

ceegex

CENTRAL EASTERN EUROPEAN
GAS EXCHANGE



Global & Regional Market Analysis

NATURAL GAS, 2024 August

25/09/2024

STORIES OF THE MONTH

AUGUST 2024



Ukrainian forces have captured a measuring station near the border town of Sudzha. **Gas is flowing through Sudzha without any disturbance.**



Europe reached the 90% gas storage target two month earlier on 19 August. Hungary was also close to reaching this goal in August, falling short by only 1%, but met the target on September 2.



The Ichthys LNG project in Australia aims to resume full operations in October after restarting Train 2 following an outage on 20 August.



The United States announced on 23 August that it had **sanctioned over 400 entities and individuals, including companies connected to the Arctic LNG 2 project**, according to the State Department. Also Novatek has delayed the start of operations at the third line of the Arctic LNG 2 project, shifting the date from 2026 to 2028.



» **Greek regulator has approved the 2025 gas transmission tariff increases.** The entry tariff to the Greek grid will be around €0.35/MWh, a 4% increase from 2024. Exit tariffs at domestic and international points will rise by nearly 21% to €0.59/MWh, while **the LNG regasification tariff will increase by nearly 35% to €0.30/MWh.**

» **The operator of the Greece-Bulgaria gas interconnector will proceed with plans to expand its capacity from 3 bcm/year to 5 bcm/year, despite limited market interest in booking the additional capacity.** The reduced interest is likely due to delays in the commercial operation of the Alexandroupolis LNG terminal, which is set to begin on October 1

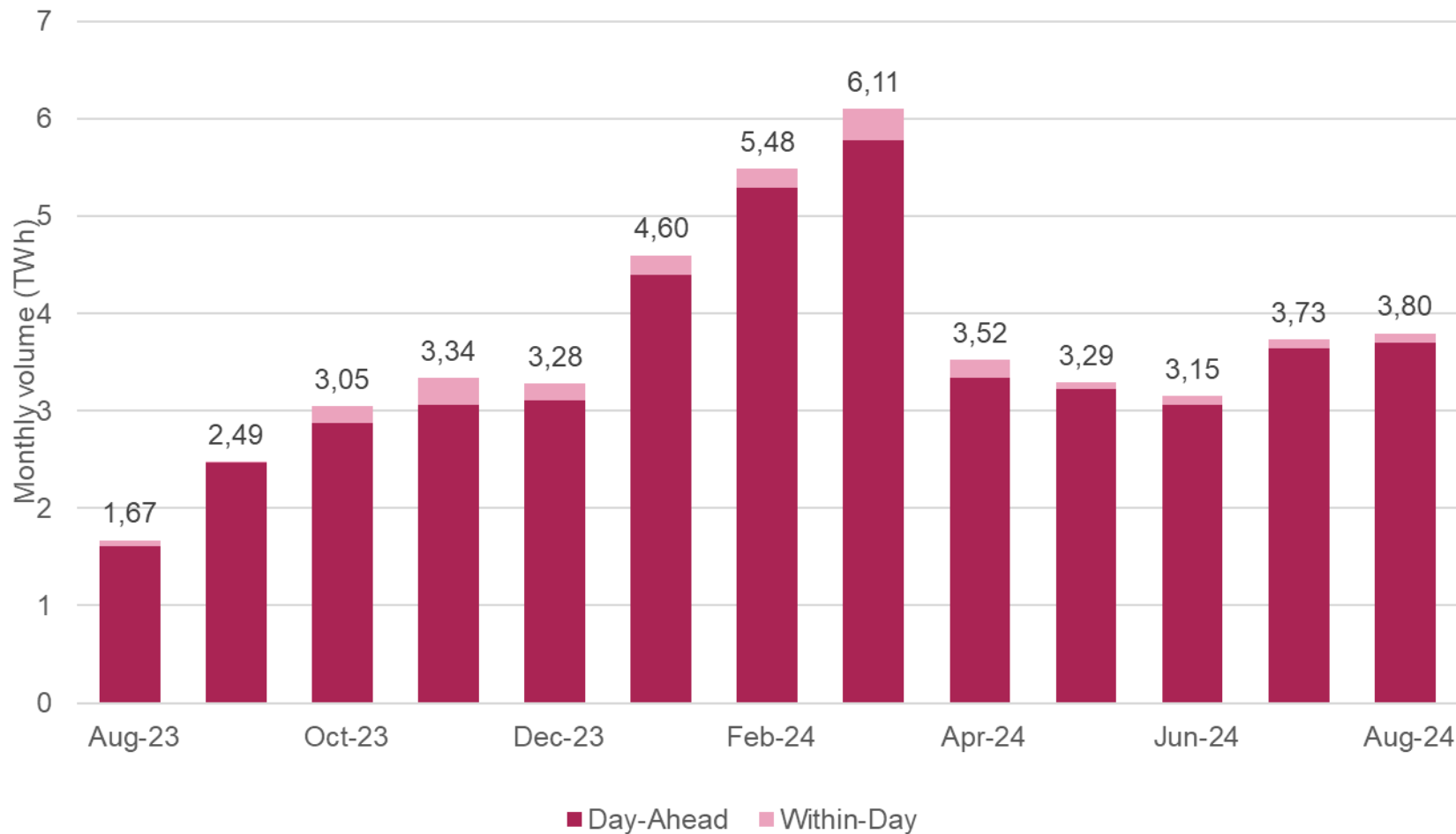


» **Romania and Serbia have signed a landmark agreement for a gas interconnector project**, linking Romania's BRUA pipeline with Serbia's Mokrin node. **This pipeline will create a new supply route, connecting Serbia with Romania, Bulgaria, and eventually North Macedonia.** Construction is set to begin next year, with completion targeted for 2028.

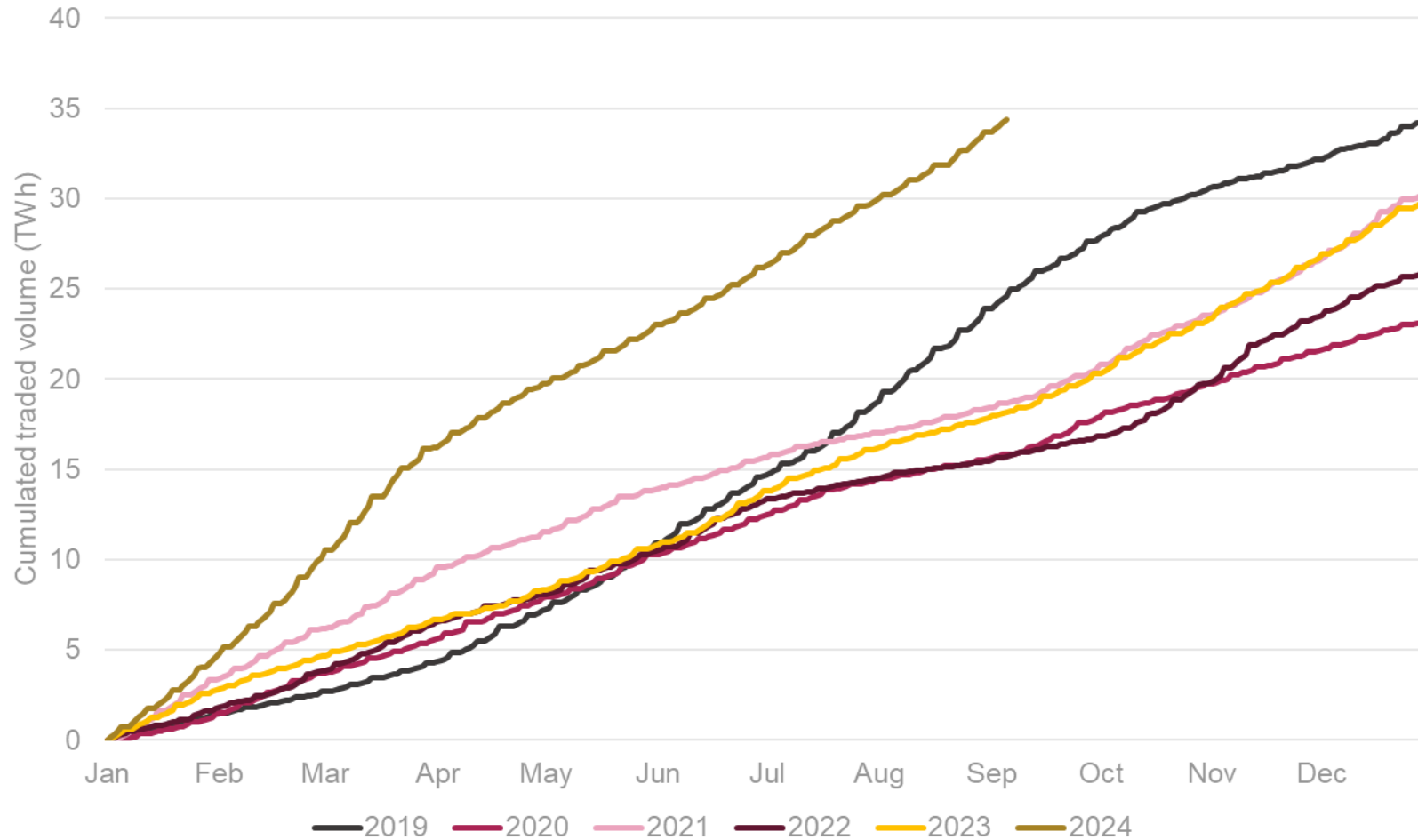
TRADED VOLUMES

EXPERT OPINION:

- » **Traded volumes slightly increased MoM**, which is a good result, consider that in the previous 4 years the volumes decreased in August MoM .
- » **Over the last 5 years, this August saw the highest volume traded.**
- » **Traded volumes grew by 128% YoY.**
- » **Volumes traded increased amid slightly lower domestic demand,** and not too intensive injection pace.



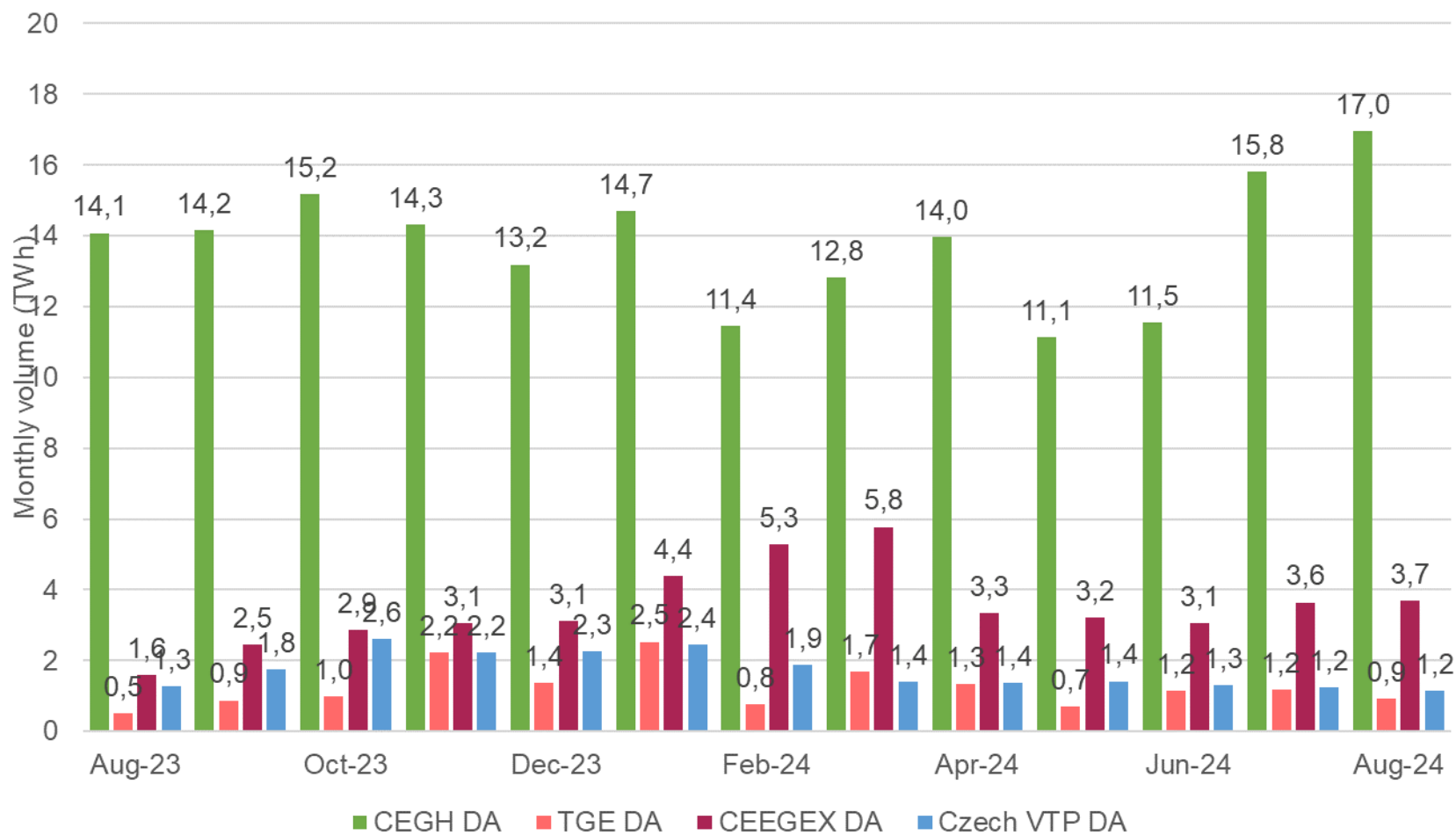
TRADED VOLUMES YEARLY COMPARISON



EXPERT OPINION:

- » **2024 Q1 started with record volumes, doubled the 2023 numbers, and 76% increase compared to 2021 Q1.**
- » Since April, the monthly traded volumes have decreased slightly, but the **cumulative levels remain significantly higher** compared to any previous year.
- » **Since Q1, traded volumes in each month are also close to record levels**, generally only surpassed by 2019 volumes. This trend continued in August as well, the cumulative traded volume increases by a similar amount.

REGIONAL SCOPE DA MARKETS



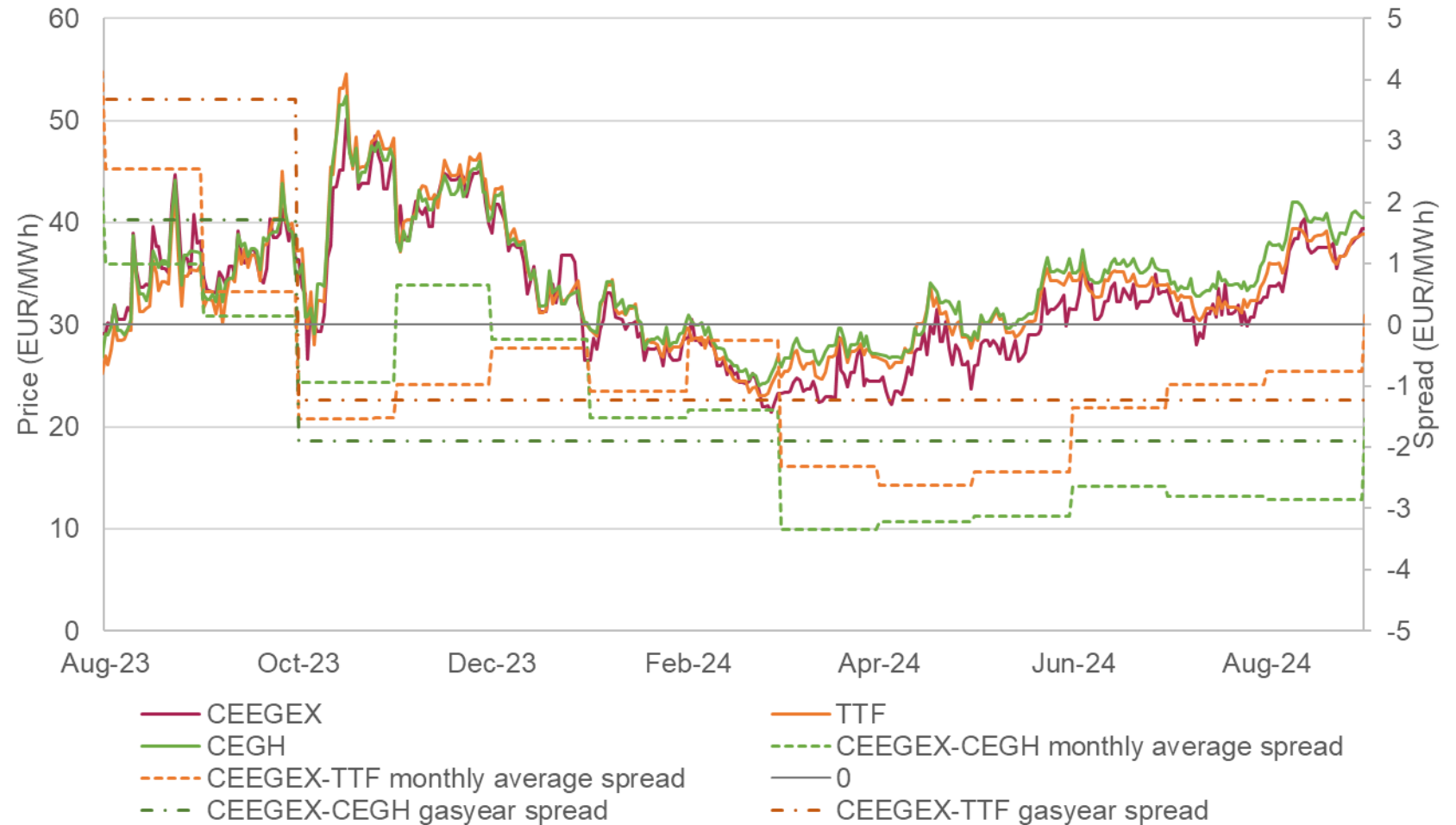
EXPERT OPINION:

- » The **monthly volumes are slightly increased** on the CEEGEX, and on the CEGH compared to July, despite the low consumption.
- » YoY, volumes also increased on Ceegeex and CEGH, but YoY we can see a higher rate of growth on Ceegeex.
- » **August marked a 5-month high on Ceegeex, and more than a one-year high on Cegh.**
- » **Polish volumes decreased, while Czech volumes remained similar** compared to July, YoY the TGE traded volumes increased, the Czech VTP volumes slightly decreased.

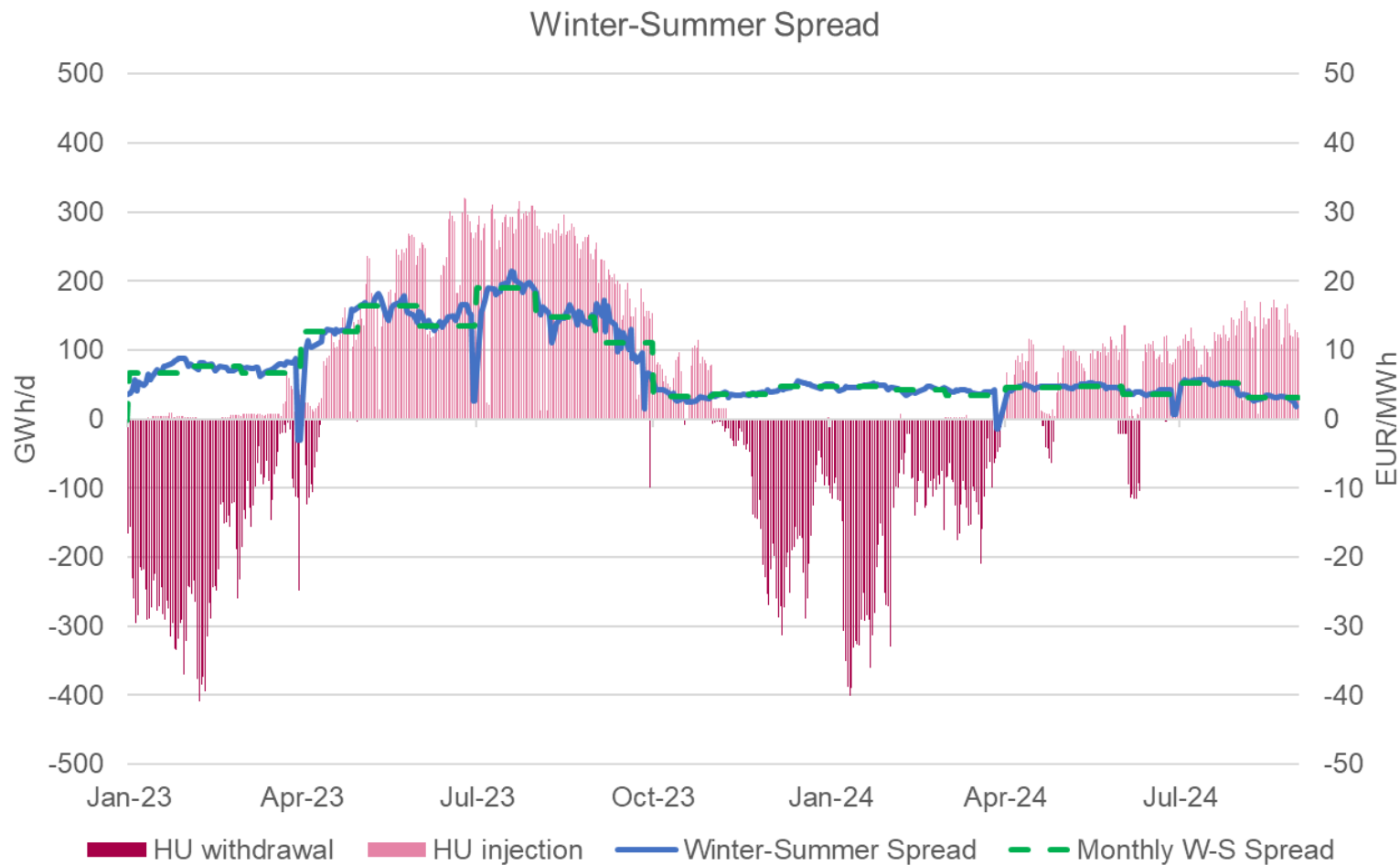
REGIONAL PRICES AND SPREADS

EXPERT OPINION:

- » In October 2023, the **spreads flipped to the negative territory** and this trend continued in 2024.
- » **Hungarian prices are in discount** due to high storage sites, lower consumption, but even more because of the high and stable flows on TurkStream, and also stable flows from Romania.
- » In August, the **Ceegex-Cegh spread wasn't changed**, the **Ceegex-TTF spread slightly narrowed**, but it is still below 0.
- » **In the end of August, the average prices was ~40 EUR/MWh**, in the beginning of September the prices decreased slightly, to about the July value of ~35 EUR/MWh.
- » **Global factors** such as the events in the Middle East conflict and the Russian-Ukrainian fighting, as well as the fall in Australian exports, **may have played a role in the price rise.**



WINTER-SUMMER SPREAD



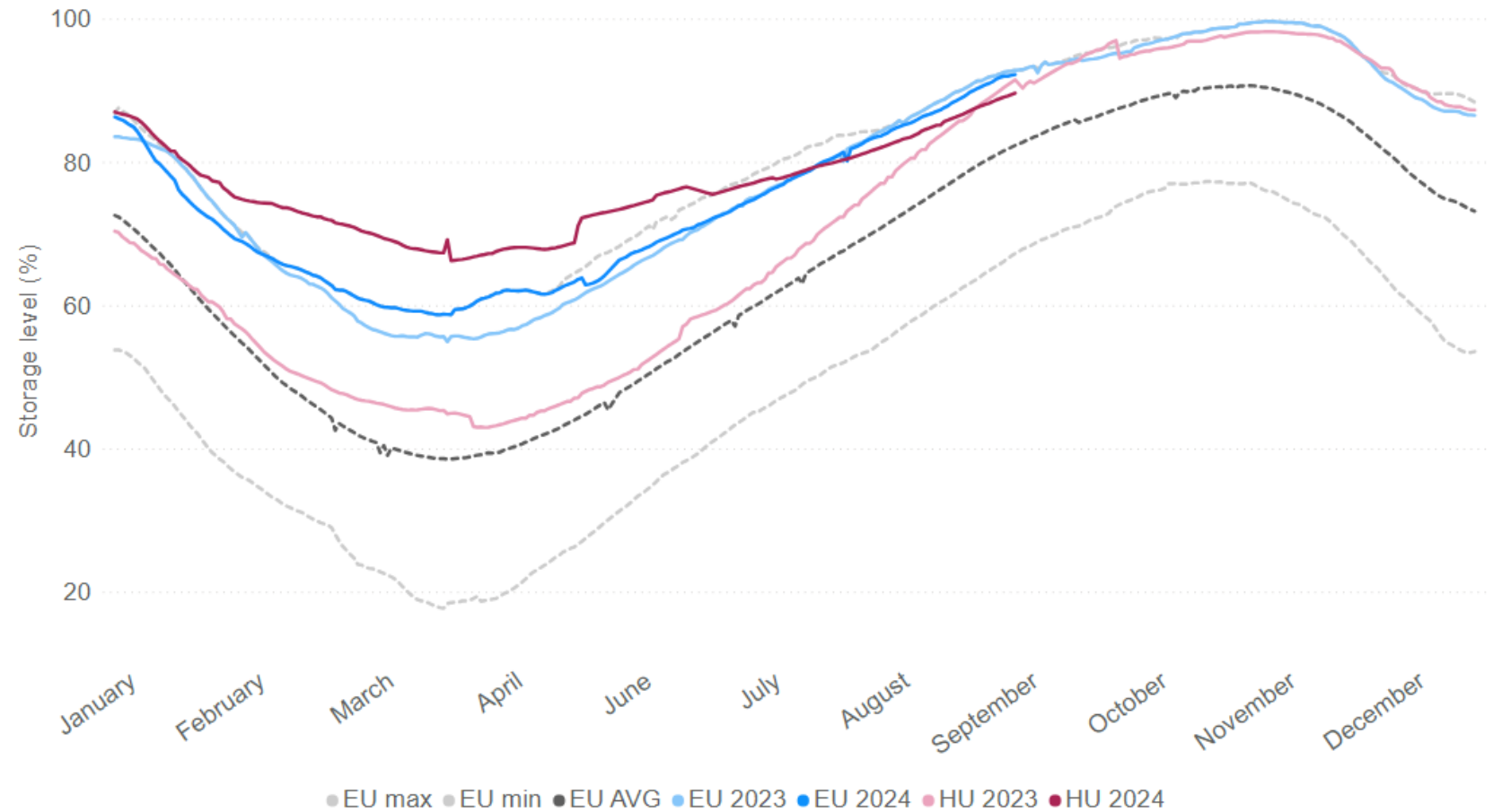
EXPERT OPINION:

- » In 2023, the winter-summer spread **was not as high** as in 2022 overall, and in **2024 it decreased further**.
- » This can be the consequence of the already **high storage levels** and the **slower start of injections**.
- » The spread this year is **quite balanced**, this can be attributed to the healthy supply.
- » There are **fewer spikes** this year so far compared to 2022 and 2023.
- » At the **end of August 2024**, the winter-summer spread was around **3 EUR/MWh**, while approx. a year ago it was 20 EUR/MWh.
- » The **outage in July is due to maintenance on TurkStream**, for this reason the Kardoskút gas storage switched to withdrawal for a short time.

GAS STORAGE LEVEL IN EU AND HU

EXPERT OPINION:

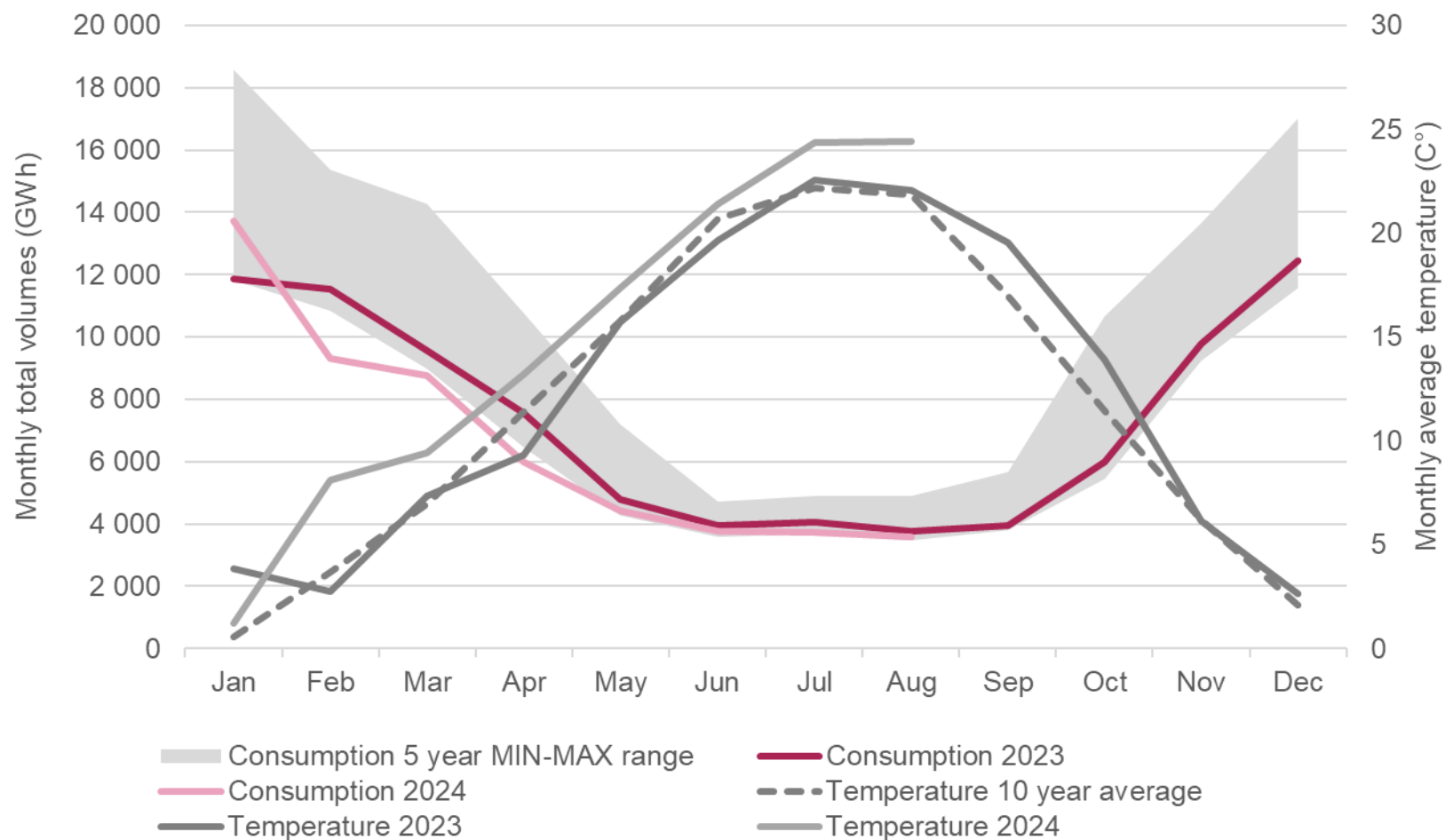
- » EU aggregated storage sites stood at **92% (+8% MoM)** by the end of August, while Hungarian stocks at **89% (+7% MoM)**.
- » EU 2024 values are around its last year level.
- » HU 2024 pace of injection in August was slower than last year and storage levels slipped below 2023 values mid-August.
- » **EU final target by Nov: 90%**
 - » EU storage sites reached the target on 19 August.
 - » Hungary was also close to reaching this goal in August, falling short by only 1%, but met the target on September 2.



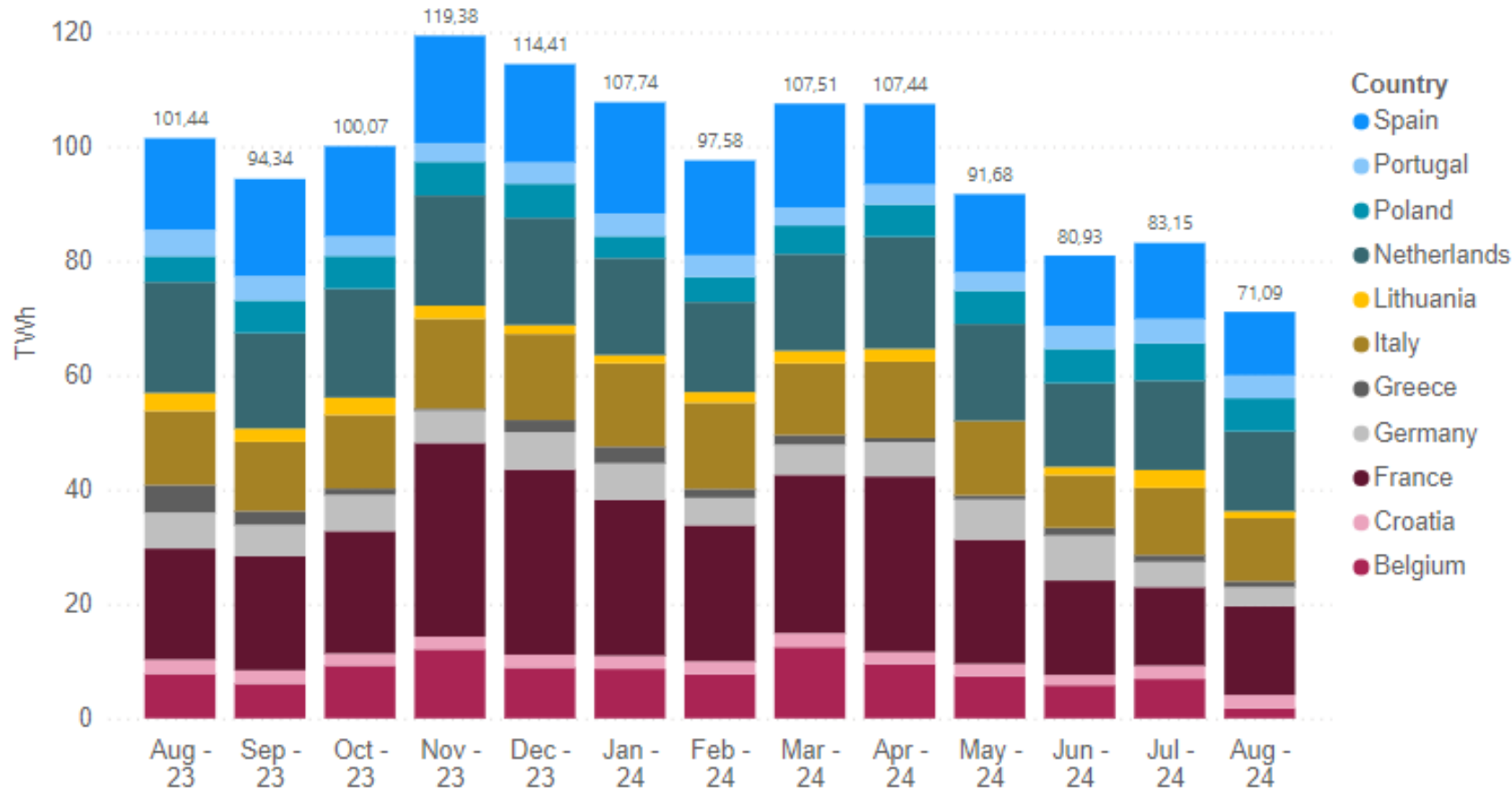
HUNGARIAN DOMESTIC GAS CONSUMPTION

EXPERT OPINION:

- » Since '24 February average monthly temperatures have been above last year level and also above the 10-year average.
- » **Despite the high temperature during the summer the consumption stayed below 2023 level.**
- » **It seems, that the increased electricity demand, caused by the higher use of air conditioning due to the summer heat, didn't require additional gas production.**
- » Residential energy prices were unchanged.



LNG SEND-OUTS BY EUROPEAN COUNTRIES*



EXPERT OPINION:

- » After a short increase in July the decreasing trend continues, **European LNG send out decreased by 15% MoM, and by 30% YoY.**
- » Asian LNG prices retreated from 8-month high by the end of the month as spot demand eased. Despite of supply concerns in Australia because of extended outage at an LNG plant.
- » All country's LNG send outs slightly decreased MoM except France.
- » Spain, France, Italy and the Netherlands sent out the highest volume of LNG.

• Excluding UK, Finland (data not available)

JAPANESE CANDLES LAST 3 MONTHS

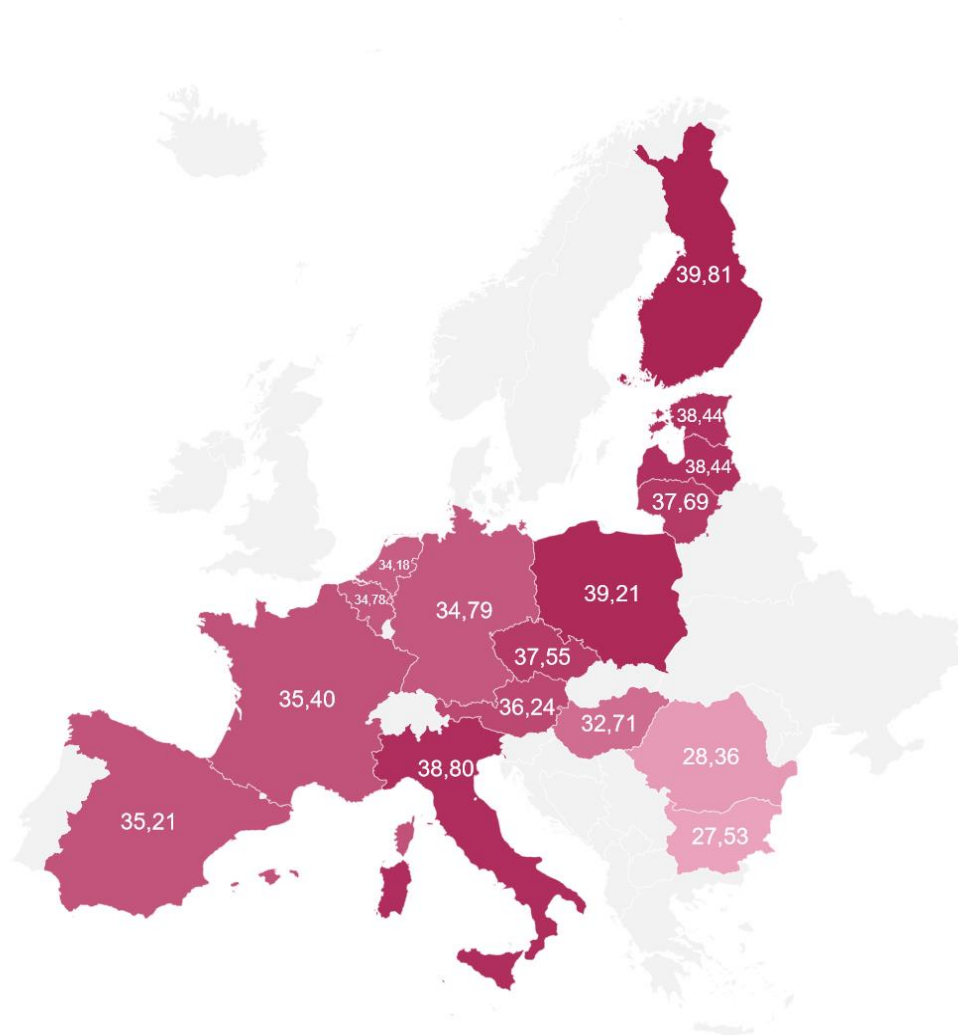


EXPERT OPINION:

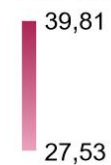
- » **In August the market volatility increased compared to July**, the spikes (the intraday price changes, in this case price increases) were significant, compared to the previous month.
- » **In the beginning of August, was a more intensive price increase**, prices reached ~40 Euros. After this, prices slightly decreased and then rose again in the end of the month.

NATURAL GAS PRICES SNAPSHOT

31/07/2024



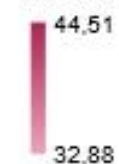
Price range (€/MWh)



30/08/2024



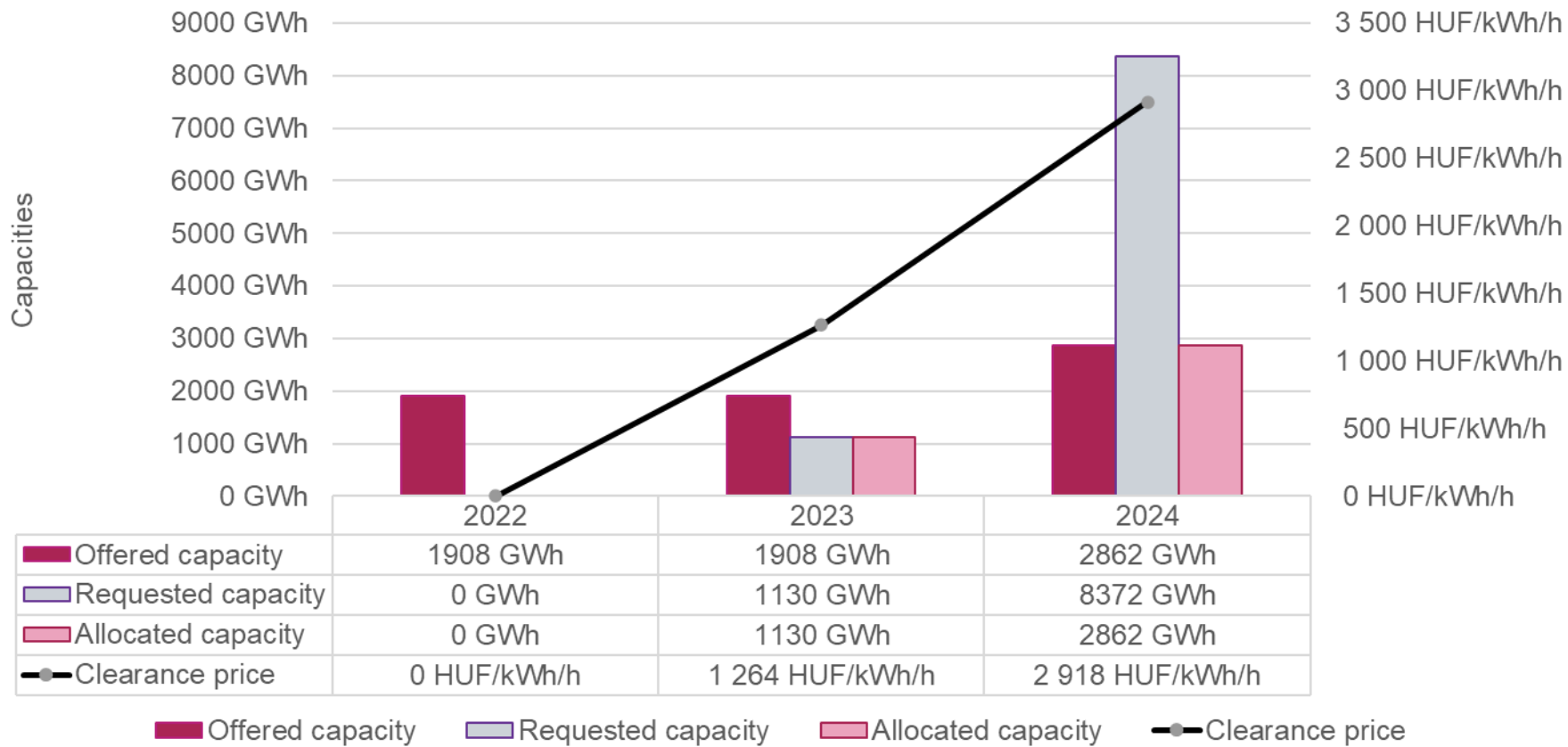
Price range (€/MWh)



HU > SK YEARLY CAPACITY AUCTIONS

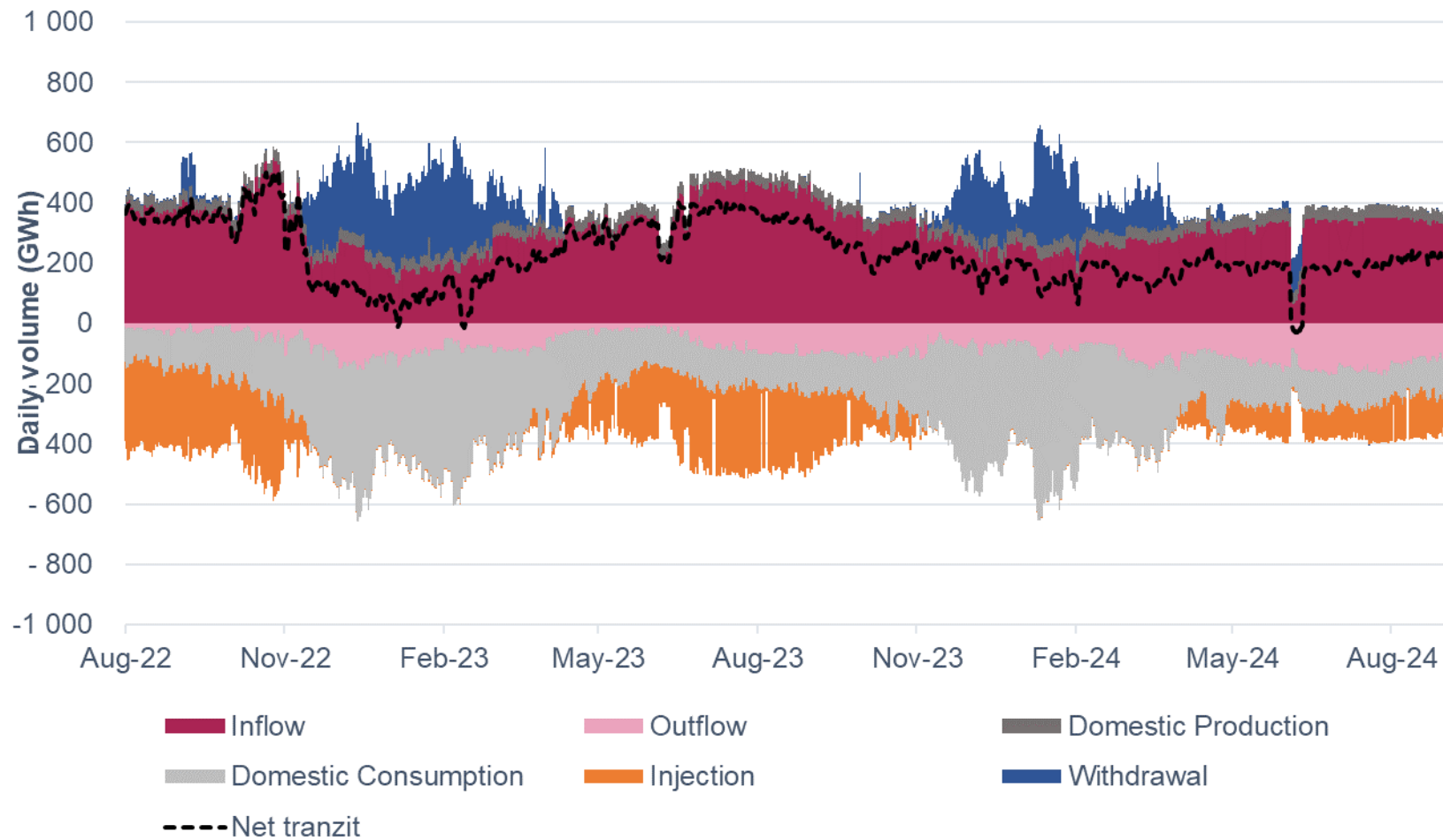
EXPERT OPINION:

- » There was a **significant increase** in demand and clearing price as well.
- » There is a steep upward curve in interest, showing a large interest in gas import from Hungary to Slovakia.
- » The **expected cease of Russian gas** flows via Ukraine could be a key factor, because more than one alternative routes are coming through Hungary.
- » **Possibly, gas flows** from Hungary also **go to Austria** via Slovakia.
- » It could mean that our **position as transit country** is getting valued more.
- » The **requested capacity could increase further next year**, if the conditions stays similar.



	2022	2023	2024
Number of auction participants	0	4	18

HUNGARIAN GAS MARKET BALANCE



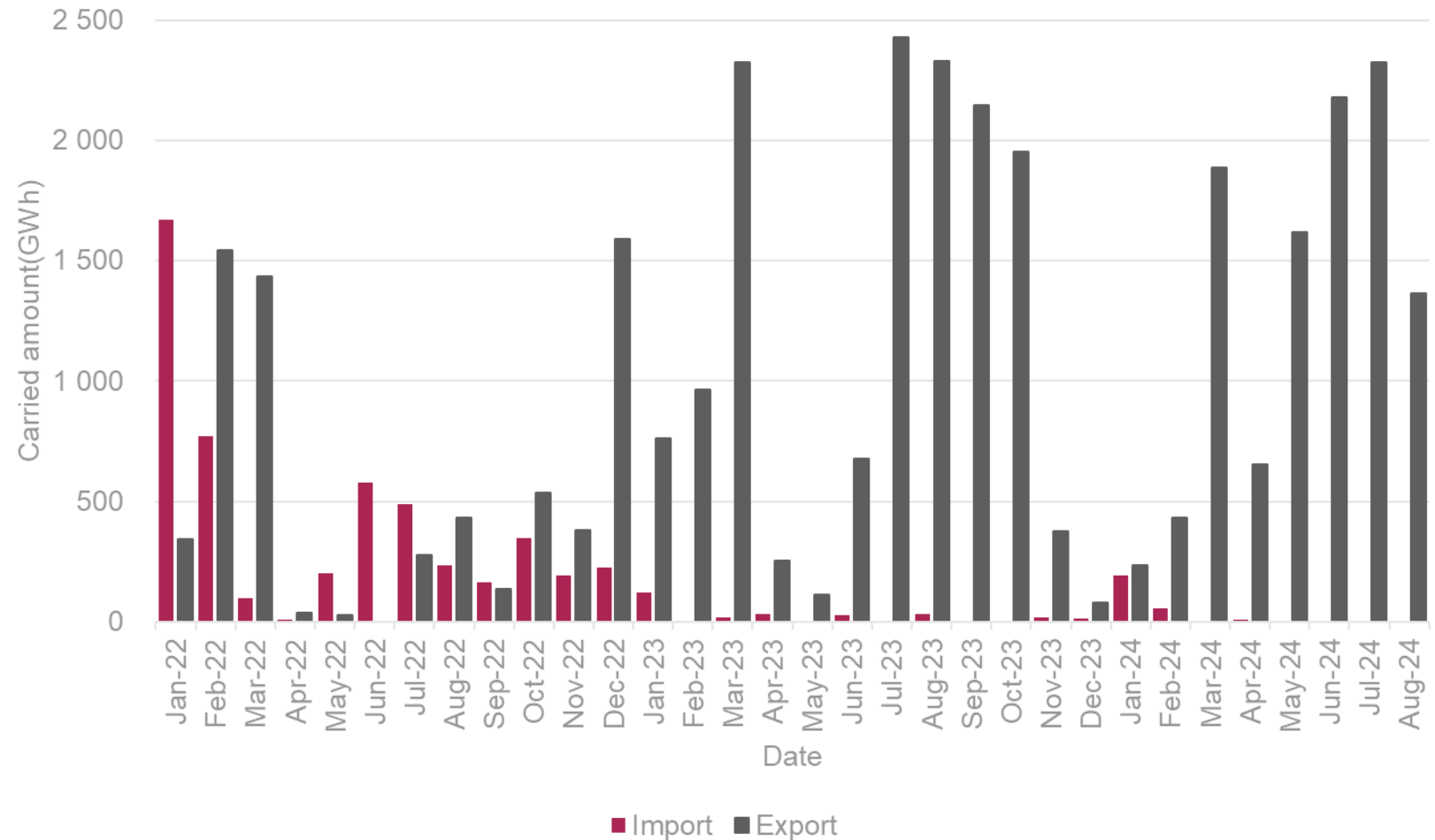
EXPERT OPINION:

- » **August domestic consumption** dropped by 5,1% YoY and 4,5% MoM.
- » Domestic production remained on similar level.
- » Both **import (1%) and export (21%) volumes decreased MoM**.
- » **Export towards Slovakia** continued to be high since the **beginning of the year**, while **Ukrainian exports** gradually increased throughout May, June and July, but in August it **started to decrease**.

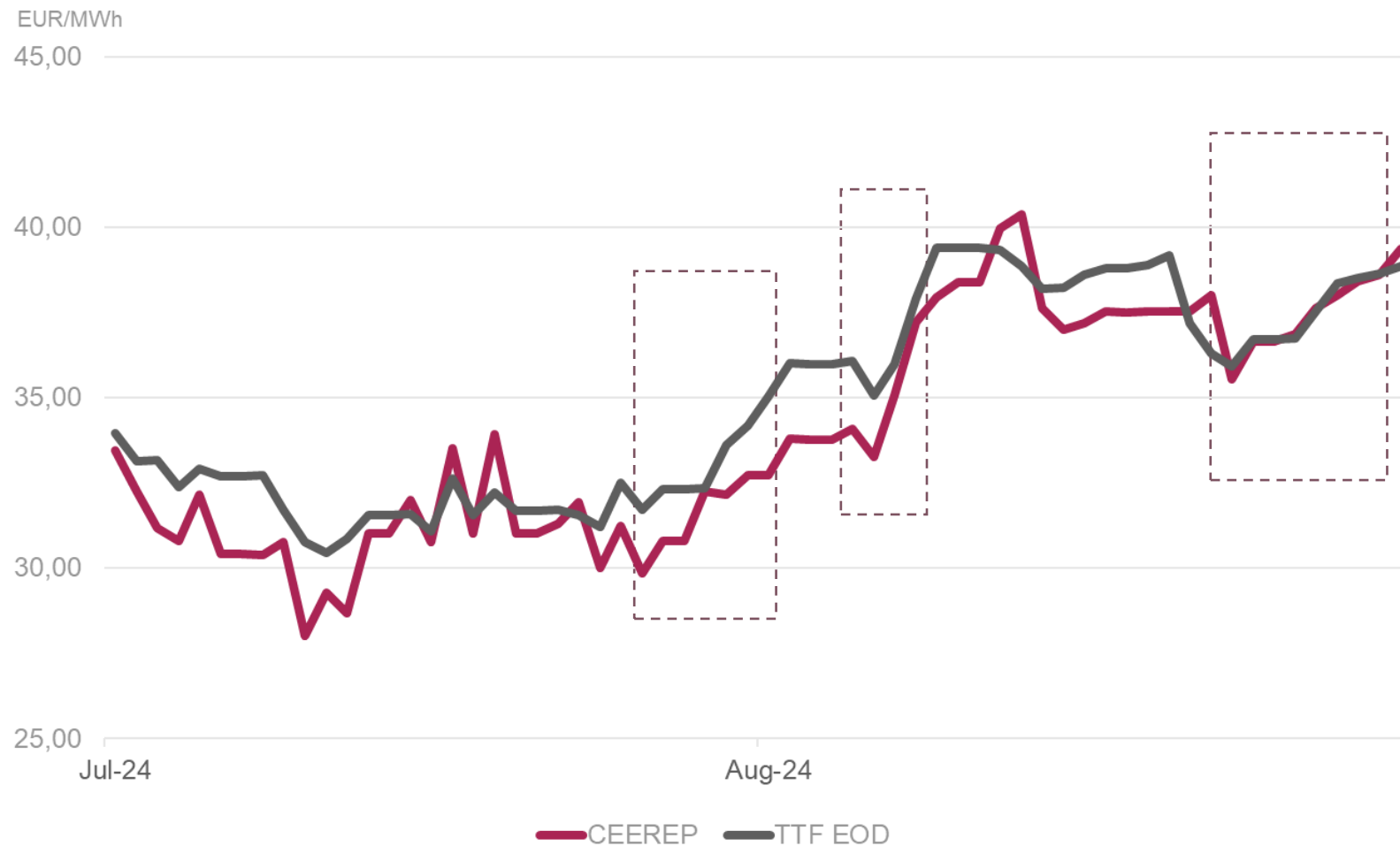
HU-UA gas flows

EXPERT OPINION:

- » In **December 2022** there was an **interestingly high amount of export** to Ukraine. At that time of the year there is no storing exports so presumably Hungary sold these quantities.
- » In **2023 from June to October** the **outgoing quantities were high**, also the prices. However at winter time it did not show up at incoming quantities, so we can assume that it went for pure export rather than storing purposes.
- » At the beginning of 2024 the gas prices were high, so the export we see this year are probably going for selling purposes to Ukraine and we won't see it coming back as imports.



THE INFLUENCE OF GEOPOLITICS ON GAS PRICES



EXPERT OPINION:

- » At the end of July and the beginning of August, the **rising tensions in the Middle East drove up gas prices.**
- » **Ukrainian forces captured a measuring station** on 6 August, near the border town of Sudzha.
- » Despite the conflicts at the border, the **transit volumes remained the same.**
- » **Gas prices reached their highest level in 2024** after the Ukrainian transit was at risk.
- » **At the end of August, the Australian LNG outage**, along with escalating geopolitical conflicts in the Middle East and at the Ukrainian border, led to rising gas prices.
- » The Australian outage mainly impacted Asian LNG prices, but **European gas prices have also been affected** due to competition between the continents for LNG.
- » The prices on the CEEGEX reacted more strongly to the conflicts at the Ukrainian border..

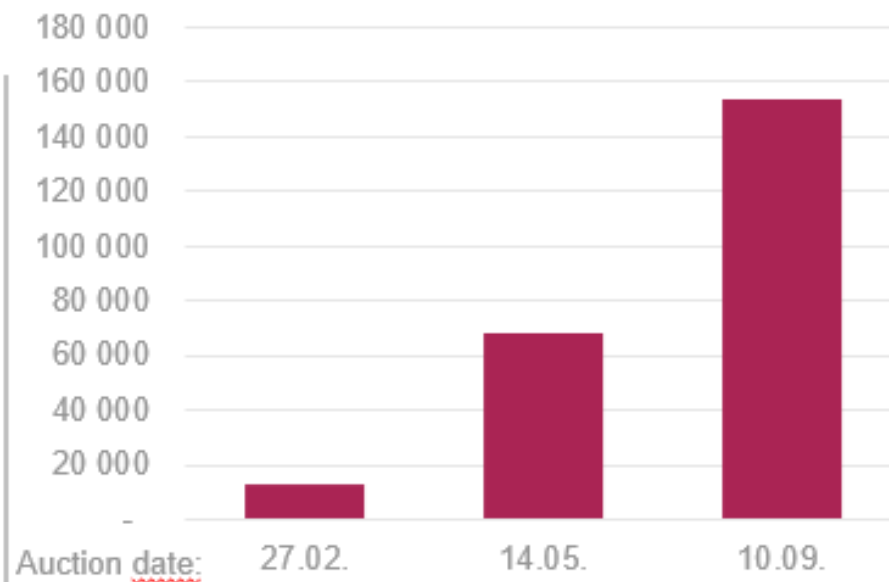
LATEST EKR AUCTION RESULTS

EXPERT OPINION:

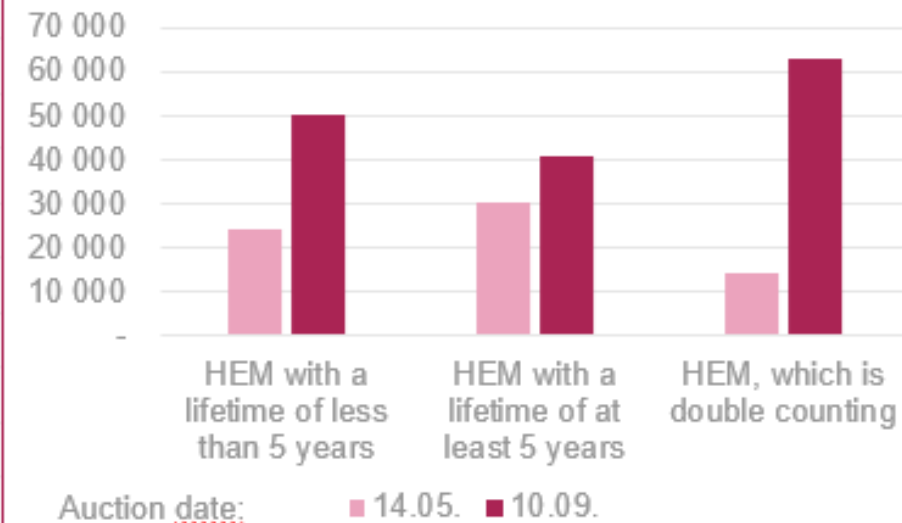
- » The traded volume at the EKR auction on the 10th of September was more than double the volume traded on 14.05. and more than ten times the volume traded on 27.02.
- » Looking at traded volumes by product, we can see that volumes have increased for all products, especially for double-counting HEM*, where the volumes have more than quadrupled.
- » The number of participants in auctions also increased for all products, with the highest increase again for the double-counting HEM.
- » There was a slight decrease in prices for all products, most notably for double-counting HEM, where prices were lower than for HEM with a lifetime of at least 5 years.

*Certified energy savings

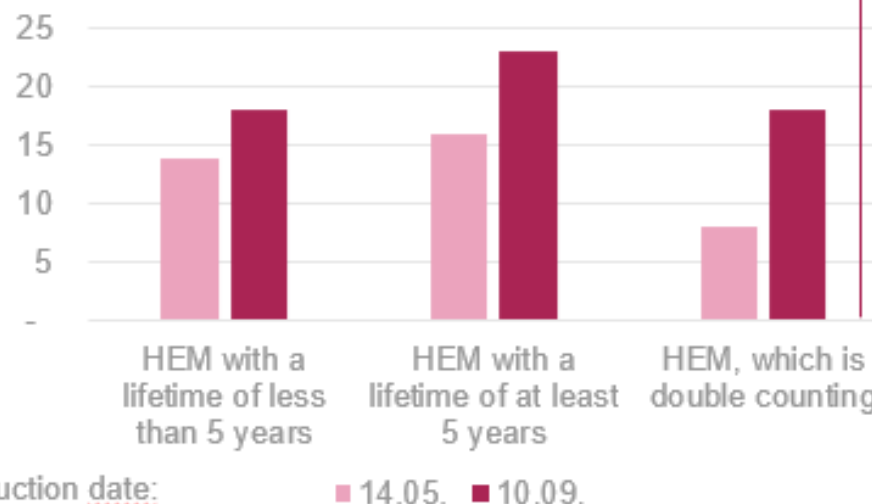
Total traded volumes at auctions (GJ)



Traded volumes at auctions by products (GJ)



Number of participants in auctions



Auction prices (HUF/GJ)

