



Gas market outlook: Focus turns to refilling and winter 24-25

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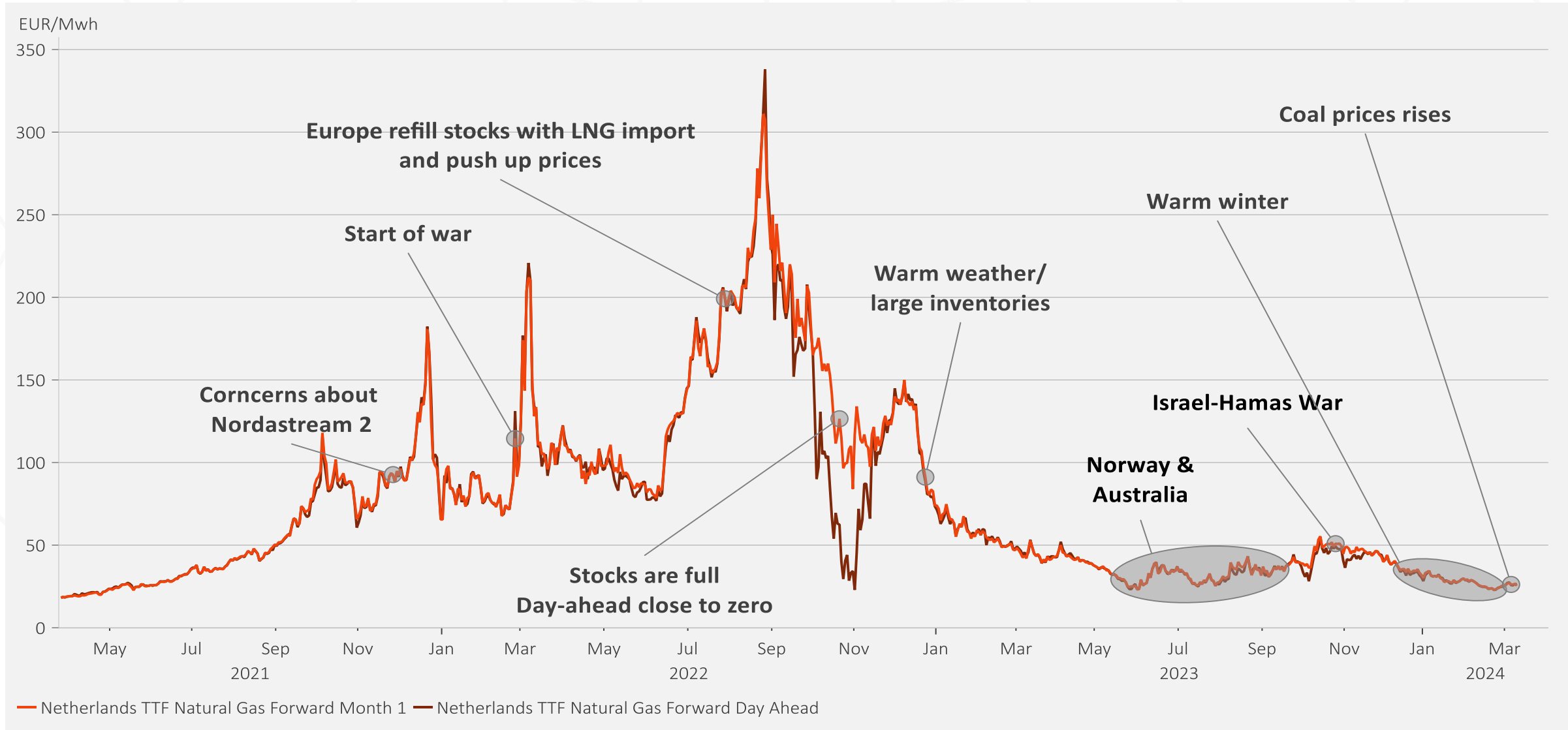
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March 13, 2024

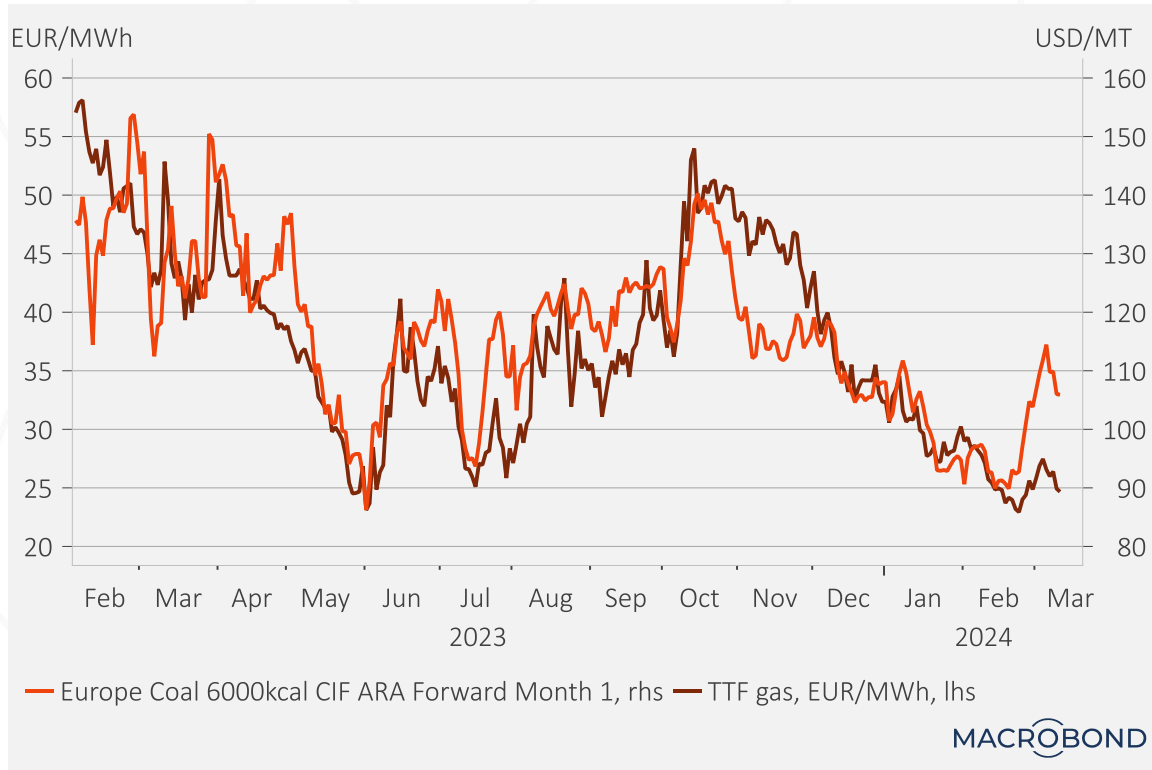


The price and volatility in European gas is much lower today

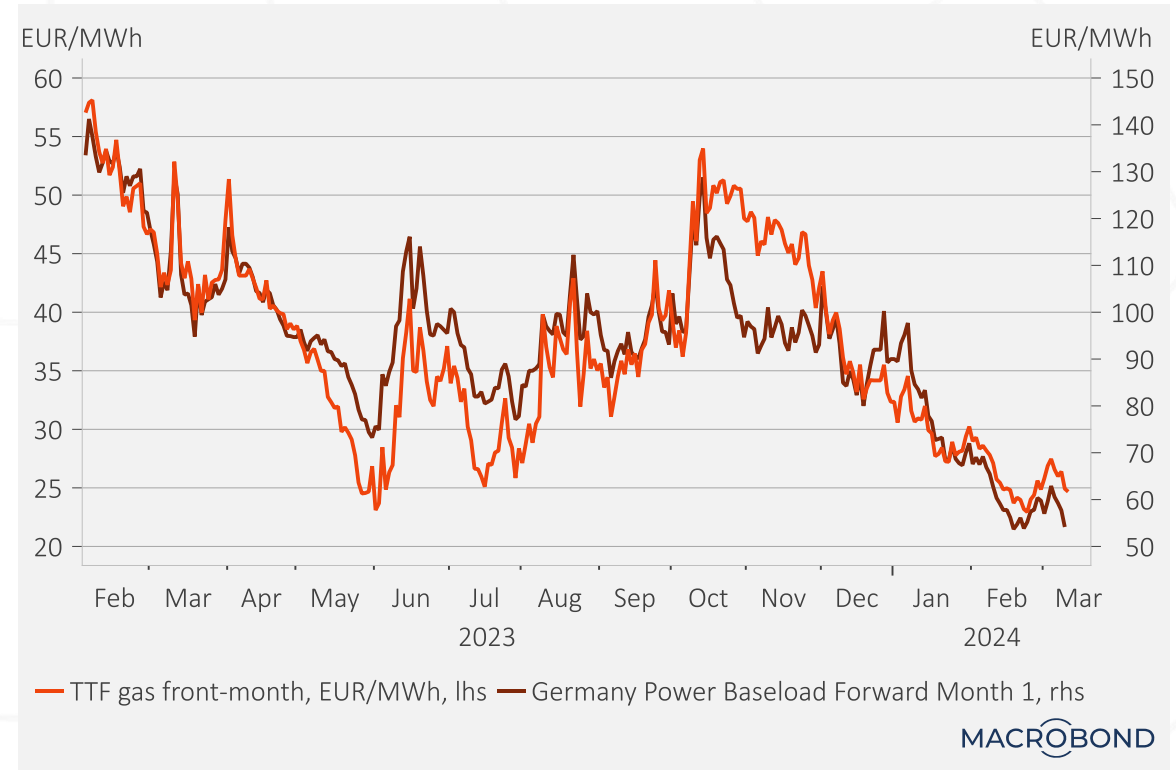


But volatility is not gone, and markets are still correlated

TTF gas front-month (EUR/MWh) and API2 coal USD/MT



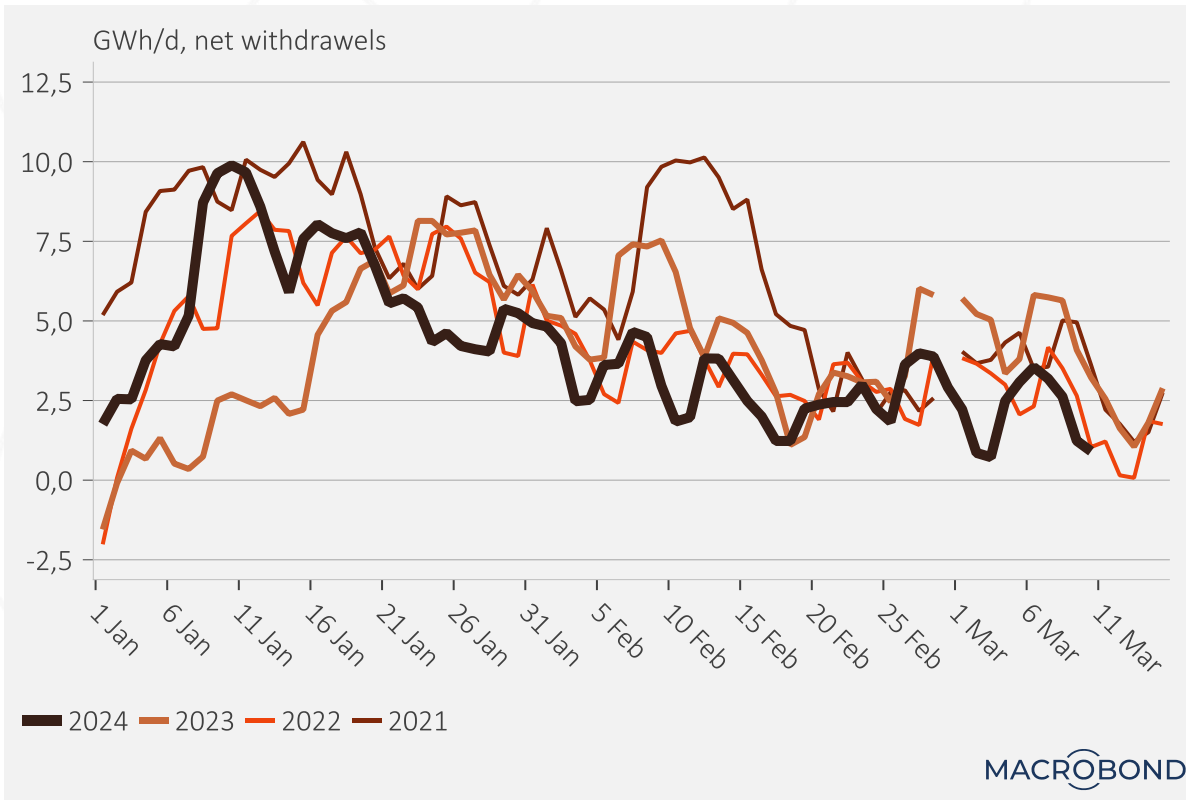
German baseload power and TTF-gas both 1M forward



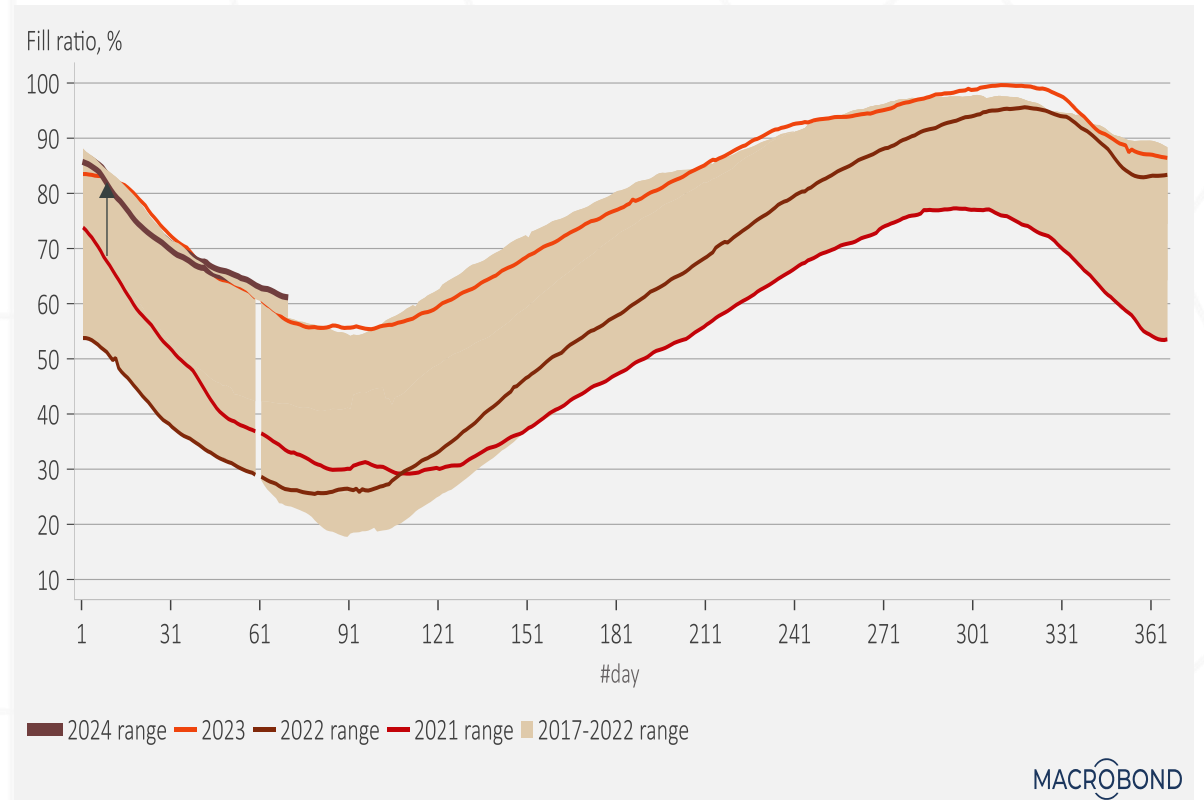
Current situation – focus on the refilling and next winter

Large inventories and low net withdrawals

EU Net withdrawals are low



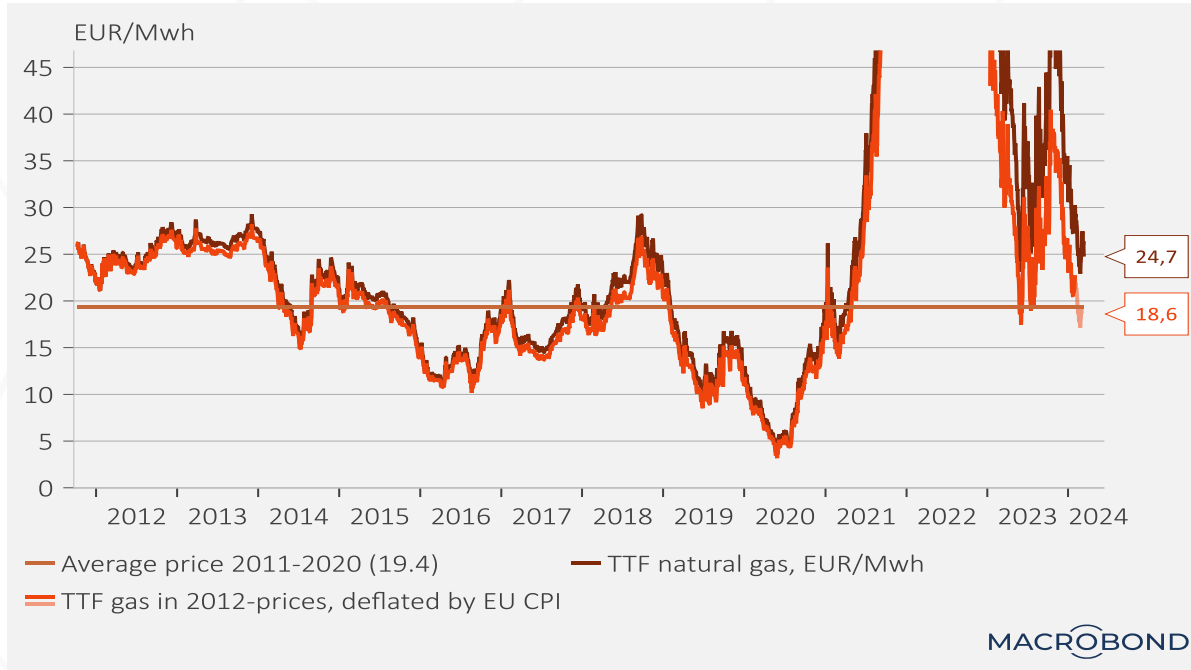
EU gas inventories at a very comfortable level



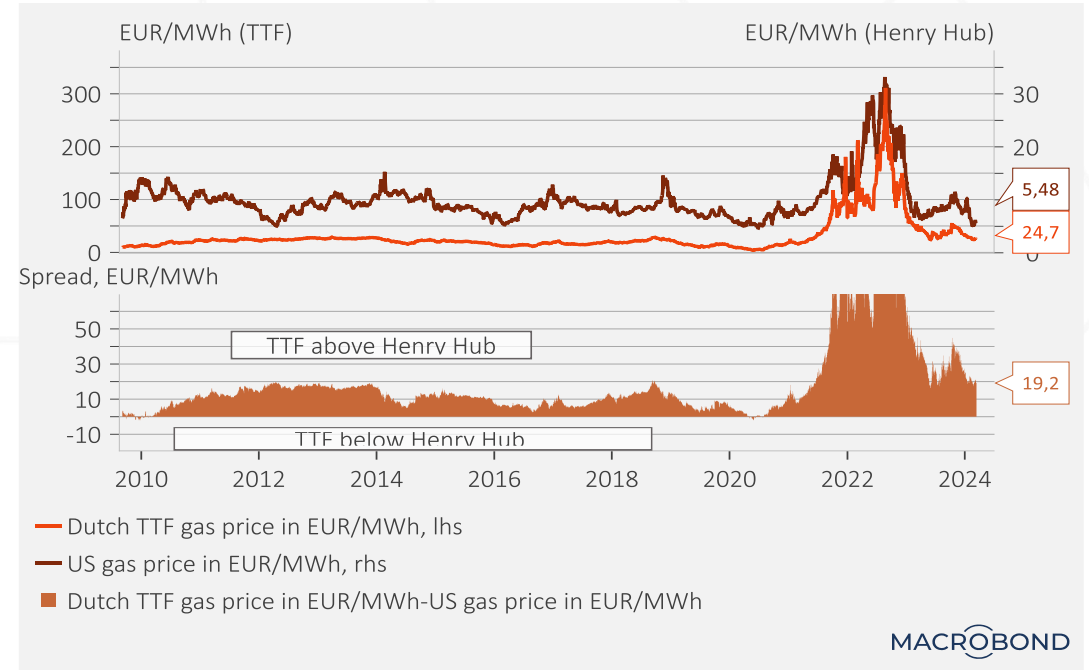
I believe we will see a higher use of Ukranian gas storage in 2024
 => higher storage capacity => less dependence on Russian gas flow next winter

TTF price: How low can you go?

TTF real-price below 2011-2020 average of 19.4



TTF and Henry Hub gas prices, EUR/Mwh

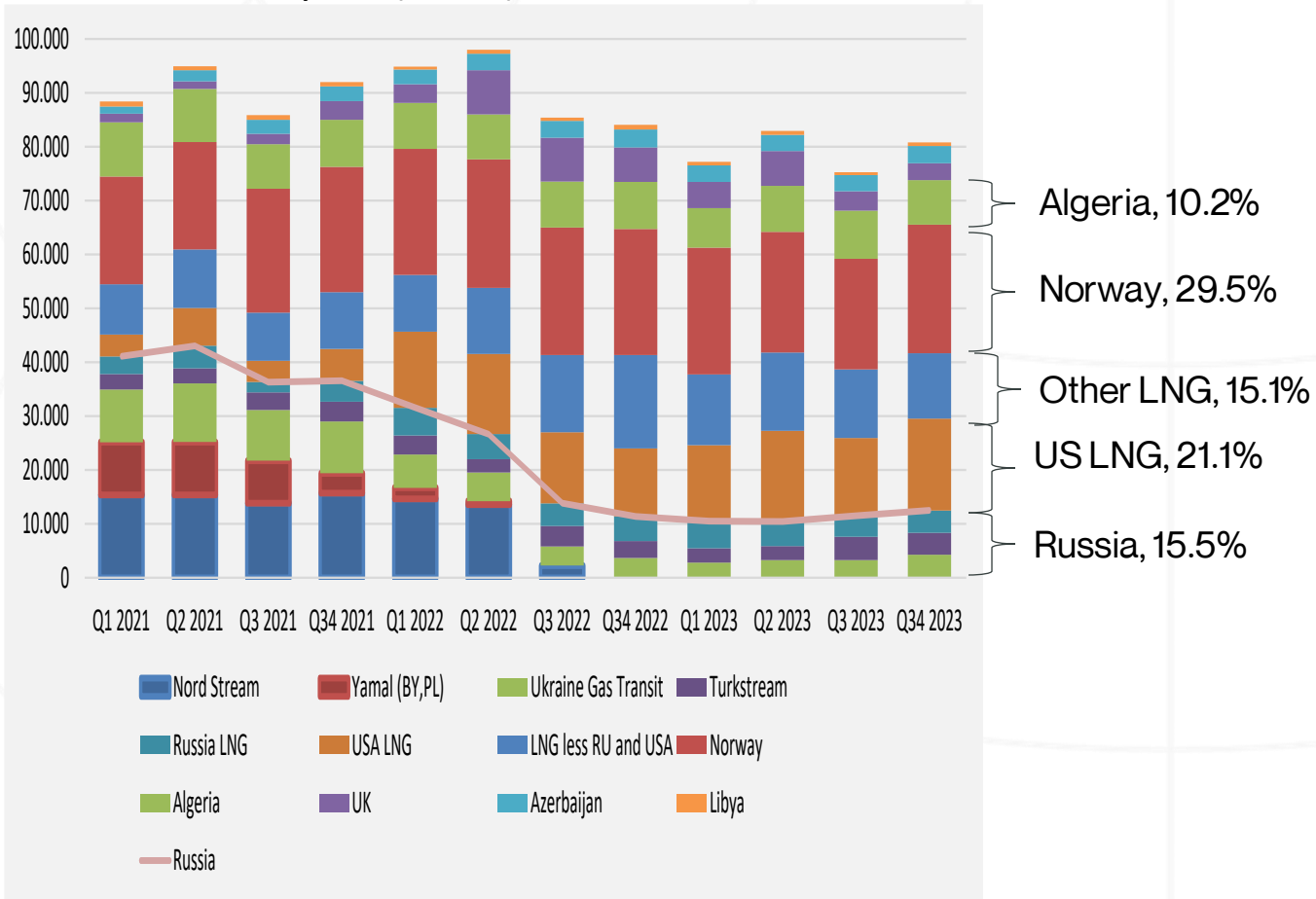


Netback calculations, USD/MMBtu

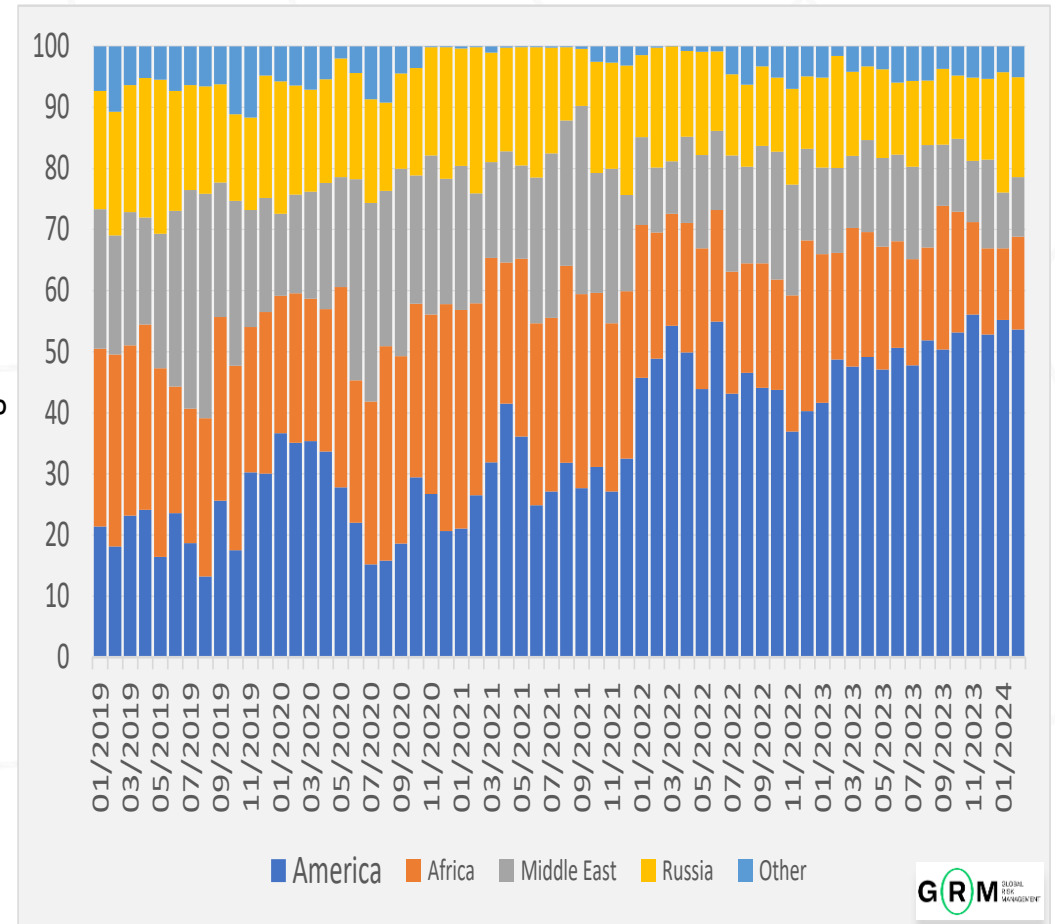
\$/MMBtu	US LNG (115% Henry Hub)	Europe Gas Benchmark (TTF)	Europe netback	Asia spot LNG price (JKM)	Asia netback
April	2.09	8.38	6.08	8.37	5.91
May	2.23	8.41	5.98	8.84	6.24
June	2.51	8.47	5.76	9.05	6.17
July	2.83	8.51	5.48	9.29	6.09

Who will supply the European gas in 2024 and 2025?

Total import (EU27), million cubic metres

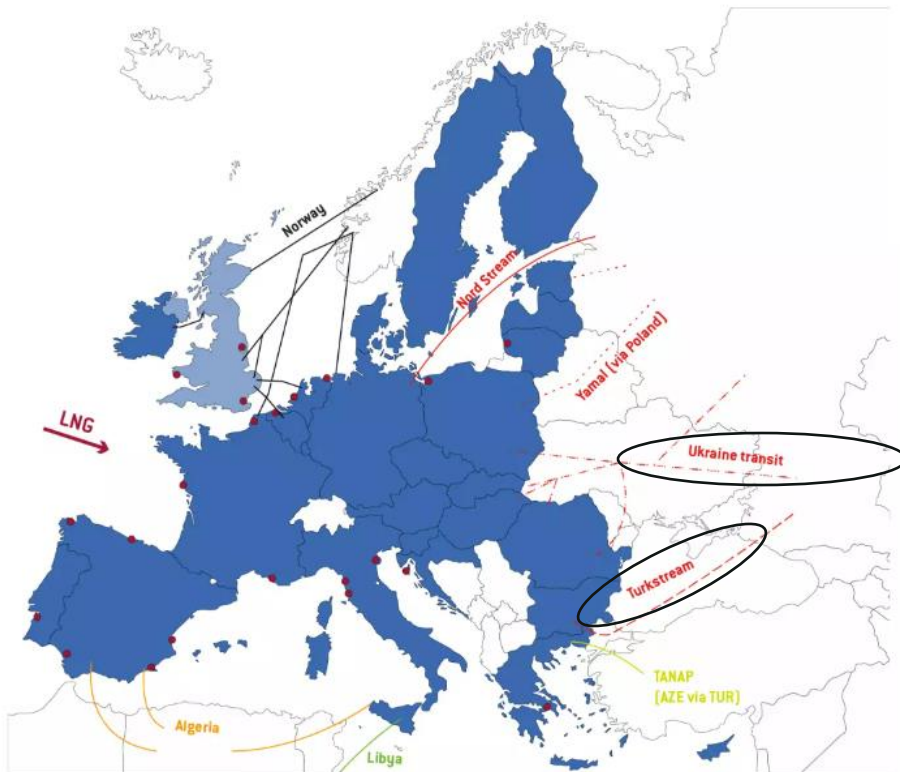


LNG share, %

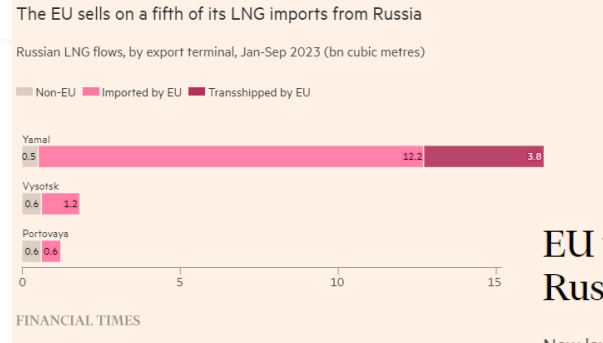


Domestic production was 16% and LNG 37% of supply in 2023.

Will Russian gas to the EU be phased out this summer?



5% through Ukraine (agreement ends this year)
 5% Turkstream
 5% Russian LNG



EU to give member states power to block Russian gas imports

New law will stop companies in Russia and Belarus from accessing European pipelines and LNG terminals

Ukraine Slams the Door on Bringing Russian Gas to Europe

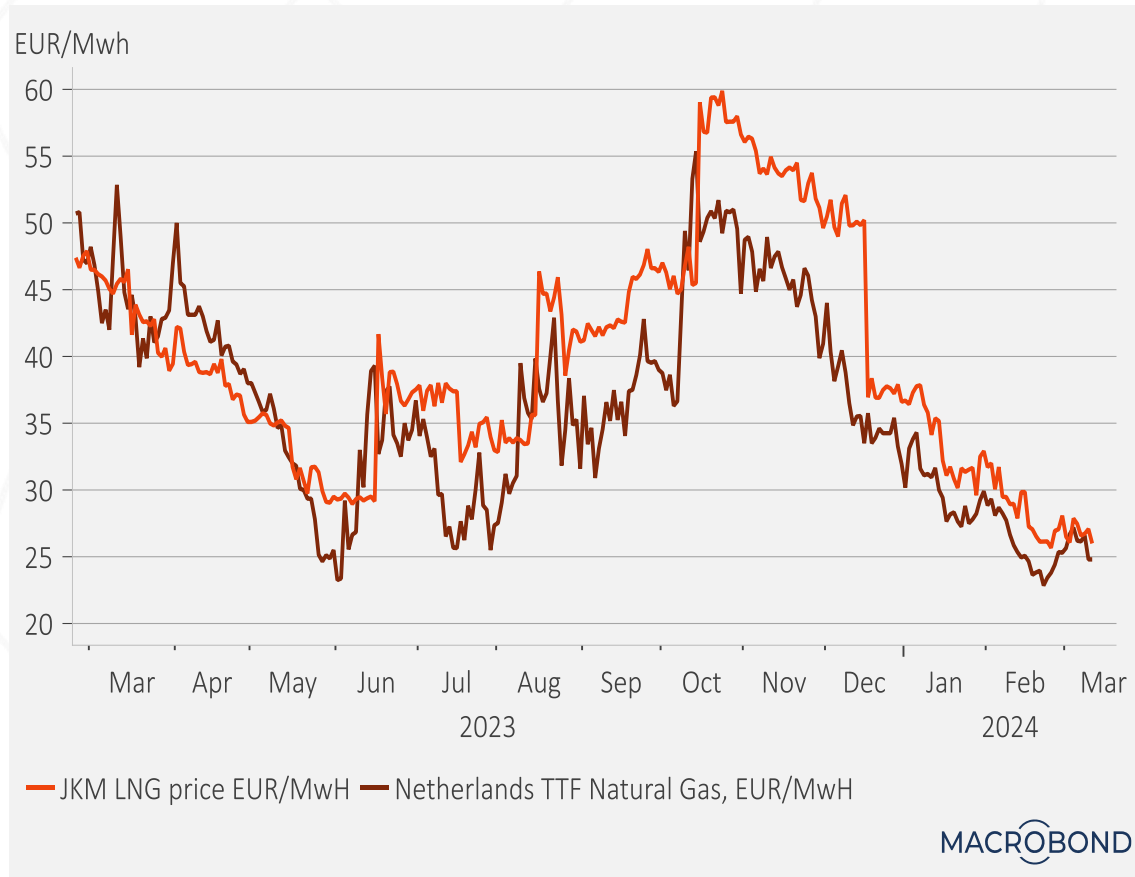
- Fuel prices had fallen on expectations of commercial deals
- Energy Minister Galushchenko speaks in Bloomberg interview

EU quartet warns German gas transit costs will fuel need for Russian imports

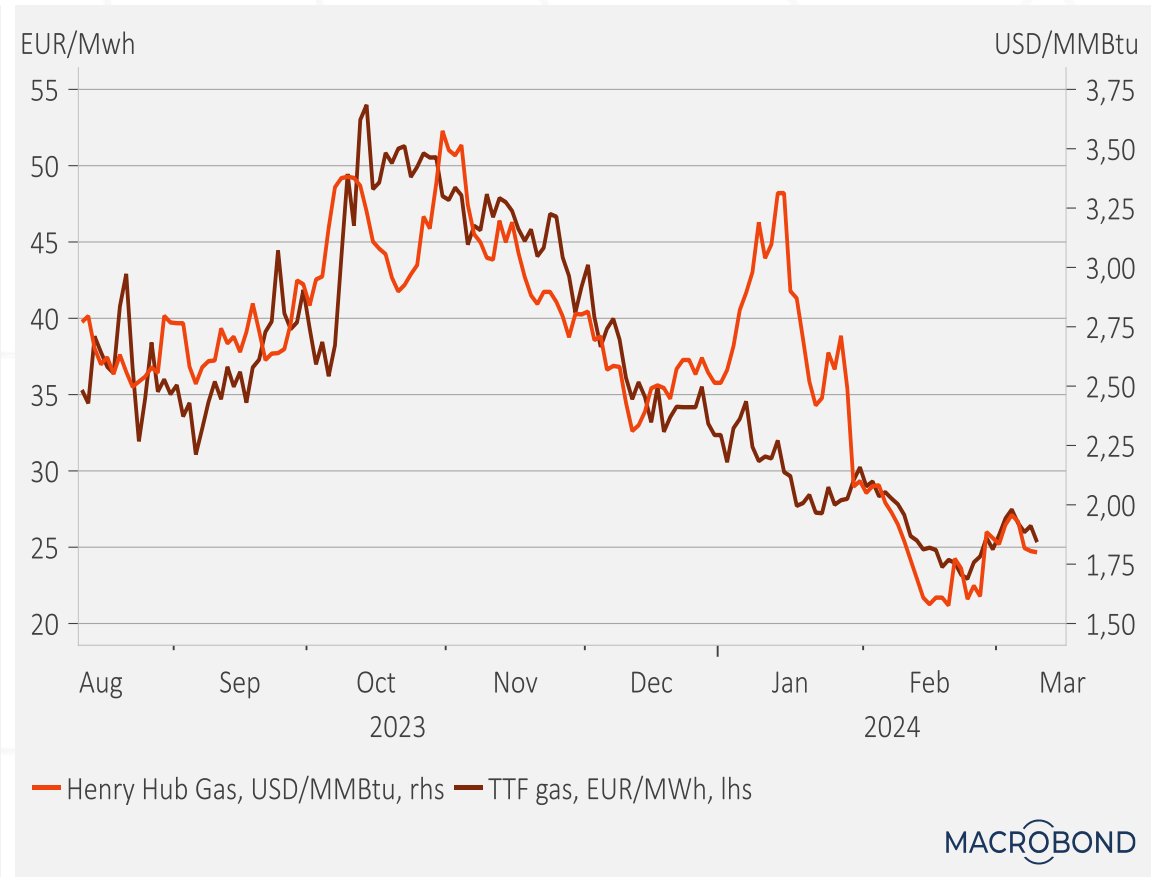
Austria, Czech Republic, Hungary and Slovakia say Berlin levy could increase 'geopolitical dependency' on Moscow

LNG is a global market ... and global demand might be picking up

TTF and JKM LNG

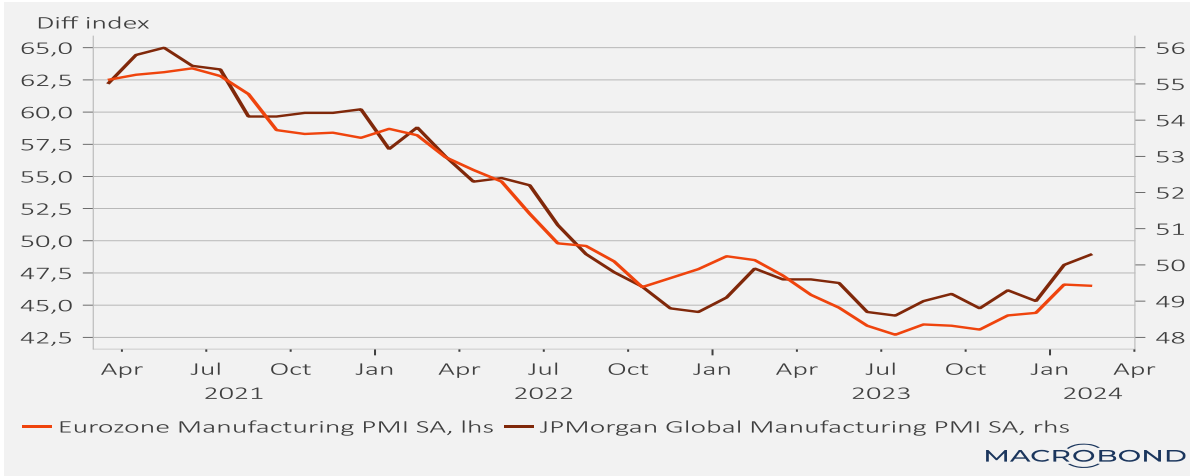


TTF and Henry Hub

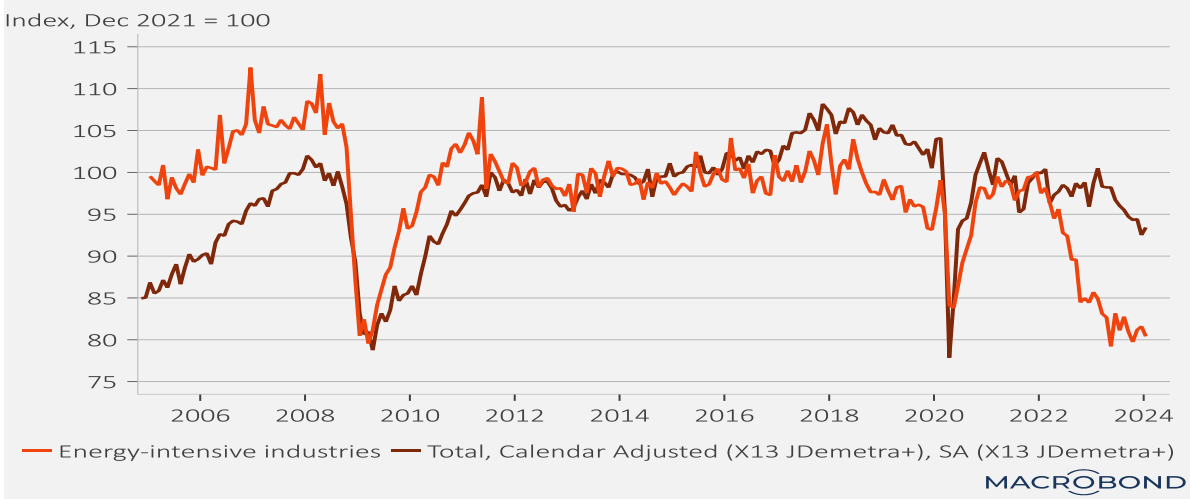


Will German demand come back as UK, Italian and Dutch demand?

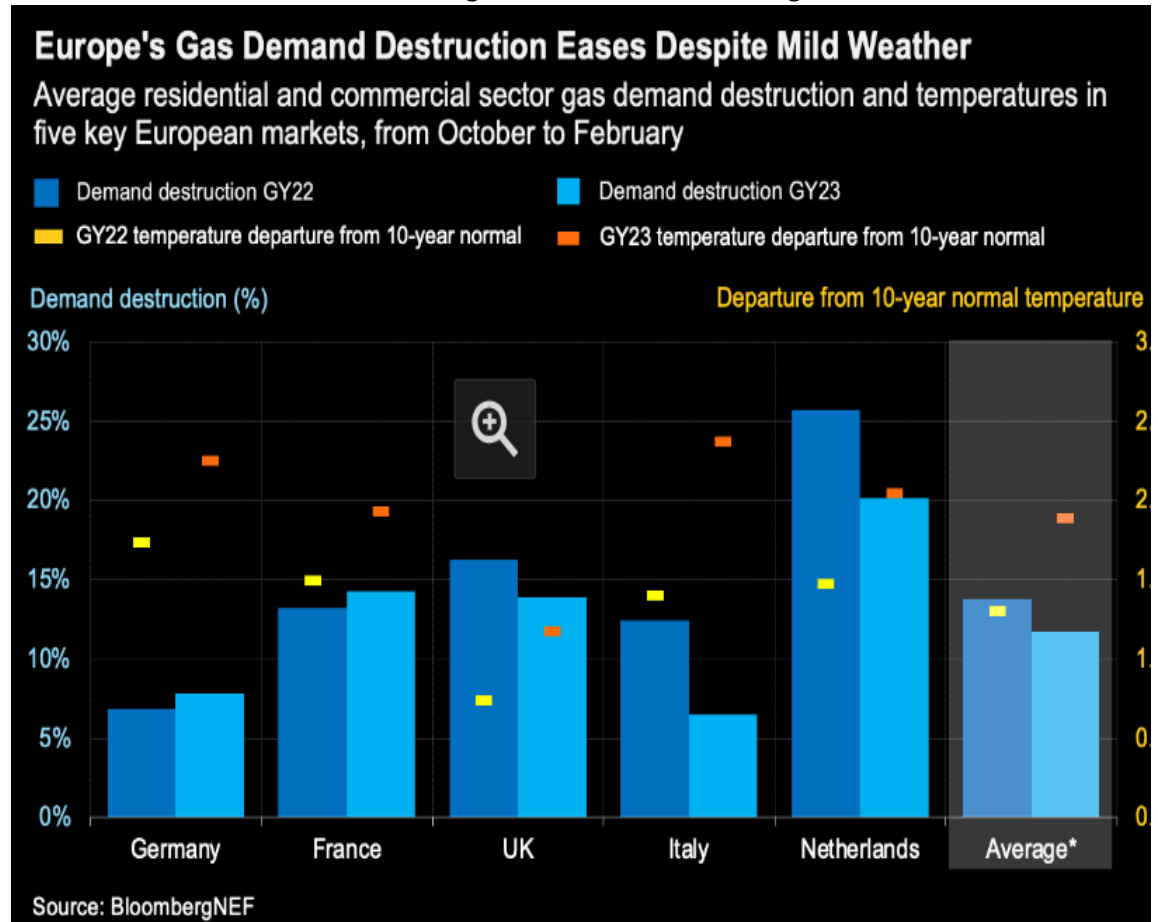
Global manufacturing cycle slowly improving, PMIs



German industrial production



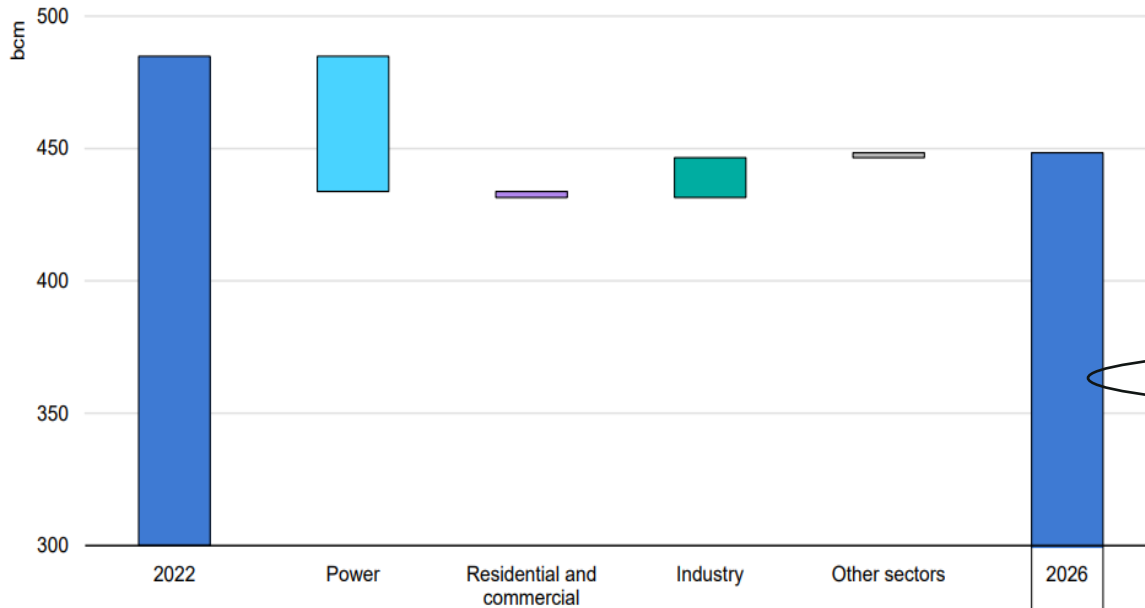
Demand destruction coming to an end? (Bloomberg estimations)



Longer-term considerations: Structural change in European demand

The expansion of renewables is set to reduce Europe's gas demand over the medium term

Expected change in natural gas demand by sector, OECD Europe, 2022-2026



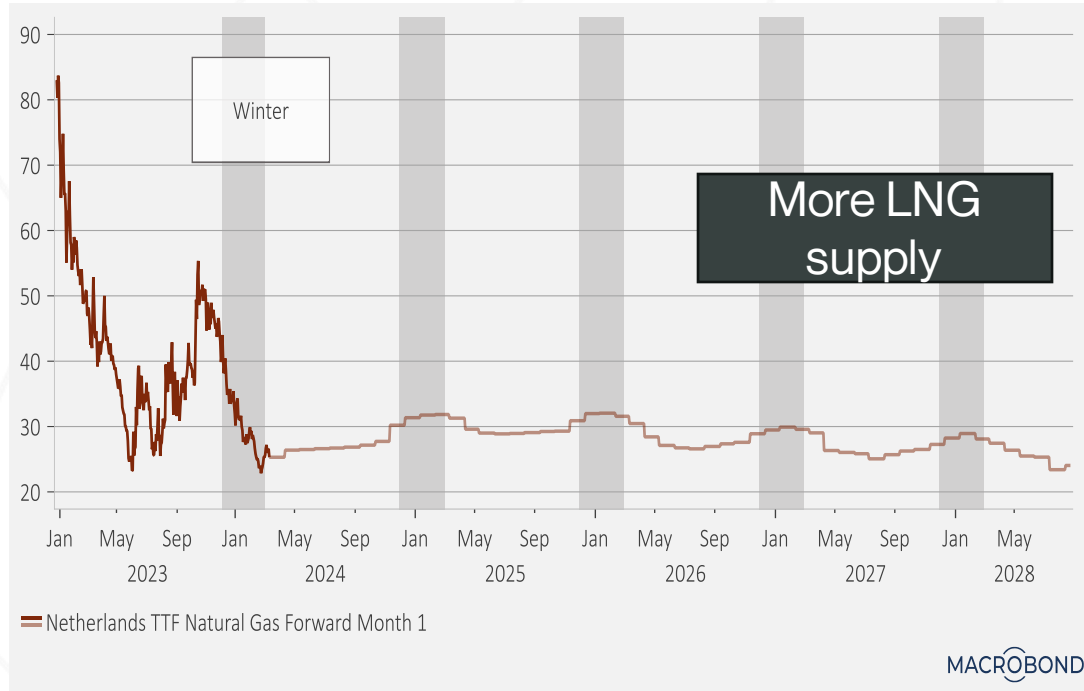
Source: IEA, Medium-Term Gas Report 2023

	Consumption				
	2020	2021	2022	2023	2024
Africa	161	169	170	175	180
Asia Pacific	834	891	877	901	937
<i>of which China</i>	325	367	364	391	414
Central and South America	142	153	150	149	151
Eurasia	585	649	622	629	641
<i>of which Russia</i>	461	516	487	493	503
Europe	576	609	524	488	502
Middle East	546	562	580	591	605
North America	1 079	1 091	1 144	1 156	1 173
<i>of which United States</i>	868	874	919	926	939
World	3 924	4 124	4 067	4 089	4 190

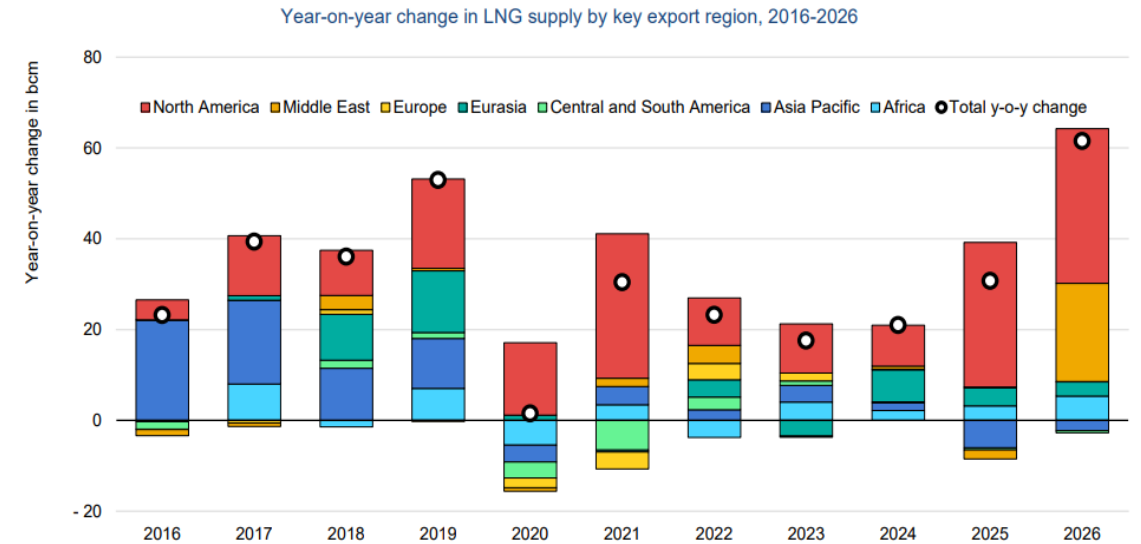
Source: IEA, Gas Report Q1 2024

Longer-term considerations: More LNG (lower EU demand) => downward pressure on prices from 2026

TTF forward curve, EUR/mwh



North America and Qatar account for 80% of incremental LNG supply during 2023-2026



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Biden decision will 'erode confidence' in LNG industry, Shell CEO says

Oil executives hit out at administration's move to pause approvals for LNG export terminals

Global LNG trade is forecast to expand by nearly 25% (or just over 130bcm) by 2026 compared with 2022, primarily driven by LNG liquefaction capacity additions in North America and Qatar.

Global natural gas consumption at 4,190 bcm in 2024 (IEA)

Market view

– hedging recommendation for consumers

- Stable to lower spot prices next 3-4 months
- Curve to remain in contango
- Hedge winter 24/25 and cal-25 exposure as risk for prices are to the upside
- Hedging is about risk management

Want to know more?

<https://bit.ly/GRMSignUp>



Energy Market Drivers: Market focus turns increasingly to fundamentals

5 November 2023

Content

- **Market view:** Back to fundamentals
 - Financial sentiment is becoming more supportive for risk appetite
- **Theme:** Still pointing towards a tighter market balance
 - **Supply side:** OPEC+ remain in control
 - HSFO oil market under pressure
 - Stable VLSFO crack in October
 - **Demand side:** Lower risk of hard landing as rates stabilise, but global manufacturing remains weak
- **News/Data this week:** Focus on positioning data
- **Market and hedging view:** Add to consumer hedge ratio

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Energy Market Drivers:

European gas prices back to pre-war level: Time to hedge winter 24/25 and/or calendar 25 exposure

February 15, 2023

Content

- **Gas prices are nose-diving. Why?**
 - Seven factors that have pushed gas prices lower
- **Why we might be approaching a bottom in TTF gas prices**
 - 1. Global demand is improving
 - 2. Import of Russian gas to drop in 2024 and 2025
 - 3. Inflation-adjusted TTF gas prices below the 10-year pre-war average
- **Consumer hedging:** Hedge 2024/2025 winter exposure now

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