

Global & Regional Market Analysis

Natural Gas

November 2019

09/12/2019



Stories of the recent weeks

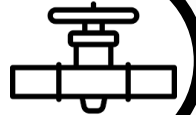
Bearish power and bullish gas prices with stagnating coal prices resulted favorable conditions for coal fired power plants, however natural gas is still in the money in many European countries



Winter of 2019/20 will be an another record season for LNG, as both inventory and regasification reached at record level



There's still no agreement between Russia and Ukraine on gas transit after 31st of December, which increases the risk of gas supply disruption

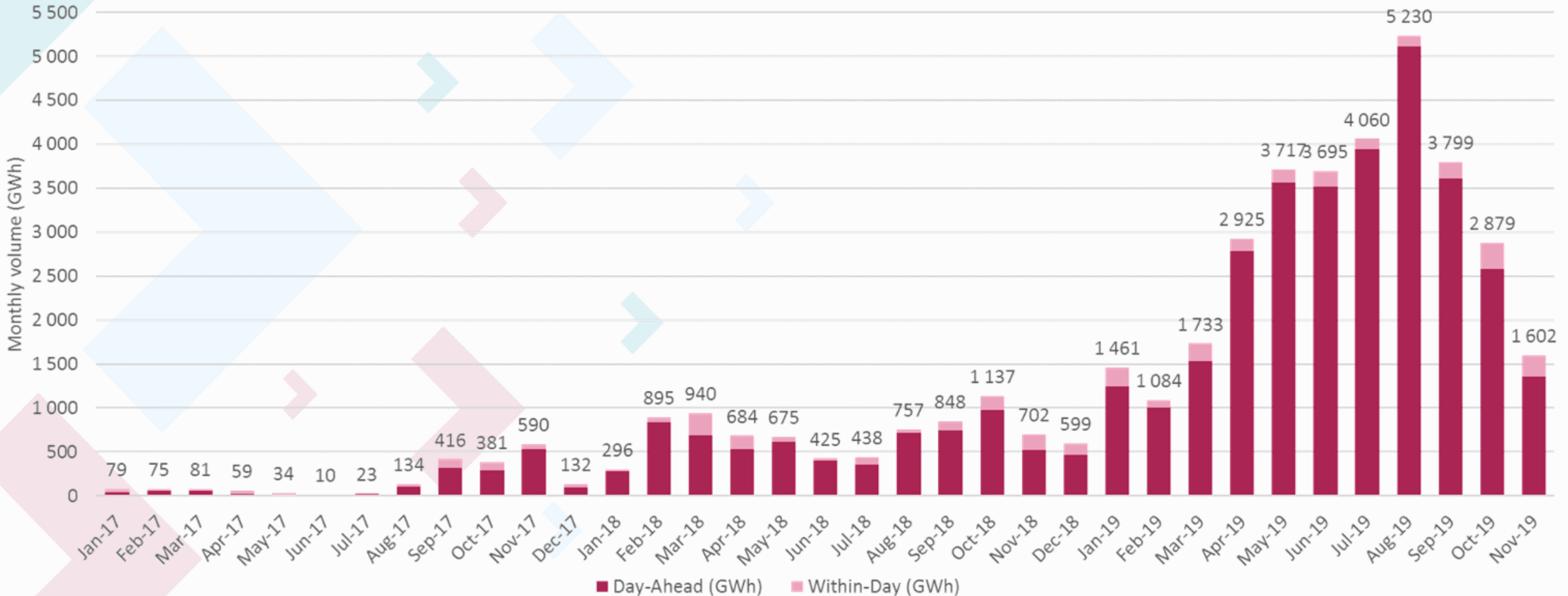


New system load record occurred on the Hungarian transmission system and with the winter electricity consumption growing, the utilization of gas-fired power plants are expected to be high this winter



Spot market monthly volumes of CEEGEX

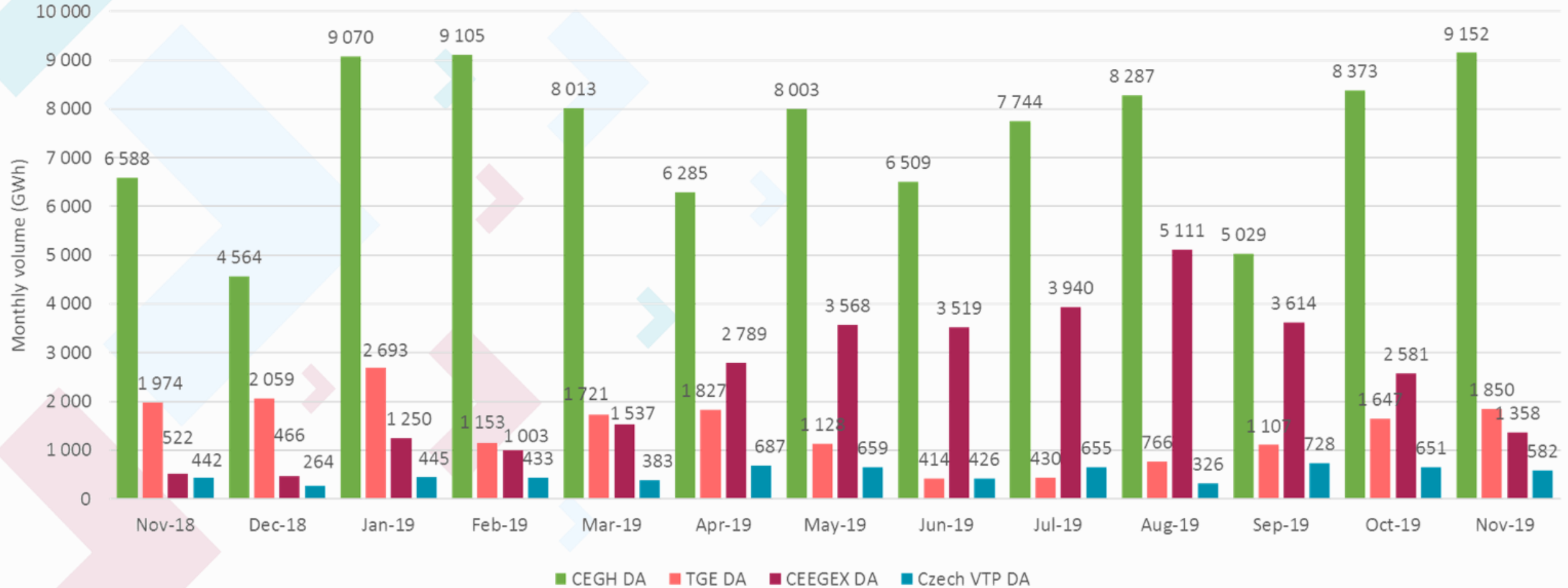
Source: CEEGEX



CEEGEX WD volumes stayed strong (244 GWh - 3rd best), but DA volumes declined further (1358 GWh), however the growth is still huge year-on-year (+228%)

Regional Day-Ahead monthly volumes

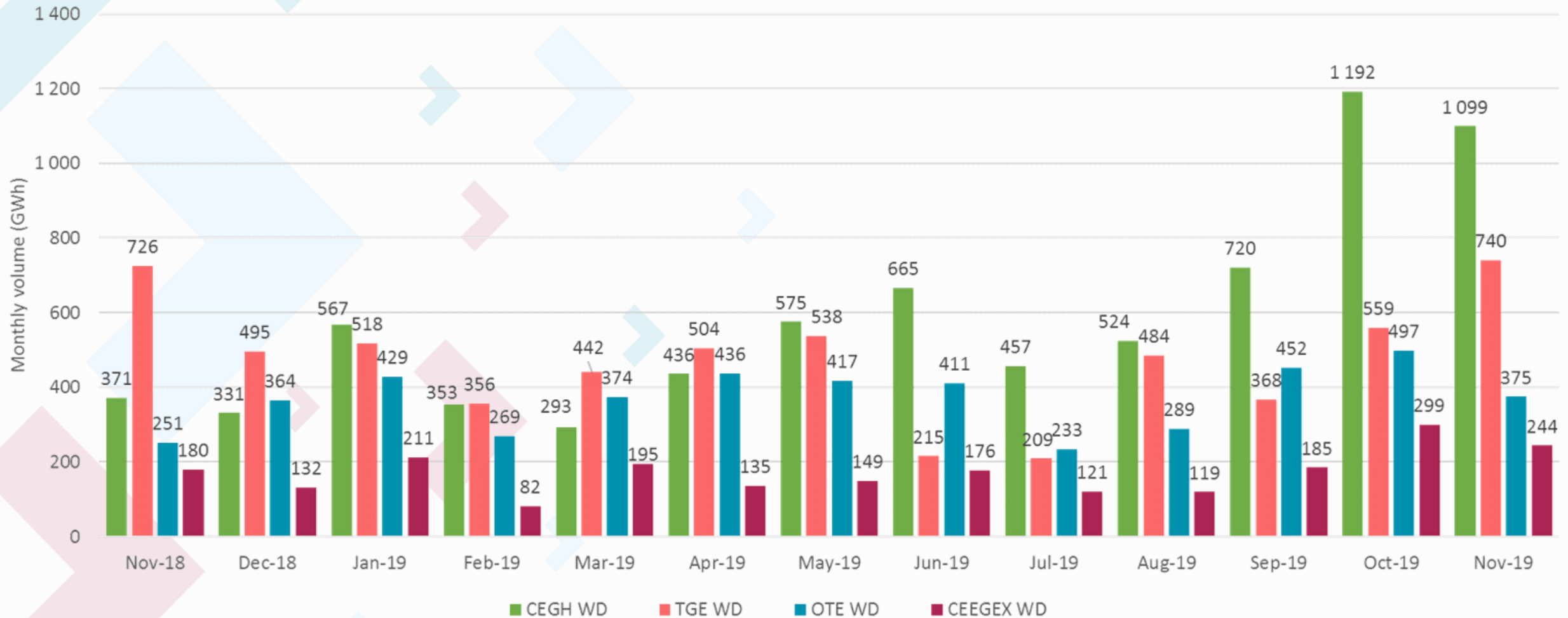
Source: CEGH, TGE, CEEGEX



CEEGEX Day-Ahead monthly volume grew 260% yoy, while TGE DA decreased 6%, thus since March it's the first time TGE overtook CEEGEX

Regional Within-Day monthly volumes

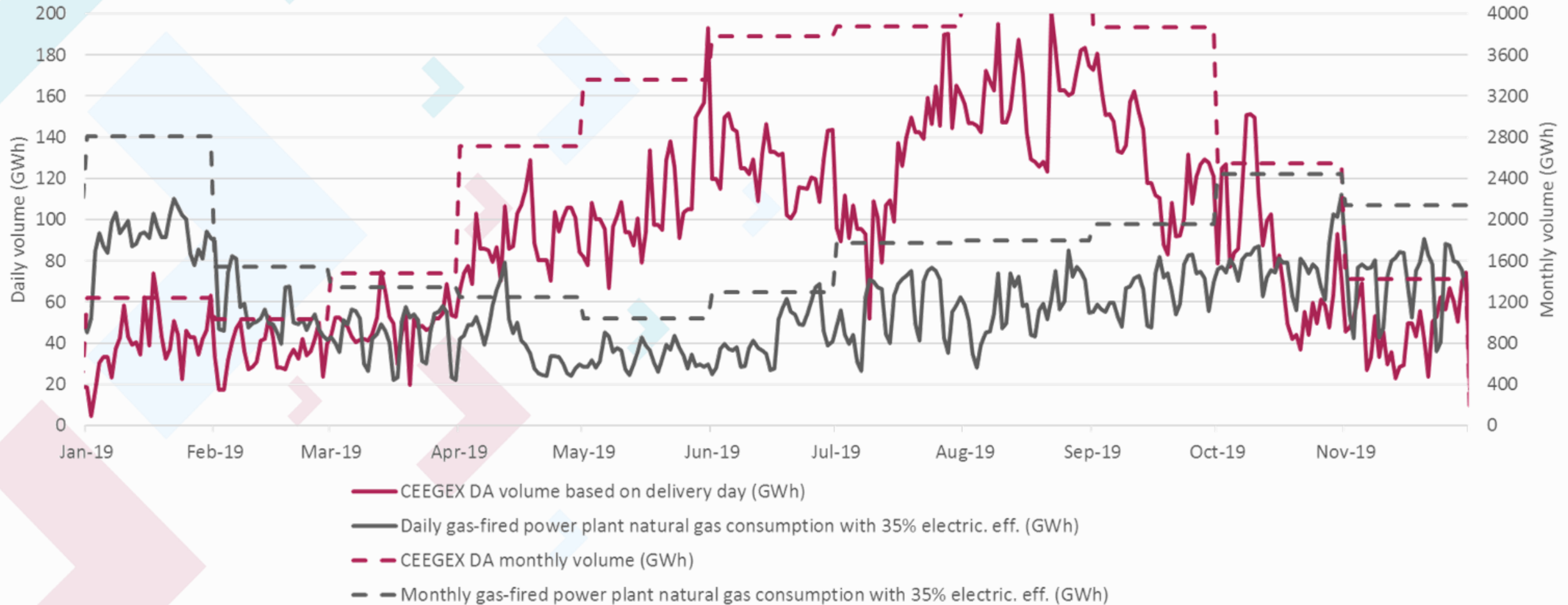
Source: CEGH, TGE, CEEGEX



The CEEGEX Within-Day volumes are getting closer to OTE, meanwhile on most of the regional markets the traded WD volumes are high due to moving into the winter

Gas-fired power plant natural gas consumptions

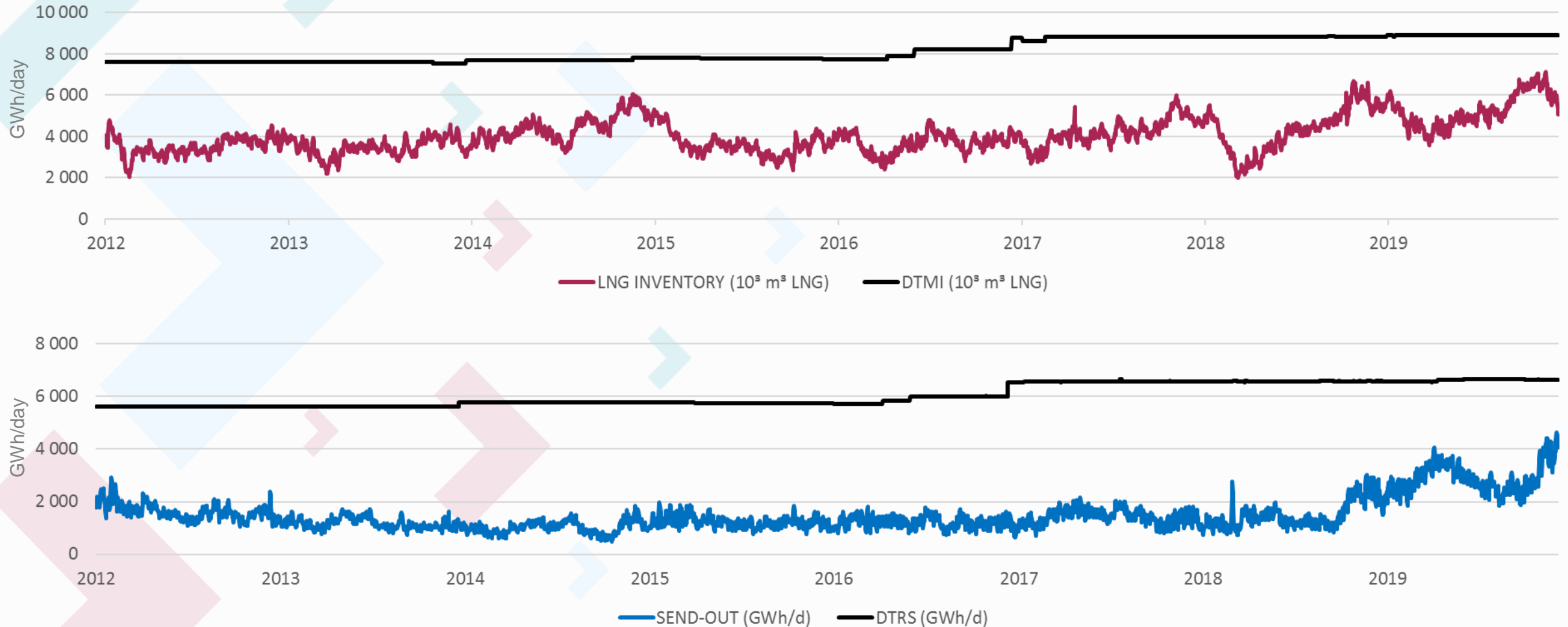
Source: MAVIR, CEEGEX



As it was the first time last winter that CEEGEX DA volumes showed high correlation with gas-fired power plant's natural gas consumption, the trend is coming back in October and November, however still only smaller part of gas is sourced from CEEGEX as correlation is less than it was in 2019 Q1

LNG inflows to the European Union

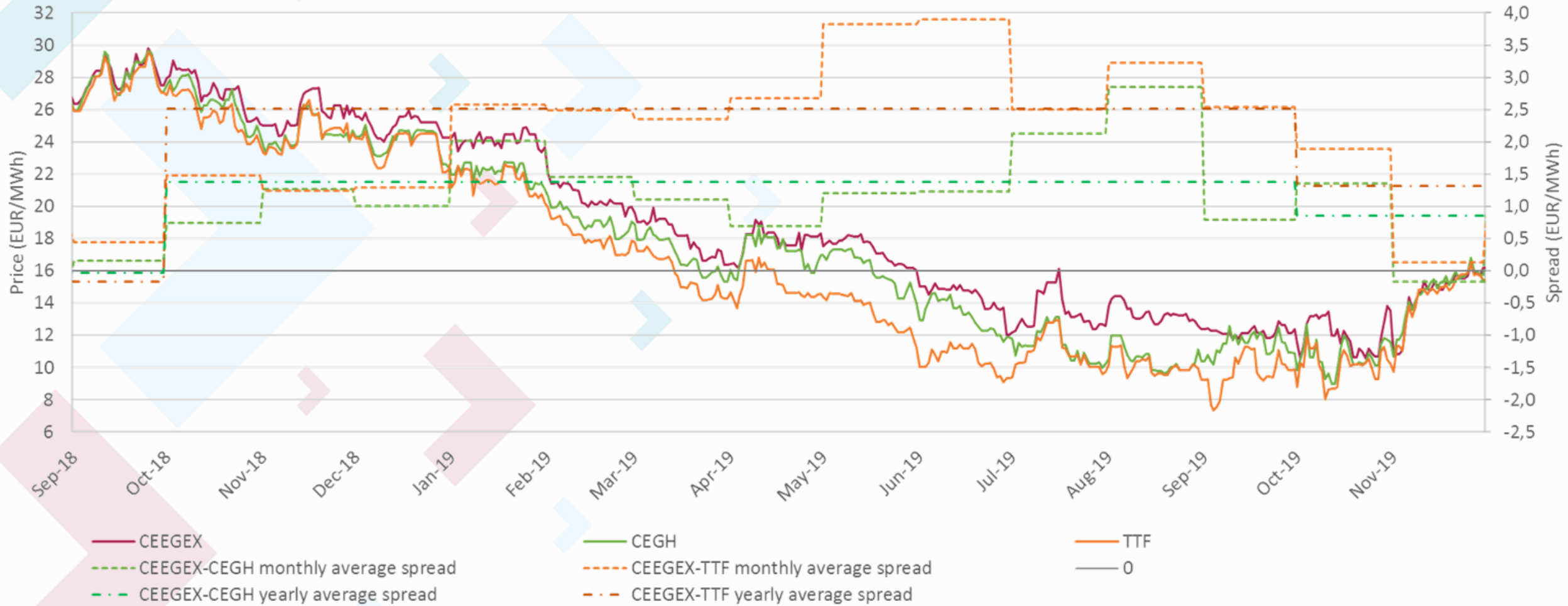
Source: ALSI



Year 2019 brought significant growth in the European LNG import, which resulted record LNG inventory in Europe, and which was followed by historical record regasification in November

Hungarian and benchmark spot gas prices

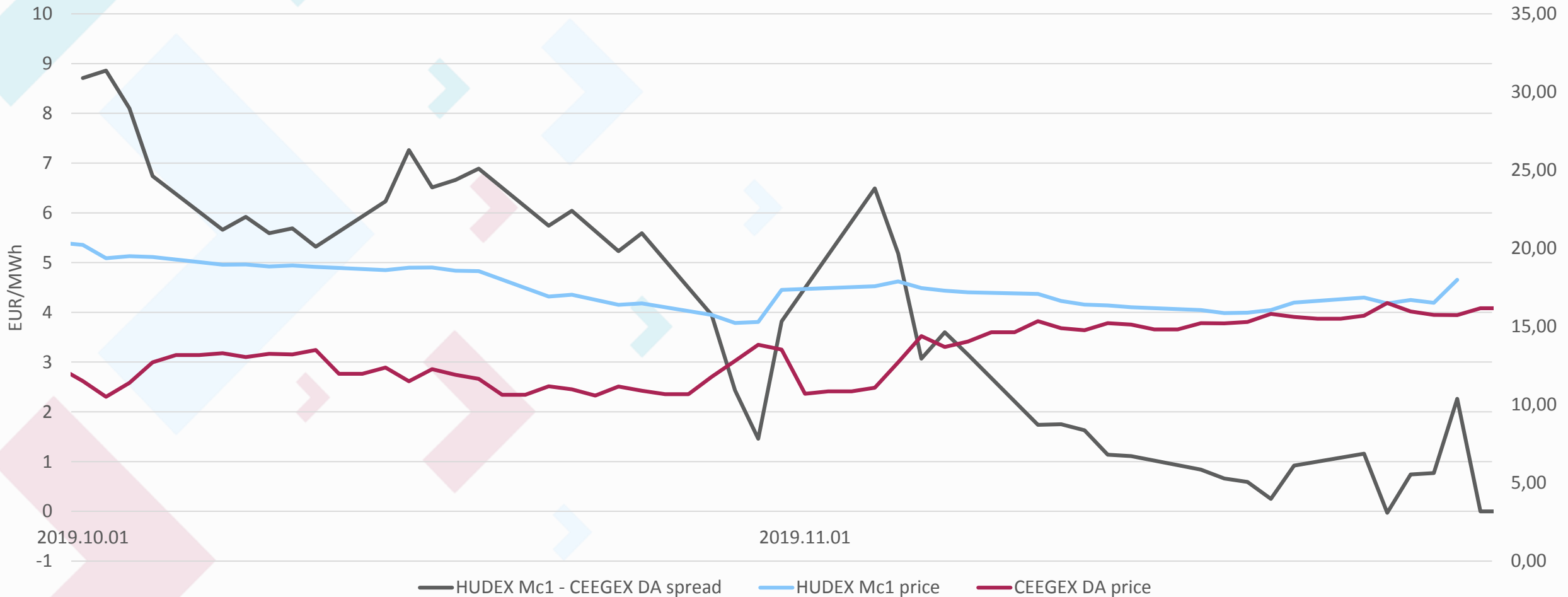
Source: PEGAS, CEEGEX



After months of stagnating seasonality came back to natural gas prices and resulted 16 EUR/MWh CEEGEX spot prices in the end of November, while disappearing spreads affected negatively the traded volume of CEEGEX

DA and front month price spread

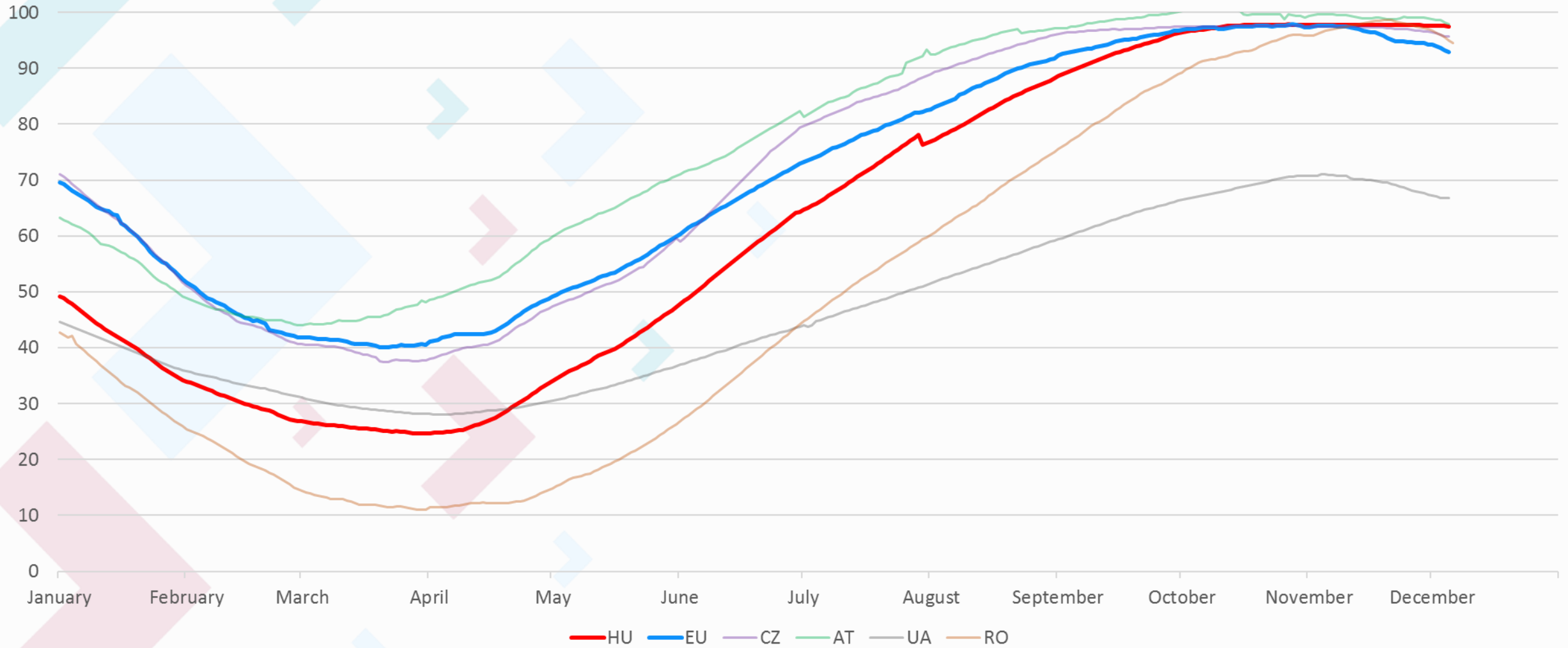
Source: PEGAS, CEEGEX



According to the futures prices in the end of October, higher futures prices were expected in November, than the spot prices. This expectation were confirmed, the spot prices stayed below the futures prices

Gas storage fulfillment levels in Central Eastern Europe

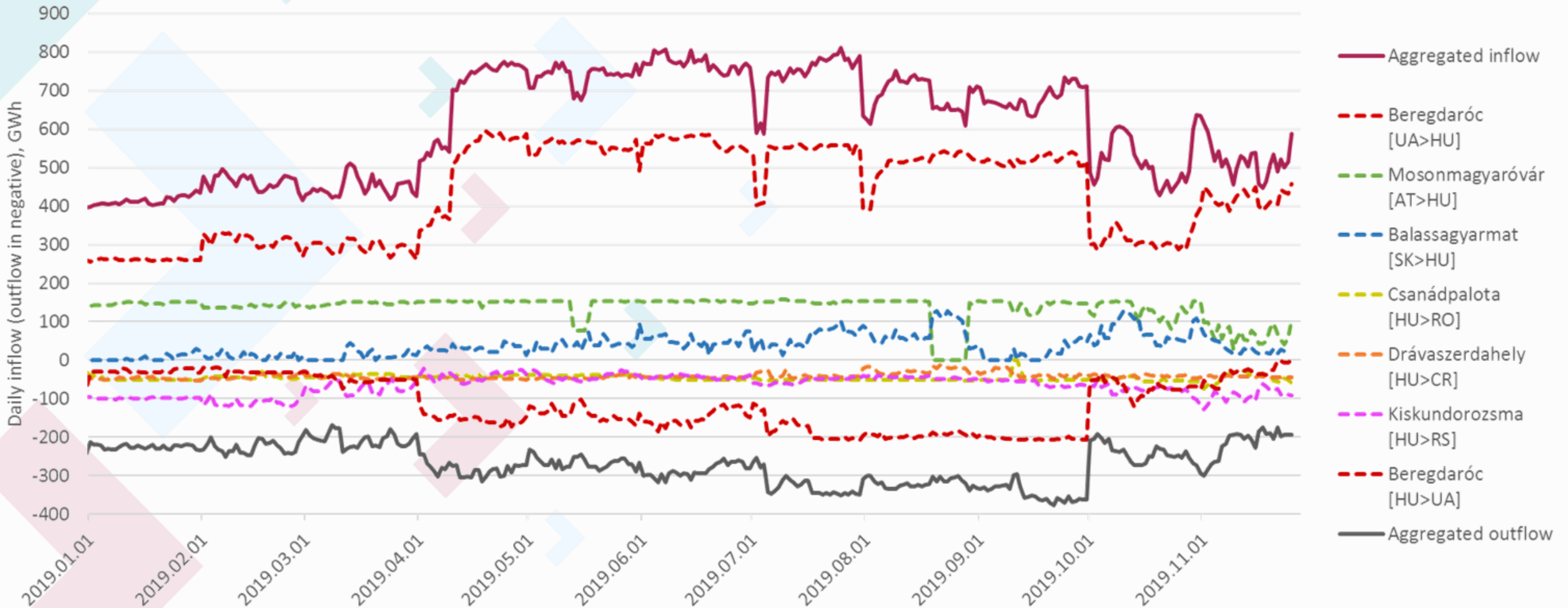
Source: AGSI



UGS's in the region show very similar tendencies in fulfillment ratios, withdrawal has just started at the end of November and there were even injections in some storages as well. The warmer days of autumn are the main reason of late withdrawal

Gas flows on Hungarian cross-border points

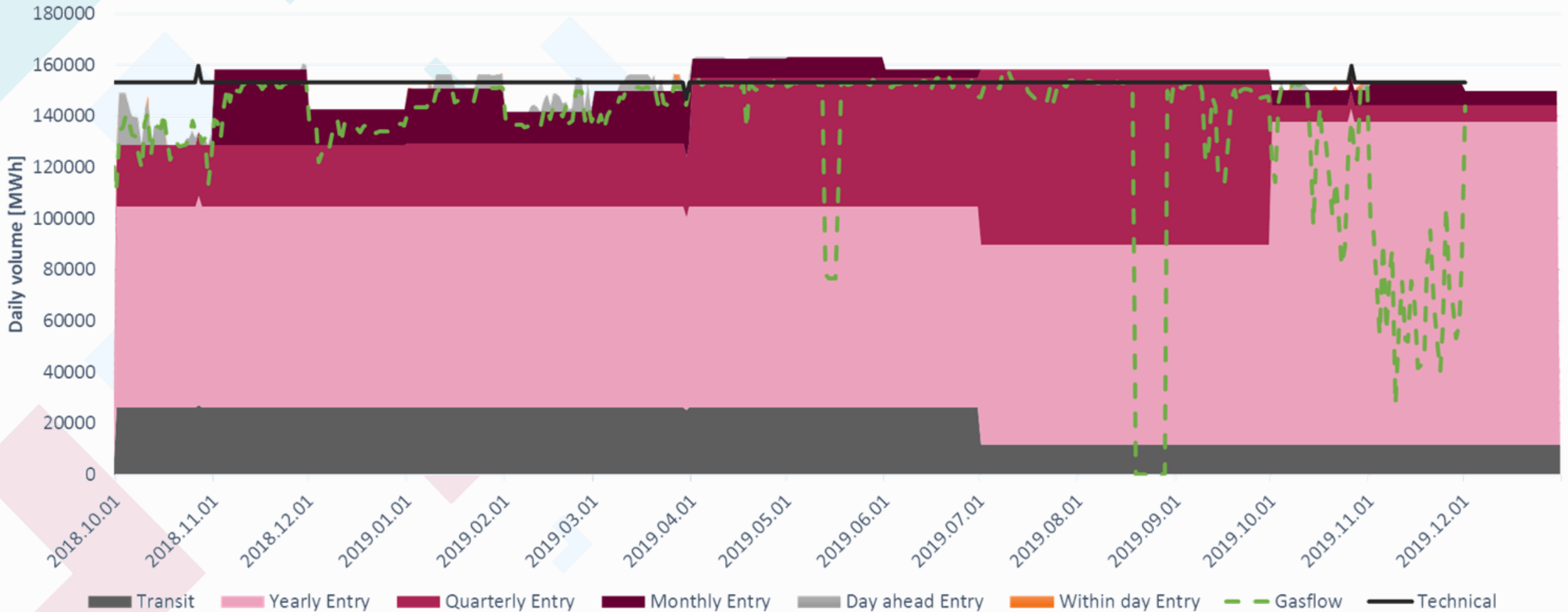
Source: FGSZ IP



For several months it was the first time at the end of November, that the gas flow towards Ukraine dropped to 0, meanwhile Austrian imports also decreased significantly

Capacity bookings on AT>HU interconnector

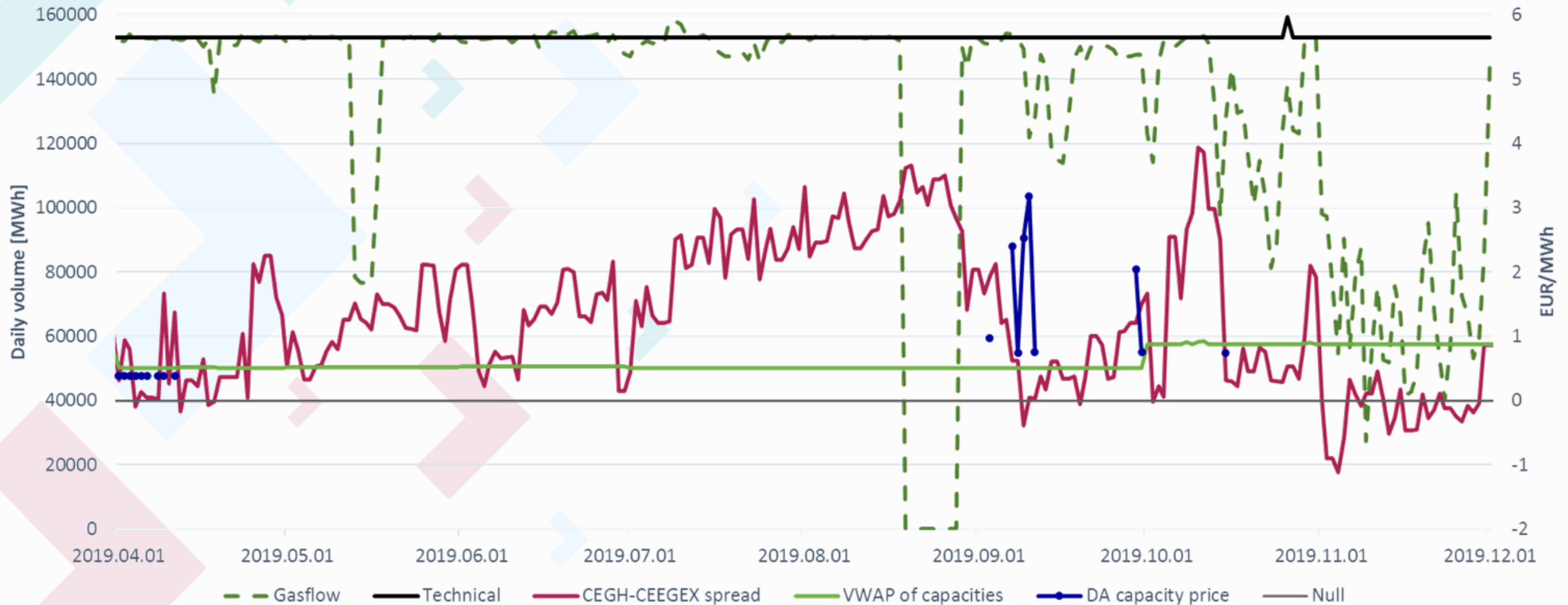
Source: FGSZ IP, FGSZ RBP



The AT>HU capacity was fully booked in November with yearly, quarterly, monthly contracts, but imports dropped significantly due to unfavorable CEGH-CEEGEX spot spread

CEGH-CEEGEX spread with capacity prices

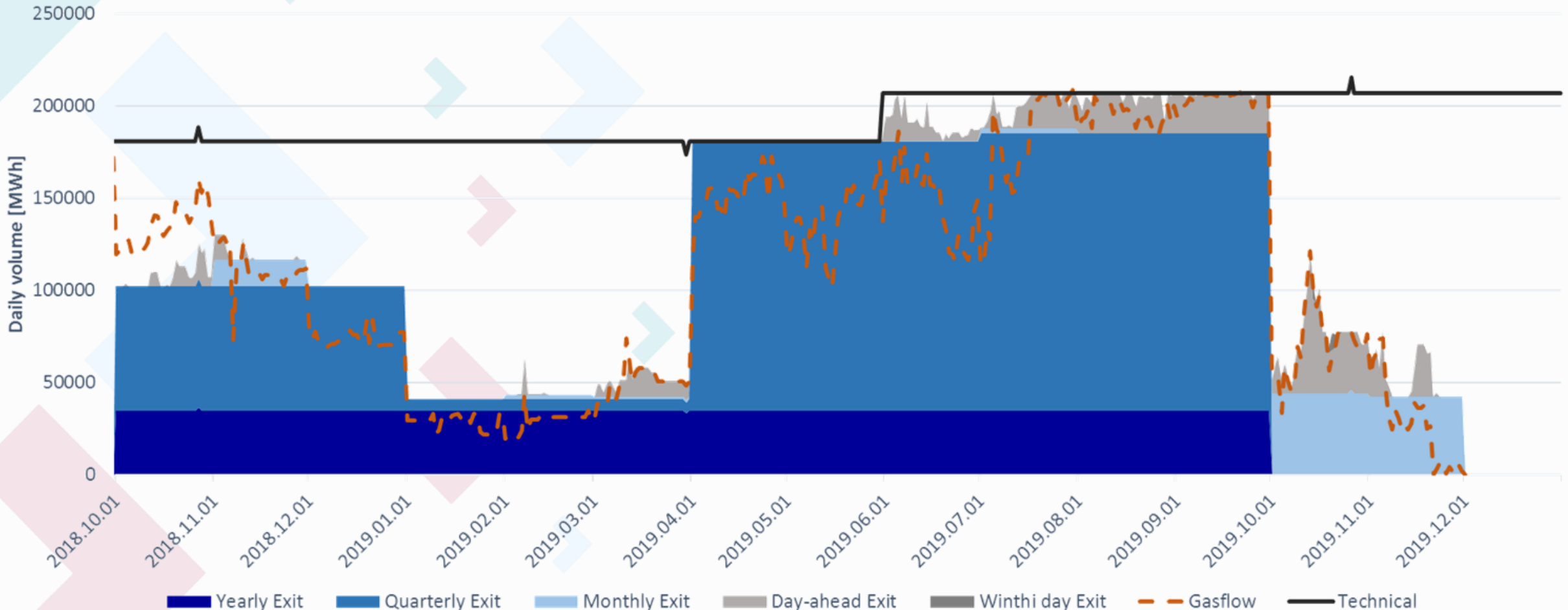
Source: CEGH, CEEGEX, FGSZ RBP, FGSZ IP



The increase in the price of AT>HU capacity was accompanied by negative CEGH-CEEGEX spread on many days, which resulted smaller gas flows

Capacity bookings on HU>UA interconnector

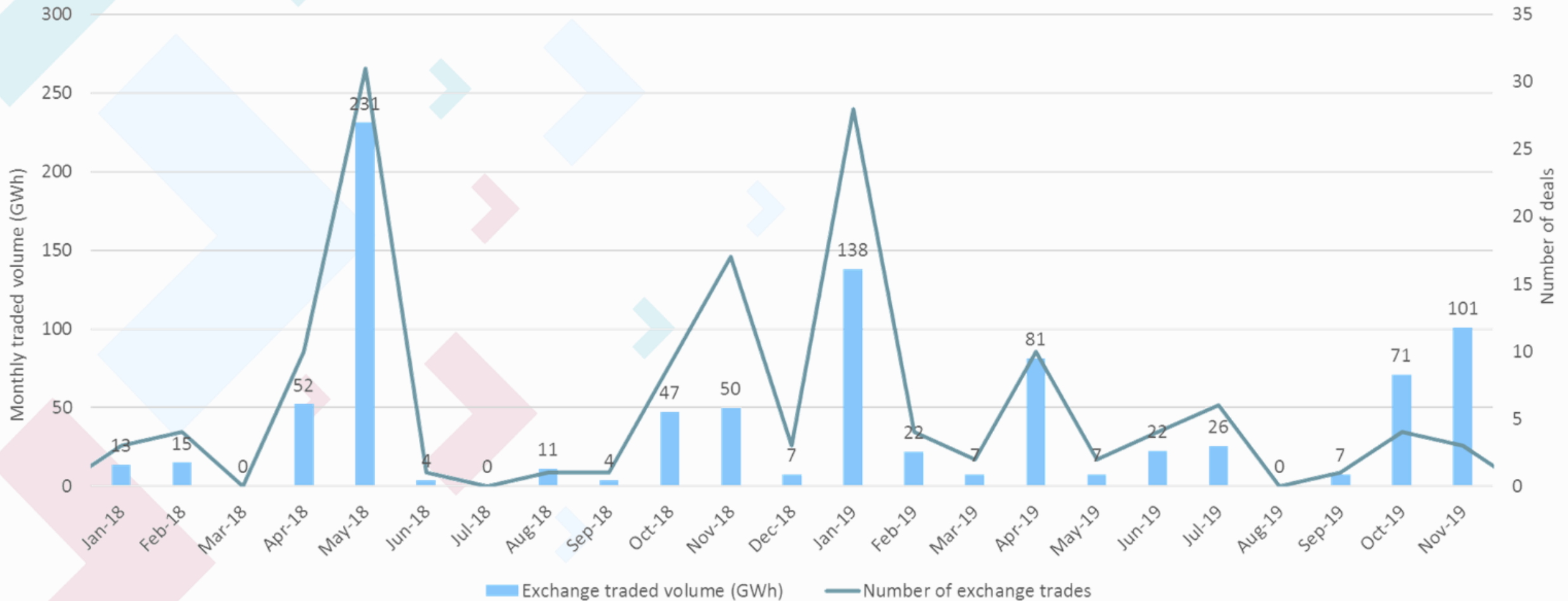
Source: FGSZ IP, FGSZ RBP



The export to Ukraine decreased further to even zero, with only the Day-ahead capacity being utilized, despite there were a large amount of monthly capacity booked. For december there isn't any booked monthly capacity, thus export expected to be low

HUDEX Natural Gas Segment

Source: HUDEX



HUDEX traded volume on the Natural Gas Segment grew further in November with trading activity continued for front month and balance-of-month contracts, also bidding activity was common for these products on almost every day