

ceegex

CENTRAL EASTERN EUROPEAN
GAS EXCHANGE



Global & Regional Market Analysis

NATURAL GAS, 2024 October

20/12/2024

STORIES OF THE MONTH

OCTOBER 2024



Geopolitical risks related to the Middle East and the Russia-Ukraine conflicts drove gas prices to a 2024 high by the end of October.



Serbia and North Macedonia have agreed to construct a 70-kilometer natural gas interconnector, with 14 bcm annual capacity **The pipeline will link Serbia to Greece's newly operational Alexandroupolis LNG terminal.**



FGSZ and Eustream, announced an agreement to increase the capacity at Vel'ke Zlievce-Balassagyarmat interconnection point, **from Hungary to Slovakia by 33%, raising it to 101.8 GWh/day** until April next year.



Following a bilateral meeting, Serbia's Minister of Mining and Energy revealed that the country will secure access to one mcm of gas from Azerbaijan this winter while also strengthening its green energy partnership.



EEX will introduce natural gas products for the Baltic-Finnish markets on its platform, operated by GET Baltic within EEX Group, starting 27 May 2025. The portfolio will include spot products (Within-Day, Day-Ahead, Weekend) and derivatives (Month, Quarter, Season, Year) for Lithuania, Latvia-Estonia, and Finland.



Europe's front-month LNG price hit a 10-month high, now offering a premium to Asian LNG equivalents.



Hungary will maintain higher firm export capacity to Ukraine in Q1 2025 to support Ukrainian gas storage. From 1 January to 31 March 2025, a total of 4,312,697 KWh/h (103.5 GWh/day, nearly 10 million cubic meters/day) will be available via quarterly, monthly, daily, and within-day offers.

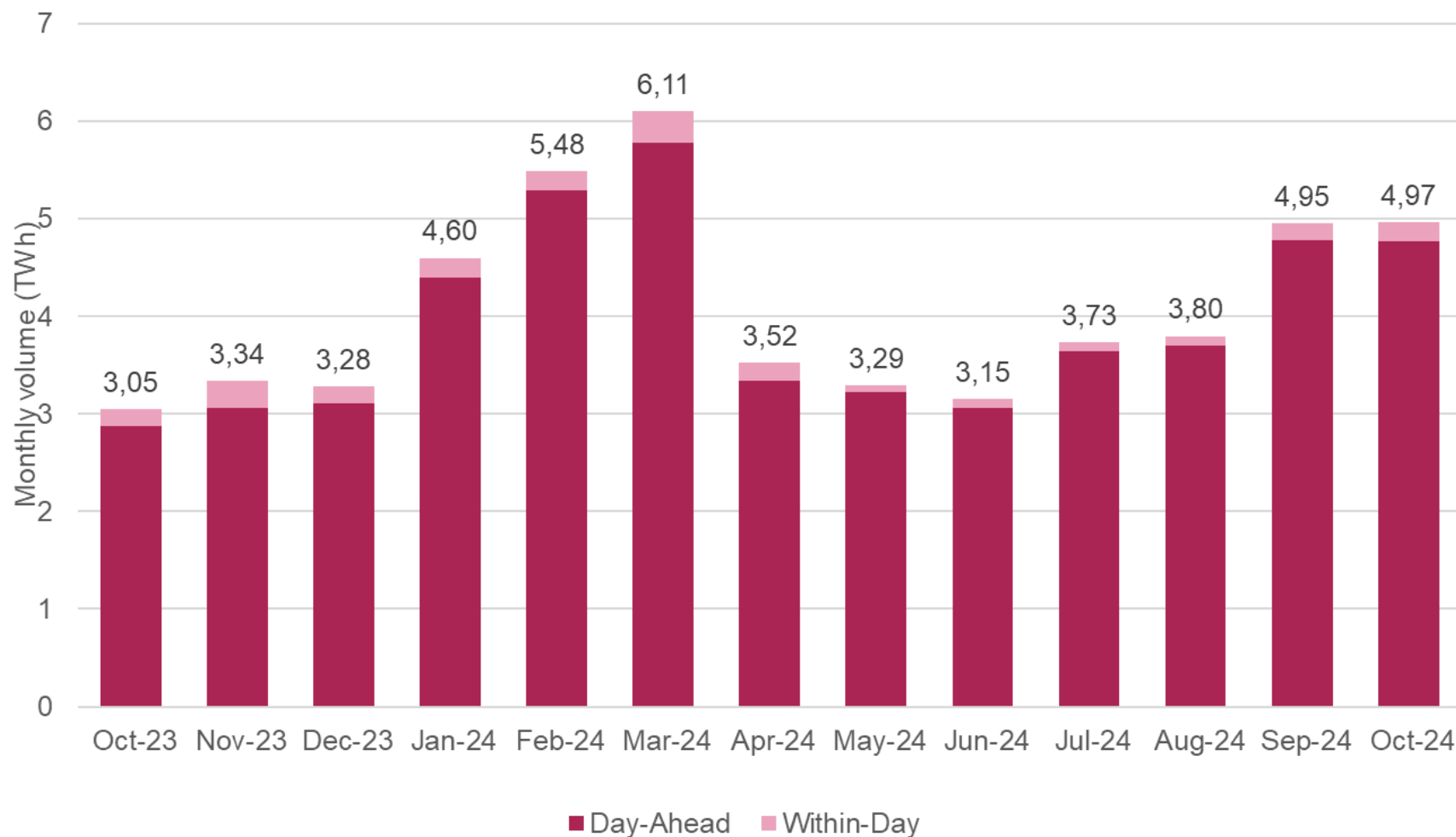


LNG shipping rates have dropped to multi-year lows and may continue falling into 2025, as new tankers outpace LNG production growth and spot demand remains weak.

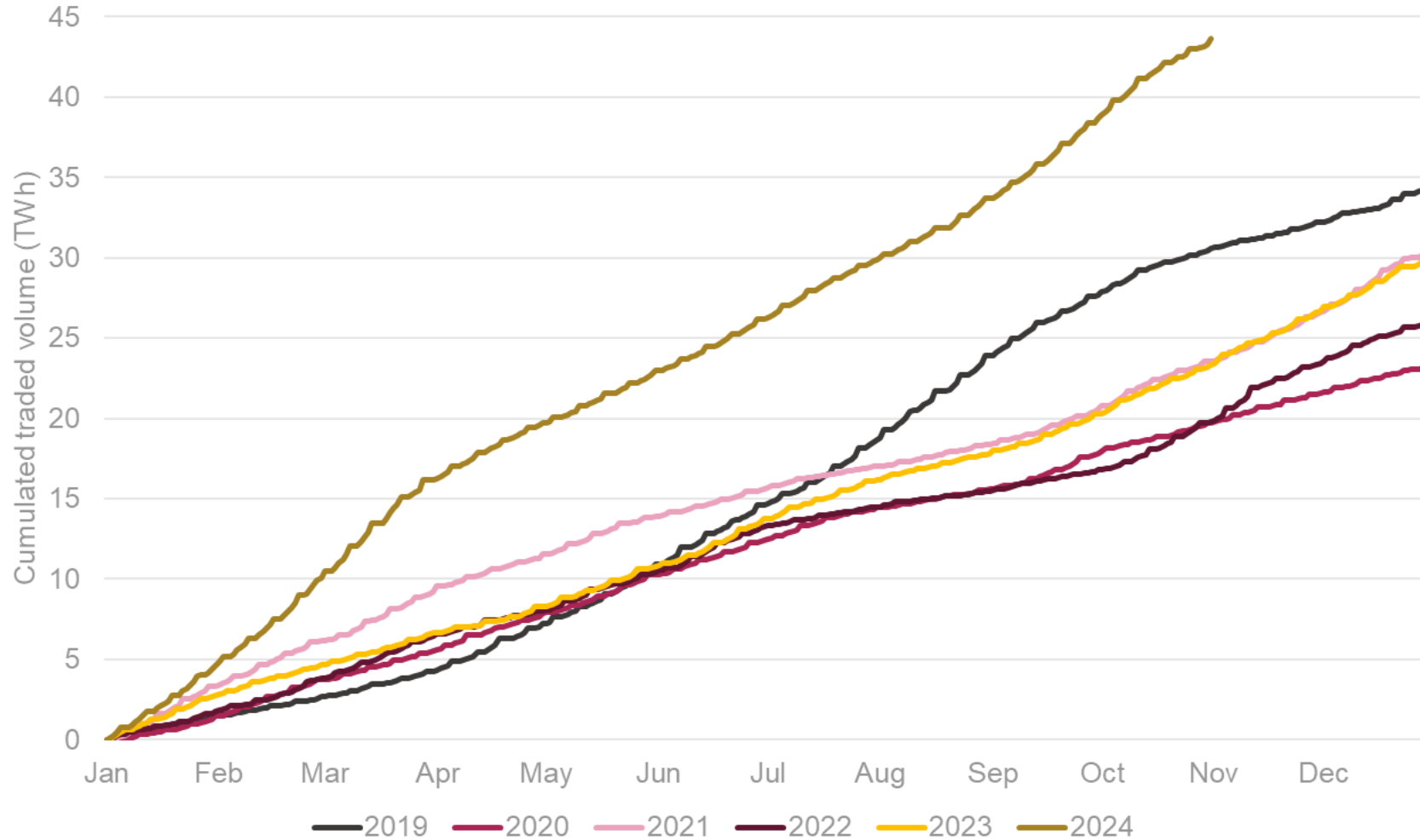
TRADED VOLUMES

EXPERT OPINION:

- » In October, traded volumes were roughly stagnant compared to September.
- » Although the increase is usually higher from September to October, it was still a **record high traded volume for October**. The volumes increased **63% YoY**.
- » One reason for the relatively high volumes may be the **high domestic demand, with an increase of more than 20% this year compared to previous year October**.
- » In addition, **export growth may have contributed to the high volumes traded: there was an increase of more than 30% compared to September**, mainly due to the expansion of capacity at the Slovak crossborder, but Ukrainian exports also increased.



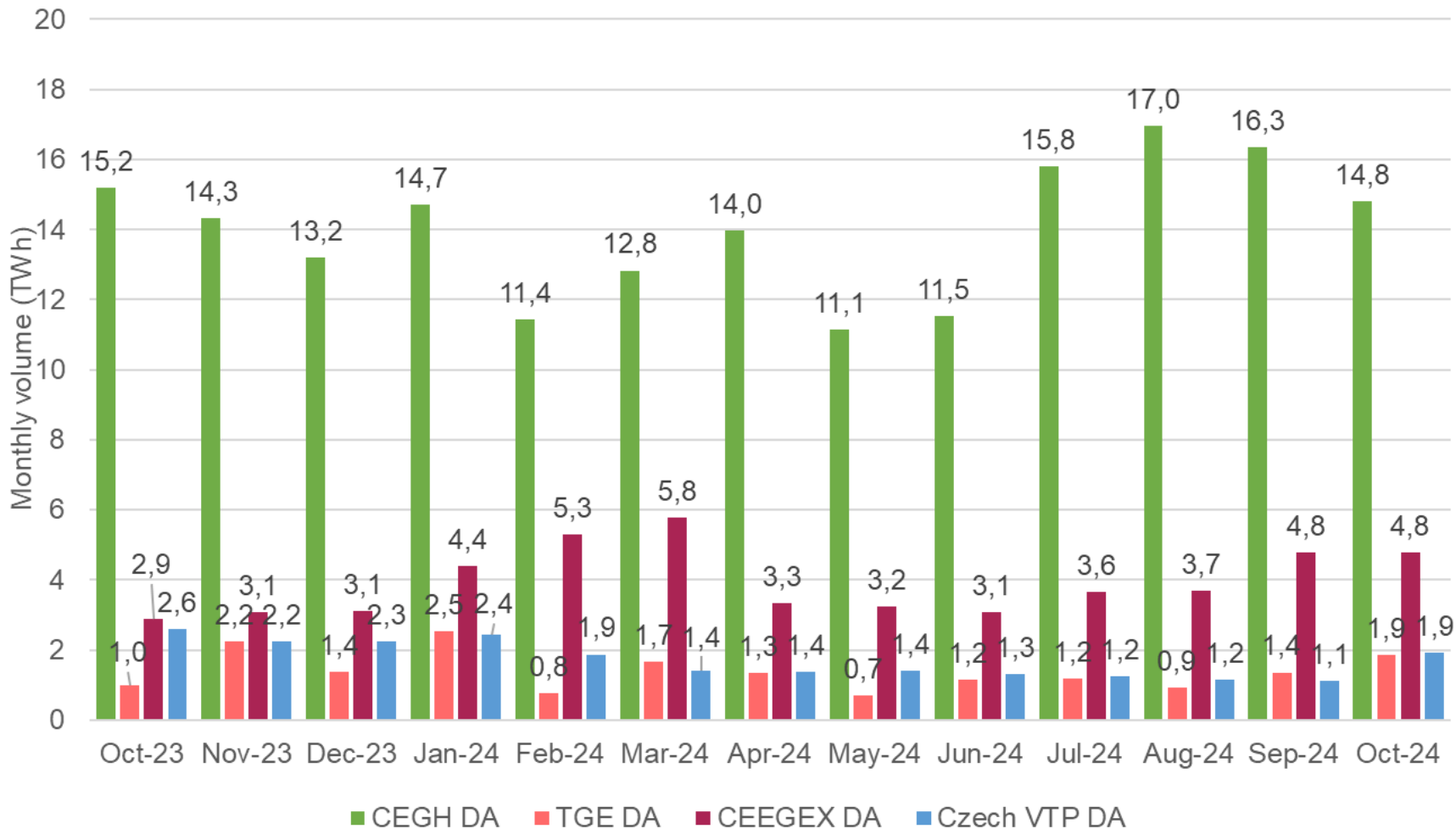
TRADED VOLUMES YEARLY COMPARISON



EXPERT OPINION:

- » **2024 Q1 started with record volumes**, doubled the 2023 numbers, and 76% increase compared to 2021 Q1.
- » **Since Q1, traded volumes in each month are also close to record levels**, generally only surpassed by 2019 volumes.
- » **In September and October, volumes traded exceeded the previous September and October maximum**, as can be seen in the chart.
- » **The cumulative traded volumes at the end of October were more than 10 TWh higher than those of last year overall.**

REGIONAL SCOPE DA MARKETS



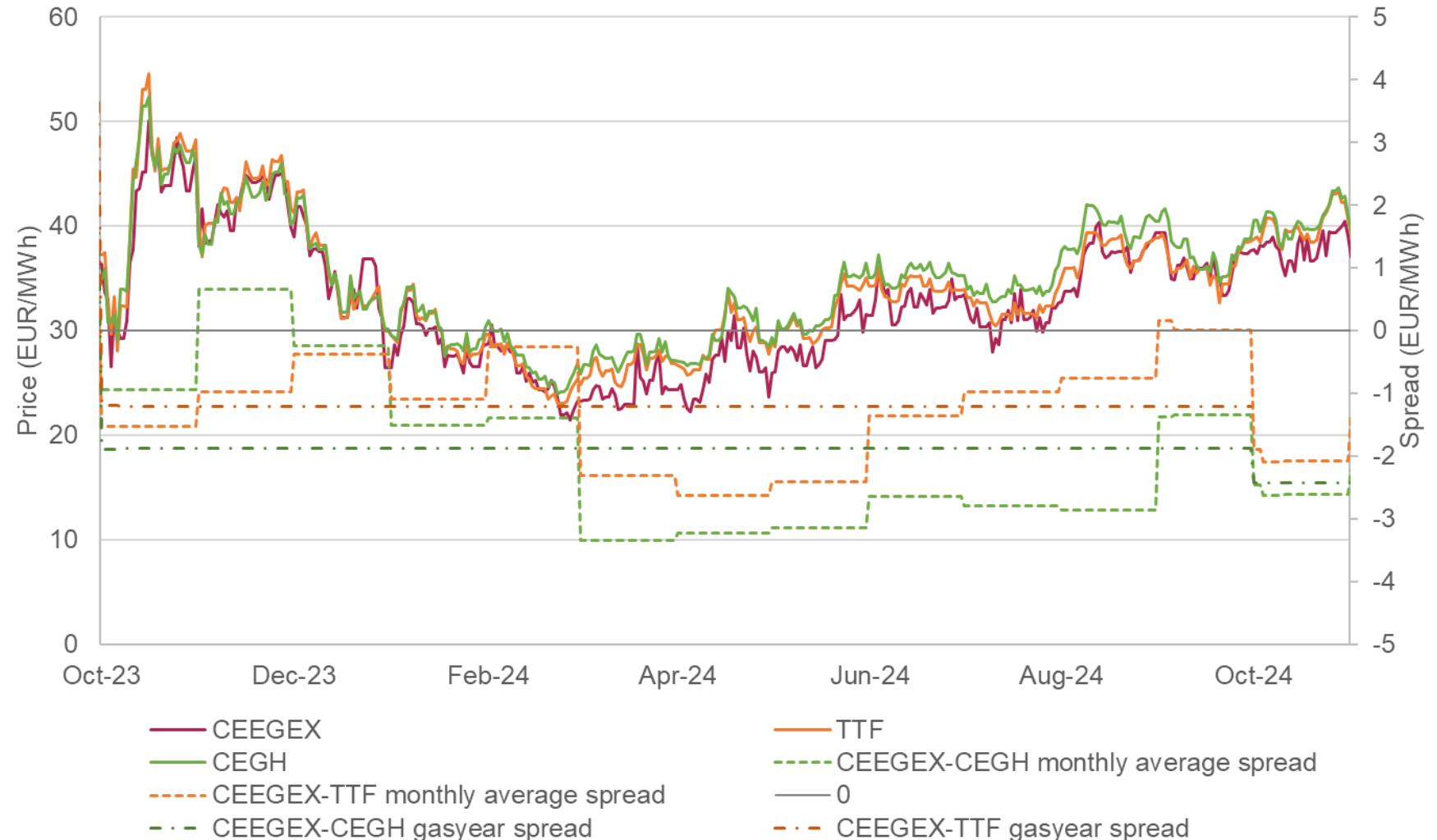
EXPERT OPINION:

- » The monthly volumes in October have stagnated on CEEGEX, slightly decreased on CEGH and increased on TGE and Czech VTP, compared to September.
- » YoY, CEEGEX volumes saw a high increase of around 65%, while CEGH volumes were roughly stagnant. YoY, TGE volumes grew at a high rate, but Czech VTP volumes decreased strongly.
- » Ceegex has seen the highest traded volume in the last 7 months in October, while CEGH has seen the lowest volume traded in the last 4 months.

TTF, CEGH PRICES AND SPREADS

EXPERT OPINION:

- » In September, both monthly spread narrowed, the TTF is above 0, in general Ceegeex and TTF prices were similar and CEGH prices were slightly higher. **In October, TTF spread was under -2€, CEGH spread was under -2,5€.**
- » In early October, prices fell on all three exchanges surveyed, due to high storage levels and seemingly secure supplies despite geopolitical risks.
- » In the second half of October, tensions in the Middle East had a greater impact on prices, with Egypt planning to increase imports of natural gas, which could also reduce supplies to Europe for the winter. In addition, the halt of Ukrainian transit from the beginning of 2025 could also be bullish factor, as well as prolonged maintenance, which has caused Norwegian export reduction.
- » The factors mentioned above may have a greater impact on prices at TTF and CEGH, Hungarian supply via the Turkish flow appears less risky, which may explain the spreads.



BRM, BGH PRICES AND SPREADS

EXPERT OPINION:

- » At the **beginning of October**, like the TTF, CEGH and Ceegeex, BRM and BGH exchange prices started to fall, but from a lower level of around 32€.
- » In the **second half of October**, BRM and BGH prices also moved in a similar way to those on Western exchanges, with **geopolitical and supply factors pushing prices higher**.
- » By the end of October, **prices on the Romanian and Bulgarian exchanges remained below the price of Ceegeex**, presumably due to relatively high production in Romania and stable volumes via the Turkish Stream in Bulgaria.



JAPANESE CANDLES LAST 3 MONTHS



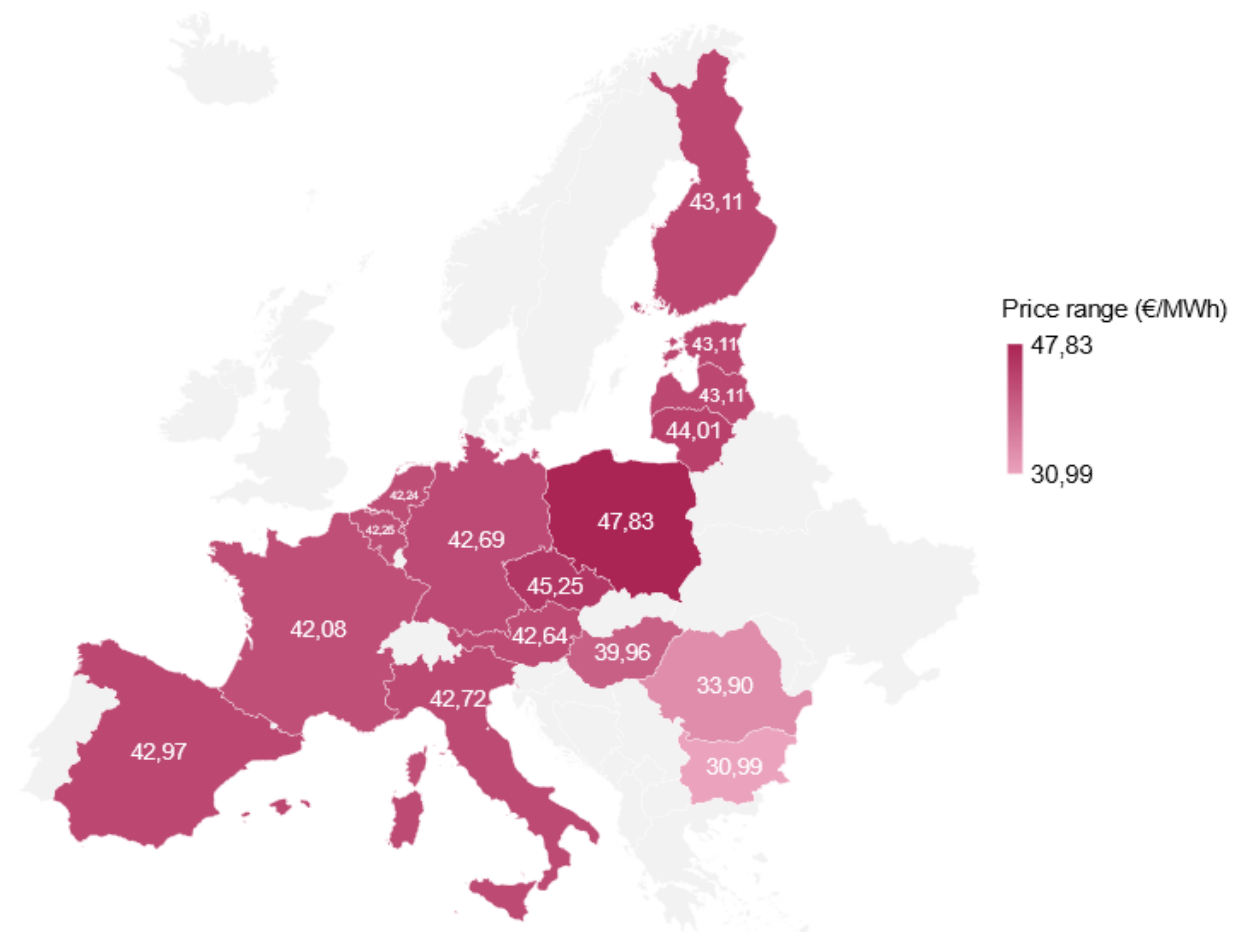
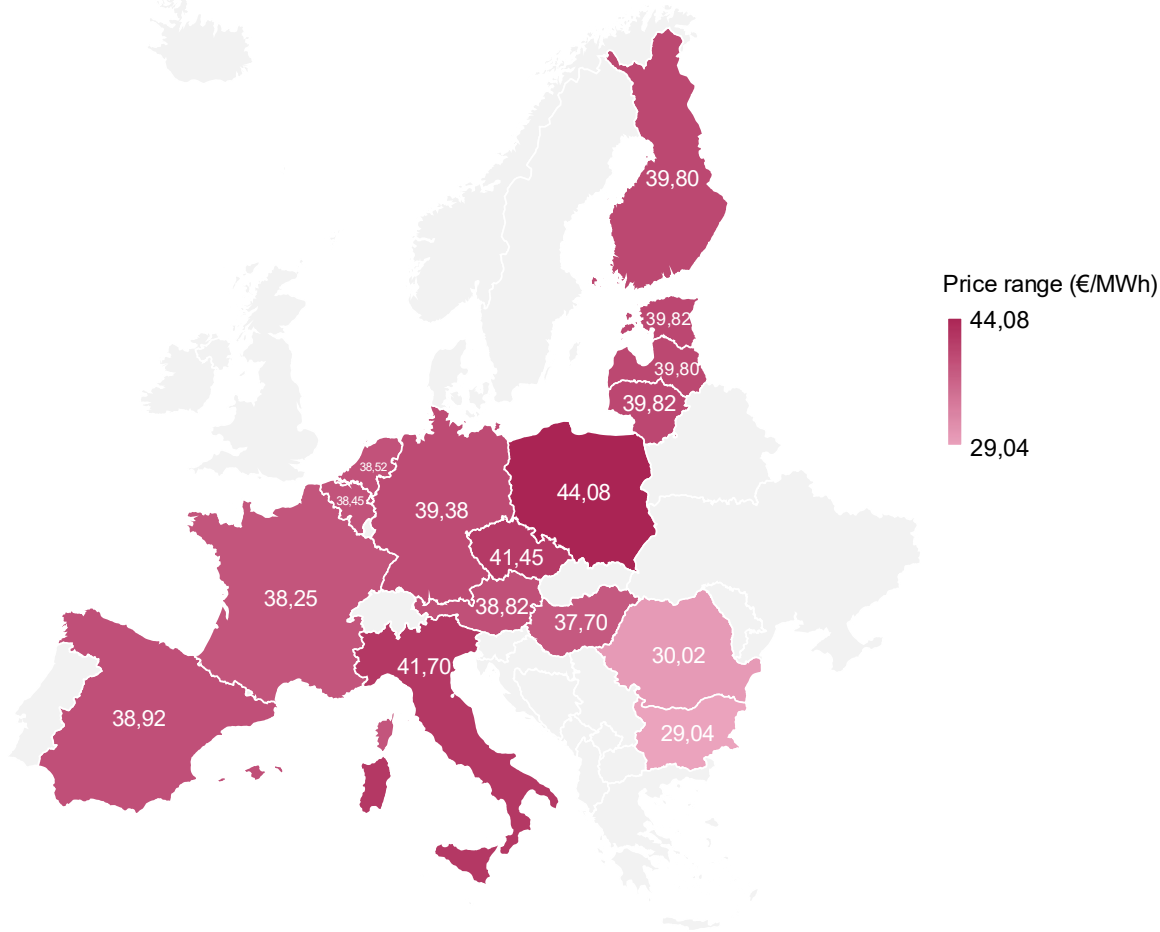
EXPERT OPINION:

- » Market **volatility has not changed** substantially compared to September.
- » In **October, significant intraday price changes were more frequent**, especially in the first half of October.
- » The largest intraday change was higher than in September.
- » Overall, **prices rose slightly** compared to September.

NATURAL GAS PRICES SNAPSHOT

30/09/2024

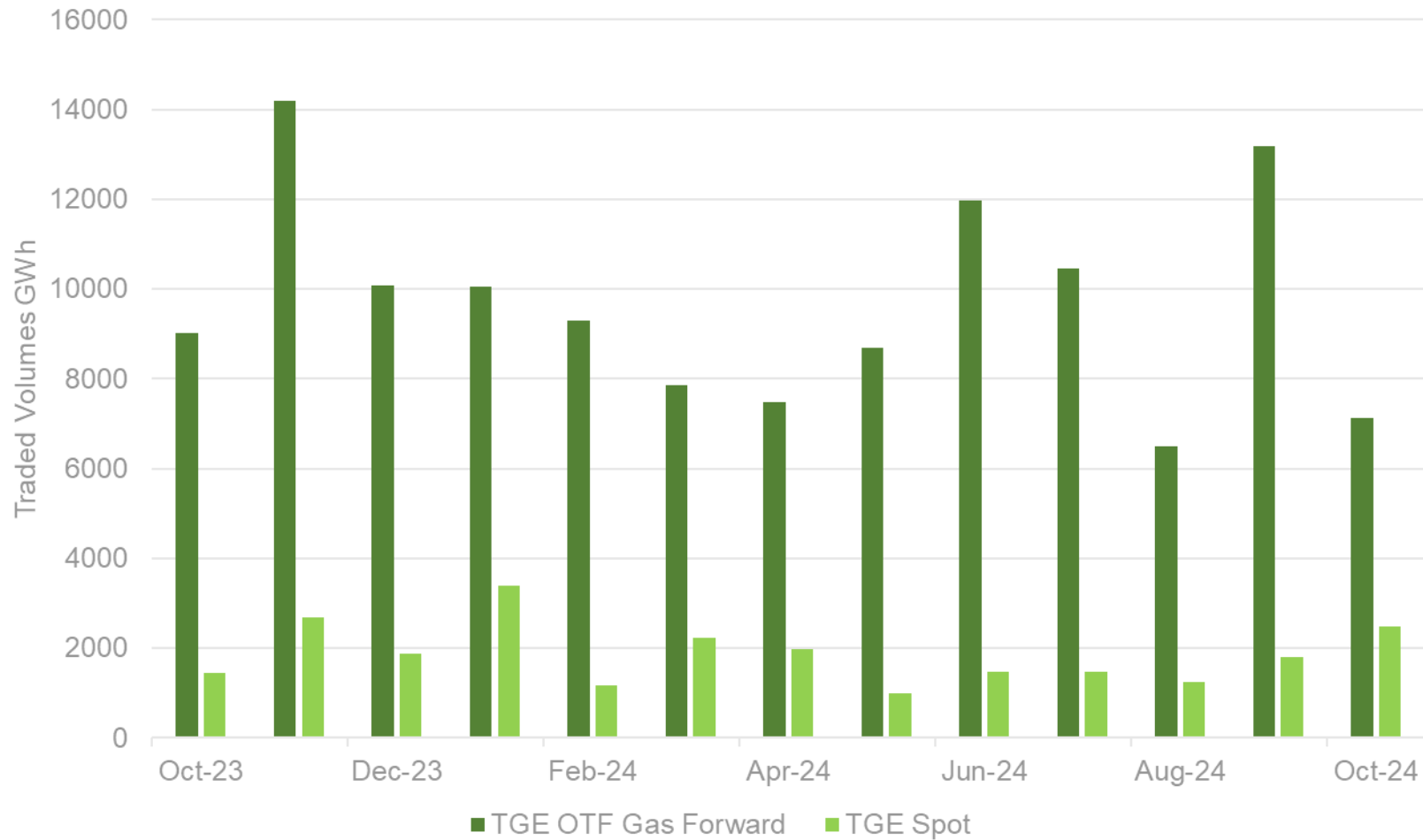
29/10/2024



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TGE FUTURES MARKET



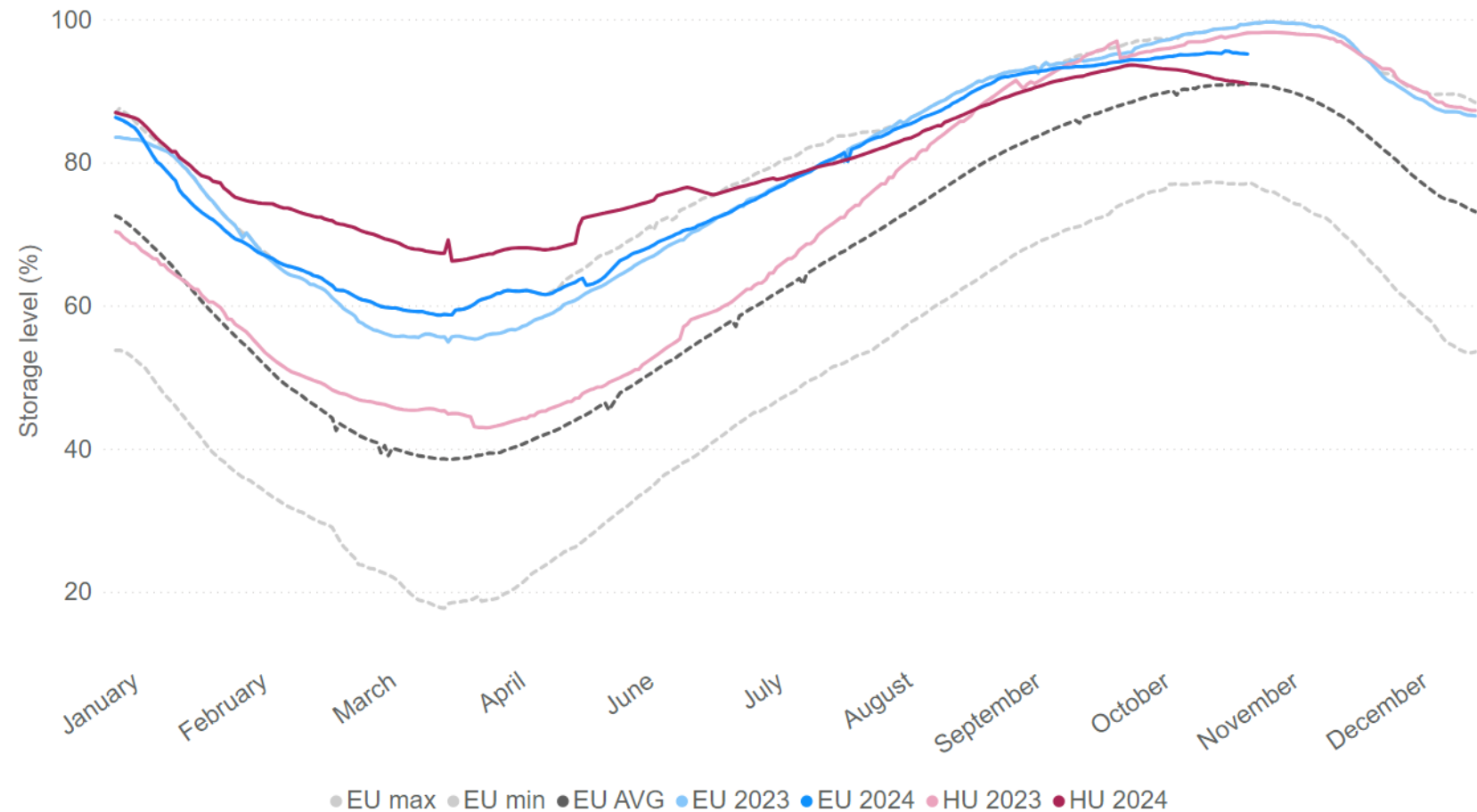
EXPERT OPINION:

- » TGE decided to reorganize all of its forward markets into an **Organised Trading Facility (OTF)** as defined by MiFID2.
- » **Multilateral platform**, started in May 2020.
- » An OTF is a more flexible, less strictly regulated trading venue where market participants' bids and offers are matched, often facilitating the trading of complex instruments or transactions.
- » The volumes on the OTF Forward Market are significantly higher, compared to the Spot market on the TGE or on the CEEGEX.
- » In 2024, **futures volumes were five times higher than spot volumes** on the TGE.

GAS STORAGE LEVEL IN EU AND HU

EXPERT OPINION:

- » In the end of October, the aggregated EU storage facilities stood at 95,2% (+0.8% MoM), while Hungarian stocks stood at 91,1% (-3.3% MoM).
- » Both EU and Hungarian gas storage levels are below last year's values.
- » EU final target by Nov: 90%
 - » EU storage sites reached the target on 19 August.
 - » Hungary also reached the 90% target already on September 2.
 - » This continues to be achieved by both Hungarian and EU values.



IMPACT OF THE ISRAELI-HAMAS CONFLICT

The Israel-Hamas conflict has been going on for 1 year. Global gas and oil market prices rose when Hamas launched its deadly offensive on Israeli civilians on 7 October, but prices have now eased.

What has happened since then:

- » Natural gas prices soared to a five-month high, reaching more than **50 EUR/MWh**, however, the prices have now **returned** to pre-conflict averages (~40 EUR/MWh).
- » The increase in prices was **due to the lower supply and the risks affecting the supply**.
- » On October 9, Israel's Energy Ministry ordered Chevron to **suspend operations in the Tamar field**, which is closest to Gaza, as a safety measure.
 - » Tamar accounts for about half of Israel's annual gas production of **more than 20 billion cubic meters**, while most of Israel's gas is consumed domestically, about a third is exported by pipeline to Egypt and other markets.
 - » Egypt relies on gas imports from Israel, so the pipeline cuts mean **less gas is available for LNG exports**, including to Europe.
 - » Israel is also an **important supplier of LNG gas to Europe**.

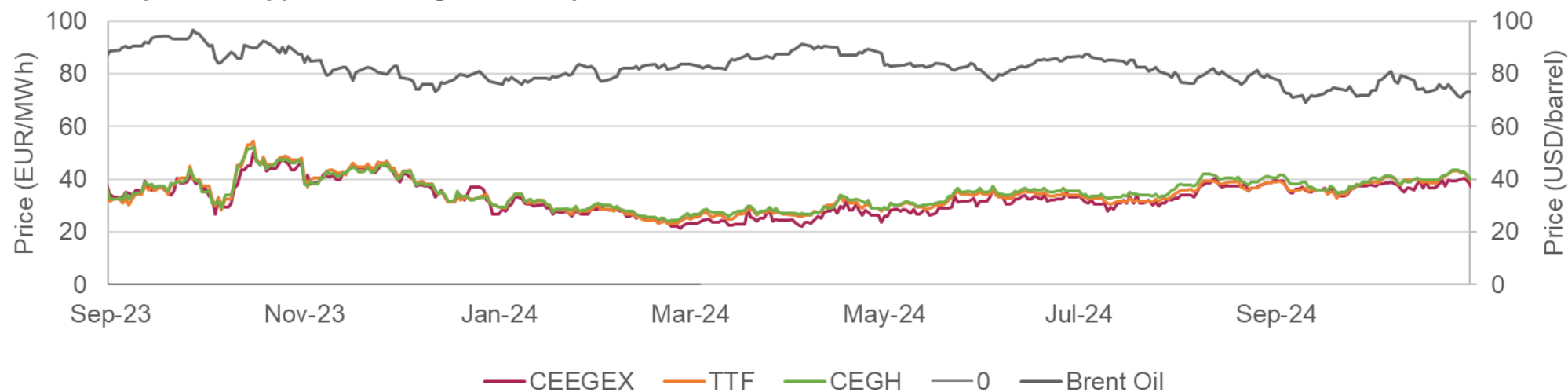
» The price of Brent crude oil futures, which is the international benchmark, **rose by more than 5%** to 94 dollars per barrel. Its price has also **fallen back** to pre-conflict levels, **now around 70 dollars**.

Long-term dangers:

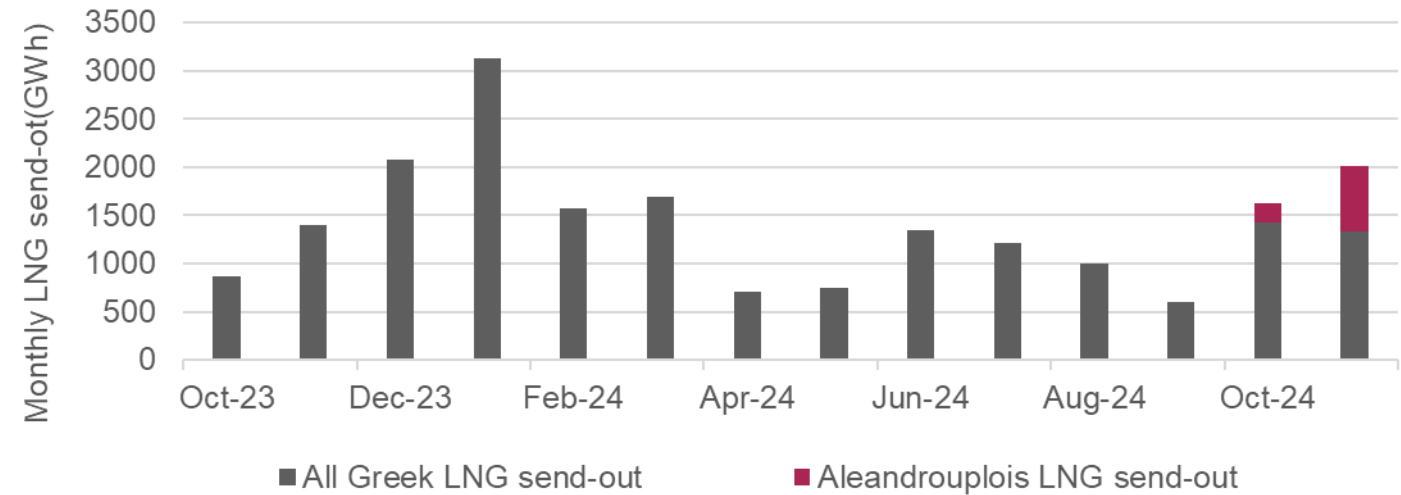
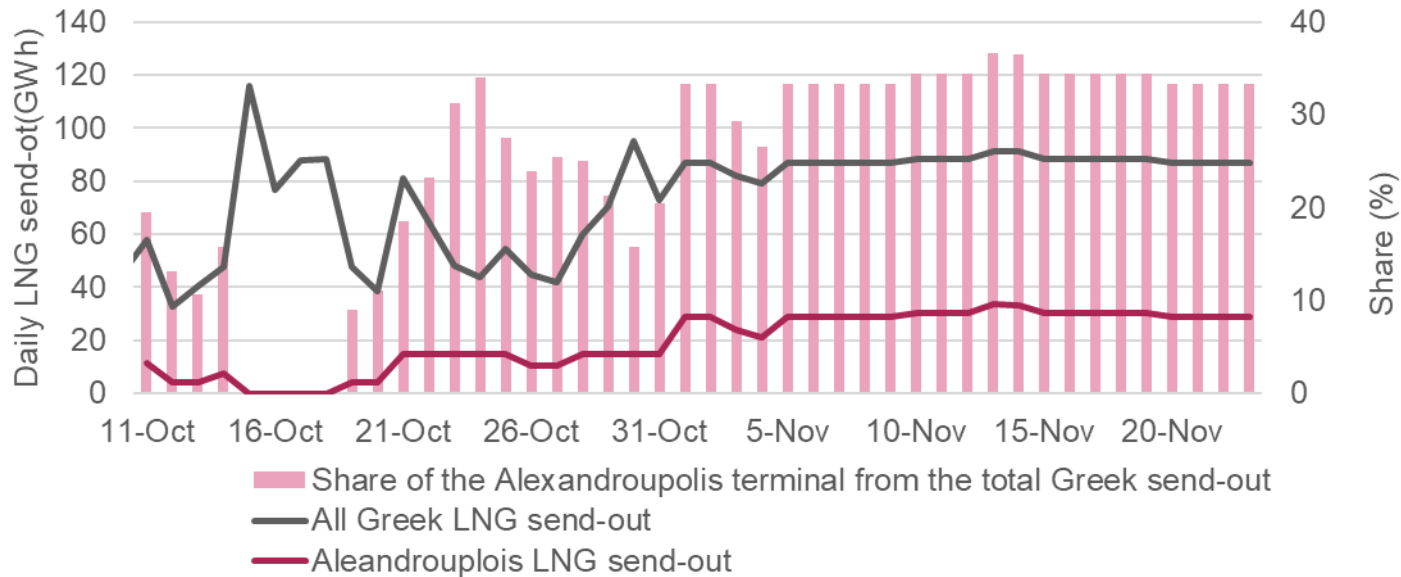
- » **There is a risk of it escalating into a wider conflict.**
- » The Strait of Hormuz in the Gulf is responsible for the transit of **more than 20% of the oil consumed globally and a third of the world's seaborne gas shipments**.
- » If Iran - who is supporting Hamas - tried to block the route, it would have a **significant impact** on Europe's gas supplies from Qatar - also supporting Gaza (not Hamas) -, one of the world's largest exporters of LNG.
- » **About 16%** of Qatar's exports were sent to the EU last year, making it the second largest source of LNG in Europe.

Encouraging facts:

- » Gas prices have risen only partly because of the conflict in the Middle East and only out of fear, not because of any actual effect.
- » The gas storage capacity across the EU is **more than 90%**.
- » **Europe may have a mild winter**, potentially reducing demand for gas.



FIRST MONTH OF THE ALEXANDROUPOLIS LNG TERMINAL*

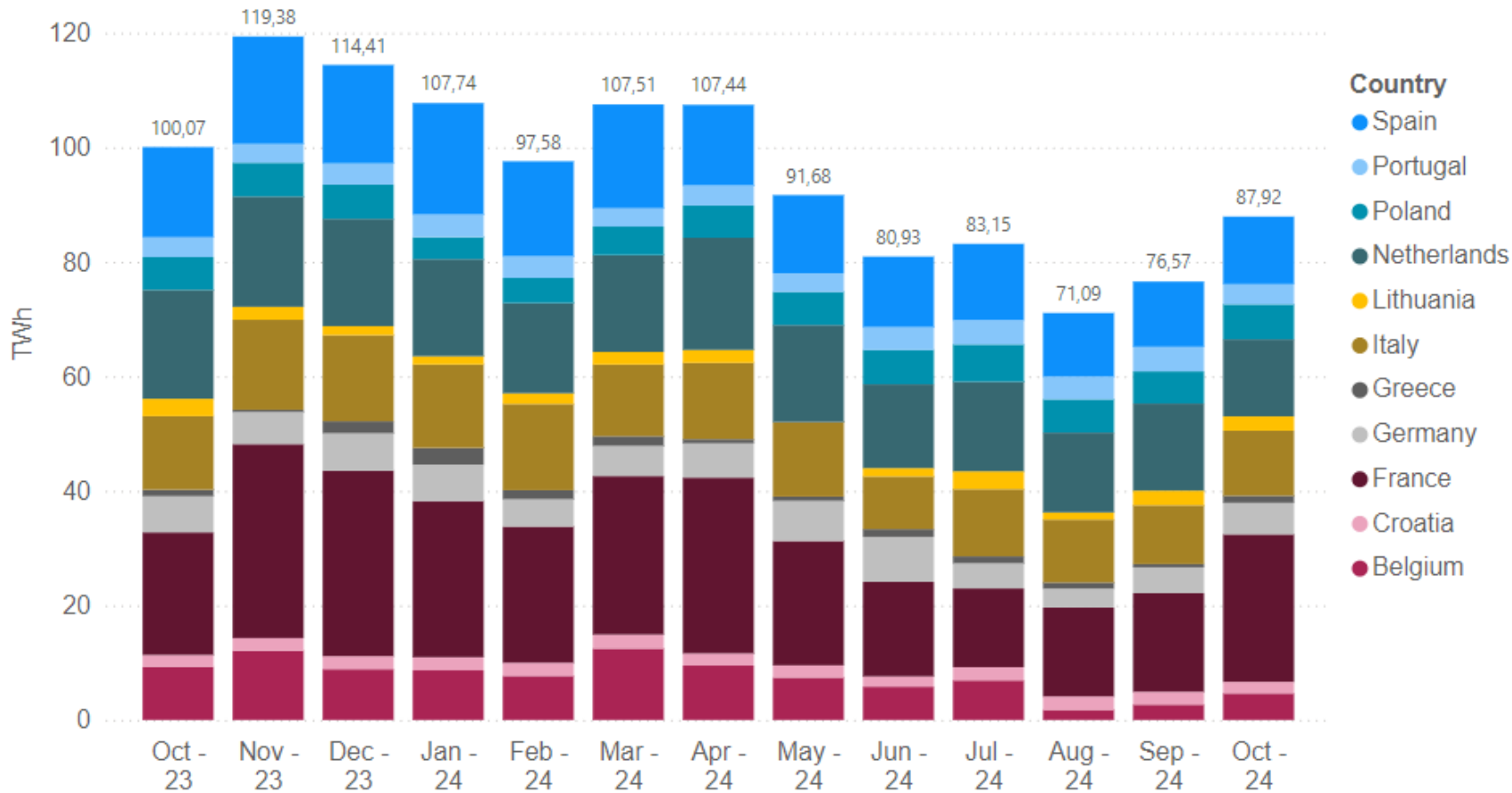


EXPERT OPINION:

- » Alexandroupolis LNG terminal **started commercial operation on October 1.**
- » The LNG comes from US, Qatar and Egypt, and gas will be delivered to Greece, Bulgaria, Romania, North Macedonia, Serbia, Moldova, Ukraine, Slovakia and Hungary.
- » During 15th-18th October the terminal was under scheduled maintenance and halted send-outs.
- » **Since November, the share of the Alexandroupolis LNG send-out stayed stable between 25-30% from the total Greek LNG send-out.**
- » **Compared to 2023, when Greece had one LNG terminal, Revithoussa, Greek LNG send-out increased by 43% in October and by 87% in November.**
- » Higher Ukraine gas tariffs next year may cut trader interest in Greek LNG as it can affect the European gas prices.
- » **19 international companies expressed interest in Bulgargaz tender for LNG supply at Alexandroupolis terminal for the months of January and February 2025 (on the first auction for Nov and Dec 2024 13 companies took part).**

*Data until 23 Nov 2024

LNG SEND-OUTS BY EUROPEAN COUNTRIES*

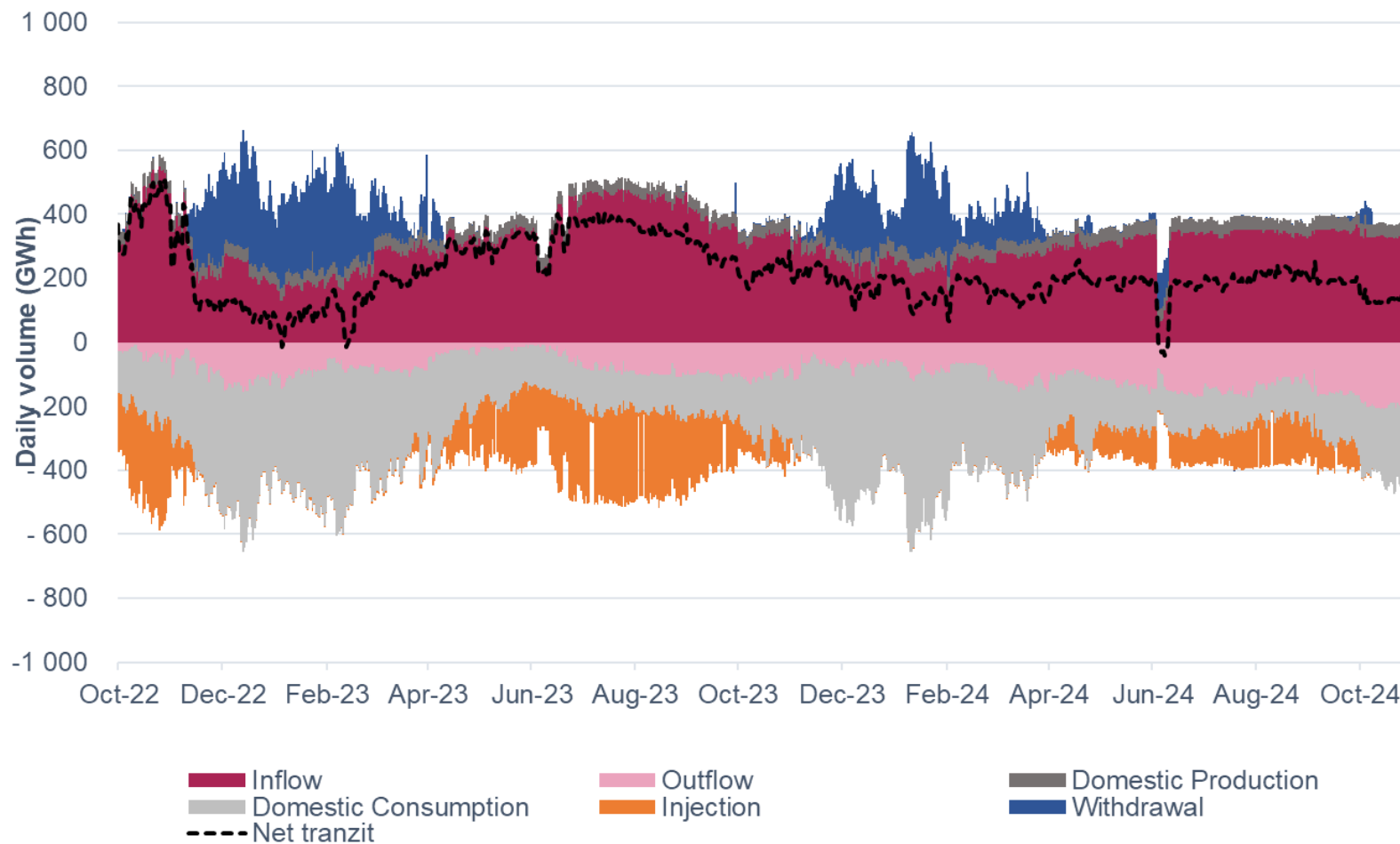


• Excluding UK, Finland (data not available)

EXPERT OPINION:

- » **European LNG imports increased by 13% MoM but decreased by 12% YoY.**
- » **In the beginning of October the price of Europe's front-month LNG reached a new 10-month high**, following increases in the region's benchmark gas hub, the Dutch TTF. As a result, European LNG is now priced higher than its Asian equivalent.
- » **Egypt was expected to seek more LNG cargoes** in 2025 Q1, which would further increase global competition for LNG and **could push European gas prices higher** this winter.
- » **All countries LNG send-out remained** around last month level, **except France's, which increased with more than 10 TWh** compared to September.
- » According to sources **France imported record volume of Russian LNG** in 2024 so far, more than in any full year since supplies started in 2018.

HUNGARIAN GAS MARKET BALANCE



EXPERT OPINION:

- » YoY there was a significant growth in domestic consumption, up by **more than 20%** compared to October last year. The YoY increase may be due to a colder October than last year.
- » Domestic production remained on similar level.
- » Import volumes have not changed, while **exports increased significantly (~30%) MoM**.
- » The main reason for the increase in exports is the **capacity increase of around 33% at the Slovak crossborder**, which is still operating at full capacity. In addition, **exports to Ukraine have also increased**.
- » In early October, the **withdrawal started but was not significant**.