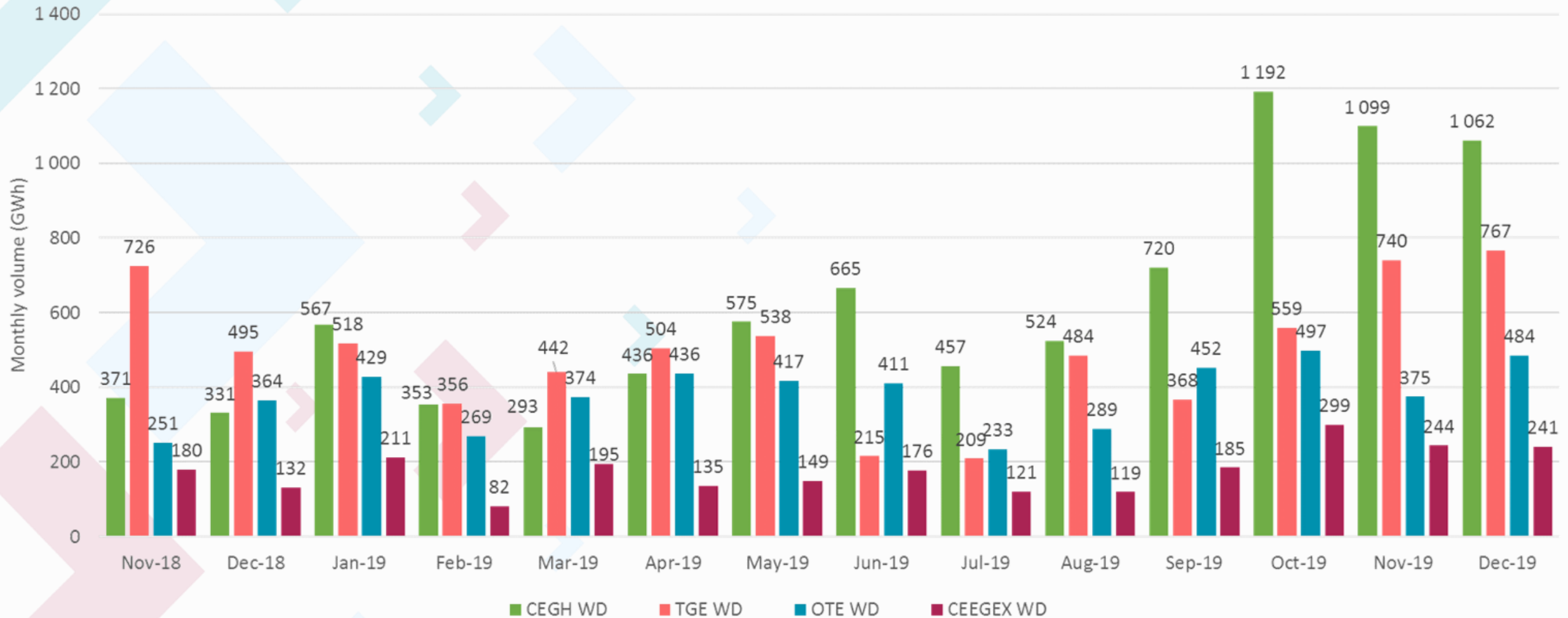
Source: CEGH, TGE, CEEGEX



Like in 2018, CEGH DA volumes decreased from November to December, however CEEGEX DA volumes increased in the last month. Meanwhile CEGH Czech VTP DA market reached monthly record with almost 1 TWh traded

Regional Within-Day monthly volumes

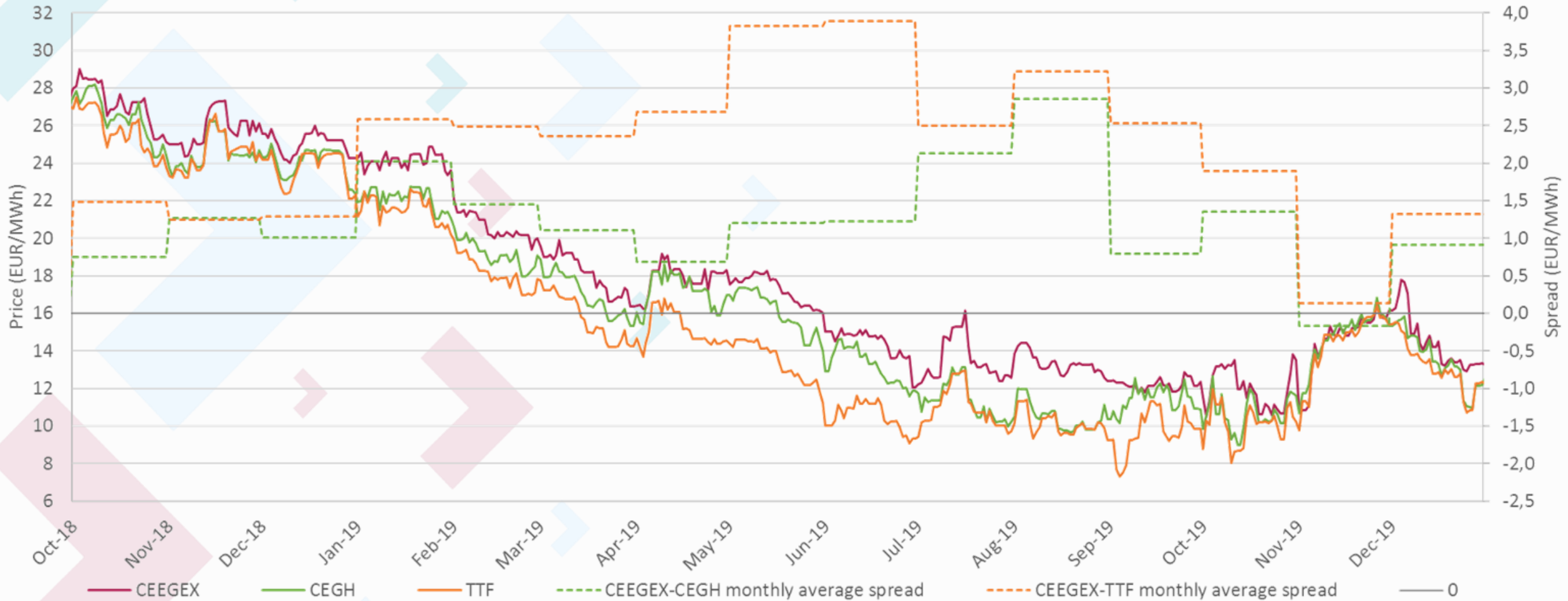
Source: CEGH, TGE, CEEGEX



Within-Day traded volumes are higher on every regional market than last year, however CEEGEX Within-Day liquidity remains significantly less than the Czech, Austrian or Polish volumes

Hungarian and benchmark spot gas prices

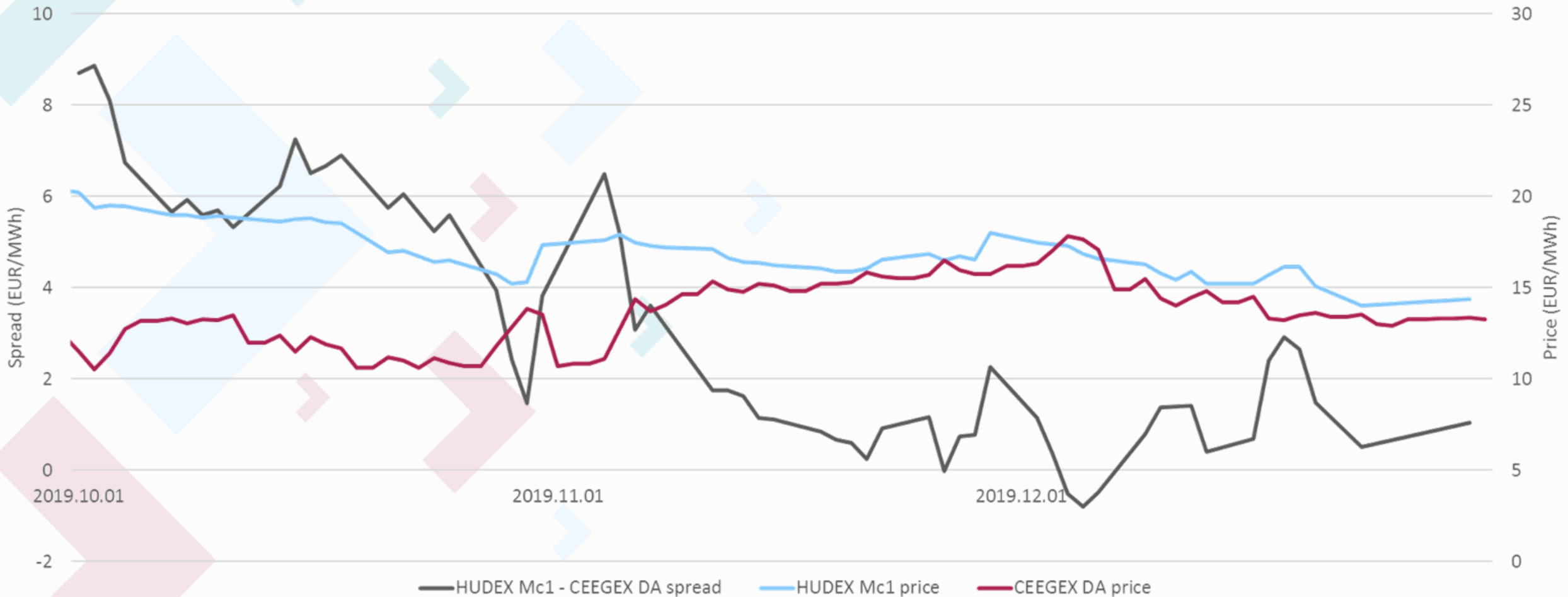
Source: PEGAS, CEEGEX



After the bullish November spot prices sank back to the levels as end of October below 14 EUR/MWh on CEEGEX Day-Ahead market, which came with an average, but volatile 1 EUR/MWh CEEGEX-CEGH spread

CEEGEX Day-Ahead and HUDEX Front Month prices

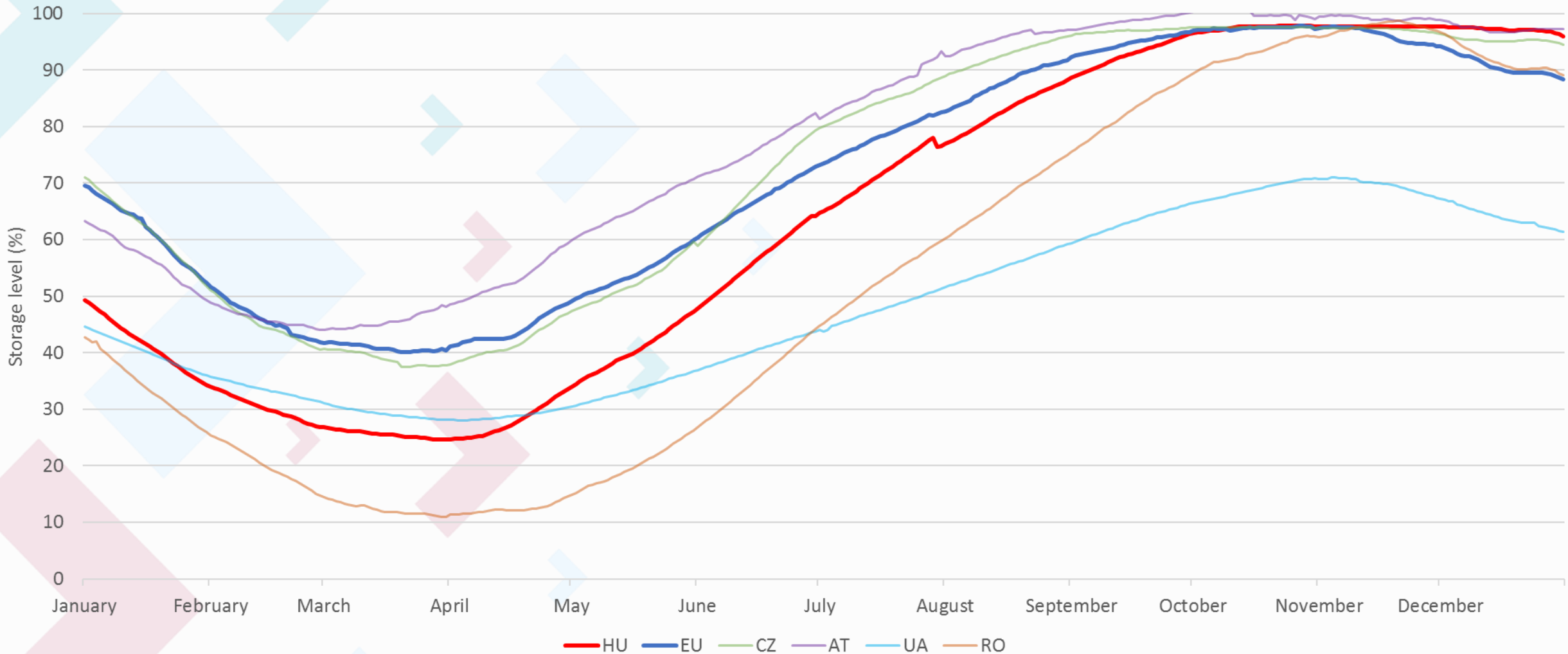
Source: HUDEX, CEEGEX



DA prices dropped in line with the futures contracts due to the mild weather and then Russian-Ukrainian transit agreement in December, thus DA product hardly reached the 16.52 EUR/MWh final settlement price of December

Gas storage levels in Central and Eastern Europe

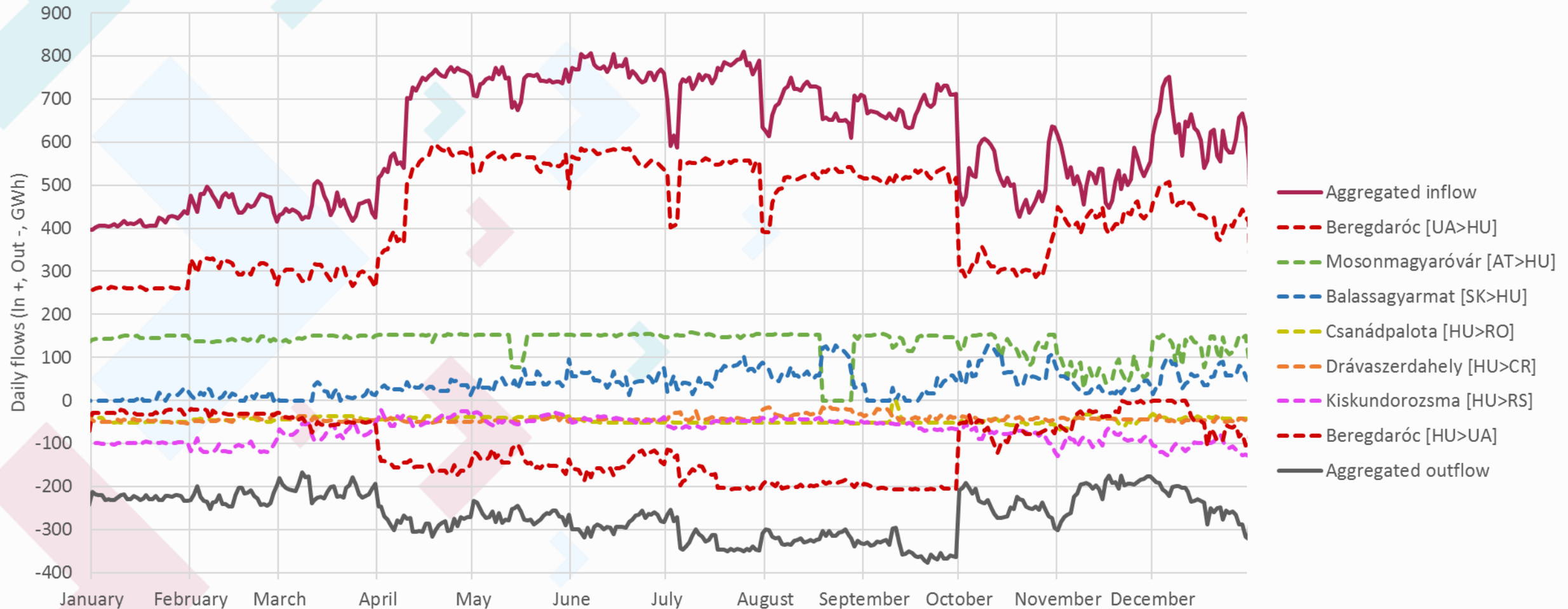
Source: AGSI



In December, the European withdrawal trend intensified, making the average fulfillment level fall below 90%. However the CEE region still stores high volumes, with Hungary, Czechia and Austria having more than 95% storage level

Gas flows on Hungarian cross-border points

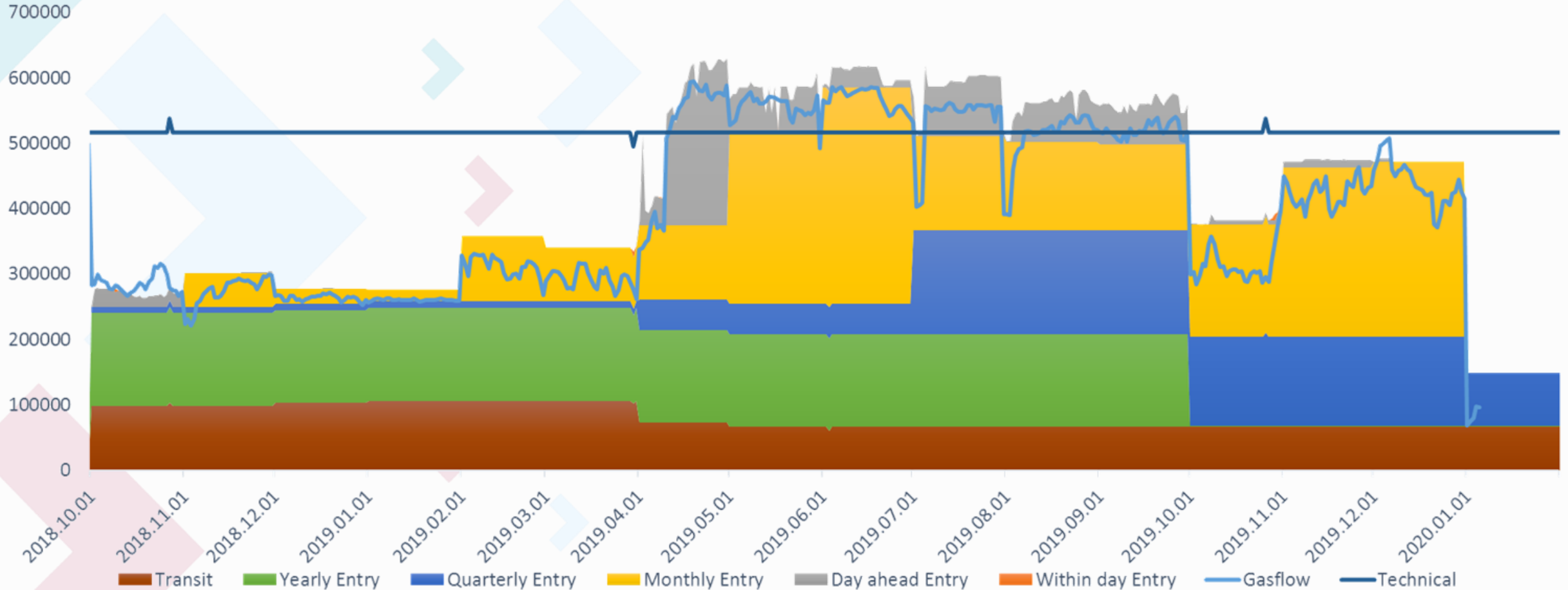
Source: FGSZ IP



Earlier this year the AT>HU and UA>HU import routes operated almost as base load source, however from the second half of October the flow became much more volatile. In the middle of December, exports towards Ukraine has restarted after almost a month of silence on the HU>UA direction

Capacity bookings on UA>HU interconnector

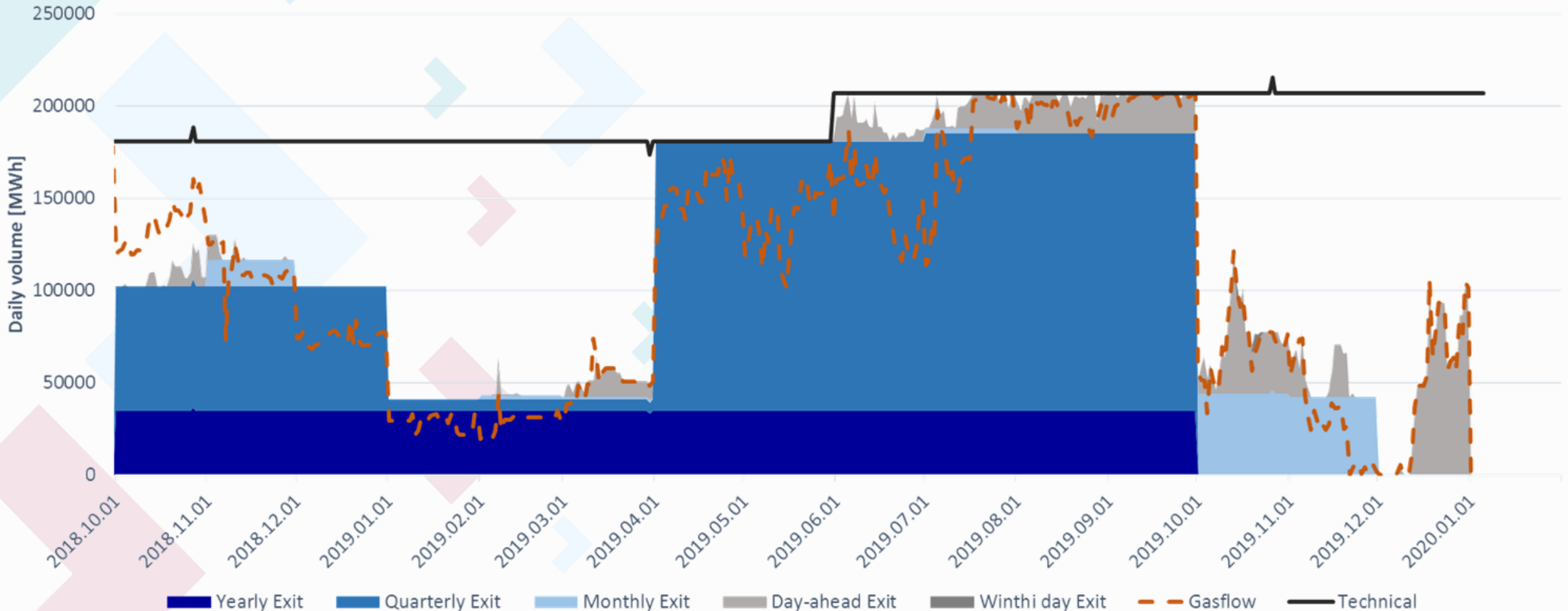
Source: FGSZ IP, FGSZ RBP



The booked capacity declined further from 2020 on the Ukrainian import direction, meanwhile gas flowed in December only via monthly, quarterly booked and transit capacities

Capacity bookings on HU>UA interconnector

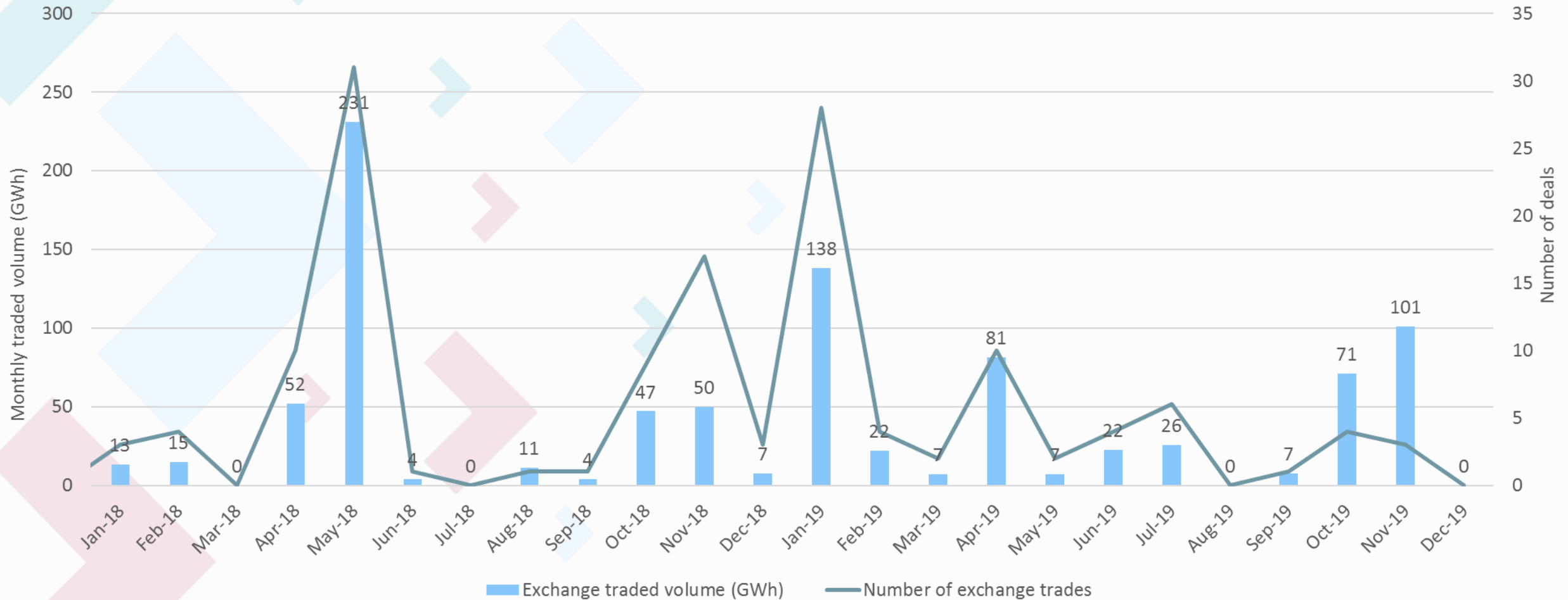
Source: FGSZ IP, FGSZ RBP



After the zero Ukrainian export at the end of November, volumes grew once again over 100 GWh with day-ahead capacities booked in December, meanwhile there isn't any capacity booked for January

HUDEX Natural Gas Segment

Source: HUDEX



2019 Q4 was the strongest quarter in the Natural Gas Segment of HUDEX this year despite the low activity in December