

ceegex

CENTRAL EASTERN EUROPEAN
GAS EXCHANGE



Global & Regional Market Analysis

NATURAL GAS, 2024 July

14/08/2024

STORIES OF THE MONTH

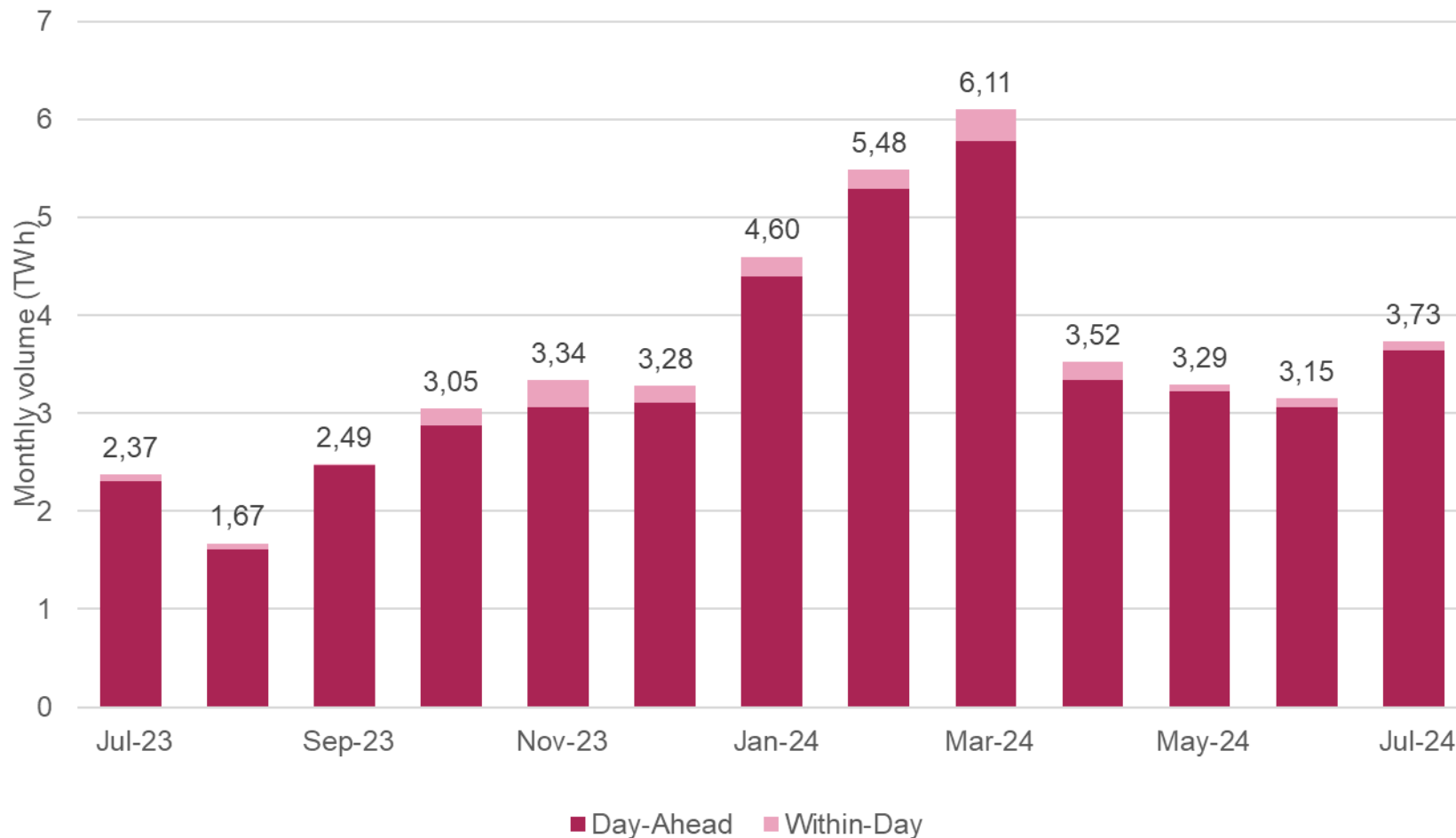
JULY 2024

- » Austria continues to explore its options to reduce its dependence on Russian gas. The energy minister has appointed a commission to examine these possibilities.
- » The construction of the **Green Energy Port**, China's largest LNG reserve base, was completed on June 30. With ten LNG storage tanks, this project has a total storage capacity of 2.5 million cubic meters (mcm).
- » Gas prices rose after **geopolitical tensions in the Middle East escalated** following a rocket attack on the Israeli-occupied Golan Heights.
- » Global IT disruption slightly impacted the energy trading on July 19. Trayport announced that the outage impacted some of its main services.
- » **Turkey is finalizing long-term LNG contracts for 2027-2037 to secure 5-6 bcm of LNG annually, covering 12-13% of its energy needs.** With Russian gas contracts expiring in 2025, Turkey announced plans to diversify suppliers, **including Algeria, Qatar, Nigeria, and the U.S.**
 - » Turkey's state energy importer, BOTAS, announced the first price increase in nearly two years. **38% increase in natural gas prices for residential use and a 33.1% hike for small- to medium-sized industrial customers, both effective August 1.**
- » **Freeport LNG had to shut down on July 7** in preparation for Hurricane Beryl. The plant restarted operation on July 11 and **returned to full production on July 28.**
- » Azerbaijani President Ilham Aliyev announced that the country will increase its natural gas exports to Europe to 13 billion cubic meters this year.
- » Greece's gas transmission system operator, DESFA, has recently completed the development of LNG Storage and Gasification Station facilities aimed at supplying the Central and Western Macedonia regions.
- » Poland's ORLEN signed an agreement with the Slovak company ZSE Group to supply gas, meeting around 30 percent of ZSE's yearly demand. This deal highlights the increasing collaboration among CEE companies to diversify their energy sources and strengthen regional gas security.
- » UK Natural gas grid ready to accommodate hydrogen after test trials showed no issues in blending hydrogen, from a 2% blend of hydrogen with natural gas to up to 100%.
- » MET Group signed a 10-year long LNG purchase agreement with Shell.

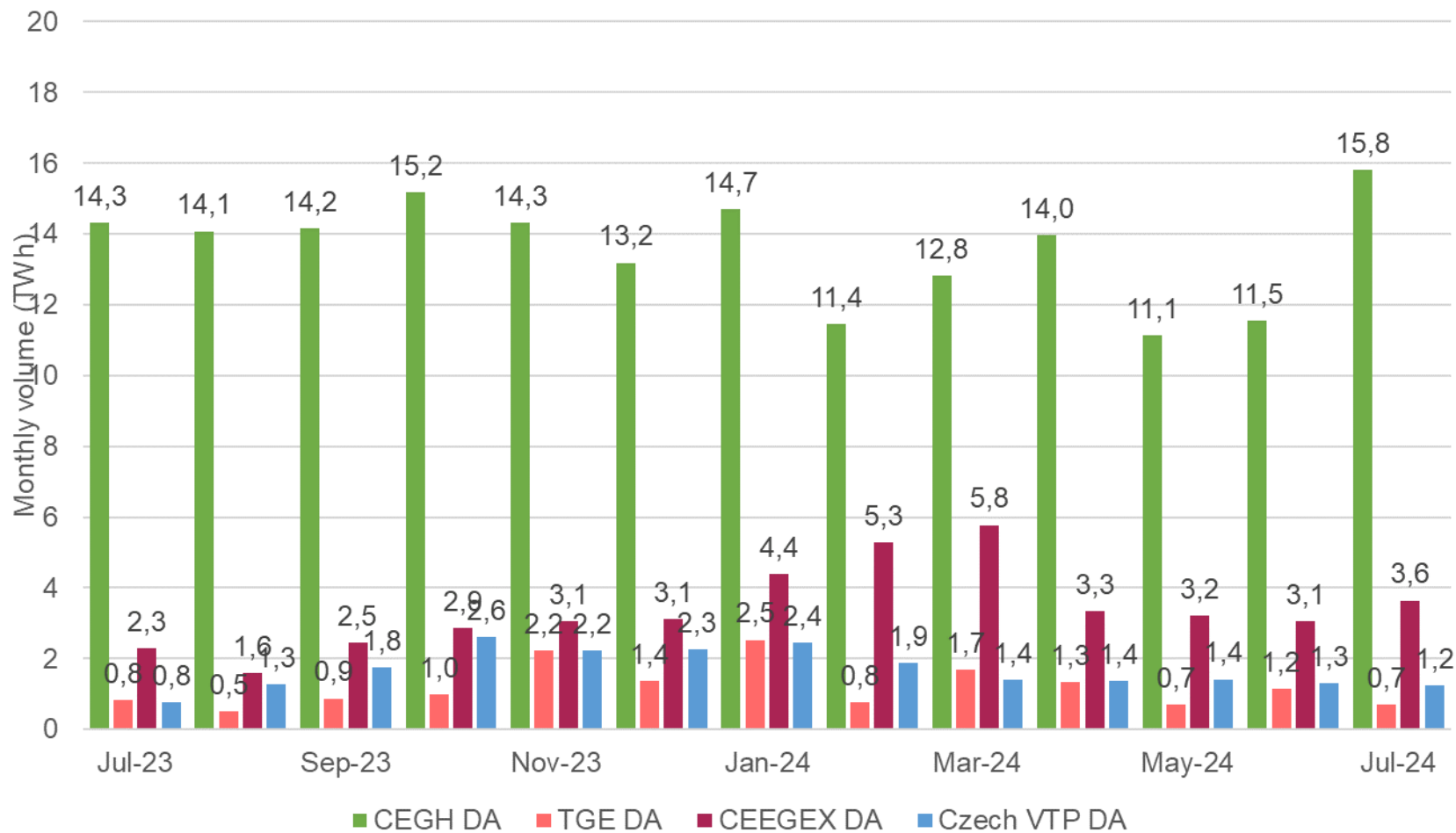
TRADED VOLUMES

EXPERT OPINION:

- » **Volumes traded on Ceegeex**, which had been reducing since March, **showed an increase again in July.**
- » Previous year there was a decline from June to July, and the last 5 years have also seen a decline MoM.
- » **Traded volumes grew by 57% YoY.** Over the last 5 years, this July saw the highest volume traded.
- » **Volumes traded increased amid slightly lower domestic demand**, and not too intensive injection pace.



REGIONAL SCOPE DA MARKETS



EXPERT OPINION:

- » **Volumes traded on CEGH also increased MoM**, at a higher rate than on Ceegeex. On other significant DA markets the traded volumes grew as well in July, despite of the low European gas demand.
- » The **Czech and Polish volumes reduced** compared to June.
- » **YoY, volumes also increased on Ceegeex and CEGH**, but YoY we can see a higher rate of growth on Ceegeex.
- » **The traded volumes on Czech VTP increased YoY**, but the volumes on Polish TGE slightly reduced.

REGIONAL PRICES AND SPREADS

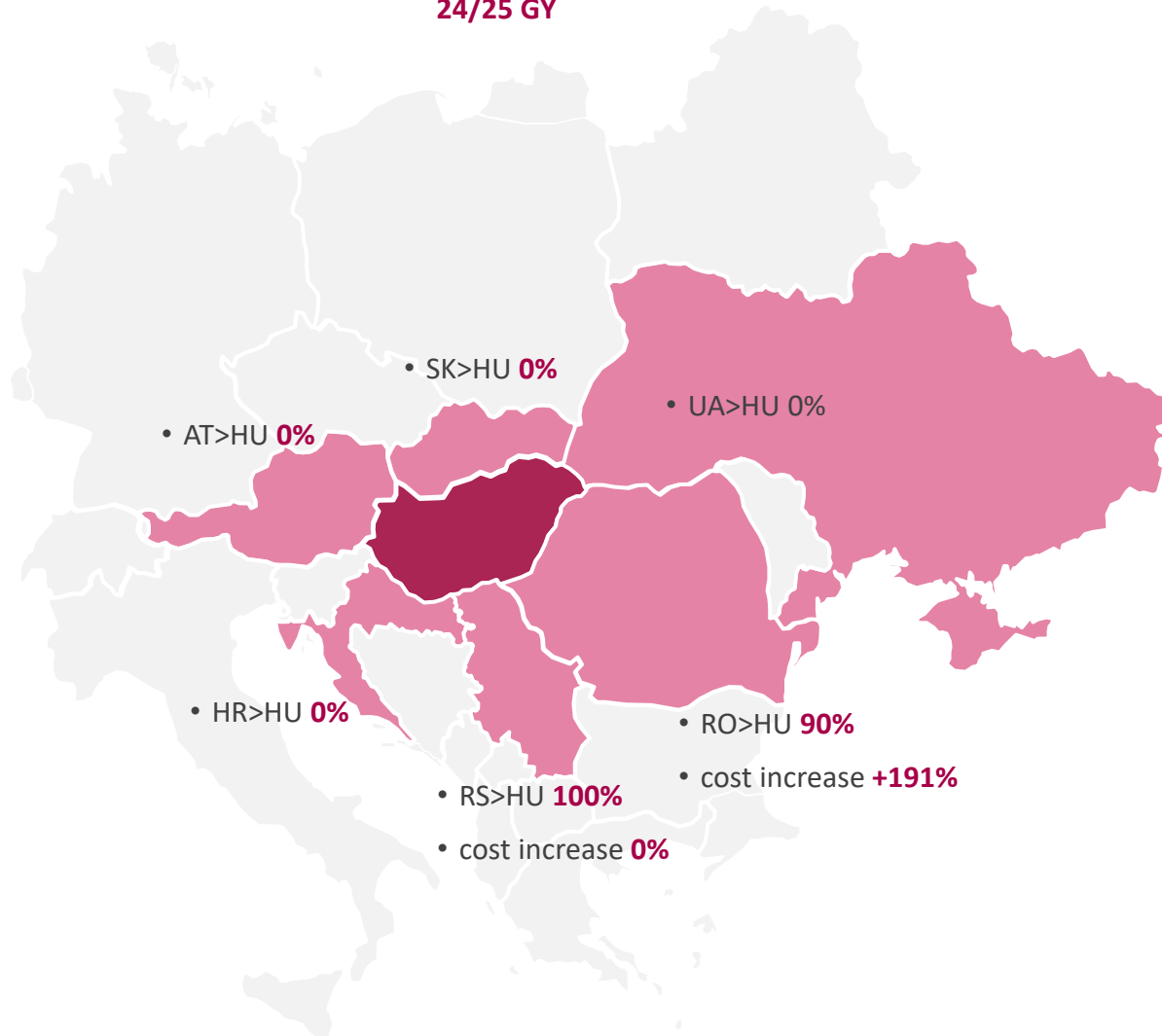
EXPERT OPINION:

- » In October 2023, the **spreads flipped to the negative territory** and this trend continued in July 2024.
- » **Hungarian prices** might be in **discount** due to high and stable flows on TurkStream.
- » The **Ceegex-TTF spread continued narrowing**, but the **Ceegex-CEGH spread increased** in July.
- » **Prices fell in the first half of July** and **rose in the second half** on all three exchanges.
- » The expected **cessation of flows via Ukraine from 2025** might had caused increasing flows via Hungary, which could increase the discount.



YEARLY CAPACITY AUCTIONS IN JULY

Yearly Firm Capacity product 24/25 GY



Yearly Firm Capacity product 23/24 GY

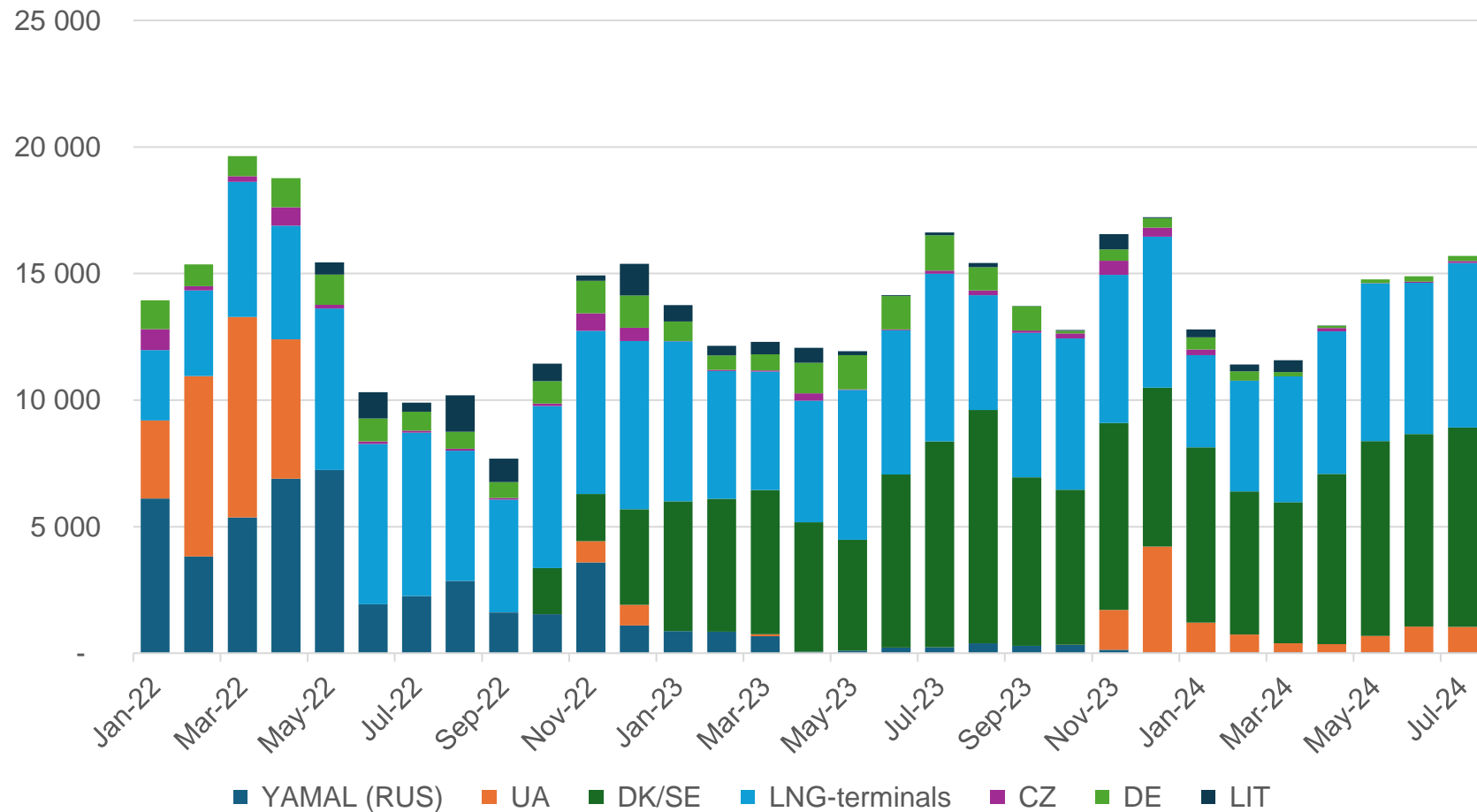
- SK>HU **0%**
- UA>HU **0%**
- AT>HU **96%**
cost increase 4%
- RO>HU **97%**
cost increase 160%
- HR>HU **42%**
cost increase 0%
- RS>HU **99%**
cost increase **0%**

EXPERT OPINION:

- » AT>HU: No bookings in this year, significant decrease after previous year July.
- » RO>HU: This route very popular this year and last year as well, driving up premiums significantly.
- » HR>HU: No bookings this year, despite of constant inflow volumes.
- » SK>HU: No one booked capacity in this July.
- » RS>HU: There was only one participant, just like last year.
- » UA>HU: No one attended the auction.

POLISH GAS IMPORT 2022.01 – 2024.07

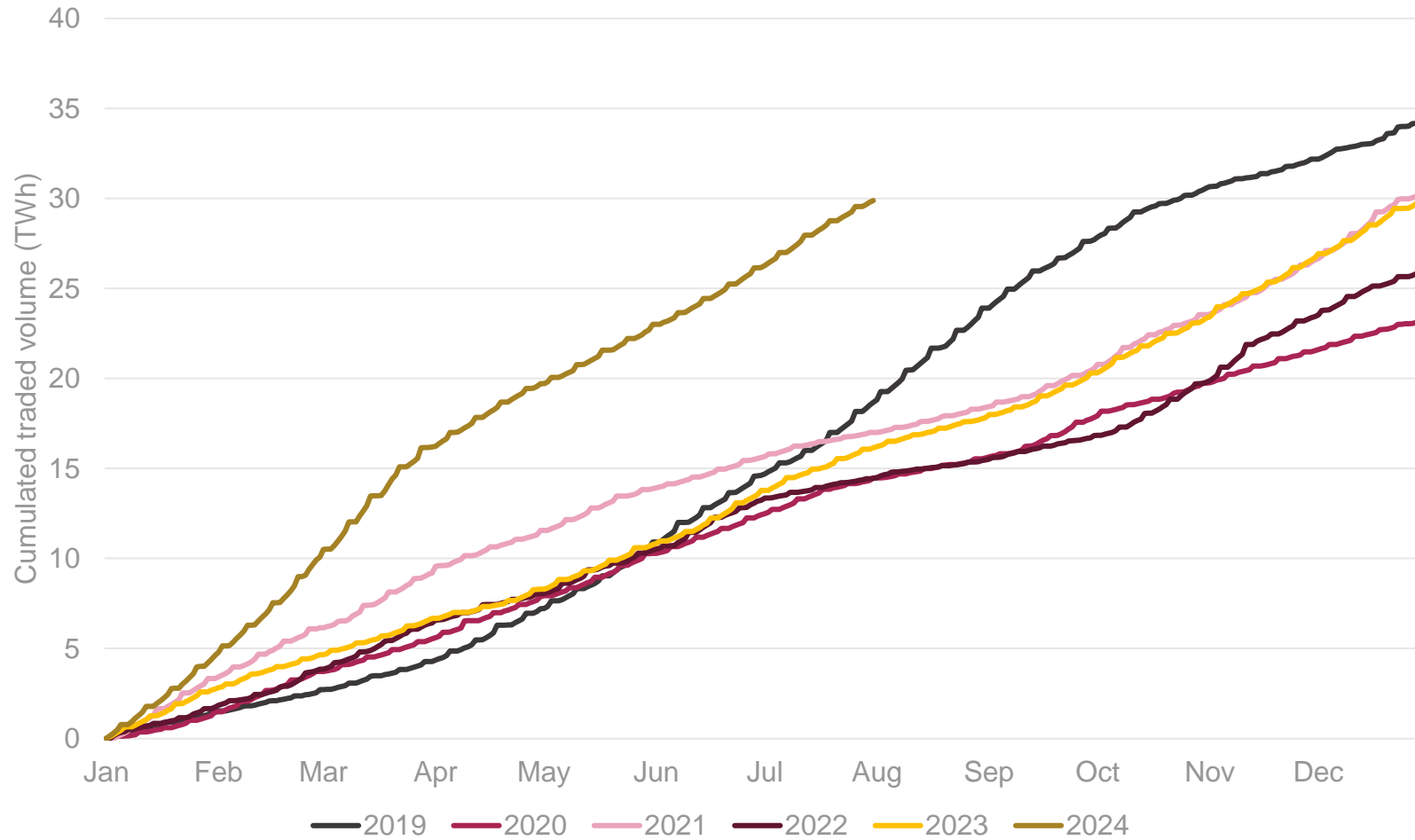
PL gas inflows 2022.01.01. - 2024.05.31. (GWh)



EXPERT OPINION:

- » Poland managed to cut themselves off from the Russian gas.
- » Russian gas was replaced mainly by Norwegian gas via Denmark.
- » Poland to import significant quantities of LNG since 2022.
- » Gas from Germany is still minimally present during the period under review.
- » Russian gas via Ukraine almost stopped for a longer period, but at the end of 2023 they started to import it again.
- » Poland is making important efforts to keep the country's gas needs stable independently of the Russians. (New Polish-Lithuanian interconnector is planned, Orlen buys a PV power plant, Algeria-Poland connection.)

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.

JAPANESE CANDLES LAST 3 MONTHS



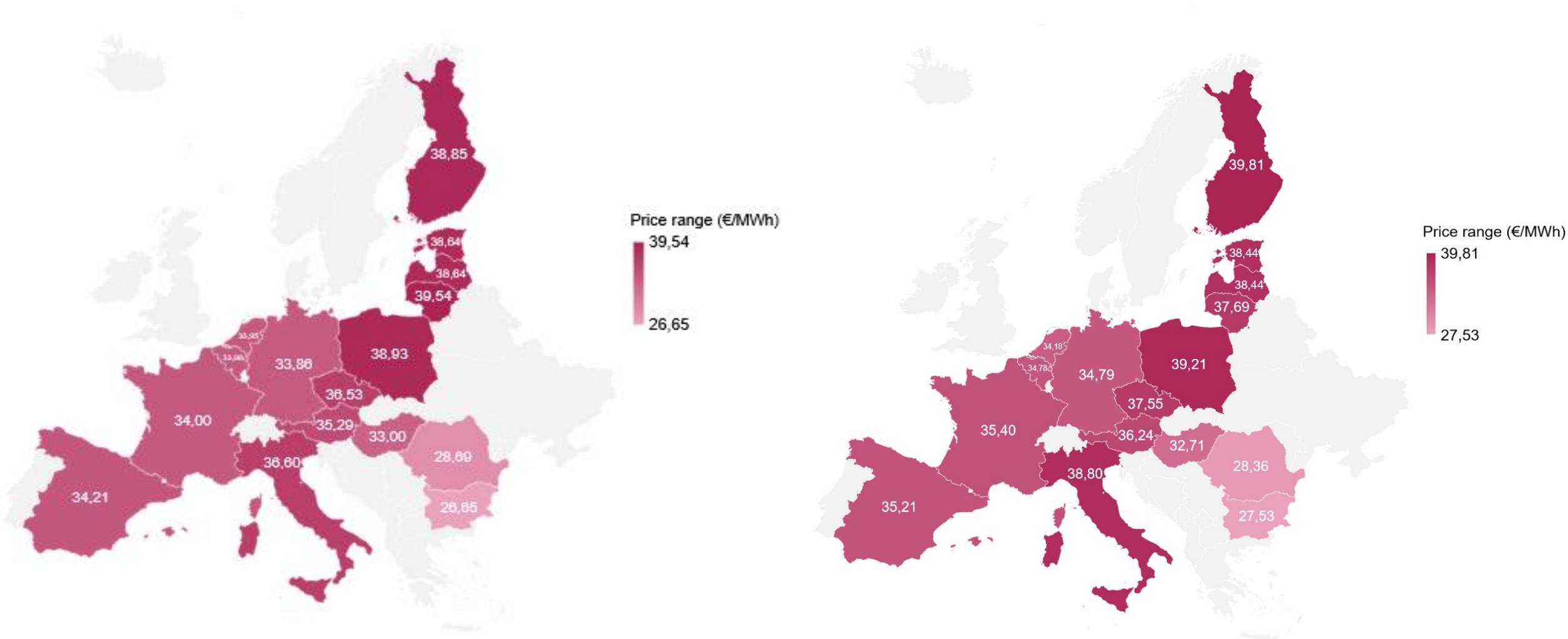
EXPERT OPINION:

- » In July the market volatility slightly decreased compared to June.
- » The spikes were not that significant, compared to June.
- » The prices started to increase in the second half of the month.
- » Two bullish factors were the **Freeport outage** in early July and the **increasing tensions in the Middle East** at the end of the month.
- » Price levels are similar to 2021, but prices are still far more volatile than before the energy crisis.

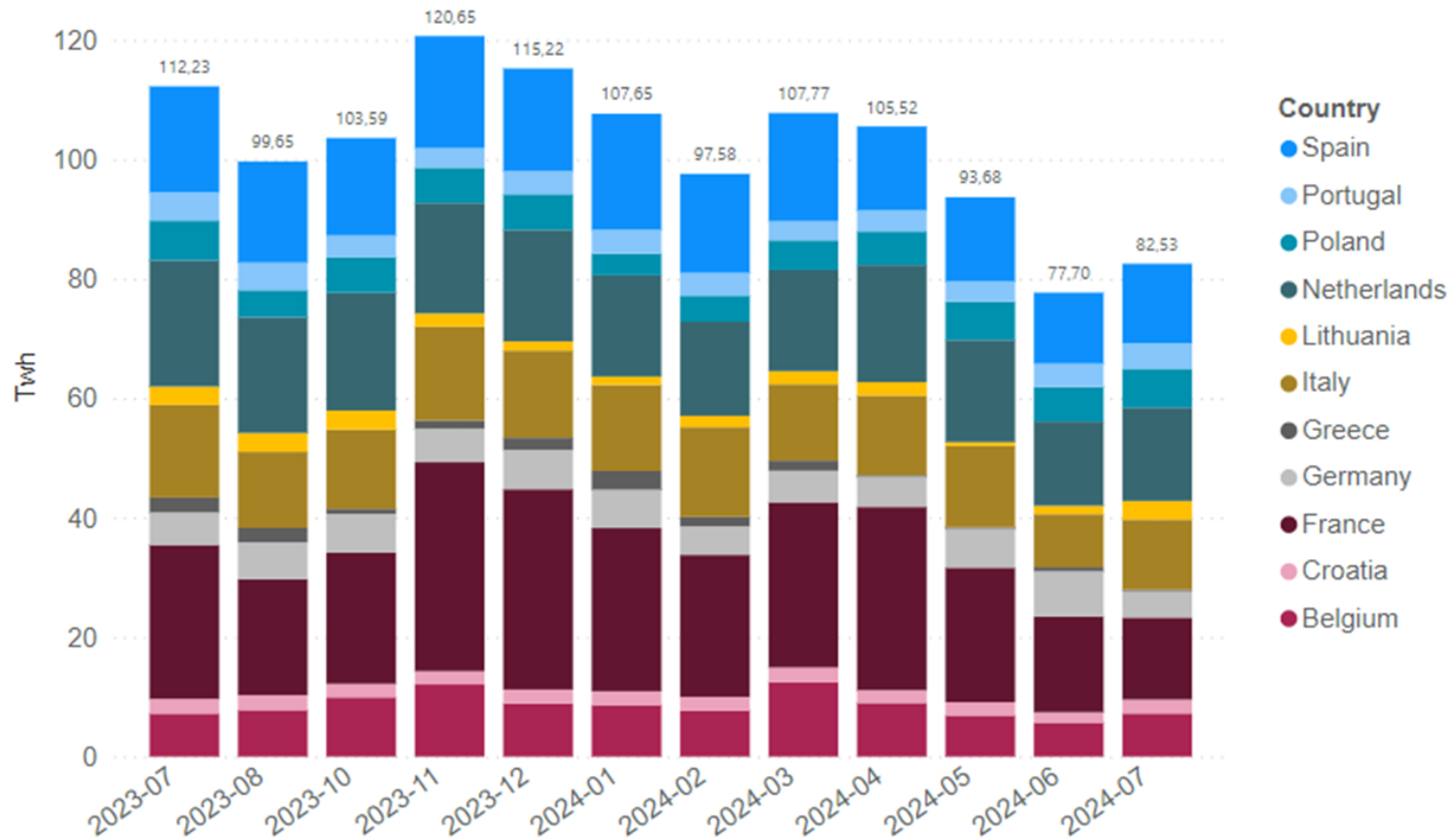
NATURAL GAS PRICES SNAPSHOT

28/06/2024

31/07/2024



LNG SEND-OUTS BY EUROPEAN COUNTRIES*



EXPERT OPINION:

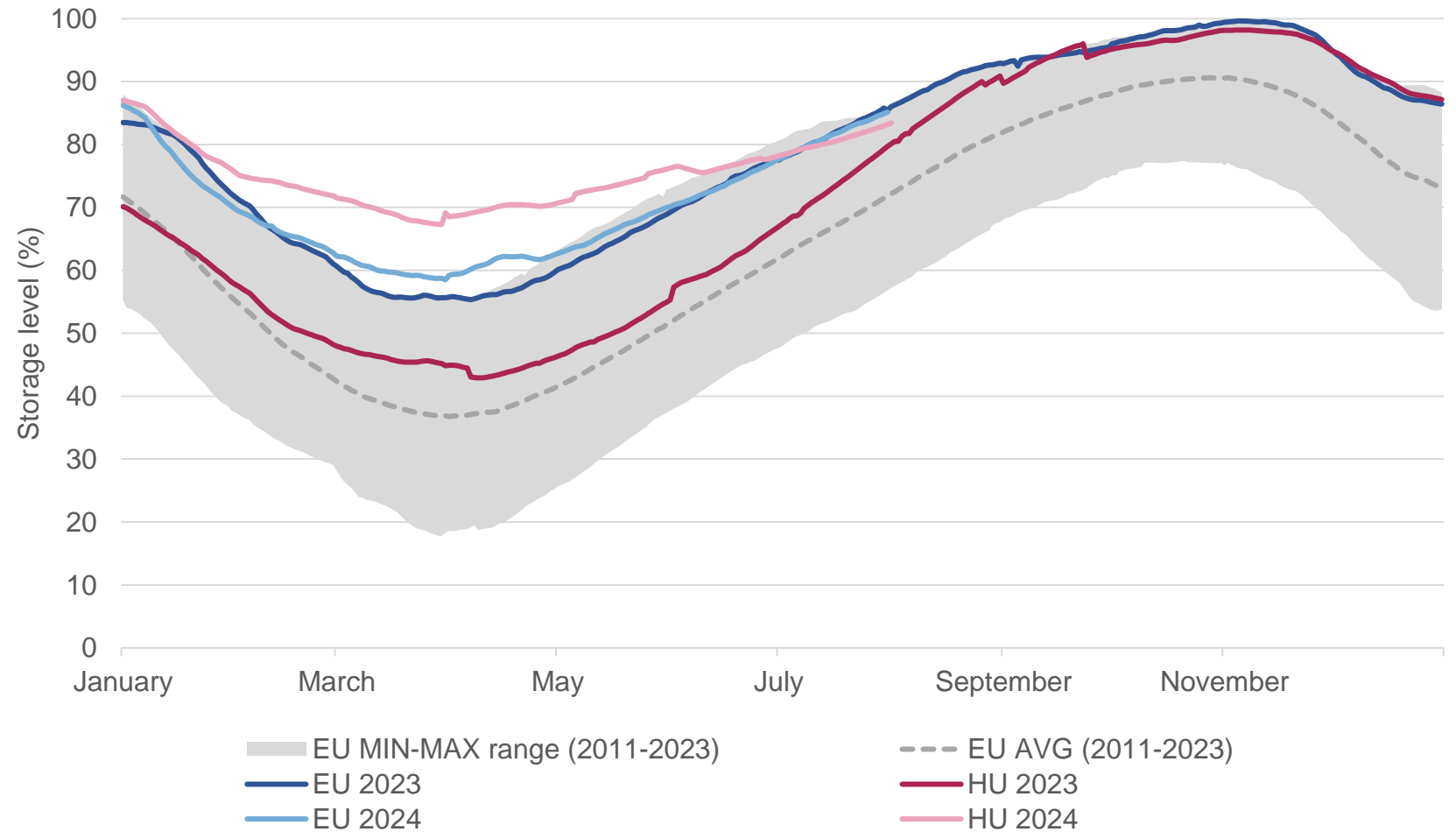
- » After decreasing since March **European LNG send out increased by 6% MoM, but decreased by 26% YoY.**
- » Asian LNG demand remained high for six months, even if Asian LNG prices stayed near seven-month low -- Cargos redirected to Asia instead of Europe.
- » All **country's LNG send outs slightly increased MoM except France and Germany.**
- » **Spain, France, Italy and the Netherlands sent out the highest volume of LNG.**
- » The **start of the Greek Alexandroupolis LNG terminal is delayed.** It is expected to start full commercial operations on 1 October according to the operator.

• Excluding UK, Finland (data not available)

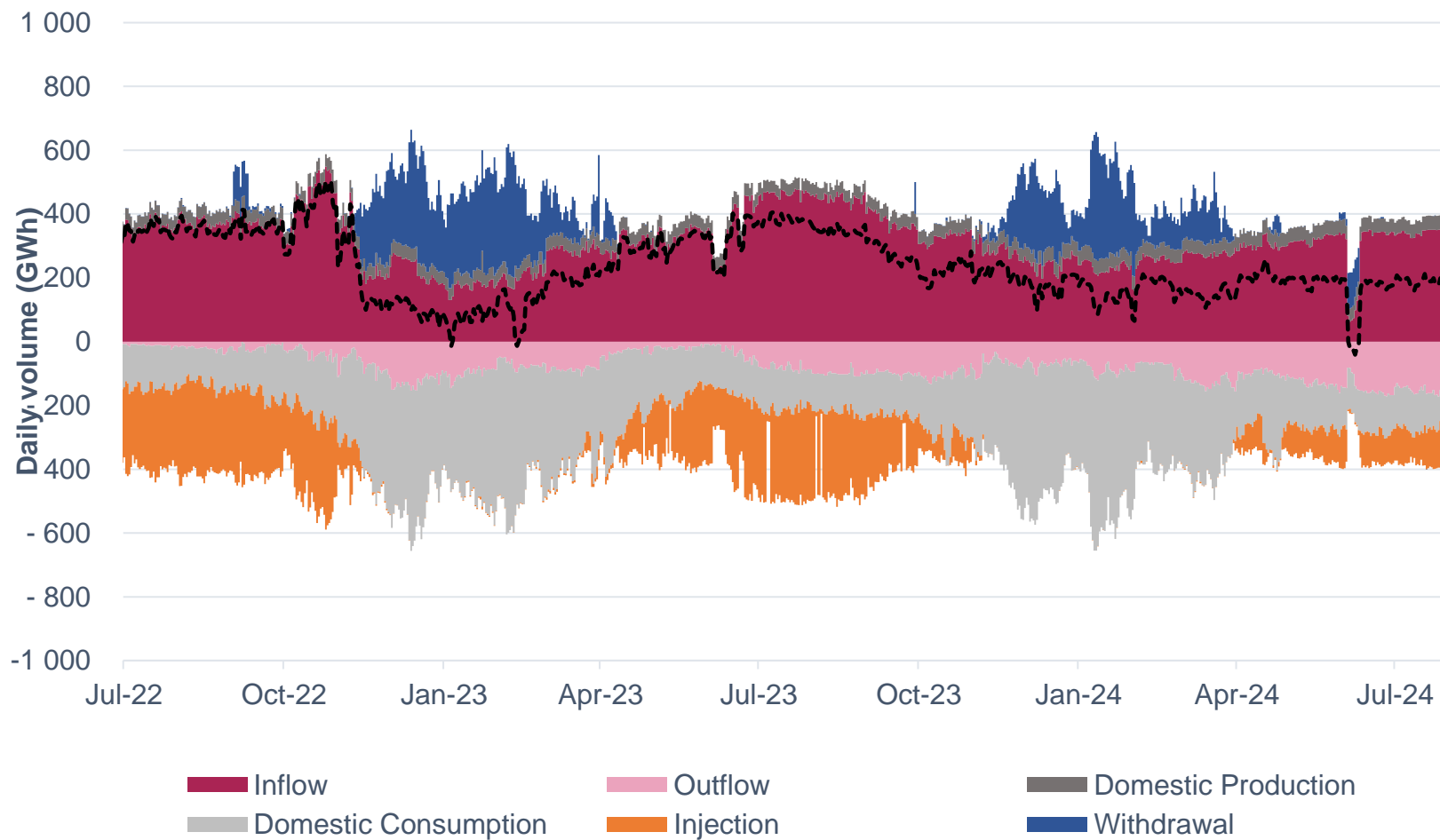
GAS STORAGE LEVEL IN EU AND HU

EXPERT OPINION:

- » EU aggregated storage sites stood at 85% (+10% MoM) by the end of July, while Hungarian stocks at 83% (+6% MoM).
- » EU 2024 values are around its last year level.
- » The pace of injections slowed in Hungary further in July and **Hungarian storage levels fall below the European ones in mid-July, but still stayed above 2023 values.**
- » **EU final target by November is 90%**, Hungary and the EU might reach the 90% earlier.



HUNGARIAN GAS MARKET BALANCE



EXPERT OPINION:

- » **July domestic consumption dropped by 6% YoY and 0,6% MoM.**
- » Domestic production remained on similar level.
- » Both **import (+25%) and export (+6%) volumes grew further MoM** showing the increasing importance of transit volumes via Hungary. The MoM increase in imports is also linked to the previous month's maintenance of Turkstream.
- » Despite the complete lack of Austrian imports this year, **Serbian, Romanian and Croatian imports kept the total import values elevated in this order of importance.**
- » **Export towards Slovakia continued to be high since the beginning of the years**, while Ukrainian exports gradually increased throughout May, June and July.

USA LNG exports to the EU

EXPERT OPINION:

- » **LNG volumes from the USA to the EU surged in the first quarter of 2022**, mainly replacing gas volumes from Russia.
- » The USA is now the world's number one exporter of LNG.
- » In 2024 Q2, **LNG volumes from the US to the EU were the lowest since the end of 2021**.
- » The American Freeport LNG terminal had several technical difficulties during the year, this may also have affected US LNG exports.
- » Hurricane Beryl also set back LNG exports in the USA.
- » It didn't had any significant effect on the Henry Hub prices.

EU LNG imports from the USA (mcm)

