ceegex
CENTRAL EASTERN EUROPEAN
GAS EXCHANGE

Global & Regional Market Analysis

NATURAL GAS, 2025 January

19/02/2025

STORIES OF THE MONTH

JANUARY 2025

Russian gas ceased flowing to EU countries through Ukraine on New Year's Day after the expiration of the long-term transit agreement.

The German Parliament approved a change to energy law that will scrap the domestic market storage fee at border points and virtual trading centers, starting January 1, 2025.

- The EU is working on its 16th sanctions package aimed at Russia's economy, while ten EU countries have urged the 27-nation bloc to impose a ban on imports of pipeline gas and LNG from Russia.
- The European Union renewed its sanctions on Russia, after Hungary received the energy security guarantees.

The increased gas transmission capacity from Hungary to Slovakia at Balassagyarmat/Velke Zlievce will become permanent after April 1.

Bulgaria is set to almost double its gas storage capacity with the expansion of the Chiren UGS facility, to increase the active gas capacity to 1 bcm from the current 550 mcm. The project will also boost daily withdrawal and injection capacity.

On January 20, President **Donald Trump** ordered the U.S. to resume processing export permit applications for new LNG projects, **reversing President Biden's pause.**

OMV's Romanian business has struck a deal with the German company Uniper to supply natural gas to Germany from a Black Sea project starting in 2027.

Qatar has threatened to halt LNG exports to Europe due to new European regulations imposing strict ESG-reporting standards on large companies. The rules could lead to significant losses for Qatar's state-owned LNG company**, prompting the country to consider alternative markets.**

The operator of Greece's Alexandroupolis LNG terminal stopped send-out on Jan 28 and it will remain offline until further notice.

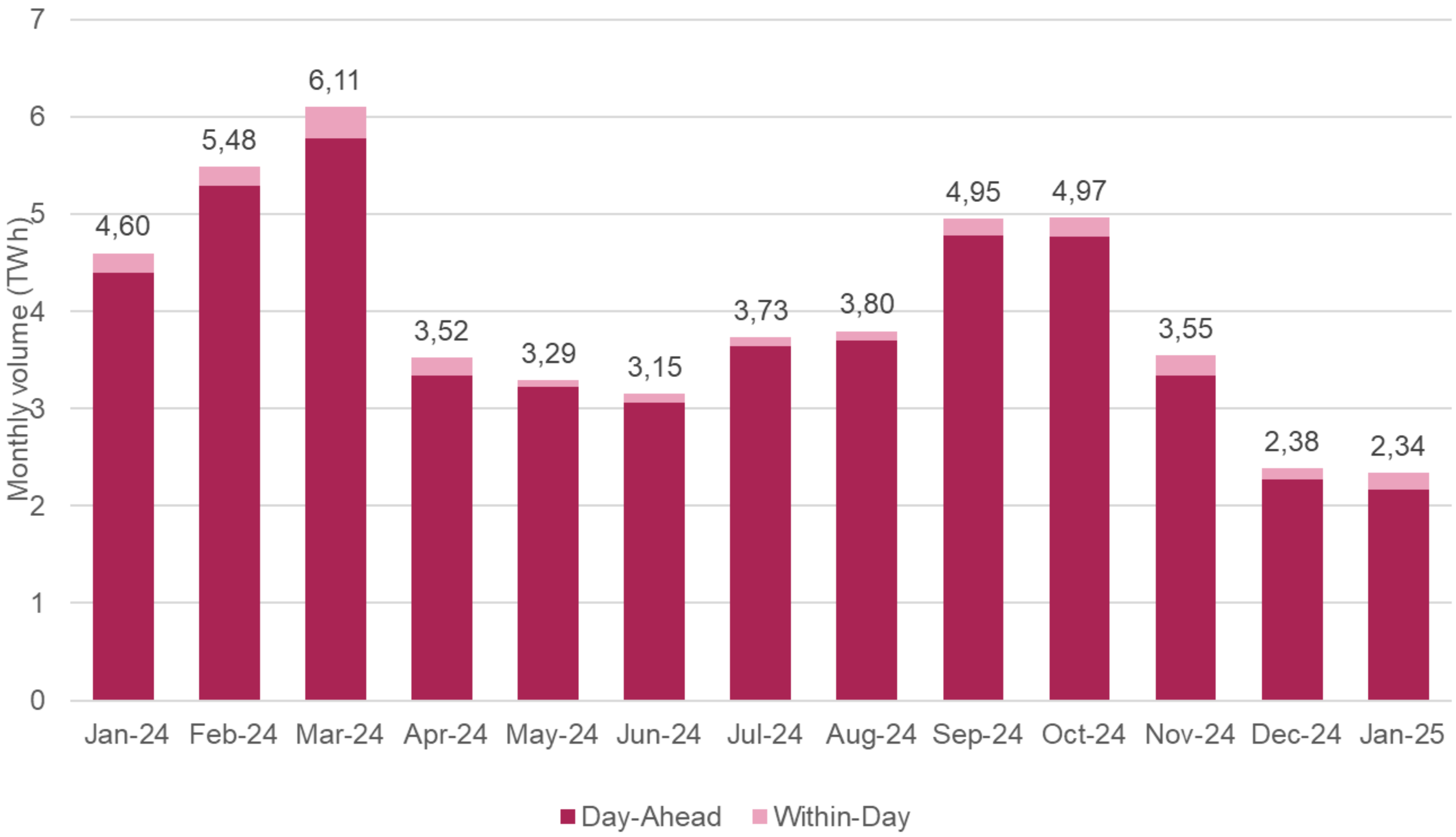
A Hungarian-owned company, MET Group, will supply natural gas to Transnistria, the pro-Russian separatist region of Moldova. This comes after the region declined financial assistance from the EU.

Sources: Argus, Bloomberg, CEEnergy News, ICIS, IEA, Euractiv, EC, Financial Times, G7, Montel, NRGreport, Portfolio, Platts, Reuters

TRADED VOLUMES

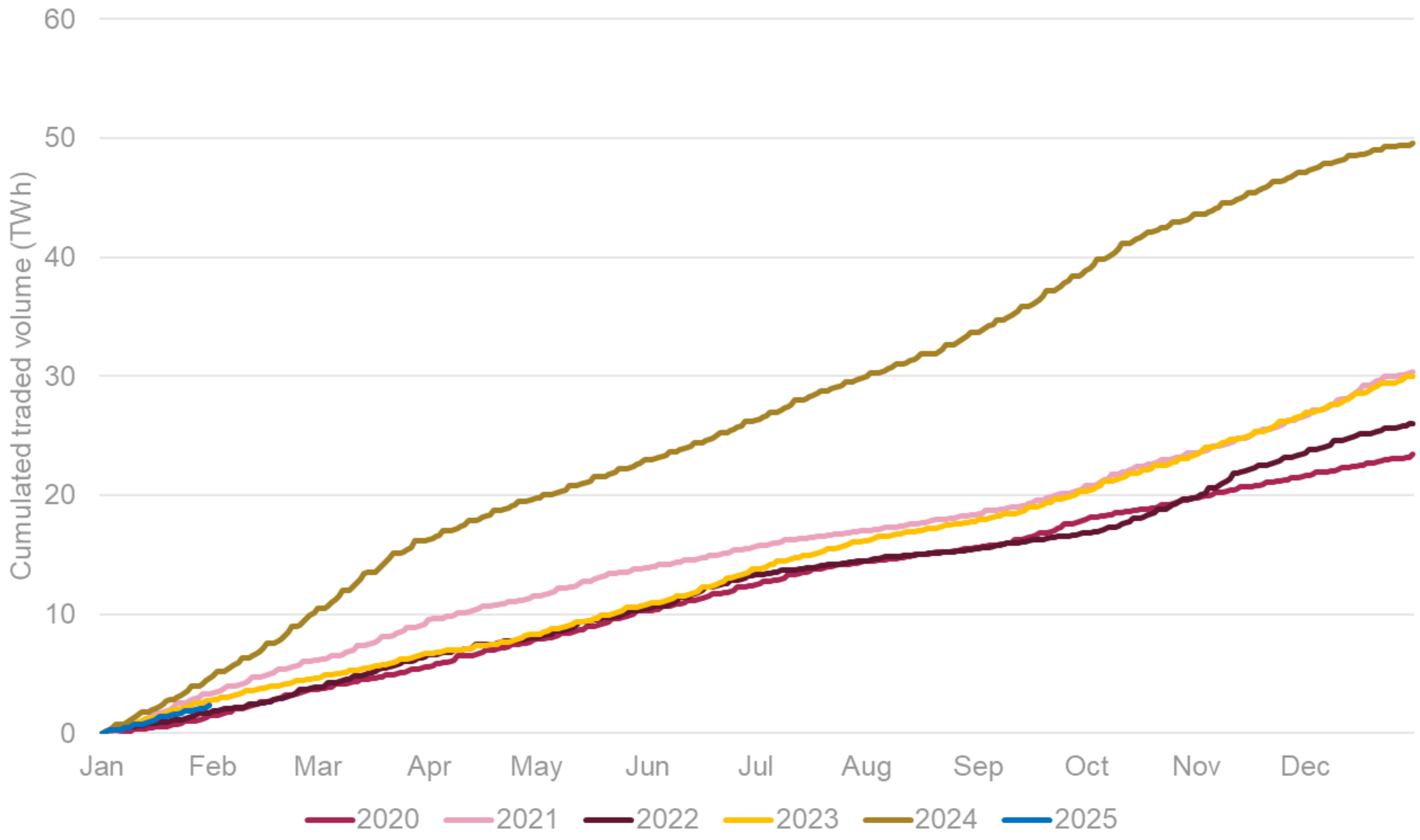
EXPERT OPINION:

- **In January, traded volumes were stagnated compared to December. YoY volumes were almost halved**, compared to last year's record January.
- Traded volumes were about average compared to years before last year.
- The reason for the **not very high volume traded, even with relatively high domestic consumption**, may have been **lower exports** than in the previous month.



Sources: CEEGEX

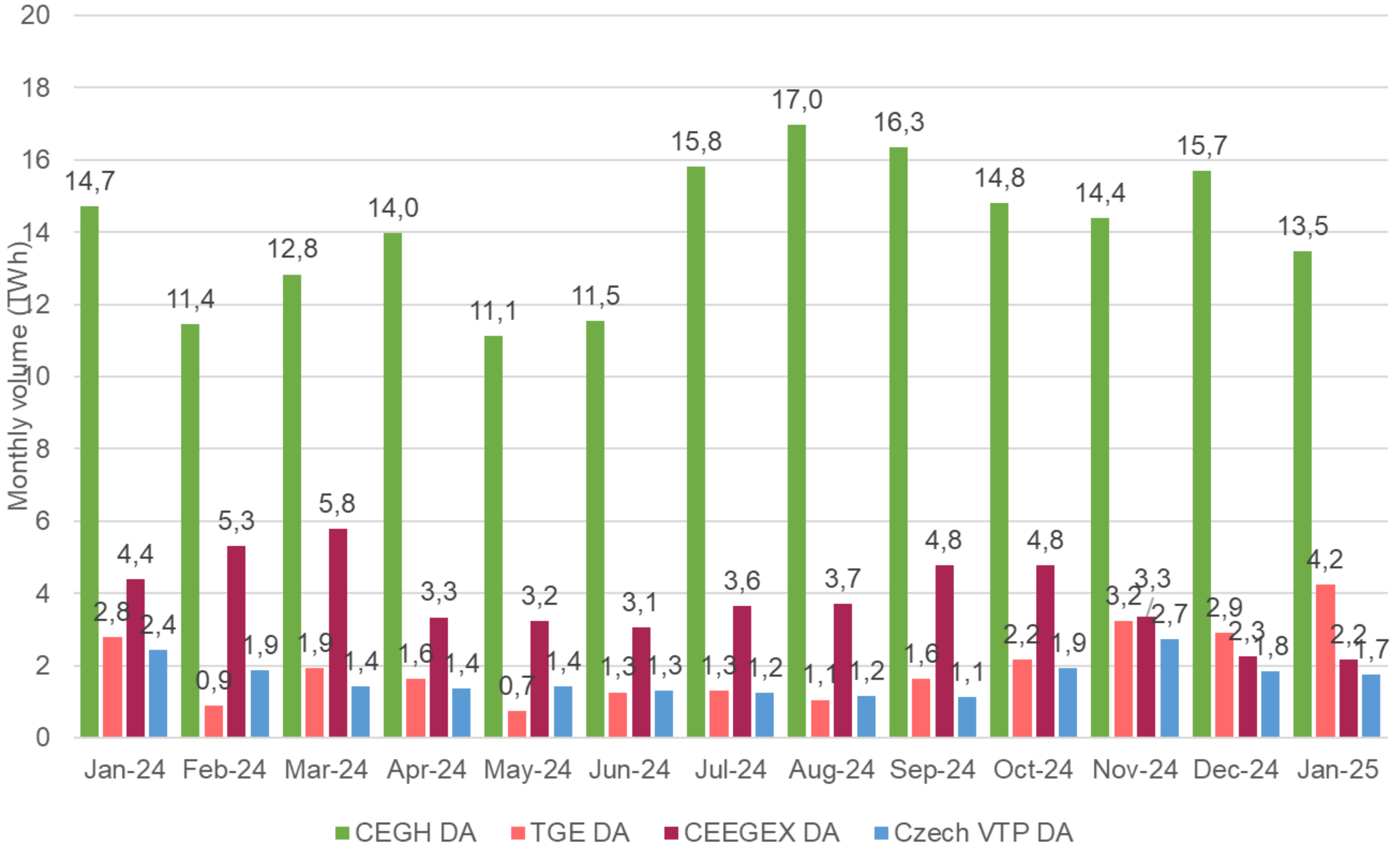
TRADED VOLUMES YEARLY COMPARISON



EXPERT OPINION:

- **The cumulative annual volumes graph shows the YoY shortfall in January.**
- **The trend of the end of last year continued** at the beginning of this year, with similar volumes traded.
- **Volumes in January were about average compared to years before last year**: traded volumes were higher in 2021 and 2023, lower in 2020 and 2022.

REGIONAL SCOPE DA MARKETS



EXPERT OPINION:

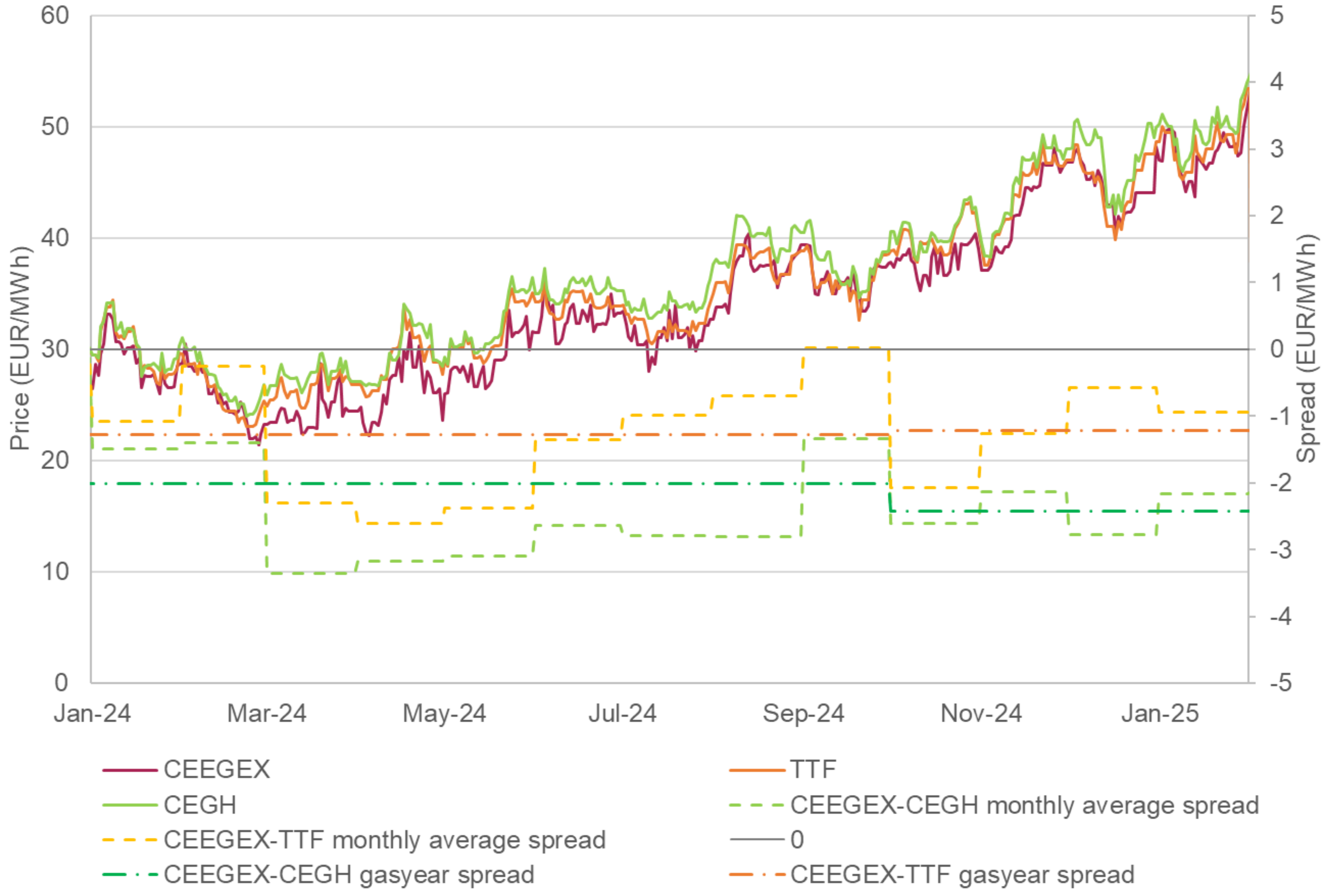
- **The traded volume MoM decreased slightly in January on CEEGEX**, similarly on CEGH and Czech VTP, but there was a relatively large increase on TGE.
- **YoY, the traded volume on Ceegex and Czech VTP decreased significantly**, on CEGH decreased slightly. On TGE, there was a YoY increase.
- **The Ukrainian transit stoppage**, which accounted for the bulk of Austrian imports (replaced by German sources), **did not bring any significant change in the volumes traded on the CEGH.**

Sources: CEEGEX, Refinitiv

TTF, CEGH PRICES AND SPREADS

EXPERT OPINION:

- **At the beginning of January, all three exchanges surveyed saw a fall in prices, followed by a more significant rise.**
- On the demand side, the significant **price increase may have been due to higher consumption**, also as a result of colder weather.
- Another reason may be that the **EU has not been able to replace the supply shortfalls following the Ukrainian transit disruption with additional LNG supplies**, and **storage levels are also low compared to last year.**
- **In January, the Ceegex-TTF spread increased, the Ceegex-CEGH spread narrowed.**
- On average**, Ceegex prices were the lowest in January** compared to CEGH and TTF exchanges.



Sources: CEEGEX, EEX

BRM, BGH PRICES AND SPREADS

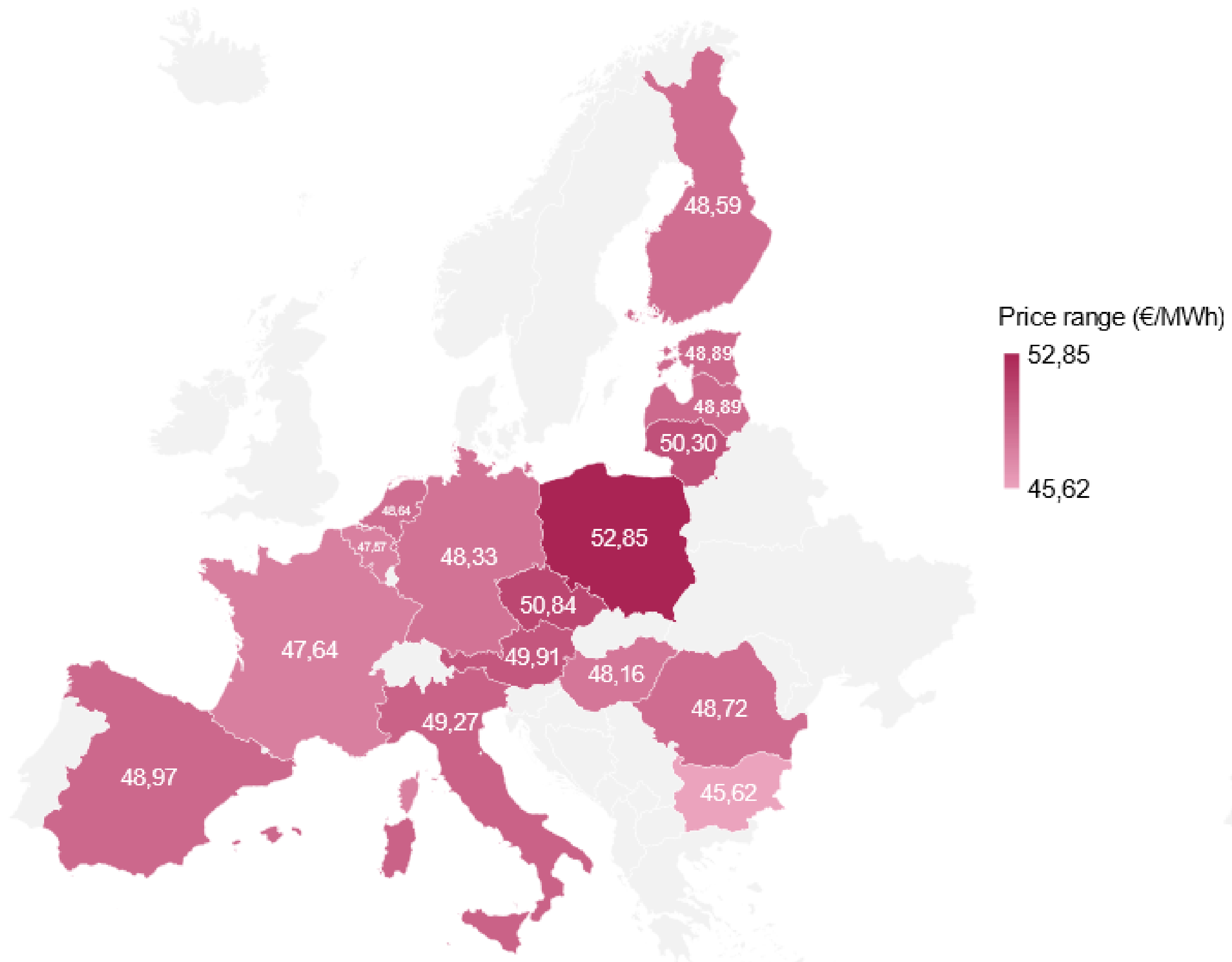
EXPERT OPINION:

- Prices crossed the **50 €** mark on all three exchanges in January and the **price increase is still continuing**.
- The prices on BRM and BGH exchanges moved roughly in line with Western European exchanges.
- **In January**, as opposed to 2024, **there were BRM and BGH prices significantly higher than Ceegex prices.**
- The monthly average trading **prices** of **BRM** and **Ceegex** were **close to each other**, the average price of BGH was 3 € lower, but there were much bigger swings on the exchange.

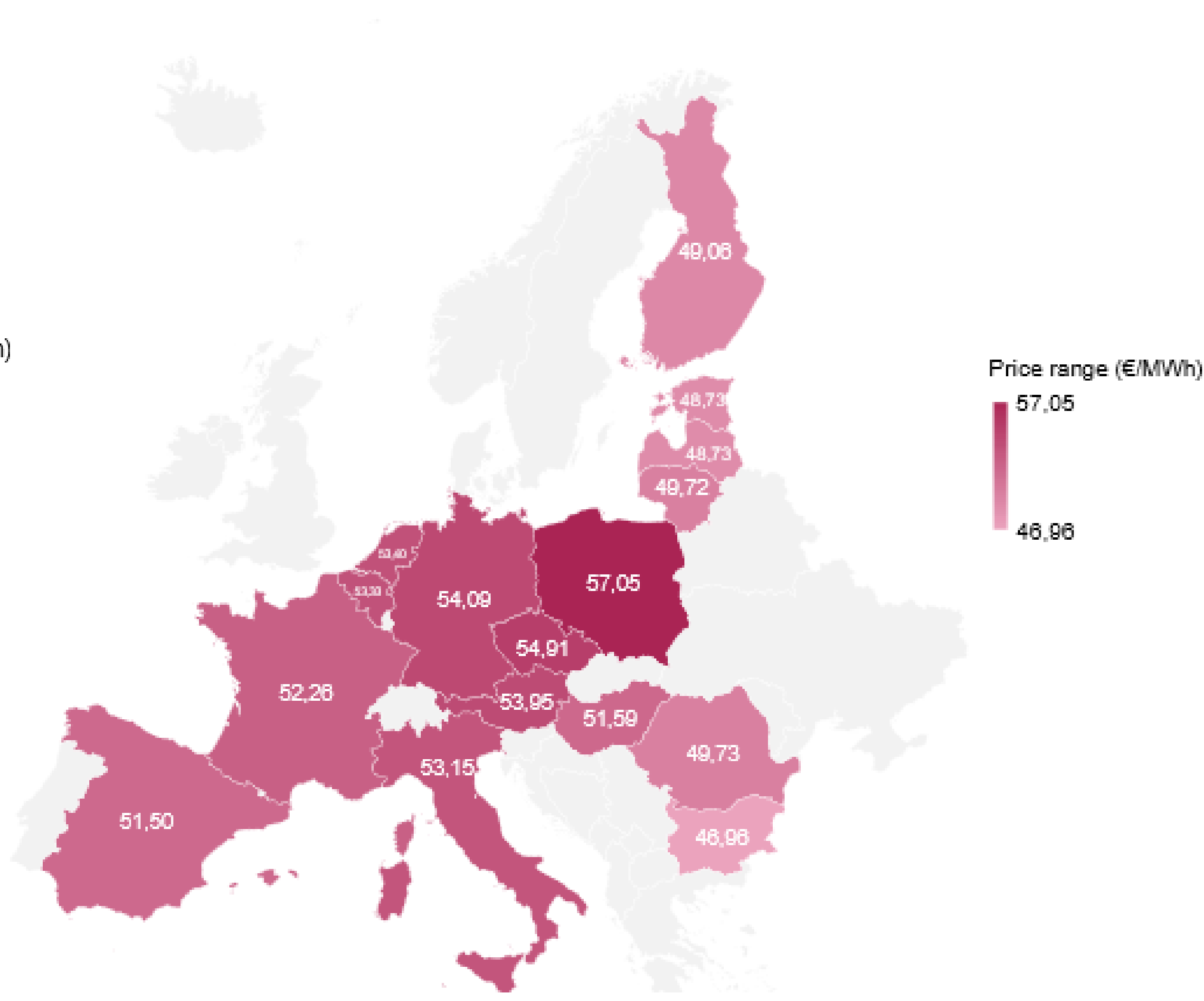
Sources: CEEGEX, EEX

NATURAL GAS PRICES SNAPSHOT

31/12/2024



31/01/2025



Sources: CEEGEX, ICIS, Refinitiv

JAPANESE CANDLES LAST 3 MONTHS

Expert opinion:

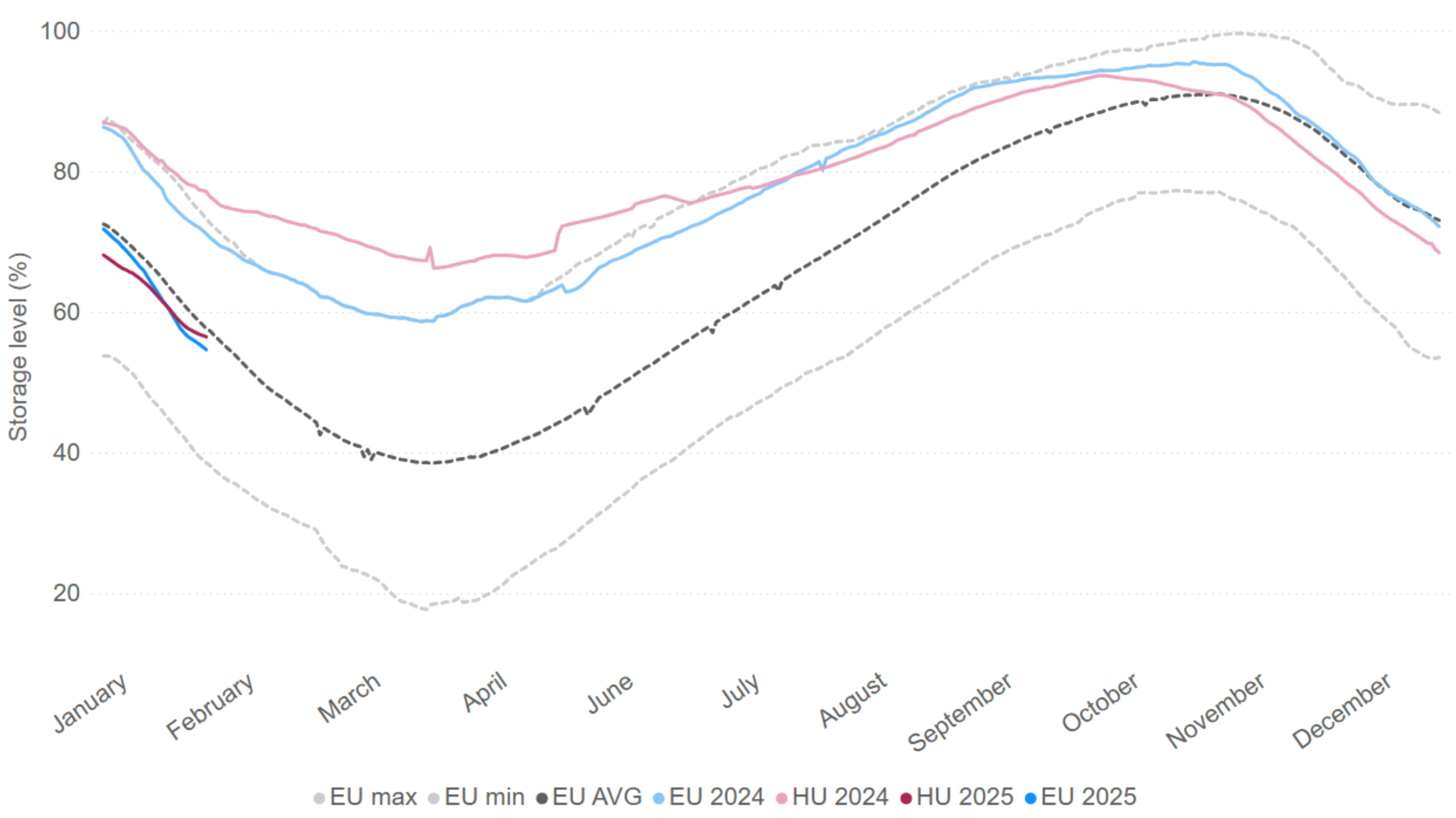
- The Japanese candle chart also shows that **after a price drop in early December** due to better weather, **prices rose until the end of January.**
- In December and January, price **volatility increased** compared to November.
- **In January, significant intraday price changes were more typical than in November and December**.

Sources: CEEGEX, ICIS, Refinitiv

GAS STORAGE LEVEL IN EU AND HU

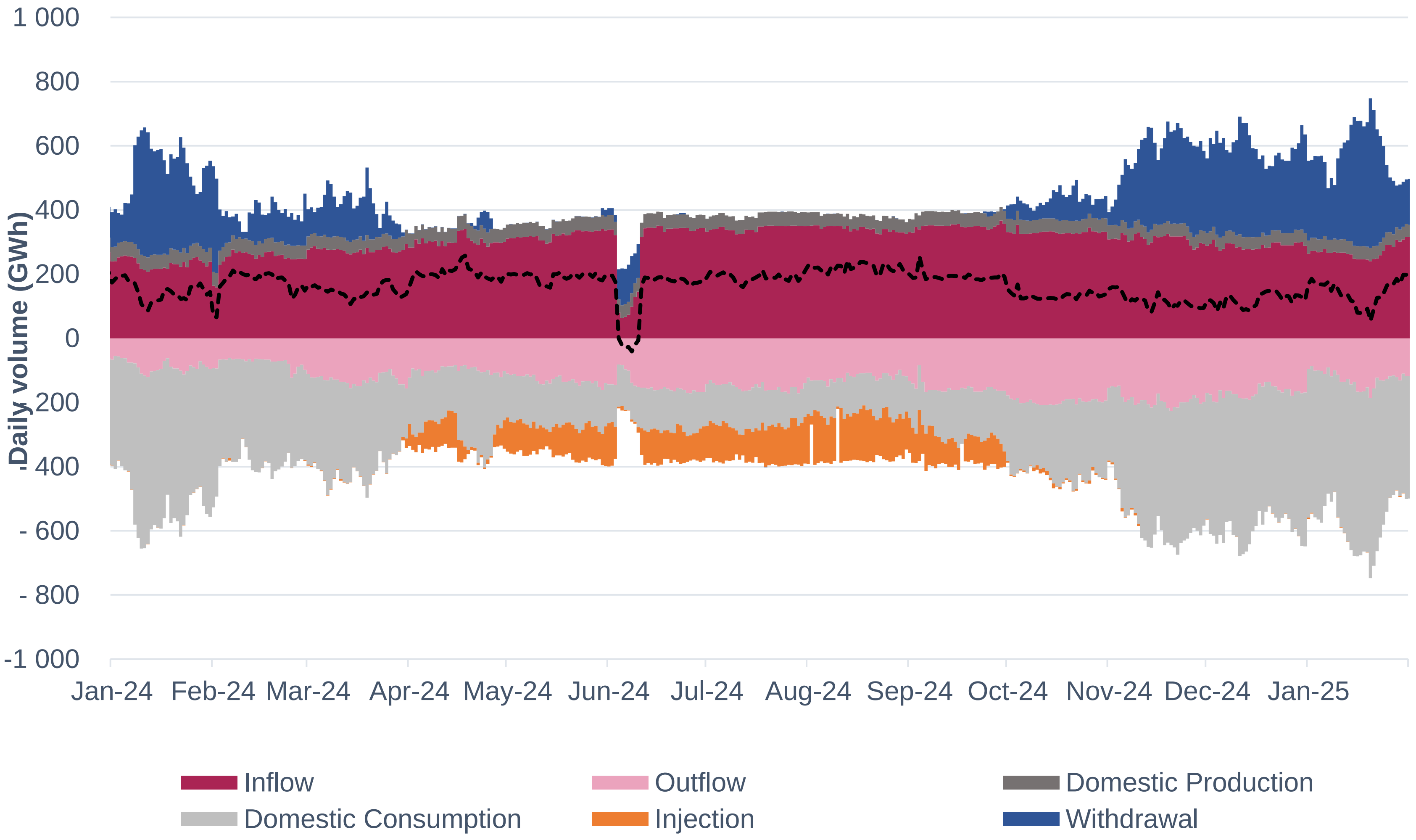
EXPERT OPINION:

- **At the end of January**, the aggregated **EU storage facilities stood at 55%,** while **Hungarian stocks stood at 56%.**
- **Both EU and Hungarian gas storage levels are significantly below last year's values.**
- **Reasons behind the lower inventory levels in January:**
  - **Colder winter** not only in Hungary, but across Europe **supports withdrawals.**
  - **Ukraine's transit stoppage reduces eu supplies, so the pace of withdrawals has increased.**



Sources: AGSI

HUNGARIAN GAS MARKET BALANCE

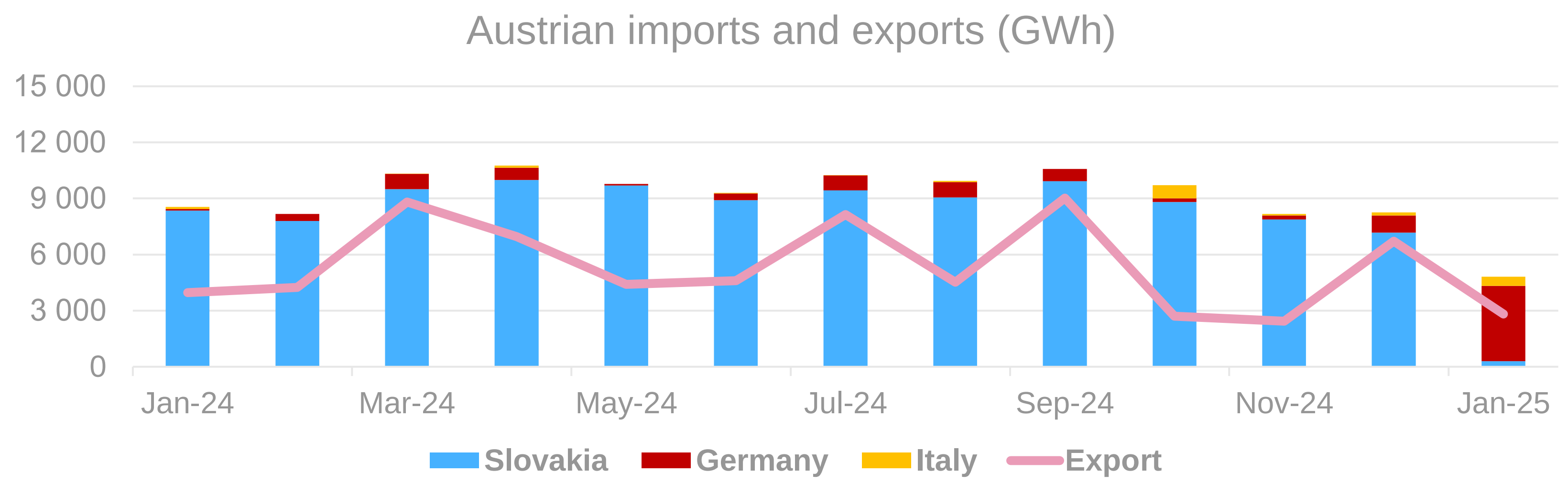


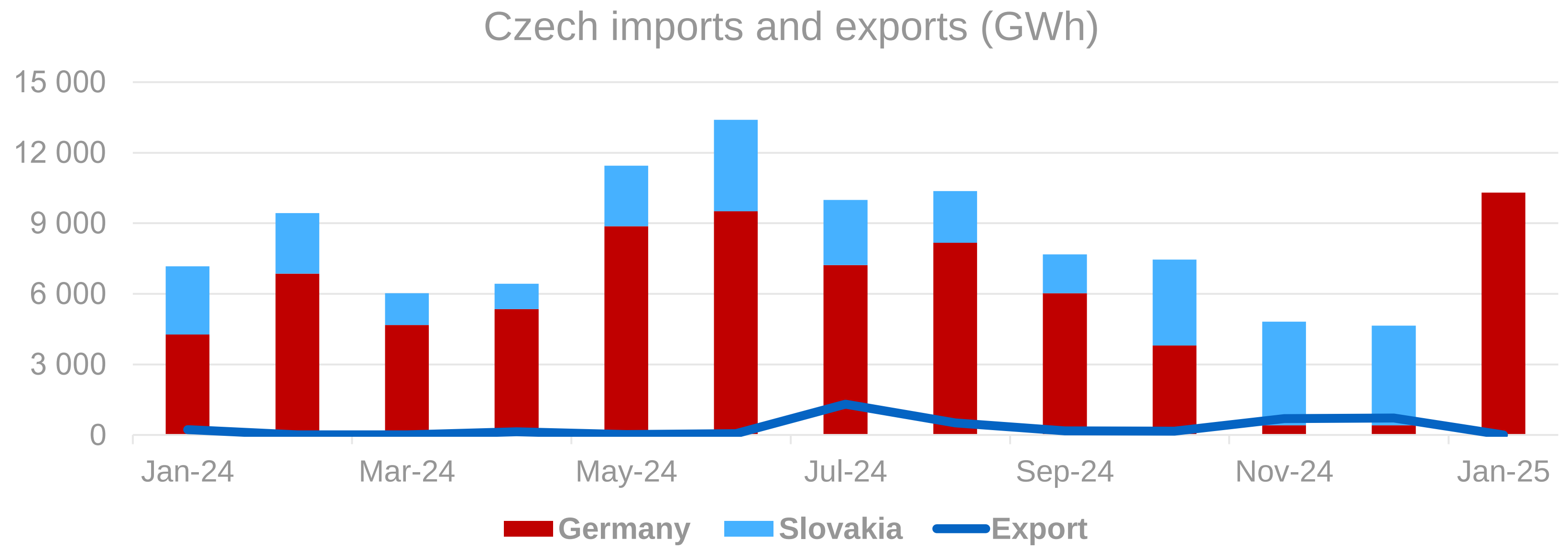
Expert opinion:

- **In January, the domestic consumption has grown slightly compared to December.**
- This came with a considerable withdrawal, this also explains the low storage levels.
- **In January, the exports decreased more than 20%, while the imports decreased slightly.**
- **Exports decreased mainly to Ukraine.**
- The domestic production roughly remained the same.

Sources: ENTSO-G, FGSZ

AUSTRIAN AND CZECH FLOWS AFTER THE UKRAINIAN GAS TRANSIT



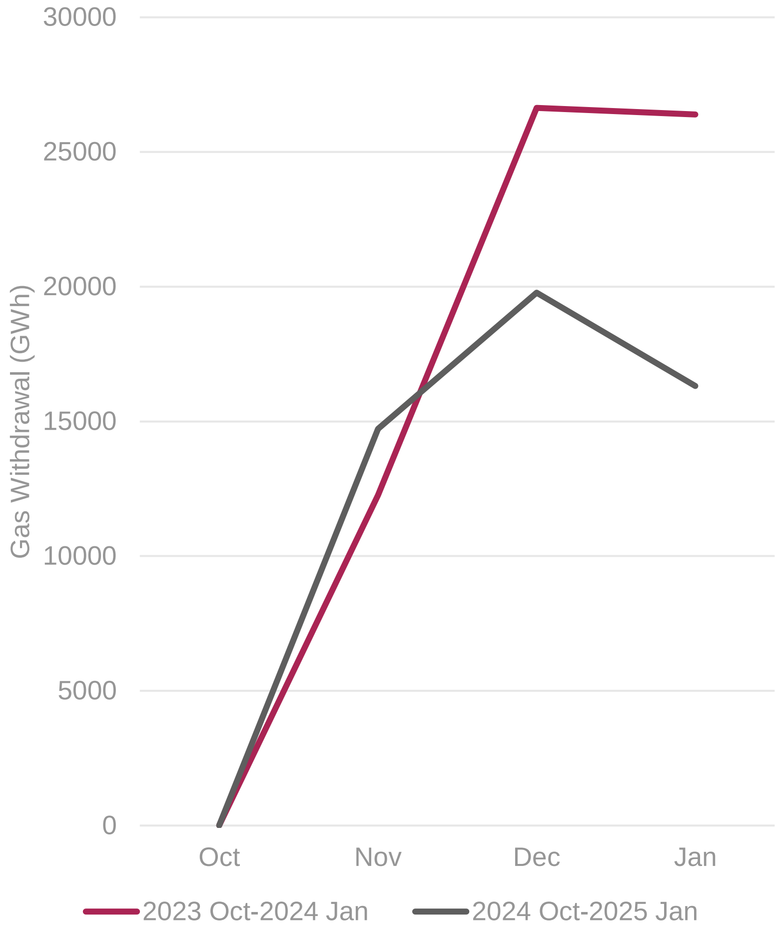


EXPERT OPINION:

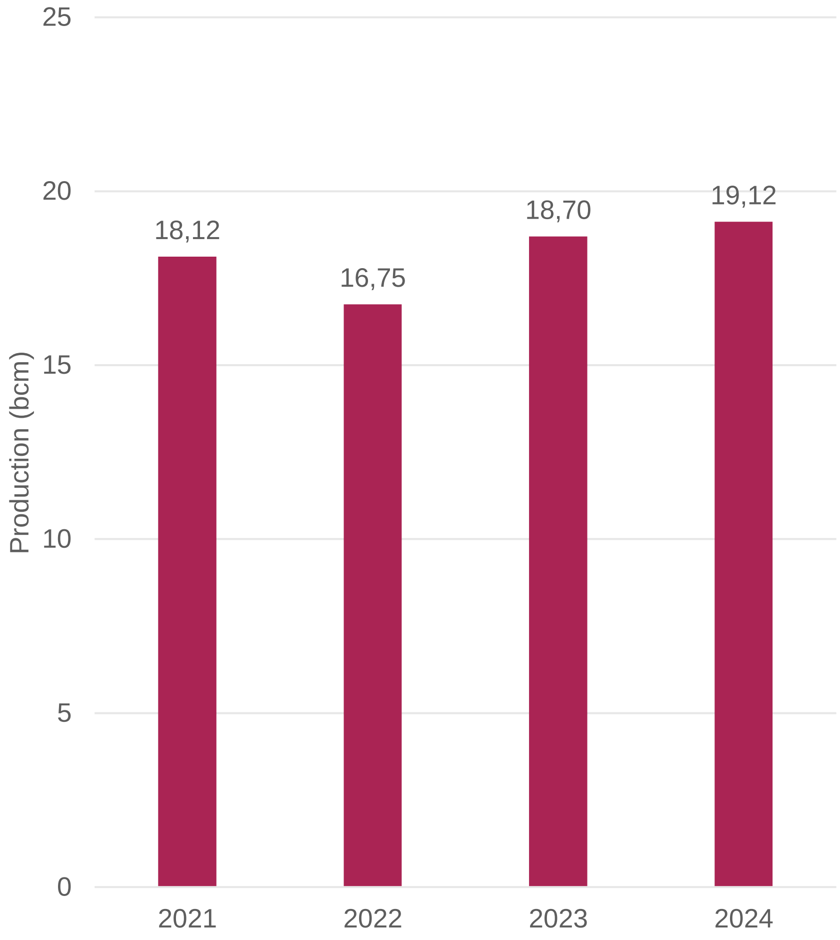
- Significant drop in Austrian imports in January, while substantial increase in the Czech flows.
- The imports from Slovakia are almost disappeared in January, while the flows from Germany significantly increased.
- **Austria and Czech Republic are seeking to fill the gap caused by the loss of Ukrainian transit with supplies from Germany.**
- Germany stopped gas storage levy from January 1st, which helps diversify the gas supply for both countries.
- **The majority of the Austrian export goes to Italy.**
- The storage withdrawals in January are slightly higher compared to December.

Low Ukrainian storage levels

Monthly Ukrainian gas withdrawal for the winter season (examined period October-January)



Ukraine's annual national production

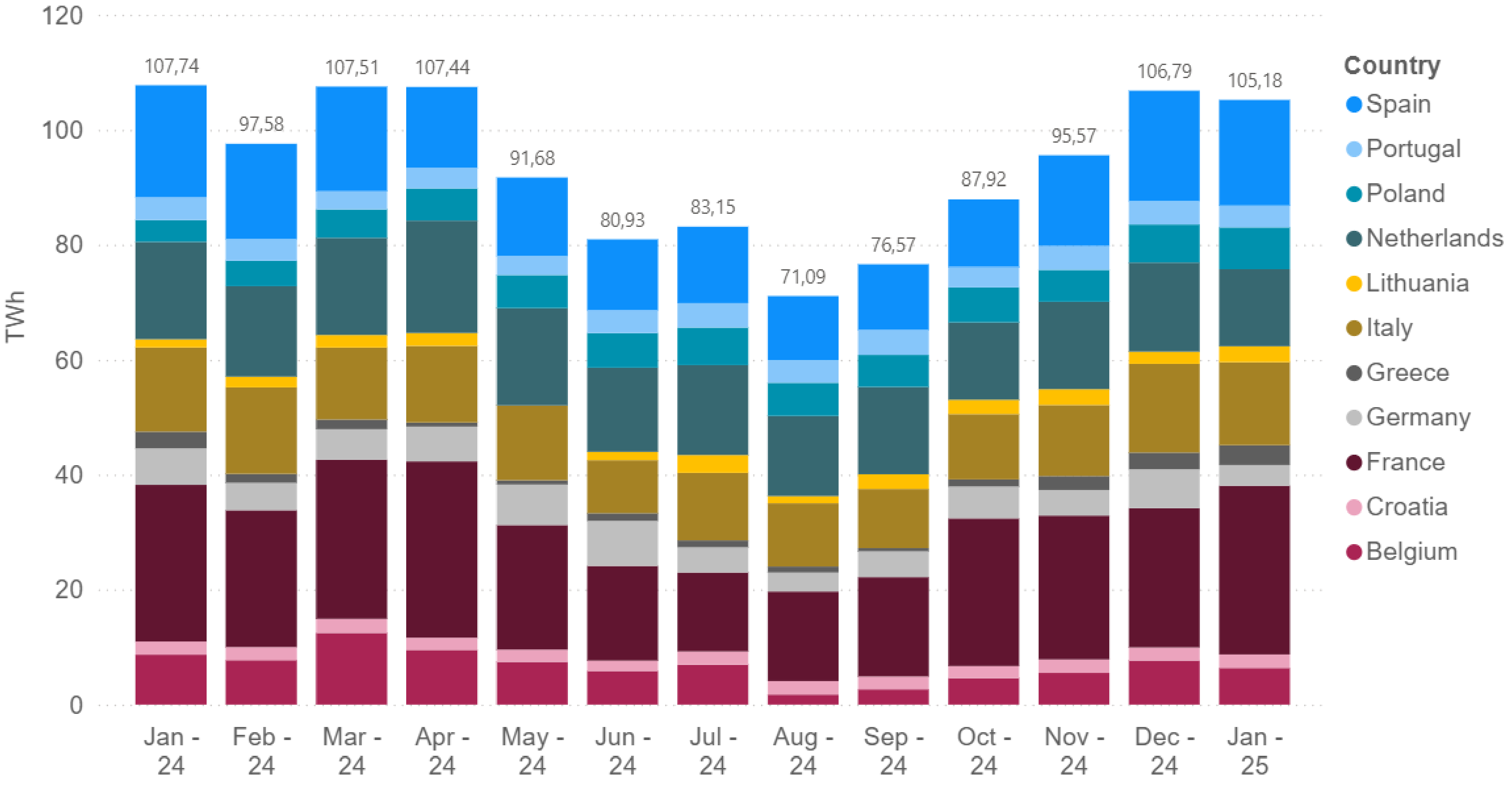


Expert opinion:

- **At the end of January, 2025 Ukraine's storage was at 11,37%**, which is lower compared to January, 2024 when it was 19,21%. The percentage keeps dropping in February as well.
- The chart on the left shows that the withdrawal rate is lower than last winter. Therefore, the low storage levels are not due to this, but because the withdrawal started from a lower storage level at the beginning of October.
- The chart on the right shows that the annual Ukrainian production has not decreased, so this cannot be a factor in the low storage levels.
- **The country has to resort to gas imports from the neighbouring countries.** In the first half of February, 2025 daily flows of around 20 GWh from Poland, around 100 GWh from Hungary and around 70 GWh from Slovakia went to Ukraine.

Sources: IEA, AGSI, GMK

LNG SEND-OUTS BY EUROPEAN COUNTRIES*



EXPERT OPINION:

- **European LNG imports have remained roughly stagnant both MoM and YoY.**
- Although LNG send-outs slightly decreased YoY, LNG exports departing for Europe hit a 3-year high in January 2025.
- This was driven by cold and still weather, high storage withdrawals, and **increased demand for LNG in Europe following the Ukrainian transit halt and declining Norwegian gas flows.**
- **As a result of the declining JKM-TTF spread, several cargos were diverted from Asia to Europe.** However, temperatures in Asia are forecasted to be colder, which could increase competition.
- The operator of Greece's Alexandroupolis LNG terminal stopped send-out on Jan 28 and it will remain offline until further notice.

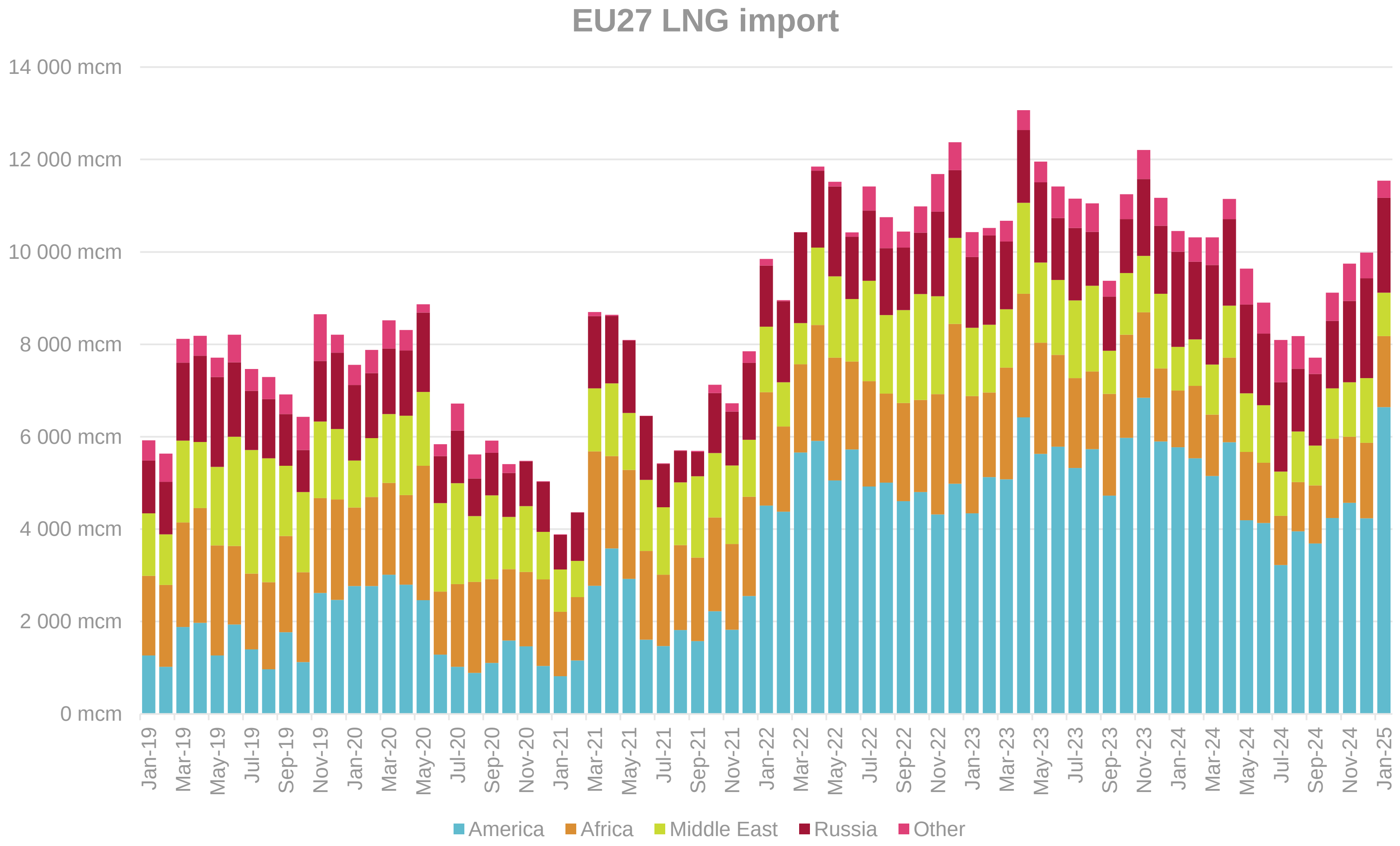
- Excluding UK, Finland (data not available)

Source: ALSI, Reuters, Platts, Montel

EU27 LNG MONTHLY IMPORTS BY REGION OF ORIGIN

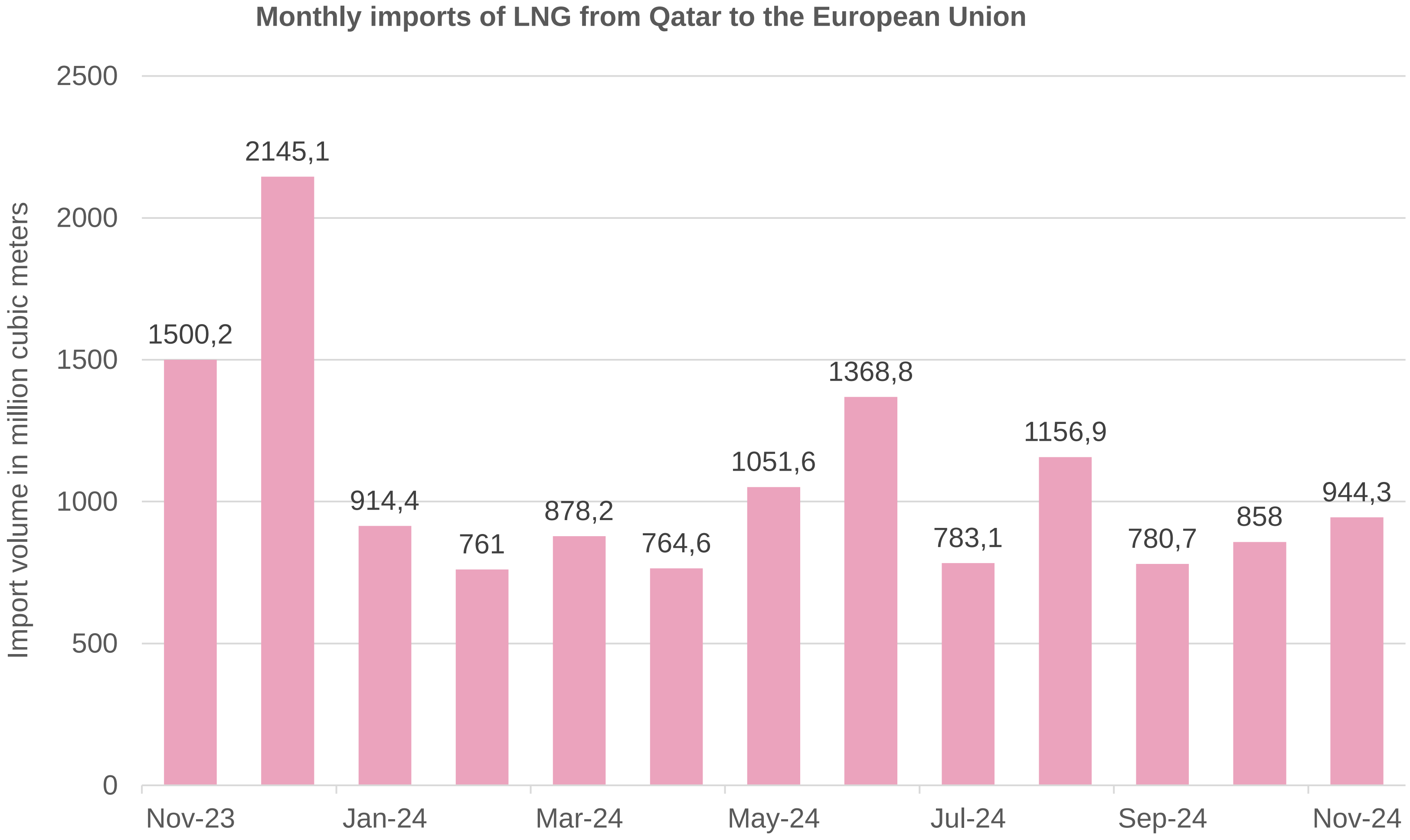
Expert opinion:

- **Since 2022**, the LNG imports of the EU have risen sharply as a result of the reduction in Russian pipeline natural gas import, and it is also evident that **America has become the most dominant source of LNG**.
- **Russian LNG imports** have not disappeared; in fact, the **volume is increasing**, in contrast to pipeline gas supplies. Russian LNG imports **were below 10%** in the Q3 of 2023, but **increased to 19%** in the Q3 of 2024.
- The **Middle East is also a significant source of LNG** arriving in the EU, **with Qatar being the largest exporter**. In 2024, they sent an average of 800-1000 mcm of gas to the EU per month.
- **Most of the LNG from the African region comes from Nigeria and Algeria.**



Sources: bruegel.org, ec.europa.eu

Qatar LNG export and EU regulatory tensions



EXPERT OPINION:

- The United States leads in LNG export capacity, followed by Qatar and Australia.
- Qatar export capacity: **~77 million metric tons per year**.
- In 2024, Qatar supplied **approximately 12-14%** of the European Union's LNG needs

Regulatory Tensions between Qatar and the EU:

Qatar has threatened to halt LNG shipments to the EU if the EU does not amend its new corporate due diligence directive, which imposes penalties of up to 5% of a company's global annual turnover for non-compliance.

- Risk to European energy security: Without Qatar LNG, the EU could **face shortages** or **higher prices.**
- Geopolitical impact: Qatar could shift its LNG **focus to Asia** and other regions.
- Ongoing negotiations: Qatar is **demanding revisions** to the EU's regulatory framework to maintain stable exports.

Source:Statista, Portfolio.hu, Reuters.com