NBP&TTF Front Month Report

July 2024

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TTF&NBP July 24 Price Drivers and Conclusions

Our July-24 forecast is based on the EC46 weather run from June 13th and the ICE July 24 NBP and TTF settlement prices on June 13th. NBP July24 closed at 84.3p/th and its TTF equivalent at €35.72/MWh.

In June, prices saw a bullish support on the back of outages in Norway and Australia. That said, European storage refilling trajectory remained stable with healthy stock levels.

In July, we expect fundamentals to continue supporting our sideways/bearish price outlook.

On the demand side, total NWE consumption is forecast to stay almost flat compared with last year. We expect weaker LDZ and gas for power demand, but this should be compensated by the rise in industrial gas burn.

On the supply side, Norwegian production is expected to be the major supply driver. We forecast Norwegian piped exports at 322mcm/d, up by 30mcm/d from July last year. The rise is due to minimal planned maintenance works scheduled and possibly continued maximized production at Troll. If Troll keeps producing close to its available capacity for the remainder of the summer, its total output for this gas year can reach 44bcm, which is 3.5bcm above its production quota. Another pump in supply to the Continent could come from the UK where a loose market could see a need for stronger IUK and BBL exports. There is 48mcm/d booked capacity for flows via IUK and BBL toward NWE next month.

Such supply increases will partly compensate for weaker LNG sendout expectation in July. Next month LNG sendout is likely to drop by 554GWh/d from last year due to stronger Asian demand and open arbitrage to Asia for Atlantic basin. July sendouts in NWE are down 251GWh/d month-on-month.

Despite a tad tighter balance next month compared with last year, this does not seem to threaten our storage refilling targets and expectations.

Our updated balance indicates storage will end in July at around 480TWh (85% fullness) versus the 491TWh in stock at the end of July 2023, which was a record high level at this juncture of the year.

In the short-term horizon, our risks include unplanned maintenance works in Norway, the UK and across the vast LNG infrastructure in Europe and globally that could both lift prices and directly reduce supply to northwest Europe.

Geopolitical risks emanating from Ukraine and the Middle East are also hanging in the air. We believe these have been priced in, as is the uncertainty around Russian flows into Austria. Markets must remain vigilant to these risks while any new developments could increase market nervousness.

PRICE FORECAST

Sideways/bearish: From TTF JULY24 at €35.72/MWh to an average TTF DA price of €33.6/MWh in July.
Sideways/bearish: From NBP JULY24 at 84.3p/th to an average NBP DA price of 80p/th in July.

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Price Drivers

BEARISH DRIVERS

- Continued soft residential and gas for power consumption and demand destruction.
- Strong production in Norway, particularly, considering possibly Troll's maximized output exceeding its 40.5bcm quota for this gas year.
- Regional border flow weakness.
- Robust storage refilling trajectory.

BULLISH DRIVERS

- Unplanned LNG maintenance at exporting terminals limiting global supply.
- Norwegian maintenance extensions or unplanned events.

Balance Forecast

LSEG DATA & ANALYTICS

NWE balance forecast

Fundamentals, GWh/d	Jul-24 F	Jun-24 F	Jul-23 A	Jun-23 A
TOTAL DEMAND	-2500	-2744	-2509	-2675
LDZ	-615	-823	-631	-670
Non-LDZ	-1885	-1921	-1878	-2005
NET REGIONAL BORDERS	177	-83	-507	-540
Net Czech Republic	-100	-144	-201	-300
Net Switzerland	-170	-221	-242	-197
Net Austria	-20	-13	-102	-141
Net Spain	10	-19	-223	-57
Net Luxembourg	-10	-13	-9	-9
Net United Kingdom	473	330	366	225
Net Poland	-6	-6	-50	-51
Net Denmark	0	3	-46	-10
TOTAL SUPPLY	4214	4477	4747	4498
Import Norway	2497	2486	2426	2047
Import Russia	0	0	0	0
Dutch Production	212	233	308	278
Other Production	97	98	89	95
LNG Sendout	1408	1660	1924	2077
IMPLIED STORAGE MOVEMENT	1891	1650	1731	1284
NWE STORAGE INVENTORY, TWh (EoM)	480	430	492	436

UK balance forecast

Fundamentals, mcm/d	Jul-24 F	Jun-24 F	Jul-23 A	Jun-23 A
TOTAL DEMAND	-88	-98	-102	-108
LDZ	-45	-61	-50	-51
Gas for Power	-26	-21	-35	-41
Industry	-5	-4	-4	-4
Export to Ireland	-12	-12	-13	-12
TOTAL SUPPLY	118	110	122	106
Import Norway	68	60	50	18
UKCS Domestic Production	90	71	101	94
IUK/BBL Net Import	-48	-30	-34	-22
LNG Sendout	8	9	5	16
IMPLIED STORAGE MOVEMENT	30	12	20	-2

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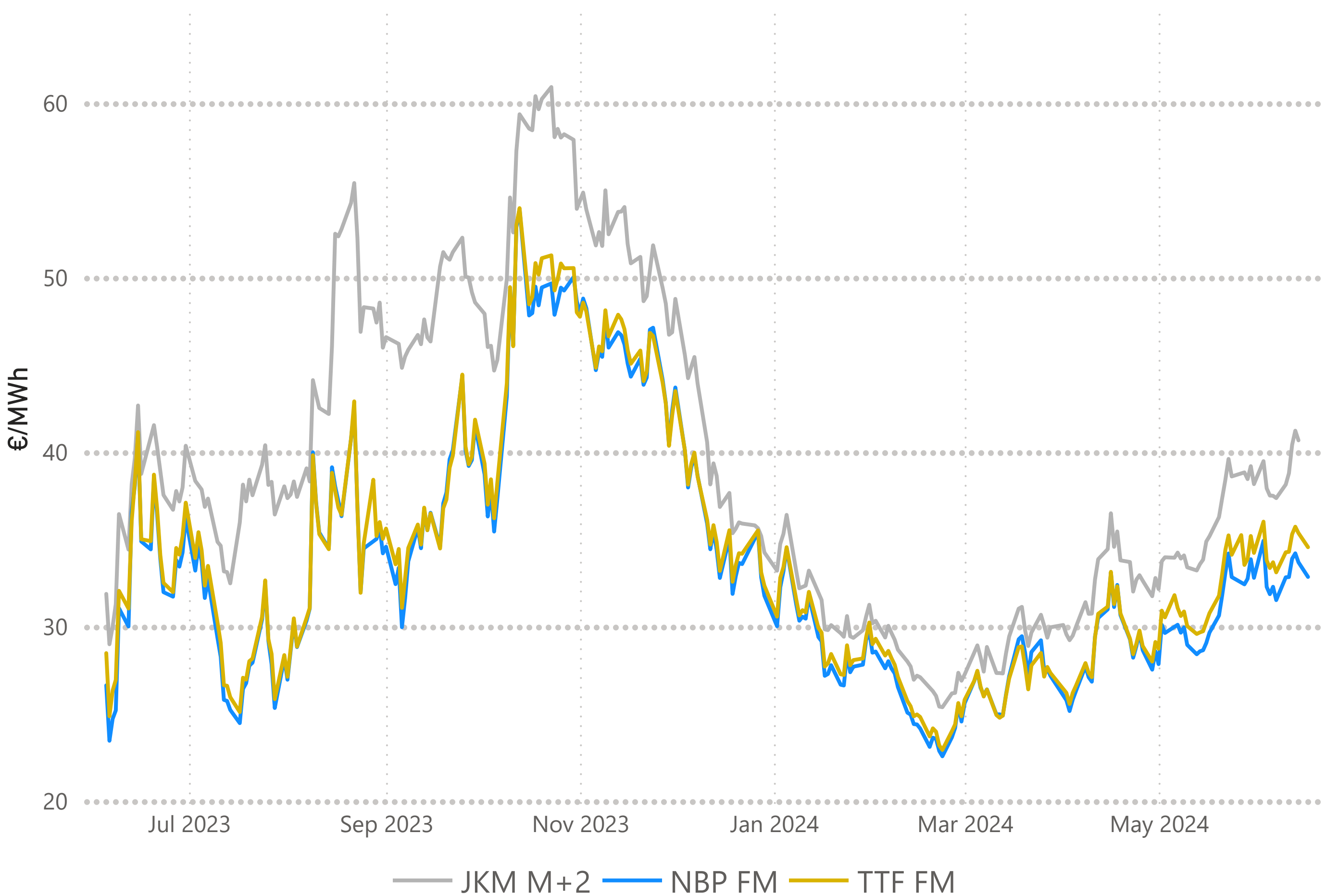
June Recap



JKM M+2	NBP FM	TTF FM
2.93%	-6.31%	-4.24%

- TTF JUL24 contract started the month bullishly on the first trading day of June on the back of an unplanned outage at Nyhamna. The contract gained 6% or near €2/MWh increase, but as the outage was resolved all gains were reversed the following day. The upside observed highlighted the nervousness engulfing the market with storage yet to fill and any slight change to supply expectations met by price volatility. Lingering risk premium from the OMV uncertainty and rising Asian LNG prices have added further jitters this month. TTF JUL-24 so far is averaging June at €34.51/MWh against €28.99/MWh at the same juncture last year despite aggregated Northwest European storage stocks at parity to last year at 72% fullness.

- NBP JUL24 has traded in parallel to its TTF counterpart, a bullish start to the month with the Nyhamna outage causing zero flows into the UK via Langeled from June 2-6. There have also been several unplanned outages impacting UK domestic production. That said with UK LNG stocks high and total storages close to levels of the past two years at 1.4bcm, a combination of withdrawals and a slowing of exports via IUK kept the UK system well supplied. Some further turbulence from the LNG concerns at Wheatstone NBP FM and rising LNG demand and price in Asia. NBP Front Month has averaged 81.92p/th against 66.12p/th over the same period in June 2023. NBP discount to TTF FM is now at 4.14p/th, the highest we have seen since Oct 2023, which suggest incentives for stronger UK exports next month.

- Asian spot LNG prices have been under bullish pressure throughout June and are now at levels last observed in Dec 2023. Soaring heating demand in India and rising temperatures in Northeast Asia in tandem with outages in Australia providing support.

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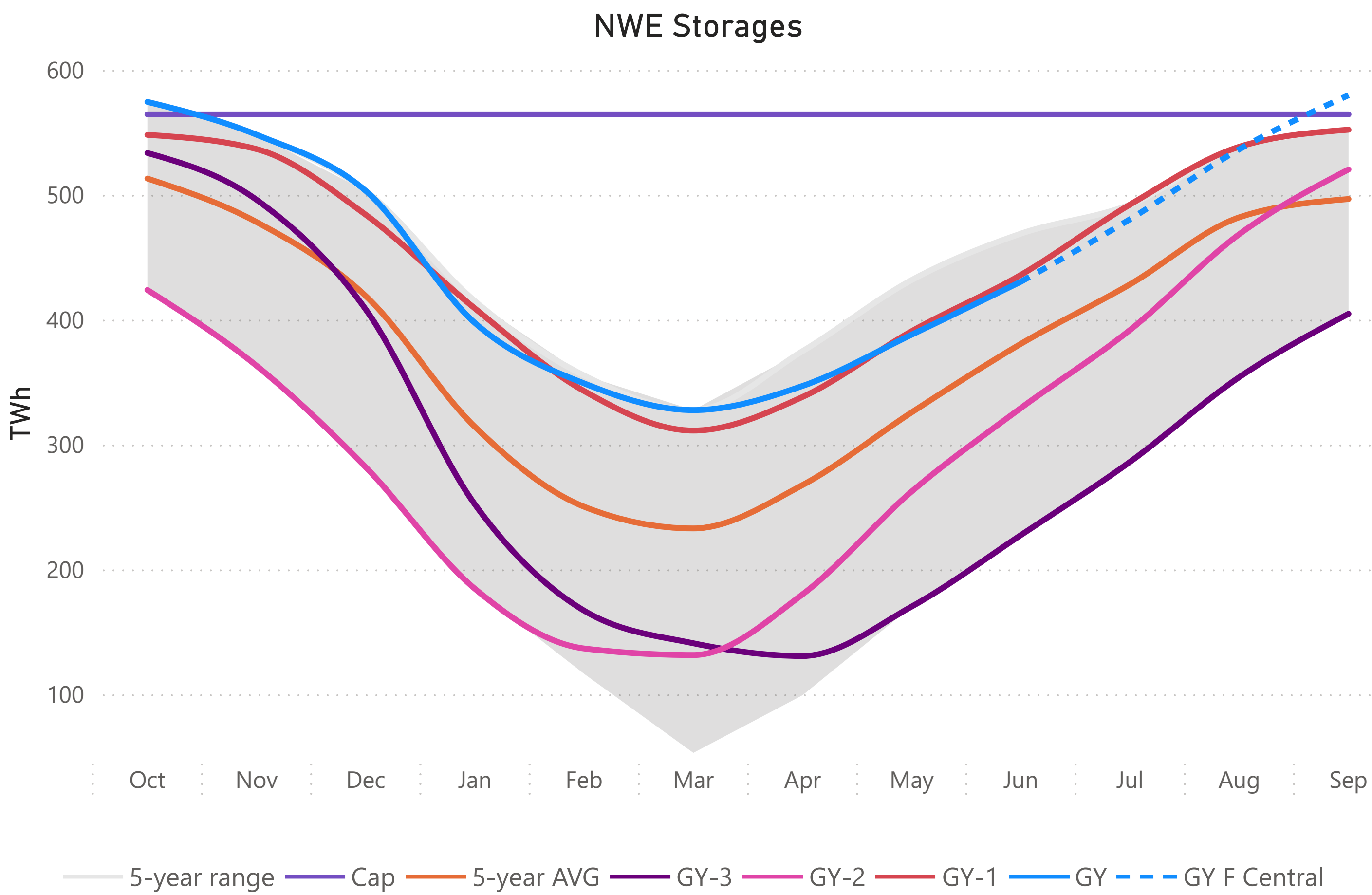
Storage Conclusion

NWE Storages, end of month, TWh						
Month	Capacity	5-year AVG	GY-3	GY-2	GY-1	GY F
June	564	381	228	329	436	430
July	564	428	286	392	492	480



- In June, net storage injections remained steady with most of heavy May Norwegian maintenances behind. We expect June average injection rate to be a tad higher from last year with the NWE aggregated stock level moving throughout the month just below 2023 figures while tracking its trajectory. With less Norwegian maintenances in June, we see NWE stocks ending June at 430TWh (76%), which is a comfortable level and just below 434TWh recorded at this time last year.
- Our updated balance outlook suggests that in July storage inventory will replenish slightly slower than last year. By the end of July, we expect 480TWh (85% full) in NWE aggregated storage stock, below 492TWh last year – a historic high for this time of the year – and below our earlier expectation of 494TWh.
- Our outlook is based on the EC46 weather forecast from 13 June, which suggests above-normal temperatures in July. Demand is expected to be sideways next month year-on-year, with stronger industrial demand offset by weaker LDZ and gas for power burn. Stronger Norwegian flows (85GWh/d) and more receipts from the UK (110GWh/d) where the balance is expected to be loose will partly compensate for weaker year-on-year LNG sendout expectation next month (554GWh/d).

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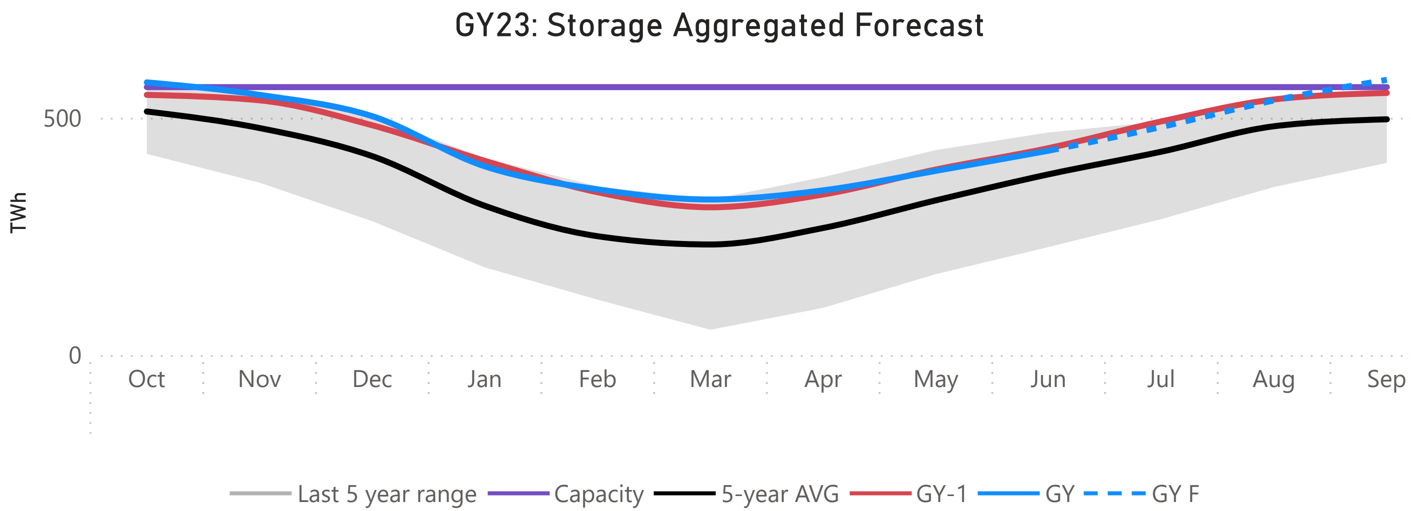
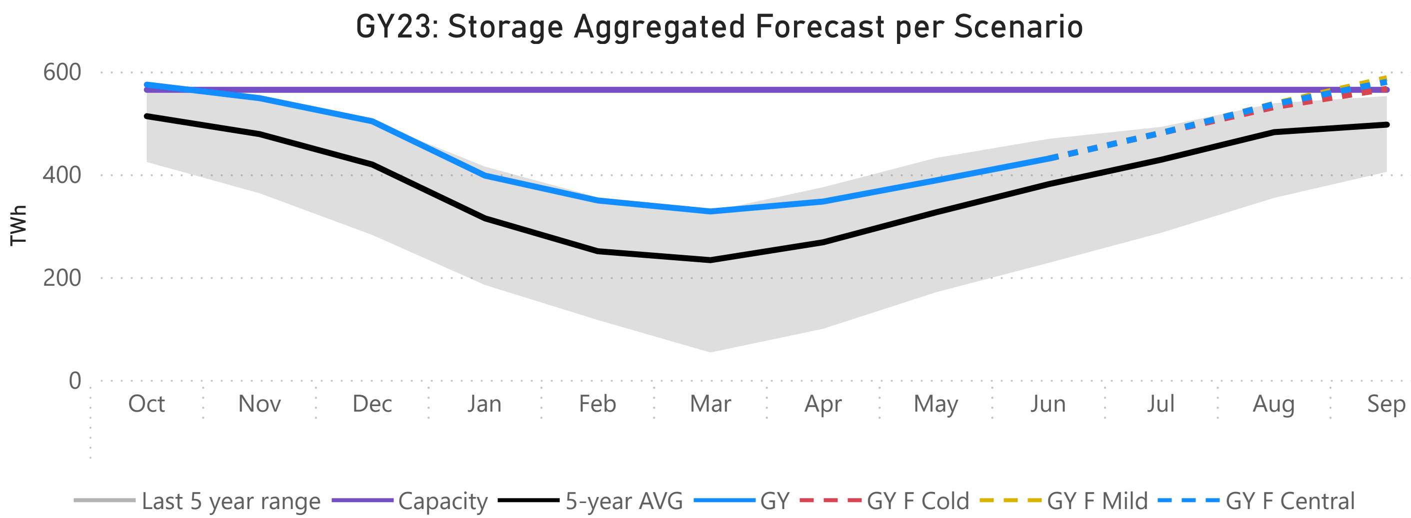
Storage Conclusion: Looking Beyond July

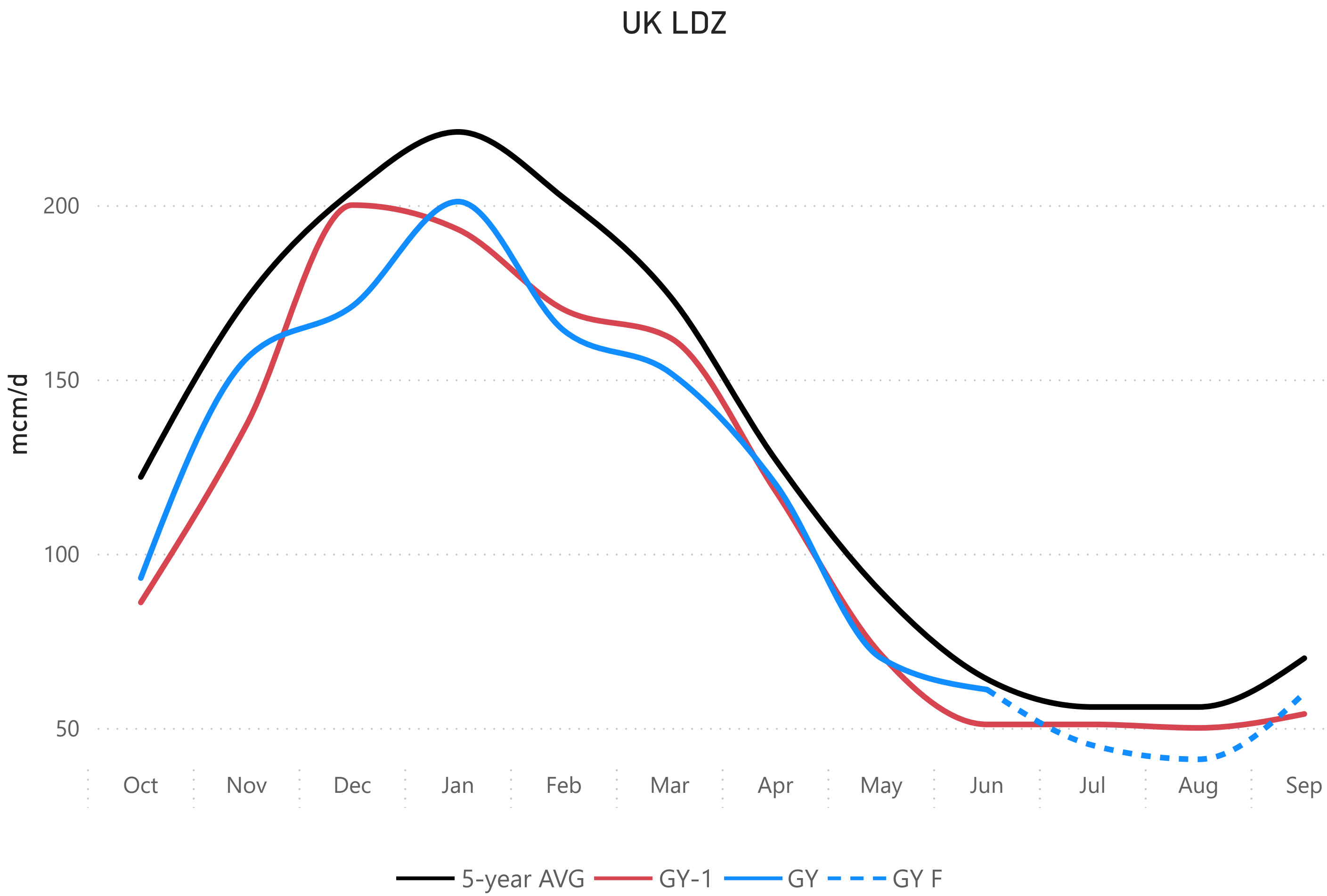




- This report is the third update of our Medium-Term Outlook published in March. Our new update continues to highlight bearish fundamentals this summer.
- We continue to see Troll's flexible production to be maximized in June and expect this to continue in July lifting our overall Norwegian export forecast for the summer. As a result, we continue to see our storage outlook under the central scenario getting full sometime before the end of September and the end of SUM24 is expected at 580TWh (103% full), which is in line with our earlier iteration of the summer storage forecast and a continued bearish risk for this summer.
- With minimal summer demand variation, we expected to see stocks in the 100-104% range by 1 October under the respective cold and mild scenarios. By November 1, stocks could be between 99-105% depending on a scenario.
- Similar to our previous iteration of this outlook, once storages in the EU start to near their full capacity before by the end of the summer, we may see some of the excess amount of gas being diverted for injection into Ukrainian storages barring any military escalation risks in the country. Alternatively, we may see some further downward adjustment of our LNG forecast for August and September with stronger Asian LNG values vs TTF attracting more cargoes away from Europe.
- Although this summer's storage outlook is rosy, the bullish price risk remains for WIN24. A sustained cold weather in NWE could bring down the aggregated gas stocks to 22% fullness by the end of next winter lifting the pressure to refill storages to 90% before the following winter season.

UK LDZ Consumption

UK LDZ, mcm/d		
Month	GY-1	GY F
June	51	61
July	51	45



- We expect UK LDZ demand to average 61mcm/d in June, 10mcm/d higher than the five-year average. With temperatures currently averaging at 12.28°C, this June should be the second coolest June since 2020 in the UK. That month saw an average of 13.4°C with consumption at 68mcm/d (exacerbated by the COVID-19 stay-at-home measures).
- Notwithstanding it was the times of COVID lockdowns, we still observe some demand destruction in play, our model concludes around 4mcm/d of demand destruction or 5.5% over the past two weeks.
- We expect LDZ consumption to fall next month with heating demand at its minimal, forecast 15mcm/d lower at 45mcm/d. A decrease of 6mcm/d from Jul 2023 which was cooler with temperatures averaging 16.3°C.
- The EC46 run from Jun14 forecasts temperatures to average 17.44°C versus June normals of 16.6°C.

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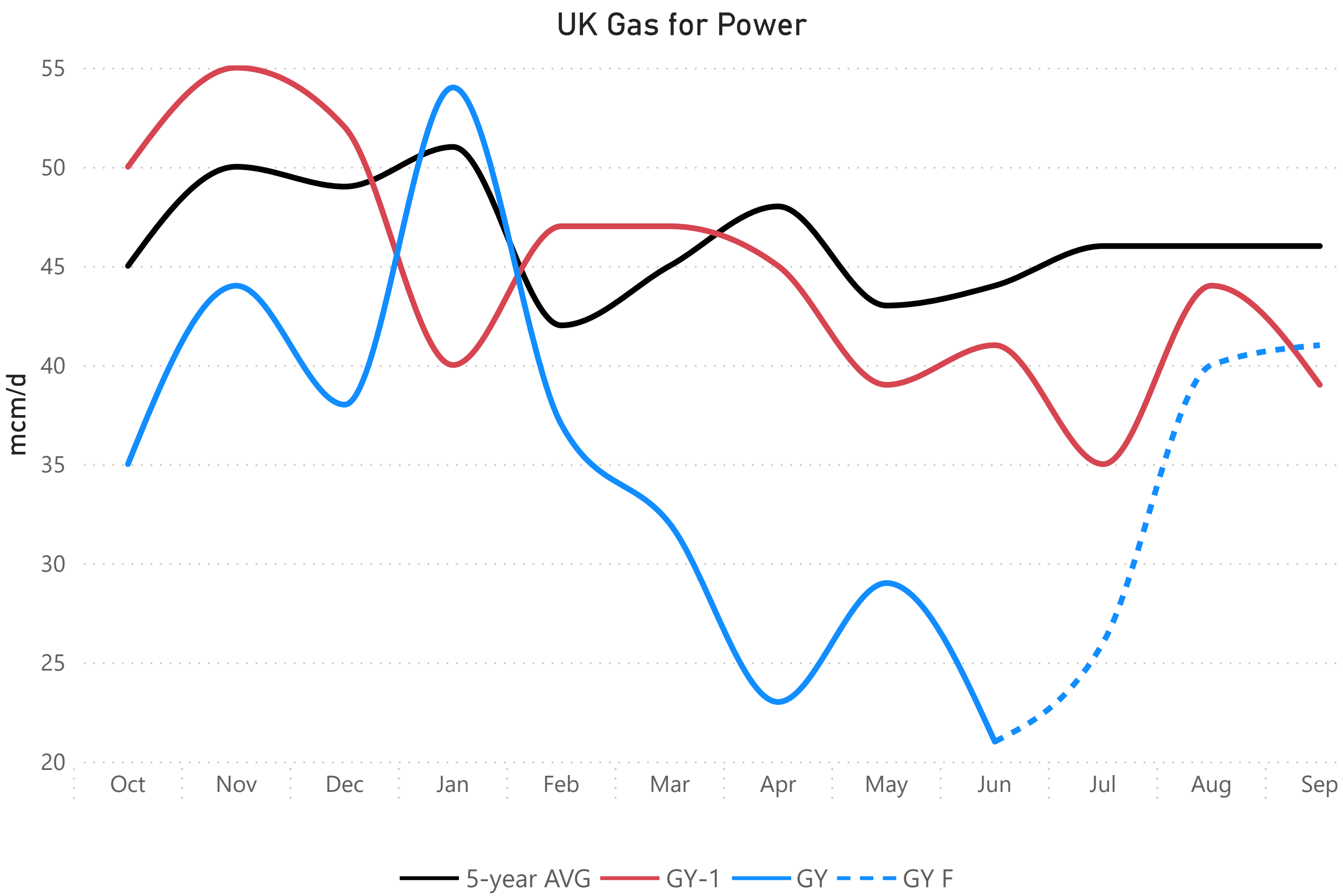
UK Gas for Power Consumption

UK Gas for Power, mcm/d

Month	GY-1	GY F
June	41	21
July	35	26



- UK gas for power demand remains structurally low with a forecast for July at 26mcm/d. This compares to 35mcm/d in July 2023. We must go back to 2020 to find similarly low levels when power demand was affected by Covid.
- Also, in June gas for power demand remained very low, averaging so far at 21mcm/d. Solid wind, solar and nuclear generation balance an overall tepid demand side.
- The power mix is supplemented by strong imports, especially from France and Norway. The average short run marginal cost (SRMC) of UK gas power generation has mostly closed the discount to the European counterparts since the beginning of June due to a rise in UKA prices. This should lead to the high level of power imports to be maintained.
- Available nuclear generation capacity remains at a solid average level of 5.1GW in June, roughly in line with our expectation at 5.3GW. The main impact coming from maintenance at Heysham 2 – 7. With maintenance at Heysham 1 – 2 and Torness 2 availability should remain mostly flat at roughly 5GW in July.

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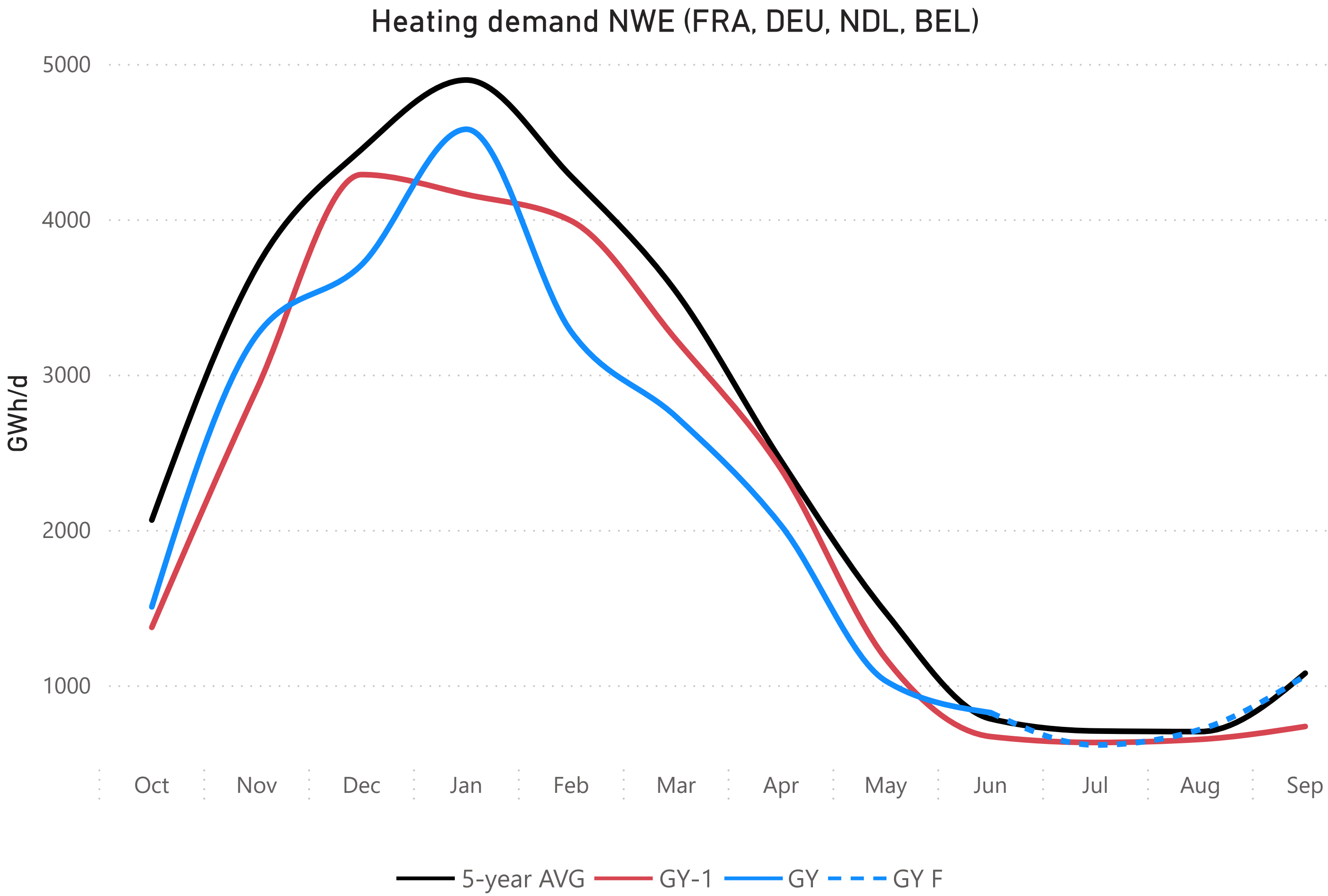
NWE LDZ Consumption

NWE LDZ, GWh/d

Month	GY-1	GY F
June	669	823
July	631	615



- With temperatures mostly below normal across Northwest Europe in the first part of June it is no surprise to see consumption higher across the board versus last June. Despite the forecast for increased temperatures in the second half of the month total LDZ demand in NWE is expected at 823GWh/d versus 681GWh/d observed in June 2023, which was one of the warmest Junes over the past four years.
- Temperatures in Germany, France, Belgium, and the Netherlands have ranged between 2.0°C and 2.5°C colder than seasonal norms thus far in June. From June 16th until the end of June, a complete switch is forecast with temperatures rising notably above normals across NWE.
- German LDZ demand has been the strongest of the NWE countries, first interestingly the first 13 days of June averaged 372GWh/d, well above the four-year average. We forecast it to average 284GWh/d over the whole of June versus the four-year average of 272GWh/d. Our demand destruction model picked up the drop as people look to have sacrificed comfort over price. Please see our demand destruction page for further details. This can be found at Gas>Europe>Analysis>Demand Destruction
- The next few months are the low consumption months for heating demand, latest forecasts see temperatures ramp up from the start of July and remaining significantly above normals for our forecast horizon. Our forecast for LDZ in NWE next month is based on the EC46 run from Jun 13. It suggests total LDZ demand at 615GWh/d. Almost in line with the 628GWh/d observed in July 2023 which was comparable in terms of temperatures.

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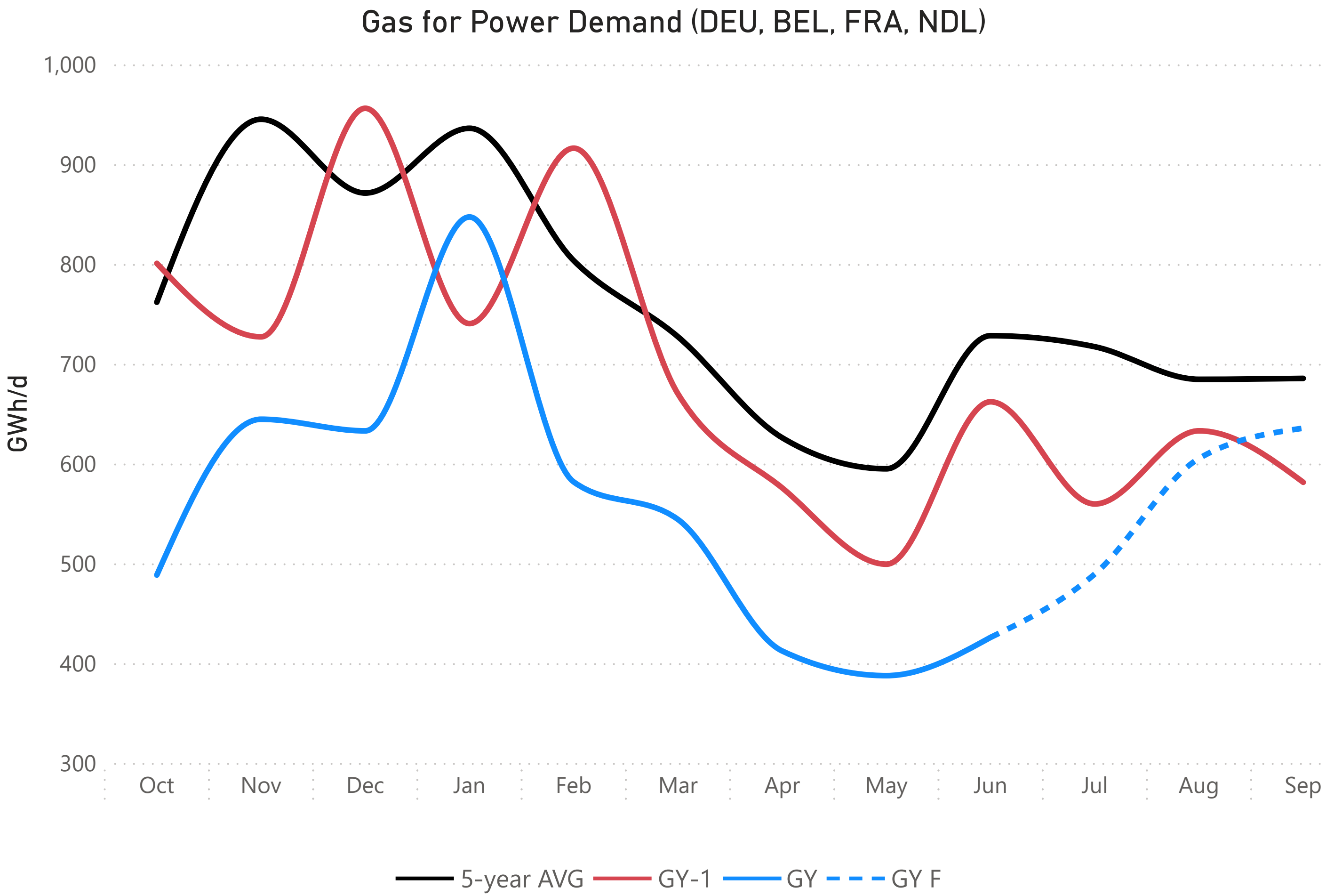
NWE Gas for Power Consumption

NWE Gas for Power, GWh/d

Month	GY-1	GY F
June	662	426
July	559	489



- Our NWE gas for power consumption forecast for July is at 489GWh/d, 63GWh/d up from June and 70GWh/d down from July last year. Power demand tends to rise slightly into July on cooling demand.
- The overall fundamental environment is not expected to change from June. Gas for power consumption remains at very low levels across Europe. Overall power demand has only marginally recovered by just 1.5% compared to last year according to our power analysts, and they expect this trend to continue throughout 2024.
- An important contribution to low gas burn is hydro throughout Continental Europe excluding Nordics remaining strong. Heavy rainfalls throughout the Alps have brought the Alpine hydro balance to a record high for this time of the year at +13TWh, unfortunately accompanied by severe flooding events.
- The power sector is further supported by high French nuclear availability. Our in-house forecast suggests 40.6GW French nuclear availability in July which is almost 5GW higher than in 2023. This is down by 2.4GW from June contributing to the month over month rise in our forecast.

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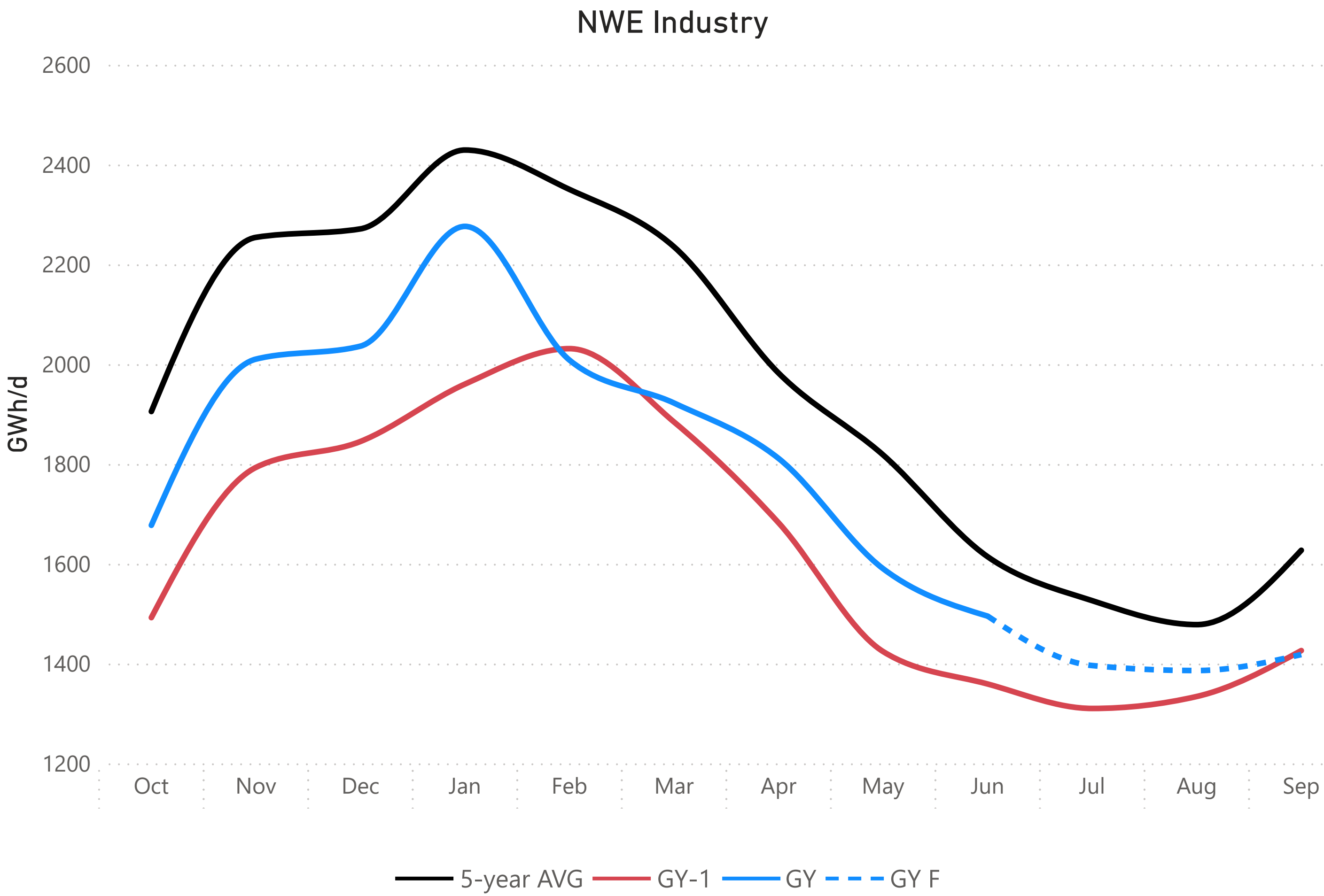
NWE Industrial Consumption

NWE Industry, GWh/d

Month	5-year AVG	GY-1	GY F
June	1614	1359	1495
July	1526	1310	1396



- NWE industrial consumption is expected at 1495GWh/d this month versus 1359GWh/d observed in June 2023. The large increase in industrial consumption versus our forecast of 1429GWh/d was likely supported by the unseasonably cooler conditions as mentioned in the LDZ section, thus supporting higher space heating requirements in the first half of the month. Some of the increase is aligned with our view of a more favourable economic situation supporting a modicum of increase in industrial consumption this summer.
- Our forecast for total NWE industrial gas consumption in July is at 1396GWh/d, up 86GWh/d or 7% year on year versus July 23. Netherlands flat and Belgium registering a slight decrease. The bulk of the increase observed in France and Germany where economic conditions are improving, confirmed by the latest HCOB manufacturing PMIs for each country which are at the highest level in three months.
- The latest HCOB Eurozone Manufacturing PMI improved once more, recording a 14-month high of 47.3, edging ever closer to the 50 line which separates expansion and contraction. Interestingly Germany the Eurozone's powerhouse, although its PMI of 45.4 is lagging the other major producers in Spain, Italy, and France it is only just behind Italy having lagged considerably in recent months. German inventories declined faster than expected due to surprising rising demand from US and China while optimism amongst companies in the sector is now at its highest since October 2022.
- Another key barometer of Eurozone economy health is the HCOB composite PMI, its most recent release showed that the Eurozone economy grew at its fastest rate in 12 months as inflationary pressures cool while business confidence is at a 27-month high. This has cooled recession fears and with increasing demand supporting rising employment this could be a turning point for the economy as a whole and signal a steady increase in manufacturing and industrial consumption at slightly faster pace than envisaged at the start of the year.

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LNG

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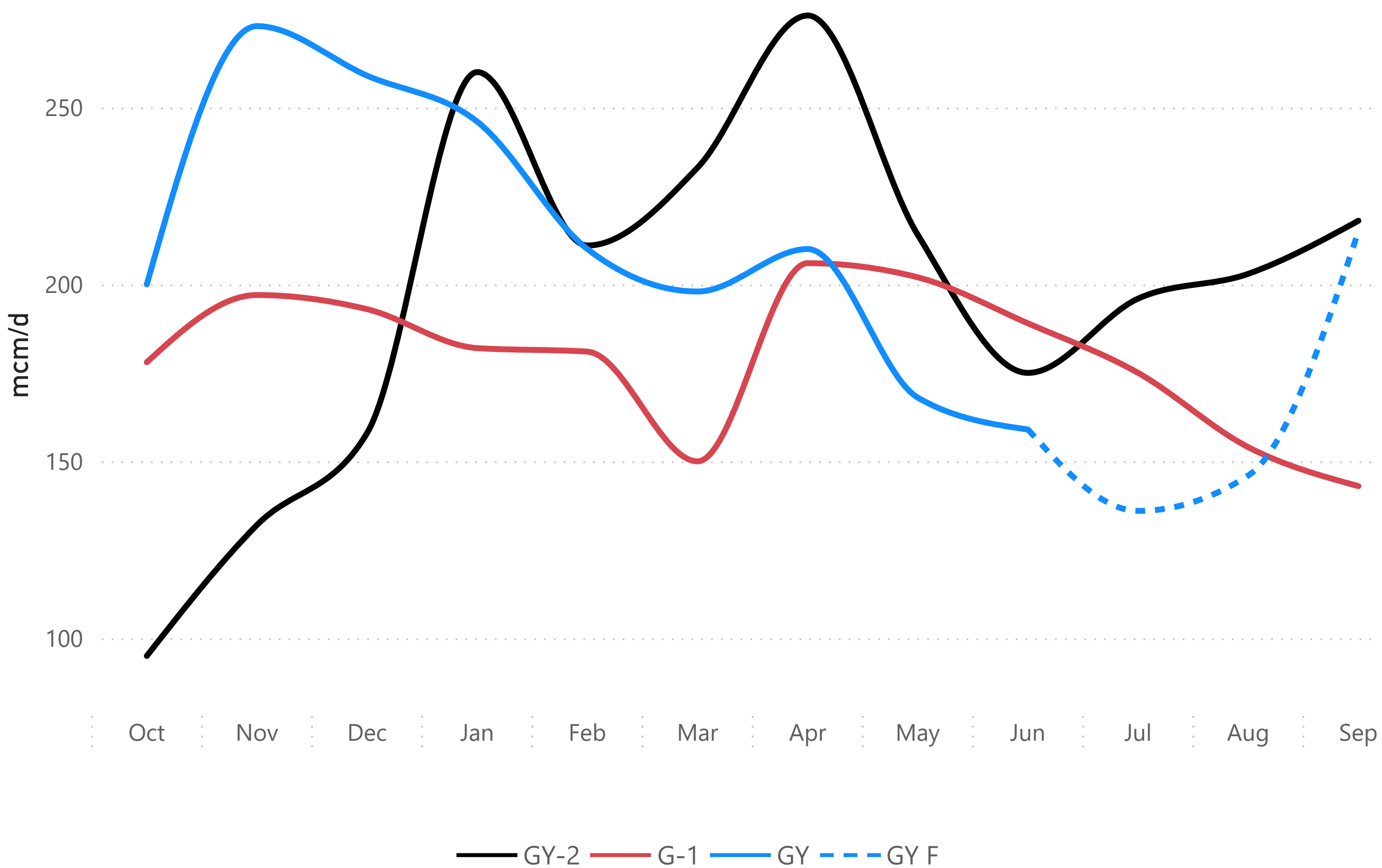
LNG sendout (UK&NWE), mcm/d

Month	GY-2	GY-1	GY F
June	175	189	159
July	196	175	136

Total LNG sendout (UK&NWE)



- We expect total NWE&UK LNG sendout at 136mcm/d in July. This is 20mcm/d lower than last year and 13mcm/d lower than in June. The UK deliveries should remain flat year-over-year at 8mcm/d considering the current oversupplied outlook for the local market.
- Asia is currently the dominating global demand centre and is expected to remain strong as cooling season continues in Eastern Asia on currently warmer-than-normal forecasts. The arbitrage for Atlantic basin cargoes remains open to Asia and European prices have tried to keep track.
- Higher seasonal imports are also expected into the Middle East particularly in Egypt and Kuwait. Egypt is expected to issue a tender for at least 15 LNG cargoes over the summer months as the North African nation grapples with peak summer cooling demand amid a slump in domestic gas output. The Hoegh Galleon has arrived in Ain Sukhna, Egypt, where it should be deployed as an FSRU terminal until February 2026.
- Global LNG export levels are currently healthy following the end of planned and unplanned maintenance at Cameron, Brunei, and Australia's Gorgon LNG plant and a beginning recovery of Qatari production. Though any unplanned outages such as Chevron's Wheatstone plant in Australia present supply-side risks. The Wheatstone plant accounts for 10% of Australian LNG exports.
- Locally, maintenances are a contributor to lower sendout as well. Most notably, Montoir will continue to be impacted, remaining idle for the first week of July followed by varying impact until 27 July. Furthermore, French terminals might also see some impact from strike action possibly extending into July. At least, one day activity is scheduled for 20 June at Fos and the strike notice is valid for 14 June to 12 September.

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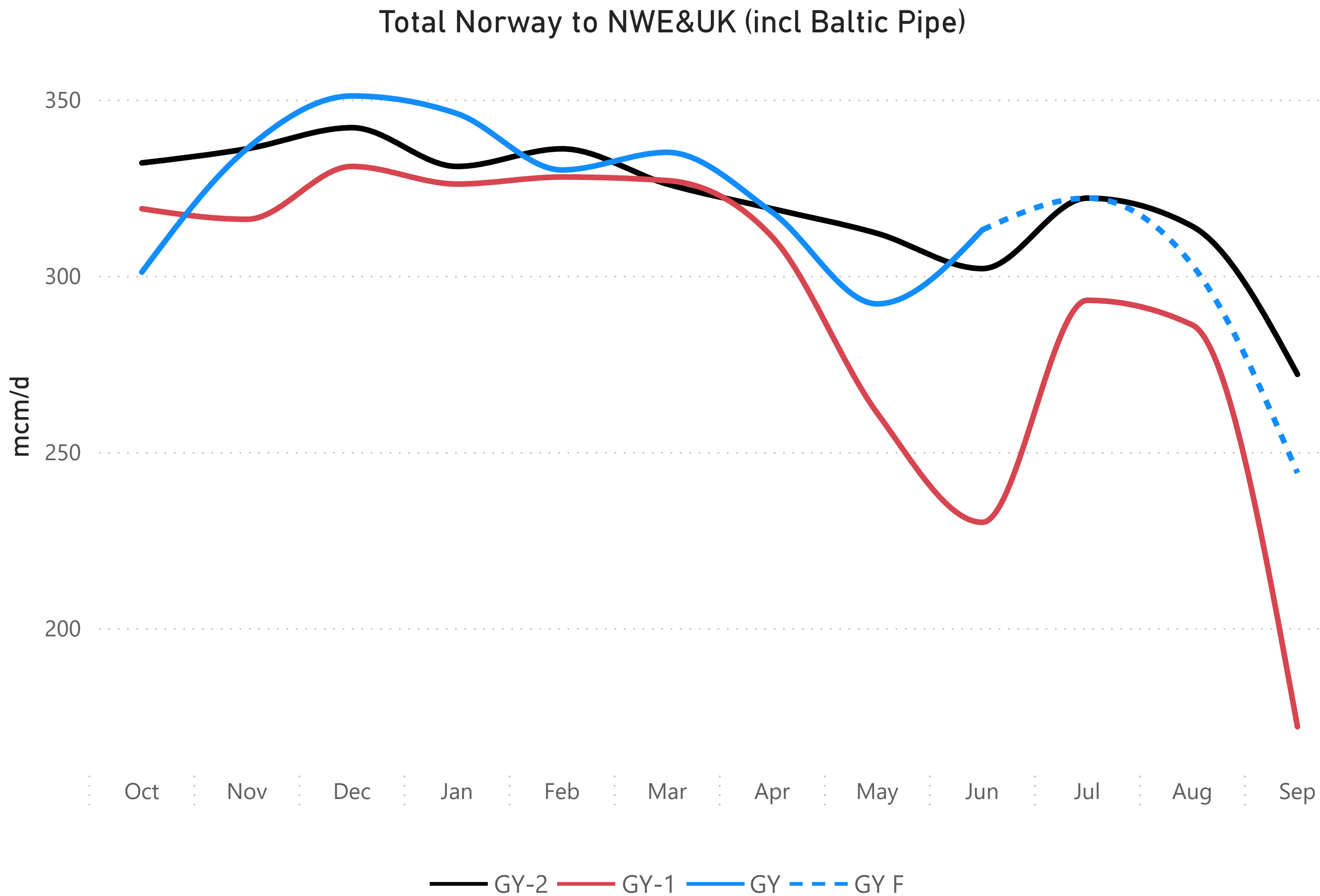
Norway

Norway Export (incl Baltic Pipe), mcm/d

Month	GY-2	GY-1	GY F
June	302	230	313
July	322	293	322



- Norwegian total piped exports have averaged 301 mcm/d so far in June. This figure could have been higher if not for an unplanned shutdown of Nyhamna for a few days at the beginning of the month. With no major maintenance scheduled for the second half of June, we now expect Norwegian exports to average around 313 mcm/d for the month. In comparison, Norwegian exports were historically low last June averaging at 230 mcm/d. Issues with the cooling system at Nyhamna caused a shutdown of the processing plant and the fields feeding into it from May 19 to July 15.
- Norwegian total flows are averaging 330 mcm/d in the second week of June. Accounting for other ongoing maintenance including an unplanned outage at Visund (16 mcm/d), it indicates that flexible fields like Troll and Oseberg are producing close to capacity. The maximum production level observed this winter was 356 mcm/d. This serves as a useful reference for gauging the level of flexible production.
- The level of flexible Troll production for this summer remains uncertain. Judging by Gassco flows so far this summer and the already reported Troll output during WIN23 (22.8bcm), the field is on track to exceed its GY23 production permit of 40.5 bcm. We assess that Troll has likely already produced around 11 bcm in the first half of the summer. If the field continues producing close to its available capacity for the remainder of the summer, the output could reach 44 bcm, which is 3.5 bcm above the quota. Some of the overproduction can be carried over from the last gas year when Troll underproduced its permit of 38 bcm by 1.5 bcm.
- July is a typical summer holiday month in Norway, with minimal maintenance usually scheduled. Gassco so far only reports a capacity reduction at Åsgard, with a 6 mcm/d impact for the first week of July, and at Ormen Lange, with a 9 mcm/d impact from July 20 to 25.
- Our forecast for Norwegian flows in July is to average around 322mcm/d up from 293mcm/d July last summer when Nyhamna was shut down for half of the month.

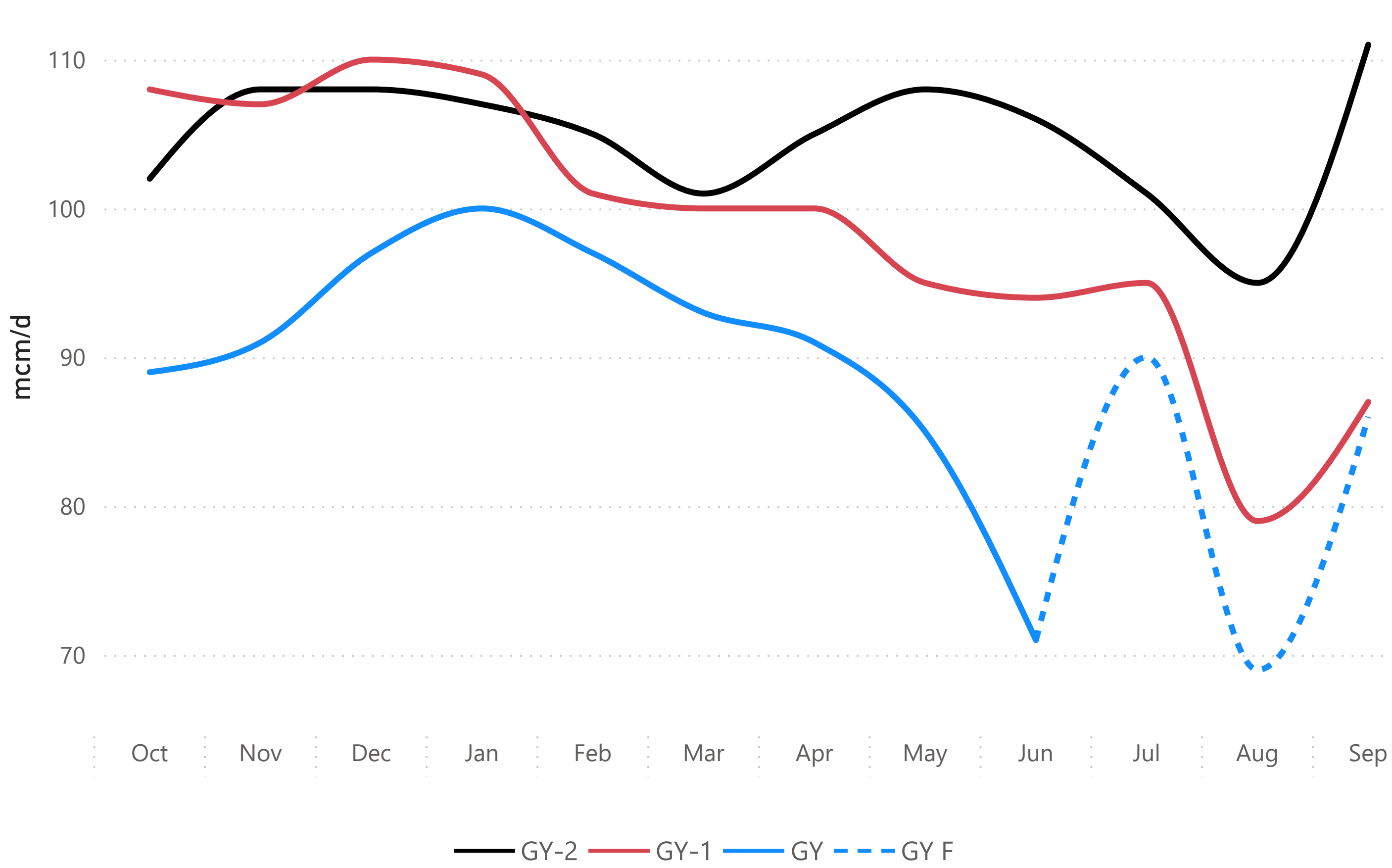
Last Refresh: 17/06/2024

UKCS Production

UKCS Domestic Production, mcm/d

Month	GY-2	GY-1	GY F
June	106	94	71
July	101	95	90

UKCS Domestic Production



- UKCS domestic production is currently averaging 71mcm/d for June owing full planned shutdown at Teesside Cats, Teesside PX and Easington Dimlington for several weeks each. The number falls short of our forecast at 79mcm/d mostly due to continued extension of Barrow North maintenance.
- Maintenance impact is expected to ease off in July according to the latest GB REMIT messages. Work at Teesside PX by 5mcm/d will extend until July 3. Bacton Seal will be offline on 3 July with 6mcm/d impact. Finally, Bacton Perenco will have maintenance from 21 July to 7 August with an impact of just 2mcm/d.
- Taking into consideration the small maintenances and potential for unplanned outages, we expect a ramp up of domestic production to 90mcm/d. This falls short of the 95mcm/d of July 2023.
- Rough inventory is currently at 725mcm, 140mcm above last year's level. However, injection rates have slowed down since 21 May. Last year Rough took a break of injection on 10 June. Considering our comfortable balance forecast and exports to the Continent at increasing levels we see room for injection at 3mcm/d. This would lift the storage level to 864mcm.

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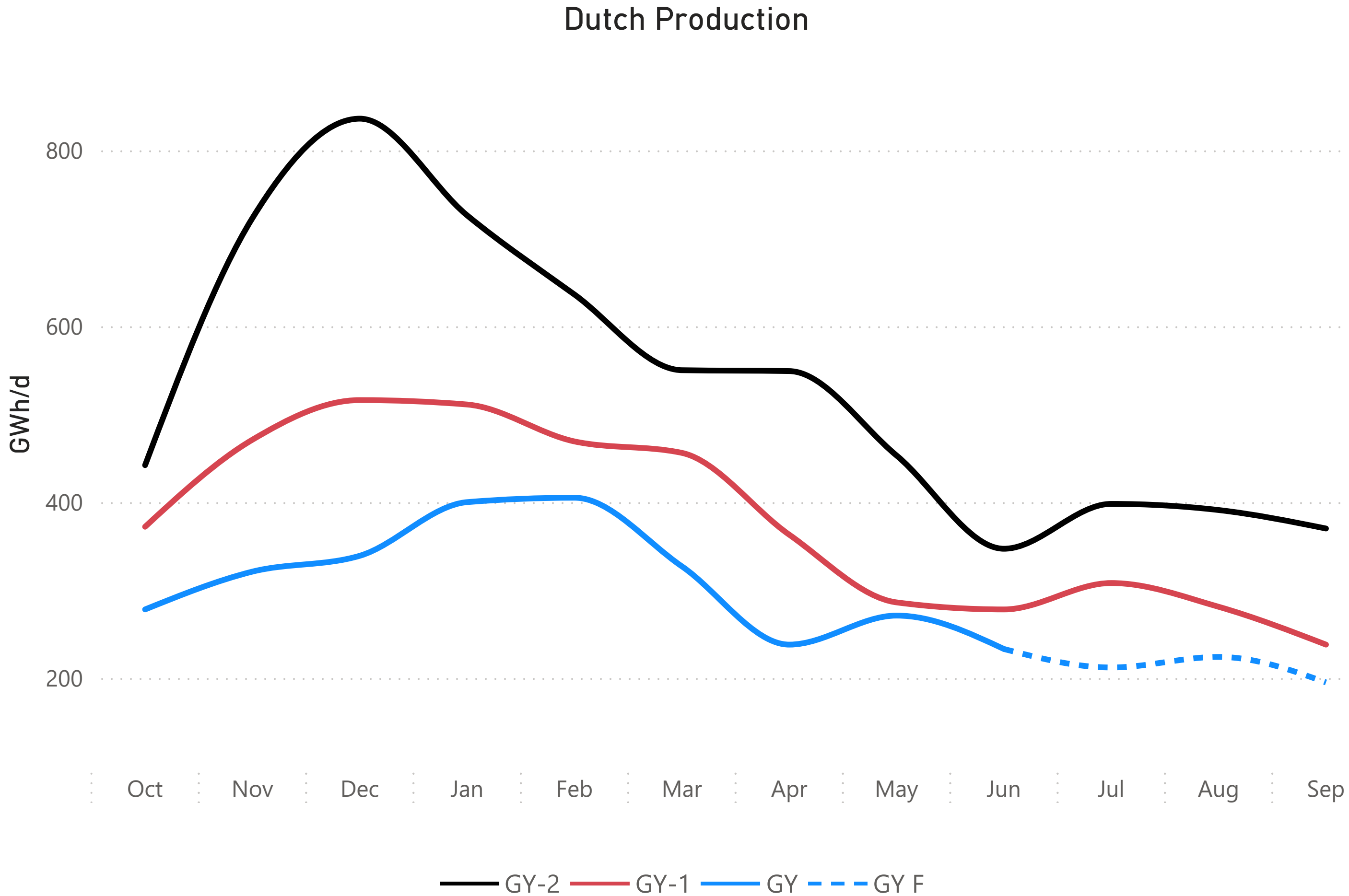
Dutch Production

Dutch Production, GWh/d

Month	GY-2	GY-1	GY F
June	347	278	233
July	398	308	212



- Dutch GTS production is edging lower at 246GWh/d against 271GWh/d in May. Following Groningen field shutdown Dutch output is now mainly coming from offshore and onshore small fields. This production is relatively stable barring maintenance and maturation. Our base scenario for Dutch GTS production in July is 212GWh/d.
- Local production has been forecast to gradually decline due to field maturation. However, the government is now likely to allow producer NAM to extract gas from two additional fields – Schoonebeek and Ternaard with 2bcm and 25bcm in gas reserves, respectively, – supporting the waning output. With the final decision still in the pipeline it is not clear when production at the fields could start.
- The low-calorie Norg storage site accumulated 3.1bcm of gas in stock as of 1 June compared with 4.4bcm at this juncture last year and stopped injections since. No maintenance message has been issued to explain it. In May, injections into the site averaged 205GWh/d.
- Later this summer, Dutch GTS scheduled two maintenance works on the interconnection point with Norg – first on 10-11 July limiting injection capacity to 200GWh/d vs the technical capacity of 341GWh/d and the second on 30 Aug-30 Sept reducing the available capacity to 221GWh/d. The September reduction impact on injections is likely to be limited because the storage site might be already replenished by then. Yet, it is unlikely the Norg site could accumulate as much as 5.4bcm of gas on stock it did by 1 Sept 2023.

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Net Exports from Spain to France

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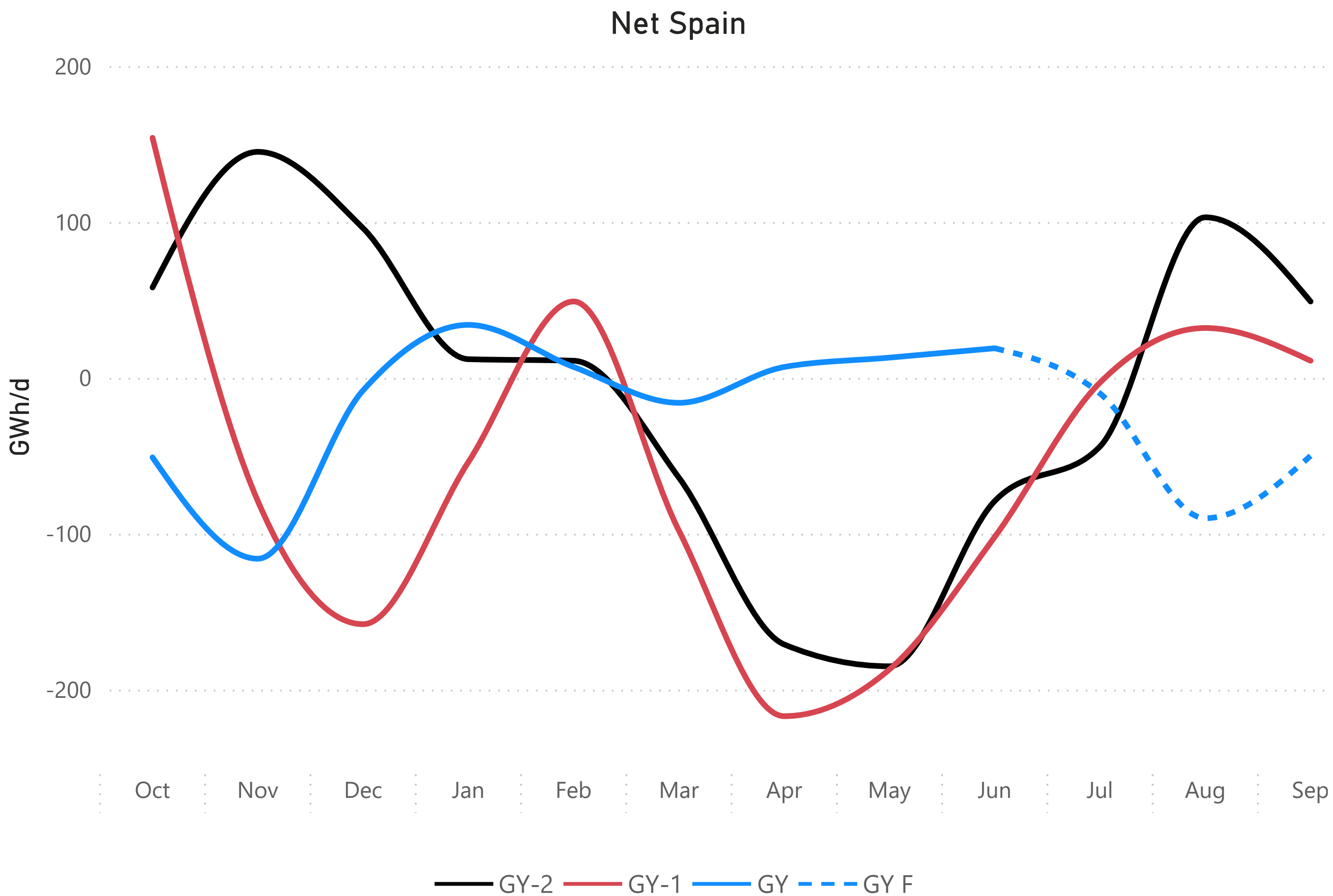
Net Spain, GWh/d

Month	GY-2	GY-1	GY F
June	-79	-102	19
July	-44	-3	-10



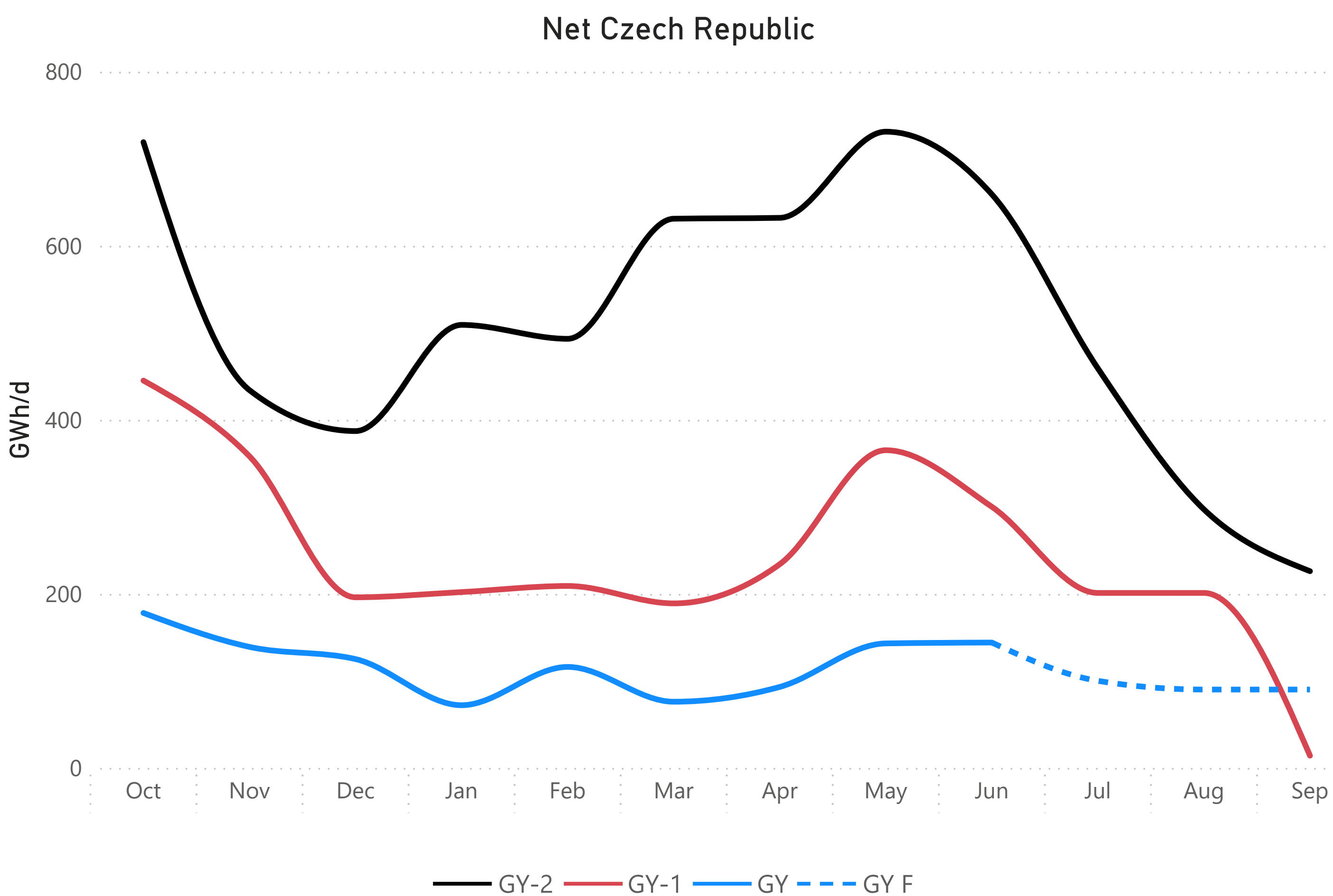
- Spanish import flows from France have averaged 13GWh/d so far in June roughly unchanged from 15GWh/d in May. We do not expect significant changes in the dynamics for next month, setting our forecast for flows towards Spain at 10GWh/d.
- Major cross-border flows do not appear necessary considering the Spanish and French markets remaining in healthy states. In France, storages are 1.3TWh above last years' level. Lower LNG sendout from Montoir which will be impacted by maintenance for most of July will not have to be replaced by Spanish imports.
- Spanish MIBGAS JUL24 contract has been trading so far in June at a narrow premium of around 0.3€/MWh to its French PEG counterpart. This does not cover entry/exit costs of about 0.7€/MWh to flows gas from France to Spain and does not incentivize any major flows.
- The consequence of the loose market should rather be low LNG imports to Spain. Maintenance work at Cartagena could limit sendout most of the month (25 days). However, the impact has not been specified and the site has been working well below capacity recently.
- Our Spanish consumption forecast is currently at 765GWh/d, significantly lower than Enagas at 860GWh/d. Once again, gas-for-power expectations remain more bearish at 209GWh/d versus Enagas at 270GWh/d. For June, gas for power demand has been remarkably low at 162GWh/d. We do not foresee major changes in the power sector dynamics, albeit increasing cooling demand should lead to a month-on-month rise. As in most European power sectors, gas demand is curbed on strong solar and significantly higher hydro power generation than last year.

Last Refresh: 17/06/2024

Net Exports to Czech Republic

Net Czech Republic, GWh/d

Month	GY-2	GY-1	GY F
June	659	300	144
July	459	201	100

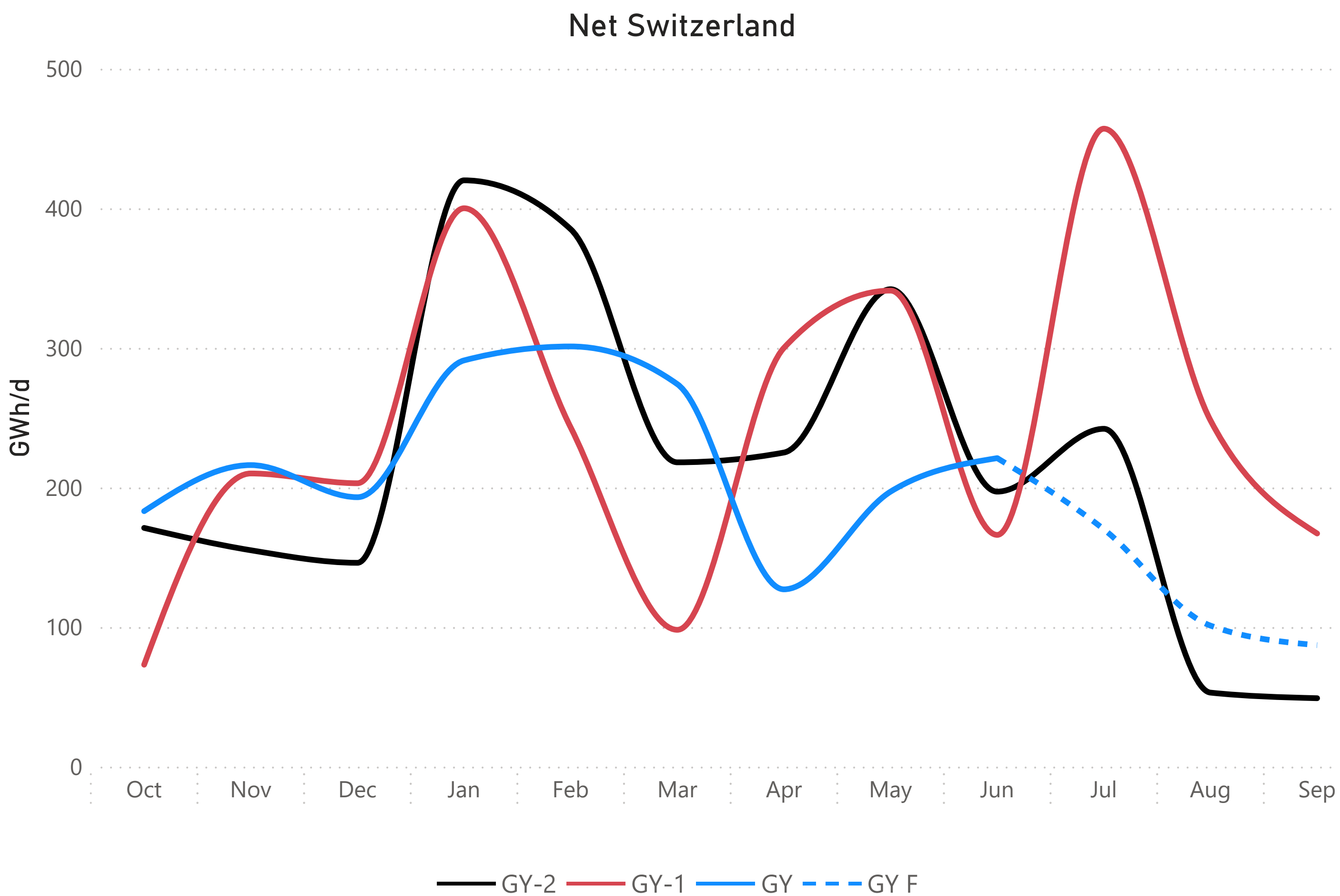


- Czech market is ramping up imports from Germany and Slovakia to replenish storages as injections tend to ramp up in May-June. Net exports to the Czech Republic from Germany are averaging 131GWh/d so far in June, down from 143GWh/d in May. But they are likely to average higher by the end of June as market participants may attempt to maximize imports from Germany to replenish stocks before entering July when the German neutrality fee is set to rise from €1.86/MWh now to €2.5/MWh for July-December.
- The storage levy hike was once again criticized by the Czech government, but some good news came from the German government that agreed to scrap the charge from January 2025.
- Current imports from Germany are supported by Czech VTP DA premium to the German THE DA contract at €1.9/MWh on average so far this month – above the German neutrality fee of €1.86/MWh.
- Similarly, net import from Slovakia rose to 120GWh/d so far this month from 83GWh/d in May even though Czech VTP DA premium to Slovak counterpart shrank to €0.4/MWh down from €1.2/MWh in May.
- The Czech VTP JUL24 contract is currently trading at a €2.2/MWh premium to the German THE equivalent, which is not high enough to attract flows from Germany to the Czech Republic next month given the increase in the German storage levy.
- Our base scenario for Czech imports from Germany next month is at 100GWh/d – lower than the level observed in May-June due to weaker demand as well as increased costs of import from Germany. It is also likely that Czech market will continue ramping up cheaper imports from Slovakia in July.

Last Refresh: 17/06/2024

Export to Switzerland/Italy

Net Switzerland, GWh/d			
Month	GY-2	GY-1	GY F
June	197	166	221
July	242	457	170



- Net exports from Northwest Europe to Switzerland are averaging 221 GWh/d so far in June, with 191 GWh/d destined for Italy. Most of this supply came from France via the Oltingue border point, while only a small portion, 12 GWh/d, via Germany at Wallbach.
- In July, we expect flows averaging at a lower rate of around 170 GWh/d. The planned shutdown of the Oltingue-Passo Gries route of the Transitgas pipeline will halt flows from France during July 8-13. Additionally, ENTSOG suggests slightly less capacity booked via Oltingue in Q3, at 219 GWh/d compared to 227GWh/d in Q2. Furthermore, the increase in the German storage levy from 1.86 €/MWh to 2.5 Euro/MWh in July is unlikely to provide incentives for Italy to import more via the German route.
- The latest prices also do not suggest stronger exports to Italy next month. The PSV-THE JULY24 spread is averaging at 1.3€/MWh so far in June, which does not cover the German storage levy. Similarly, the PSV-PEG JULY24 spread has traded at around 1.6€/MWh, it is not wide enough to suggest additional bookings at Oltingue.
- July is a typical month in Italy when cooling demand peaks leading to increased gas for power consumption. Our latest EC46-based forecast predicts that Italian gas for power consumption to average at 546 GWh/d, up from 444 GWh/d so far in June. However, our forecast is notably lower than 762GWh/d in July last year. The unusually strong hydro balance in the Alps is the main factor reducing the need for gas-fired generation, which is typically the largest demand sector during the summer months.
- The expectation for the limited increase in gas for power demand, combined with healthy storage stocks (80% full at the time of writing), further supports our view for lower exports to Italy.

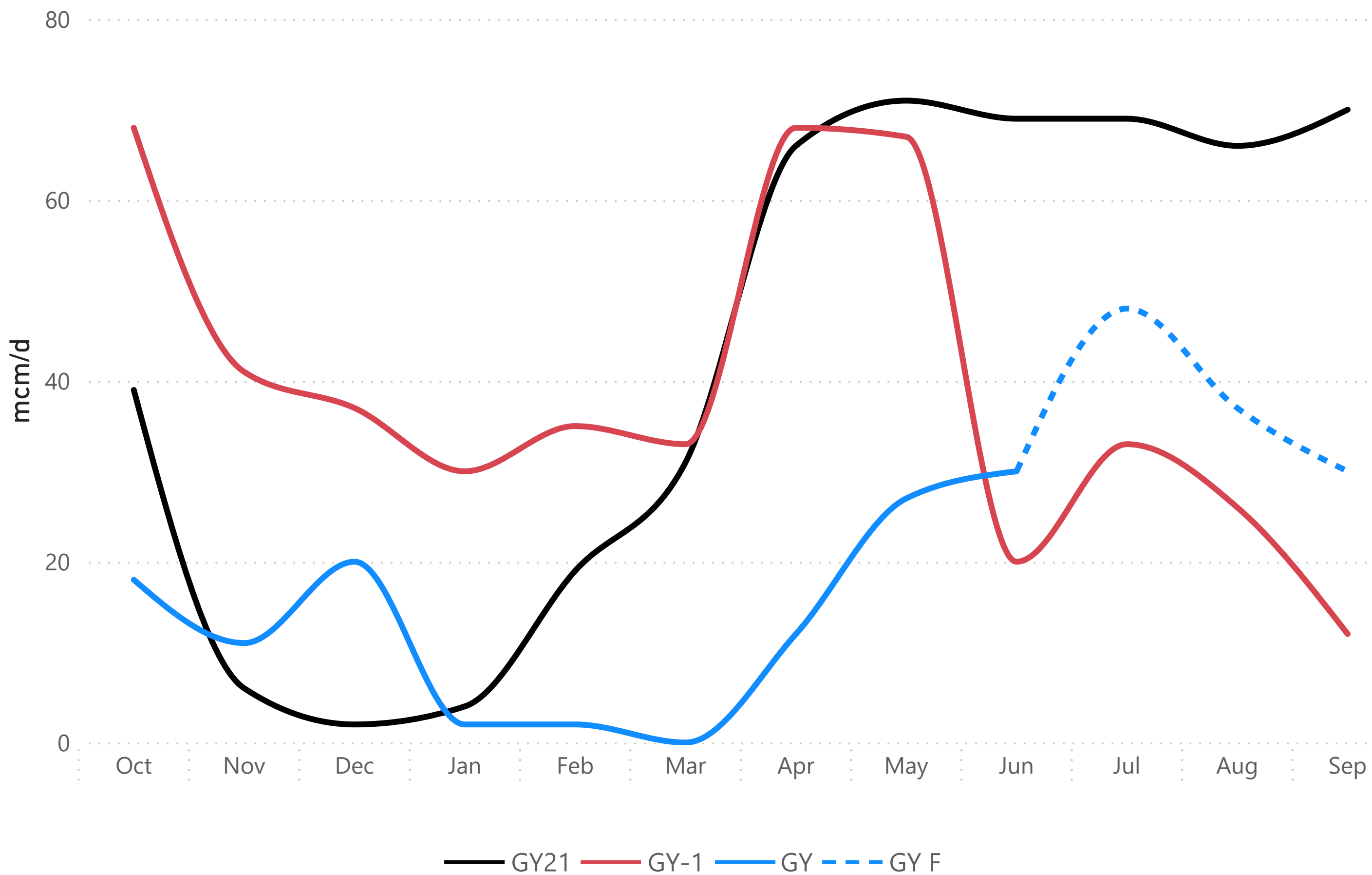
Last Refresh: 17/06/2024

IUK/BBL

IUK&BBL Exports to Continent, mcm/d

Month	GY-2	GY-1	GY F
June	69	20	30
July	69	33	48

Net IUK&BBL Exports to Continent



- In June, IUK and BBL combined flows to the Continent averaged at 26mcm/d – flat from May. Loose UK balance allowed price spreads to continue incentivizing British exports to the Continent.
- NBP DA traded at an average discount to TTF DA of 2.9p/th so far in June, slightly lower from 3.2p/th average discount in May.
- TTF JUL24 contract is currently trading at 3.9p/th premium to the respective NBP value, which is above the variable costs for exports via IUK and BBL. Hence, our UK balance forecast for July suggests that UK exports to the Continent could continue to be robust.
- There is 34mcm/d of IUK export capacity booked for export to Belgium and BBL sold some 14mcm/d of capacity toward the Netherlands for July. Assuming booking capacity costs and entry to Bacton sunk, the variable costs of exporting via IUK are at 2.3p/th, including the IUK commodity charge of around 0.77p/th and the National Gas non-transmission service charge of 1.56p/th. For BBL these costs are at 2.4p/th.
- Separately, IUK interconnector operator increased annual capacity tariff for the next gas year 2024-25 to 2.05p/th from 30 June, up from 1.93p/th now. Also, the commodity charge for flows toward the UK will include one element linked to Belgian power prices from January 2025. The change comes a couple of months after the BBL's commodity charge also started to include some indexation to Dutch power prices.

Last Refresh: 17/06/2024

Glossary

(GY) - Current Gas Year: 2023
(GY-1) - Previous Gas Year: 2022
(GY-2) - Previous Gas Year: 2021
(GY-3) - Previous Gas Year: 2020
(GY-4) - Previous Gas Year: 2019
(GY F) - Gas Year Forecast: 2023

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Source Curve ID's

CurveID	Name
104552435	BE Industrial Actuals
117817058	FR Industrial Actuals
156169345	NLD Industrial Actuals
154141815	DE Industrial Actuals
154794566	NWE Industrial Forecast
104552442	BE Gas for Power Actuals
104552448	FR Gas for Power Actuals
154141814	DE Gas for Power Actuals
156453900	NLD Gas for Power Actua
154794565	NWE Gas for Power Fore
142255093	DE NON LDZ Actuals
104552475	NLD NON LDZ Actuals
104552426	BE LDZ Actuals
117817057	FR LDZ Actuals
142255094	DE LDZ Actuals
104552429	NLD LDZ Actuals
105037869	NWE LDZ Actuals
154794564	NWE LDZ Forecast
105037868	NWE NON LDZ Actuals
156471657	NWE NON LDZ Forecast
104552444	Net Czech Actuals
154794567	Net Czech Forecast
104552458	Net Swiss Actuals
154794568	Net Swiss Forecast
104552472	Net Austria Actuals
156421233	Net Austria Forecast
115929309	Net Spain Actuals
154794569	Net Spain Forecast
104564830	Net Lux Actuals
156421234	Net Lux Forecast

CurveID	Name
156421235	Net UK Forecast
145980823	Net Poland Actuals
156421236	Net Poland Forecast
104552417	Net Denmark Actuals
156421237	Net Denmark Forecast
117879476	NWE Storage Level Actuals
114326510	NWE Storage Level Front Mc Forecast
120288875	NWE Total Storage Capacity
154794571	NWE Storage Monthly Level central
156421150	NWE Storage Monthly Level cold
156421149	NWE Storage Monthly Level mild
104552424	Import from Russia Actuals
156421239	Import from Russia Forecast
104552421	Dutch Prod Actuals
154794570	Dutch Prod Forecast
142965645	DE Prod Actuals
156421240	DE Prod Forecast
104552427	NWE LNG Actuals
156421241	NWE LNG Forecast
102435262	UK LDZ Actuals
154794572	UK LDZ Forecast
104985999	UK Gas for Power Actuals
154794573	UK Gas for Power Forecast
104985998	UK Industrial Actuals
156421229	UK Industrial Forecast
102235244	UK to Ireland Actuals
156421230	UK to Ireland Forecast
106723618	UKCS Domestic Prod Actuals

CurveID	Name
154794574	UK&NWE LNG Sendout Forecast
111488501	UK Net Injection Forecast
104086858	UK MRS Storage Withdrawal Actuals
104086857	UK MRS Storage Injection Actuals
156421231	UK LNG Sendout Forecast
102433278	UK LNG Sendout Actuals
102235404	South Hook LNG Sendout Actuals
102434005	Rough Net Withdrawal Actuals
123969097	Norway Zeebrugge Actuals
111488561	Norway Vesterled Forecast
117242592	Norway Vesterled Actuals
156421232	Norway to UK Total Forecast
156421238	Norway to NWE Forecast
104552484	Norway to NWE Actuals
111488491	Norway Langeled Forecast
117242591	Norway Langeled Actuals
111488504	Norway Flags Forecast
117242596	Norway Flags Actuals
123969091	Norway Emden Actuals
123969087	Norway Dunkerque Actuals
123969095	Norway Dornum Actuals
146400406	Norway Baltic Pipe Actuals
154794577	IUK&BBL Net Forecast
102633891	IUK UK to BE Actuals
111488498	IUK Forecast
102235447	Isle of Grain LNG Sendout Actuals2
102235451	Isle of Grain LNG Sendout Actuals1
102235411	Dragon LNG Sendout Actuals
117460679	BBL UK to NDL Actuals
103949350	BBL NDL to UK Actuals
111488502	BBL Forecast

CurveID	Name
154794575	Norway Total Flow Forecast

Price RICS
EURGBP=
JKMc2
NGLNMc1
TFMBMc1
USDEUR=R

Last Refresh:

Contact us to provide feedback or to learn more about LSEG European Gas Research data at gas_research_europe@lseg.com