# European gas update


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## Chemicals

- Ethylene
- Toluene
- Methanol
- Polyethylene
- Benzene
- Paraxylene
- Butadiene
- Polypropylene
- Styrene
- and more

## Energy

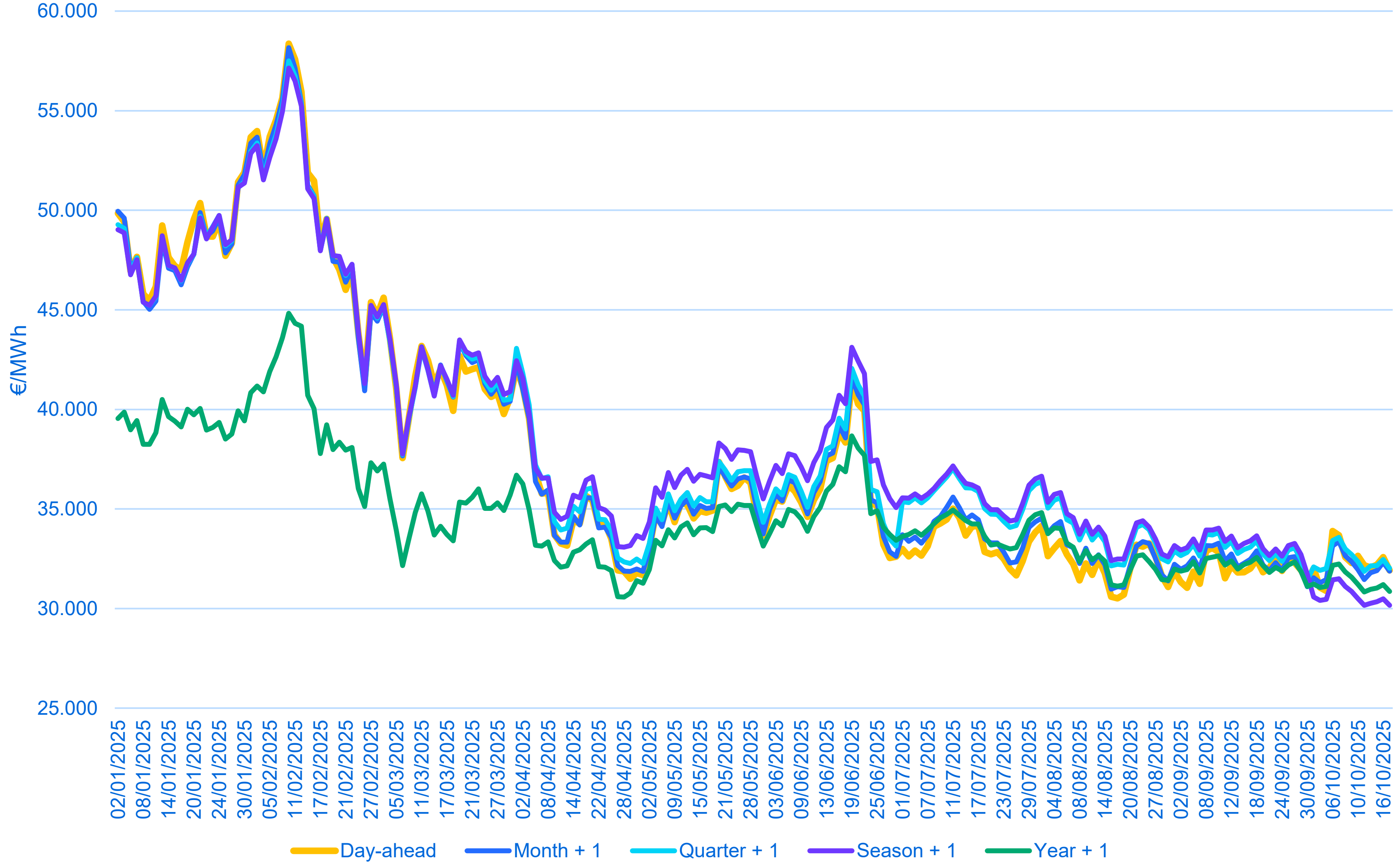
- Crude oil
- Power
- Coal
- Ethanol
- Carbon
- Natural Gas
- Biodiesel
- Liquefied Natural Gas
- Base oils
- and more

## Fertilizers

- Potash
- The Market
- Sulphur
- Ammonia
- Sulphuric Acid
- and more

# Agenda

# TTF drops from January but geopolitics remain a concern




**Bulls supporting prices in summer 2025**

- Weather-driven demand (higher demand from power sector YoY; +7%)
- Storage filling up but still below historical levels (-15 p.p. YoY)
- Outages in Norway
- Tariffs uncertainty
- Geopolitics

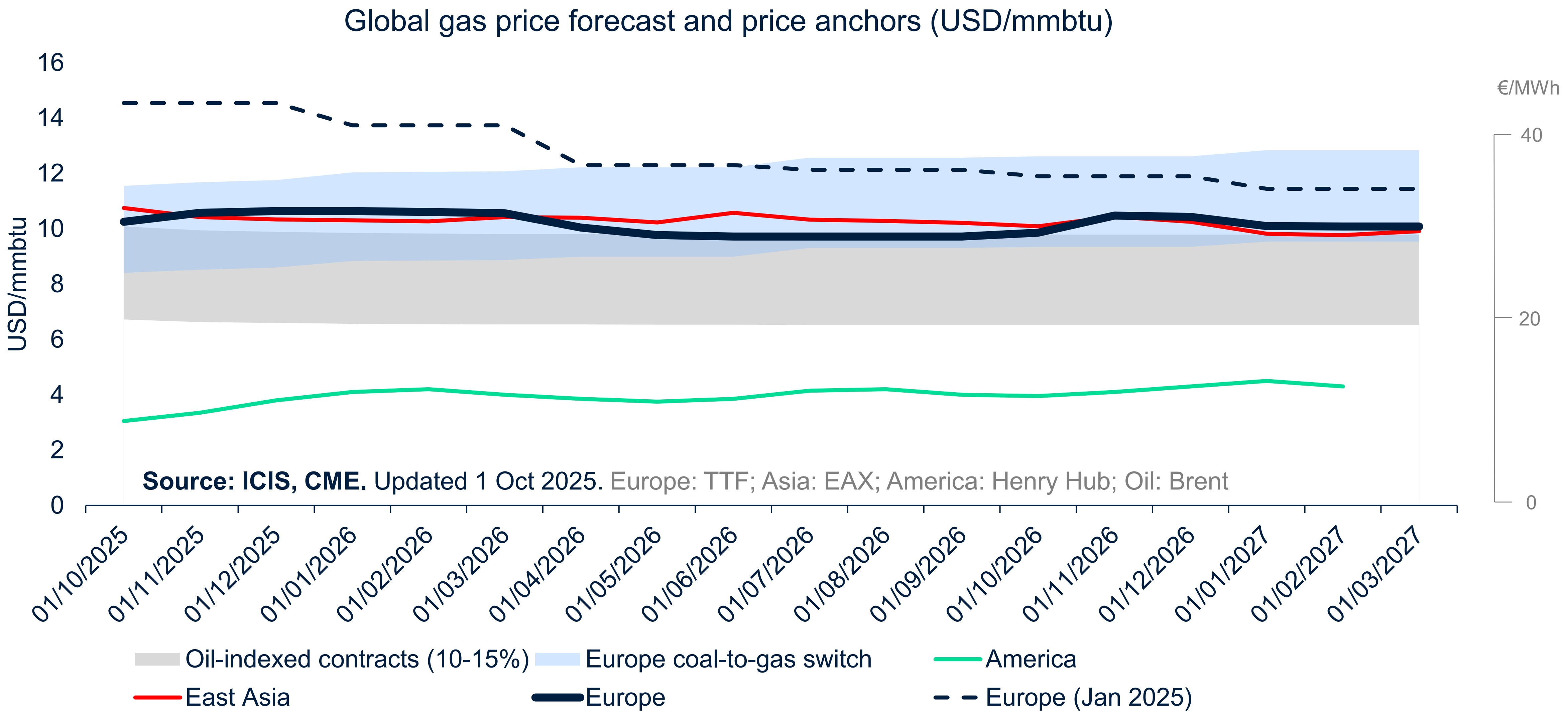
**Bears pressuring prices in summer 2025**

- *Waving* peace talks
- Strong LNG supply
- More flexibility around storage filling levels

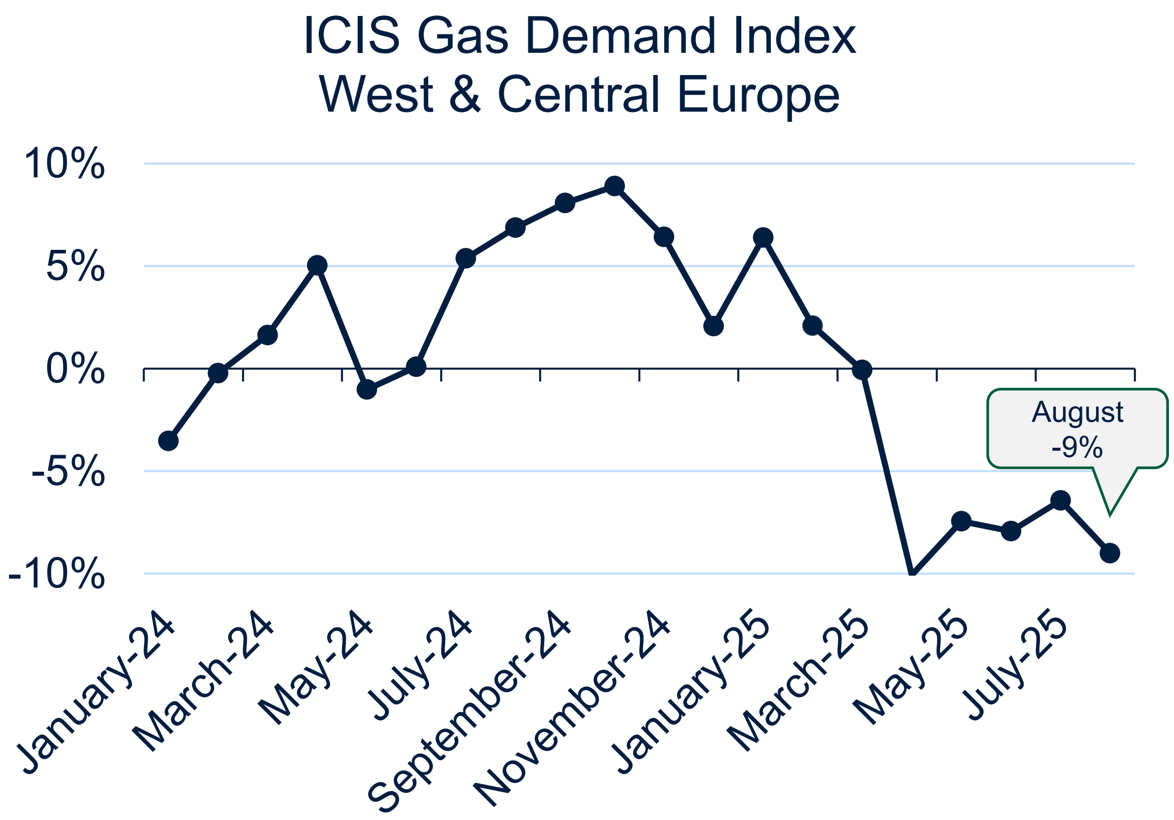
**Winter outlook is largely flat**

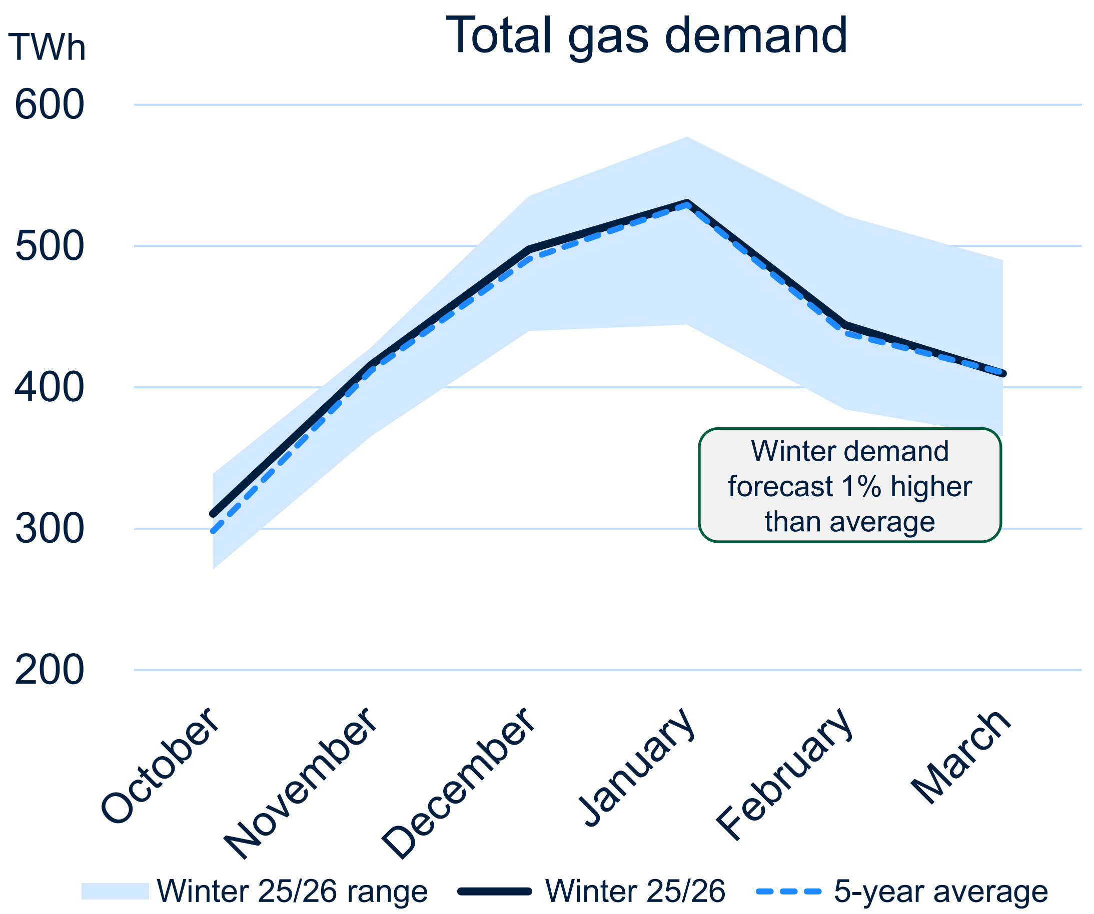
- TTF front season and year in sell
- Curve in backwardation
- Mild winter weather forecast
- Geopolitical uncertainty

# European gas prices have come down 2025. Looming global LNG oversupply implies slight down-trend. Coal-gas switch, oil contracts and US LNG provide support level.



# Recovery stalls with temp-adjusted gas demand -3% year-to-date

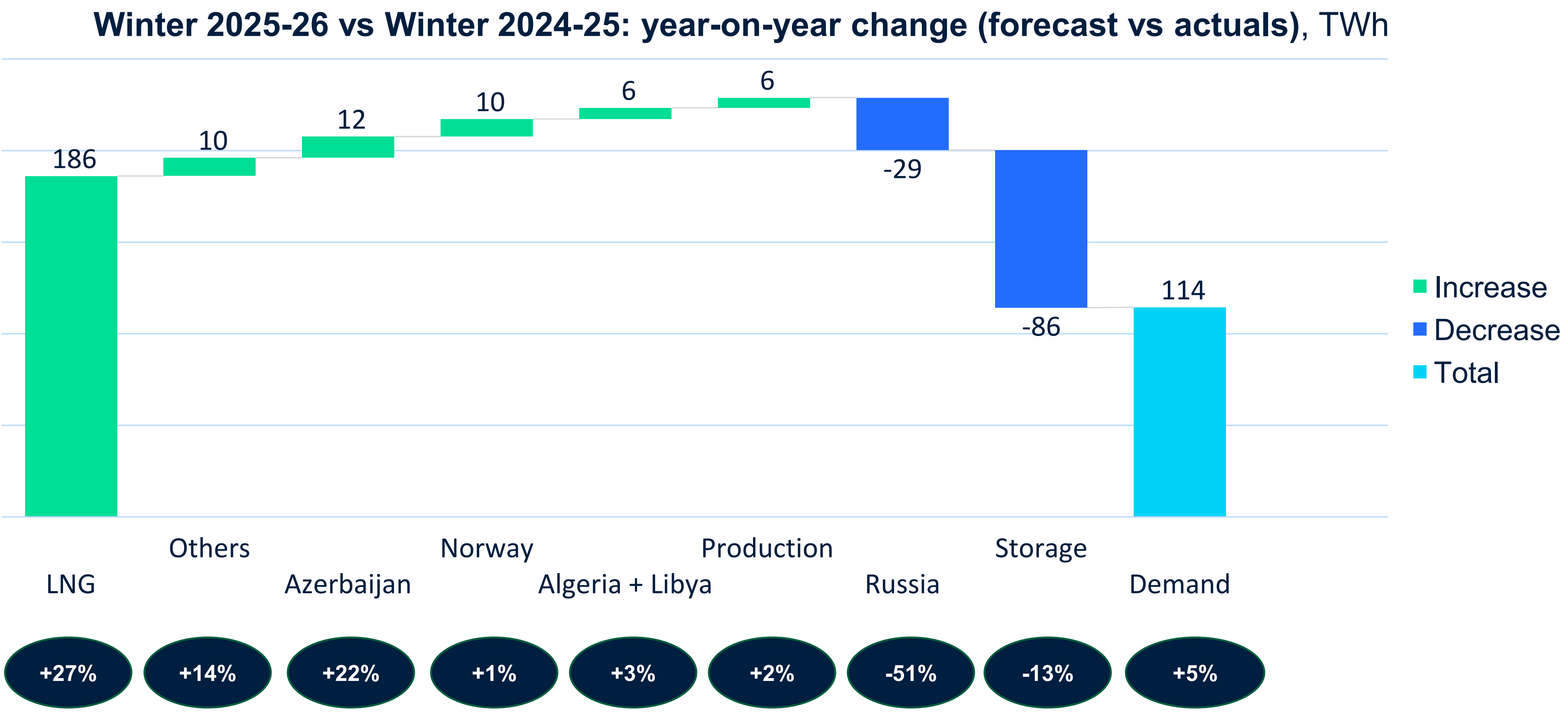



- Temp adjusted res/com + industry **gas demand is -4.9% ytd. (vs. 2024)**
- Demand Index staying in negative territory since March 2025.
- In absolute terms, weather-adjusted demand across Western and Central Europe is **down 3% year-to-date compared to 2024**, as economic challenges continue to slow recovery.

*ICIS demand index is a rolling average of temperature-adjusted demand in previous 3-months, compared to same period in previous year. *Gas index excludes demand from power sector.*

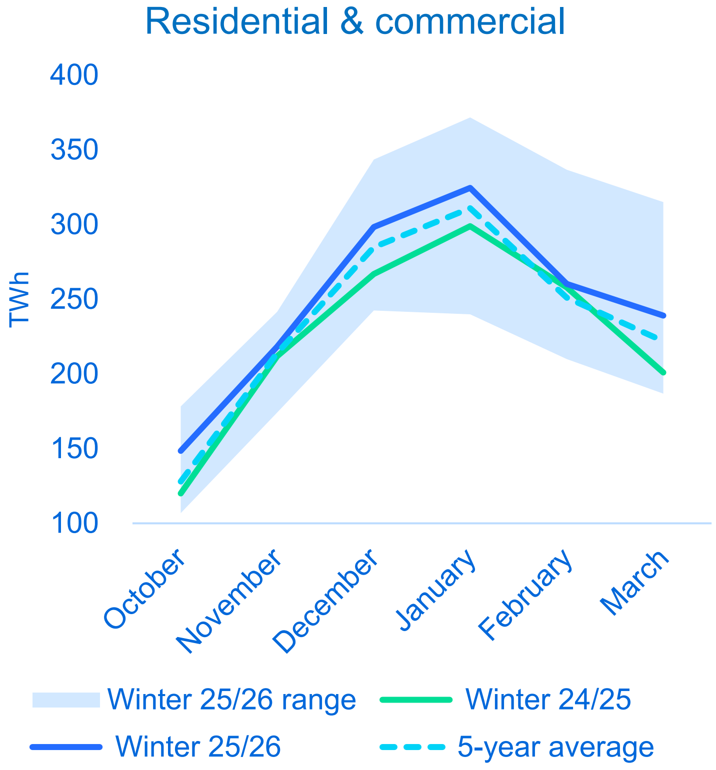
# Stronger LNG supply offsets lower storage draw this winter vs 2024 in West & Central Europe[1]



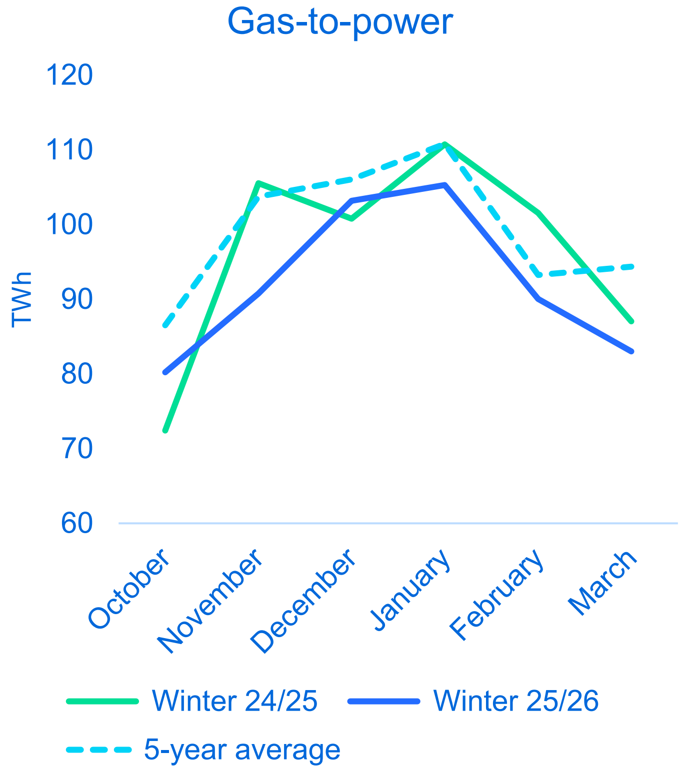

1. West & Central Europe: Great Britain plus 11 EU countries Austria, Belgium, Czechia, France, Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Spain. Note: Winter is defined as the 6-month period from October to March

# West & Central European Gas Demand— 1% above 5-Year Average. Temp-adjusted res/com + industry gas -4.9% year-to-date (vs 2024) but can vary strongly by weather

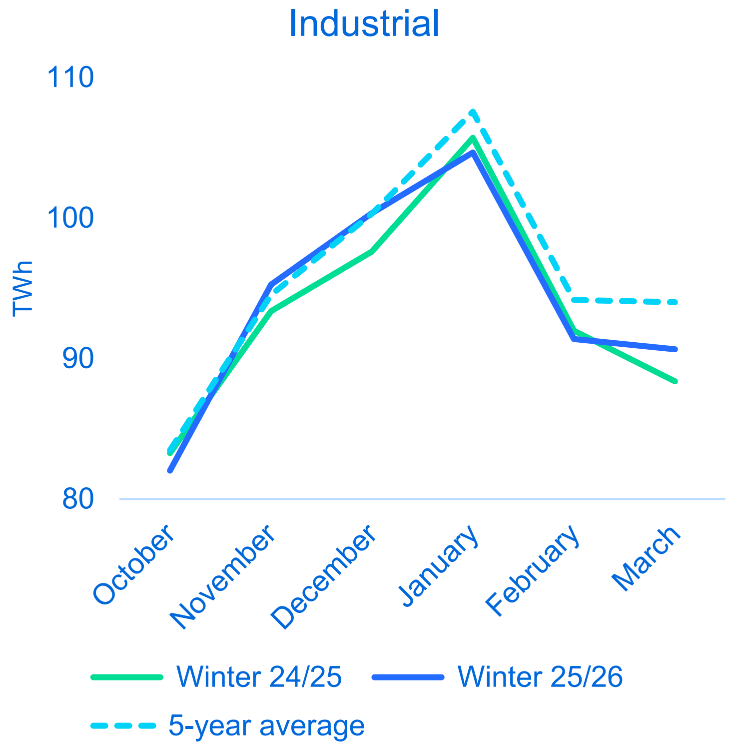
**Residential capped by temperature**
(-2% to +18% vs 5-year average)




**Gas-in-Power slides with more wind**
(–4% YoY, –7% vs. 5-year average)




**Industrial demand recovers modestly**
(+1% YoY, -2% vs 5-year average)



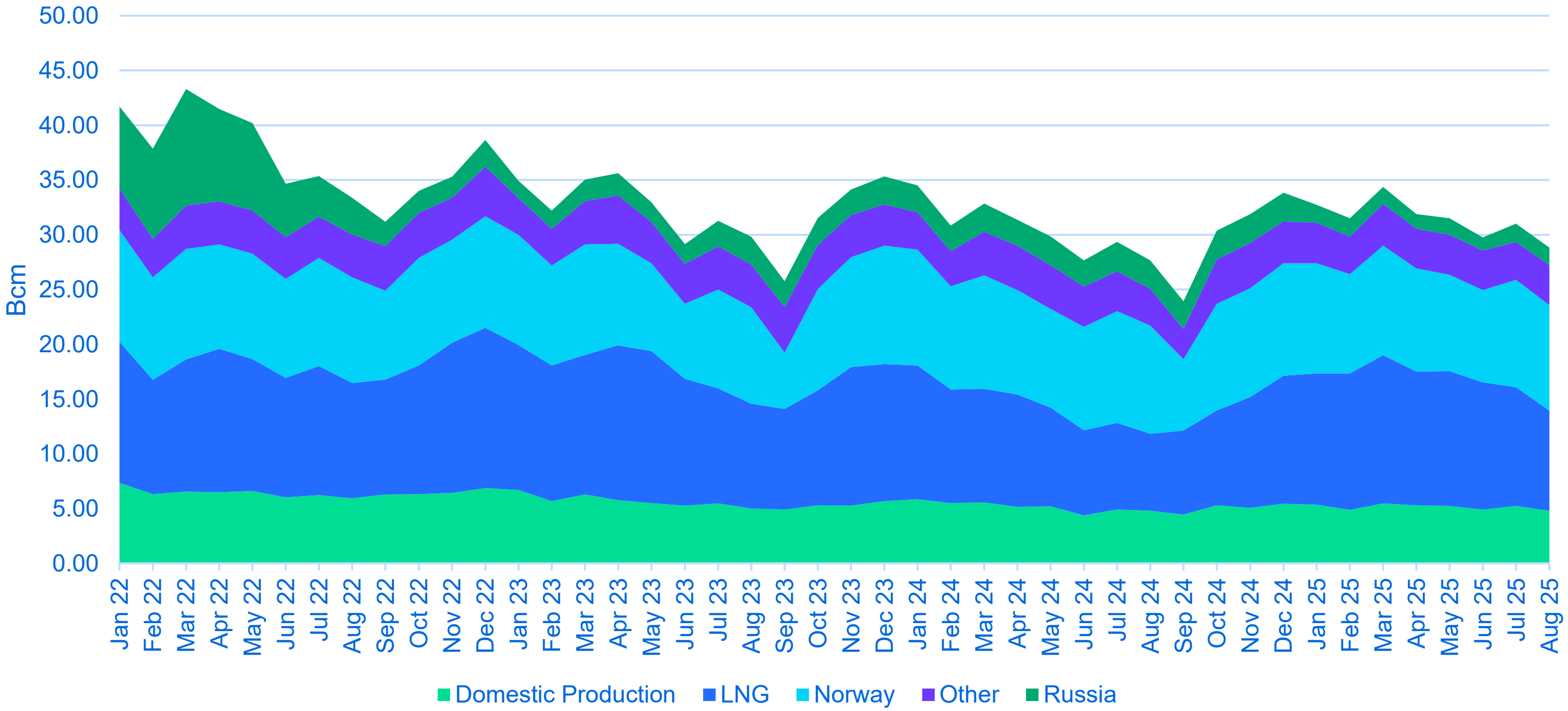

**Key winter gas demand drivers:** slow economic recovery, mild winter, low wind, no strong nuclear concerns, but coal-to-gas switching comes into play

# LNG in summer 2025 becomes first source of supply

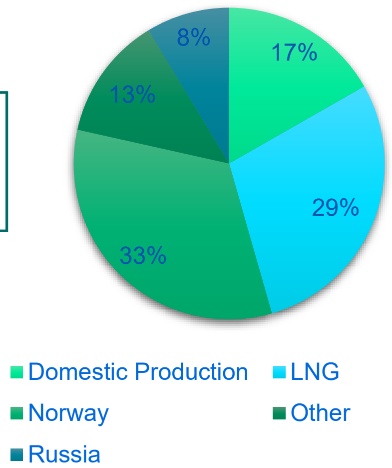
Supply to Europe in summer 2025:

- LNG covered more than a third of European gas supply in summer 2025
- US LNG represented 53% of overall LNG supply to Europe
- US remained first global LNG exporter
- Russian piped flows further drop to represent 5% of the mix, Russian LNG around 11% of total LNG supply
- EU wide LNG contracts distribution, spot activity jumps:
  LTC 647 – 57%
  SPOT 473 – 42%

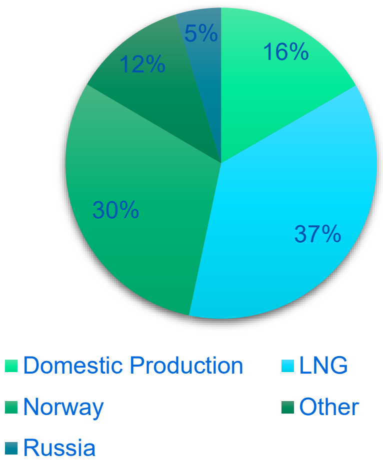
## Domestic production and imports to EU and UK



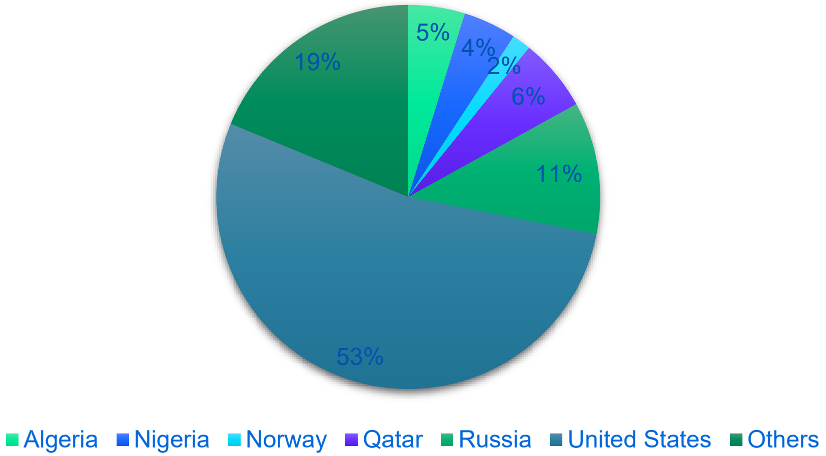

## % share Apr-Aug ‘24



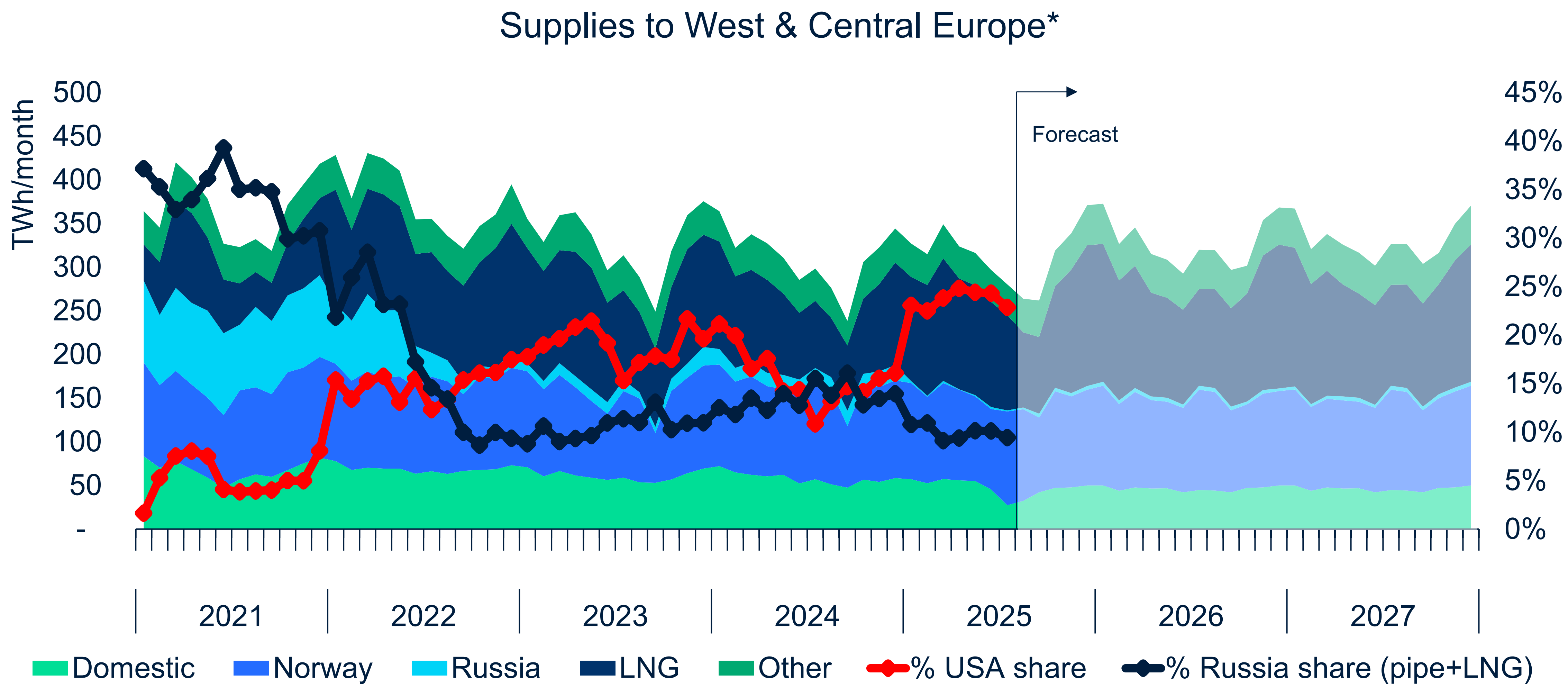

## % share Apr-Aug ‘25




## EU imports break down summer 2025

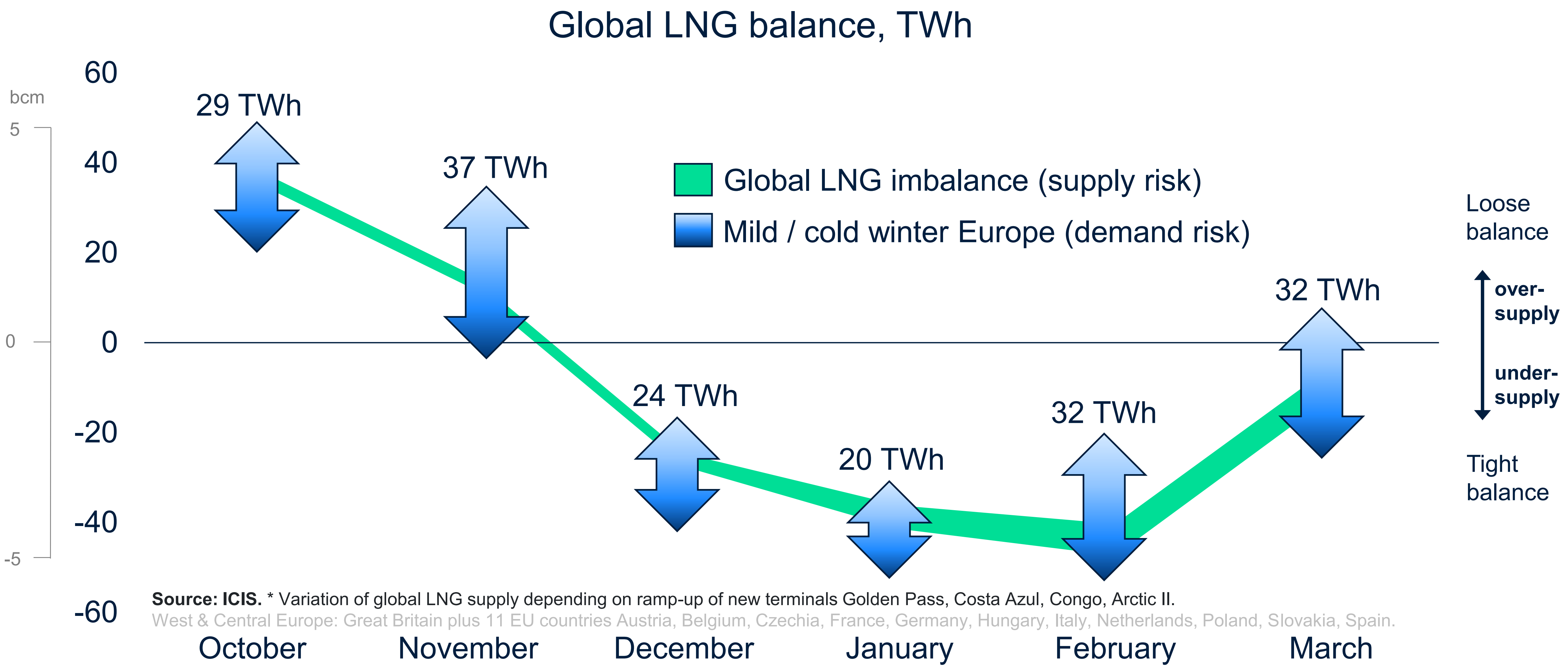


# Europe: American LNG gains ground to 25% market share – Russia at 10%




Source: ICIS. *West & Central Europe: Great Britain plus 11 EU countries Austria, Belgium, Czechia, France, Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Spain.

# Global LNG balance is tight December to February. LNG project delays add supply risk but weather-driven demand risk is more sizeable.

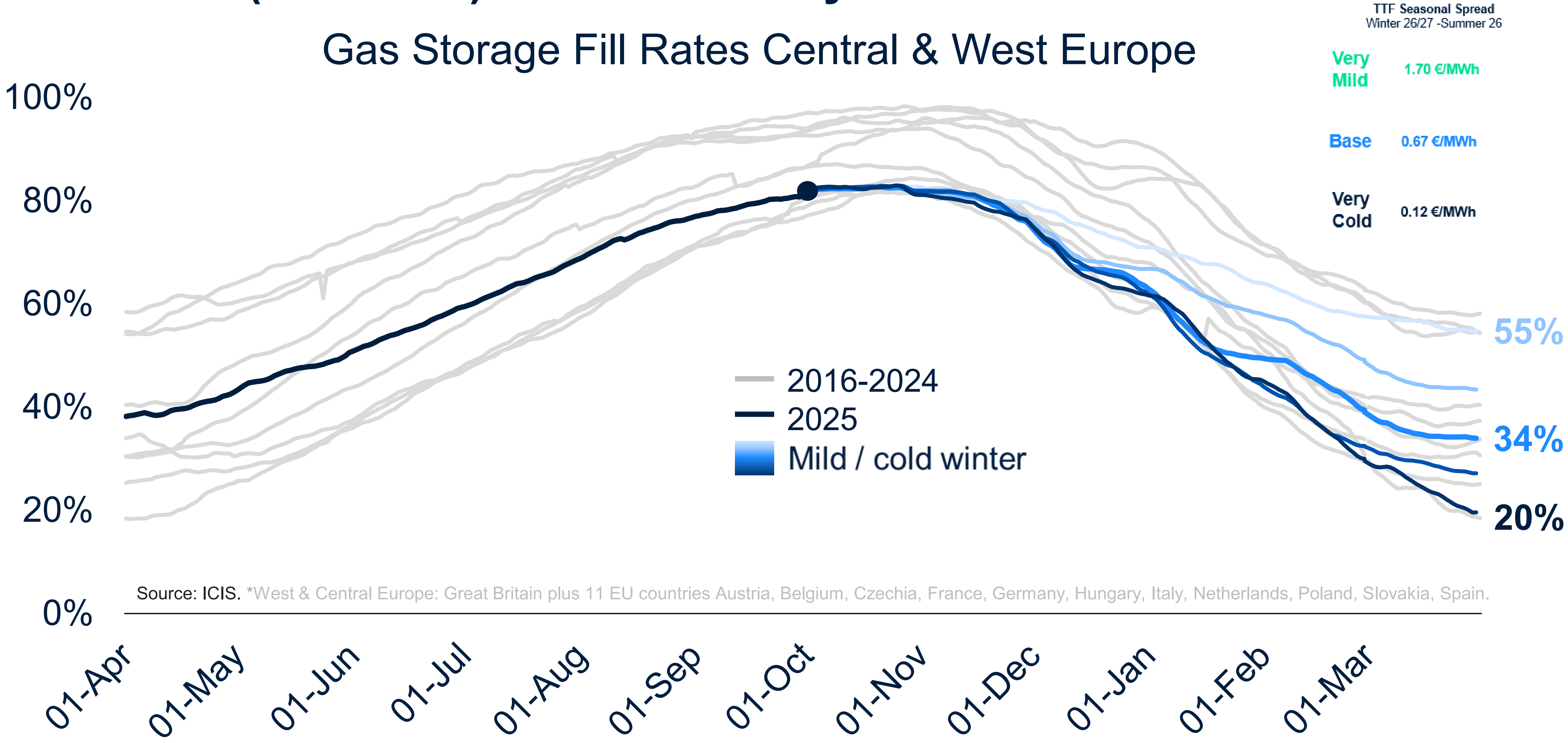



**Source: ICIS.** * Variation of global LNG supply depending on ramp-up of new terminals Golden Pass, Costa Azul, Congo, Arctic II.
West & Central Europe: Great Britain plus 11 EU countries Austria, Belgium, Czechia, France, Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Spain.

# European LNG imports vary by weather with spot ranging at 40-44% share. East Asian demand risk is larger than the European variation.


**Source: ICIS.** *Spot LNG share China estimated based on previous ICIS publications.
West & Central Europe: Great Britain plus 11 EU countries Austria, Belgium, Czechia, France, Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Spain.

# Gas storage levels at the outset of winter 2025/26 not lower than 20% (like 2018) even after very cold winter




Source: ICIS. *West & Central Europe: Great Britain plus 11 EU countries Austria, Belgium, Czechia, France, Germany, Hungary, Italy, Netherlands, Poland, Slovakia, Spain.

# Regulatory updates

EU council agreed its position on rules to phase out Russian gas imports under REPowerEU yesterday

US-EU deal $250bl a year per three years – unlikely application

The EC adopted the $19^{th}$ sanctions package against Russia on 19 Sept ‘25, which includes banning Russian LNG imports into the EU by January 2027. The sanctions bring forward elements of a broader EU plan to end imports of Russian fuels before 2028, put forward in June.

EU sanctions on transshipments of Russian LNG through the bloc which took effect in March. Spain, the Netherlands, France, and Belgium are still big importers of Russian LNG – supported by long-term offtake deals from the Novatek's Yamal LNG project. (Murmansk serves as a key Russian transshipment hub for LNG, particularly for exports from the Yamal LNG project)

The European Union has set an effective target of 80% fullness for gas storage by 1 December 2025

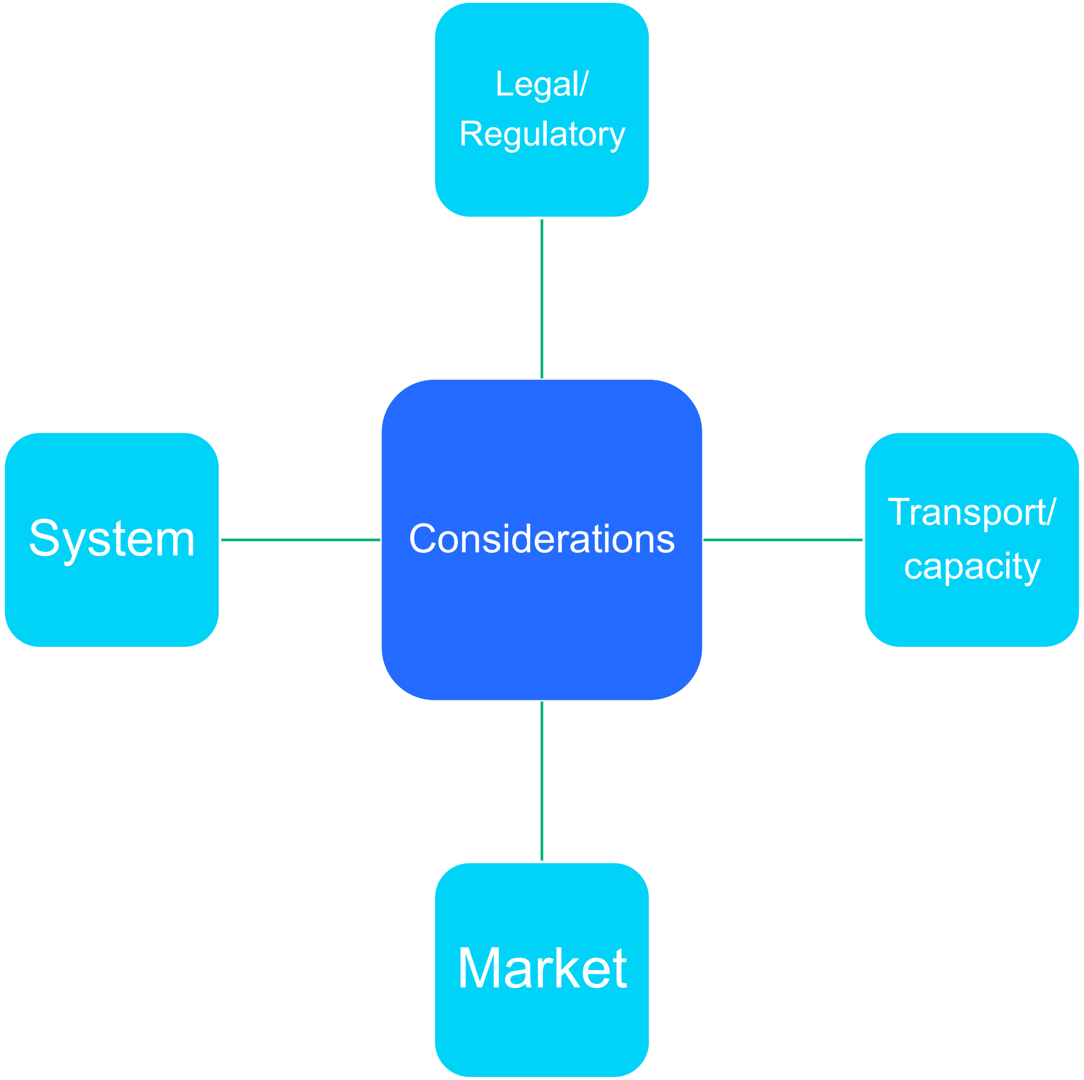
# Conclusions: Assessing the upside and downside risks

| Risk factor | Likelihood | Market impact | | |
|---|---|---|---|---|
| | | Gas | Power | Carbon |
| Economic / demand weakness | High | Bearish | Bearish | Bearish |
| Unexpected LNG outage or project delays | Moderate | Bullish | Bullish | Bullish |
| Tight LNG due to Asia demand competition | Moderate | Bullish | Bullish | Bullish |
| Energy infrastructure attack/failure | Low | Stongly bullish | Strongly bullish | Strongly bullish |
| Return of Russian gas or slowed EU phase-out | Very low | Bearish | Bearish | Bearish |
| French nuclear reactor issues | Low | Bullish | Strongly bullish | Bullish |
| Low wind speeds | Moderate | Slightly bullish | Strongly bullish | Bullish |
| Cold weather | Moderate | Bullish | Bullish | Bullish |
| Mild weather | High | Bearish | Bearish | Bearish |
| Speculator activity on carbon | High | Neutral | Bullish | Bullish |
| EUA policy intervention (ETS Review) | Moderate | Neutral | Bearish | Bearish |

# FOCUS ITALY

# DL Energia

**A proposed measure (negative entry capacity tariff or a liquidity service) to delete transportation costs (around €2.000/MWh) on Transitgas in order to reduce the PSV-TTF premium. (Assumption: lowering the marginal source would put pressure on the whole Italian system, leading to lower gas prices)**



# DL Energia: impacts and consequences

Impact on PSV-TTF spread: will it work?

Italy net exporter to Austria in 2025: will this change?

LNG share increased in recent years: will it be affected?

Support from industry

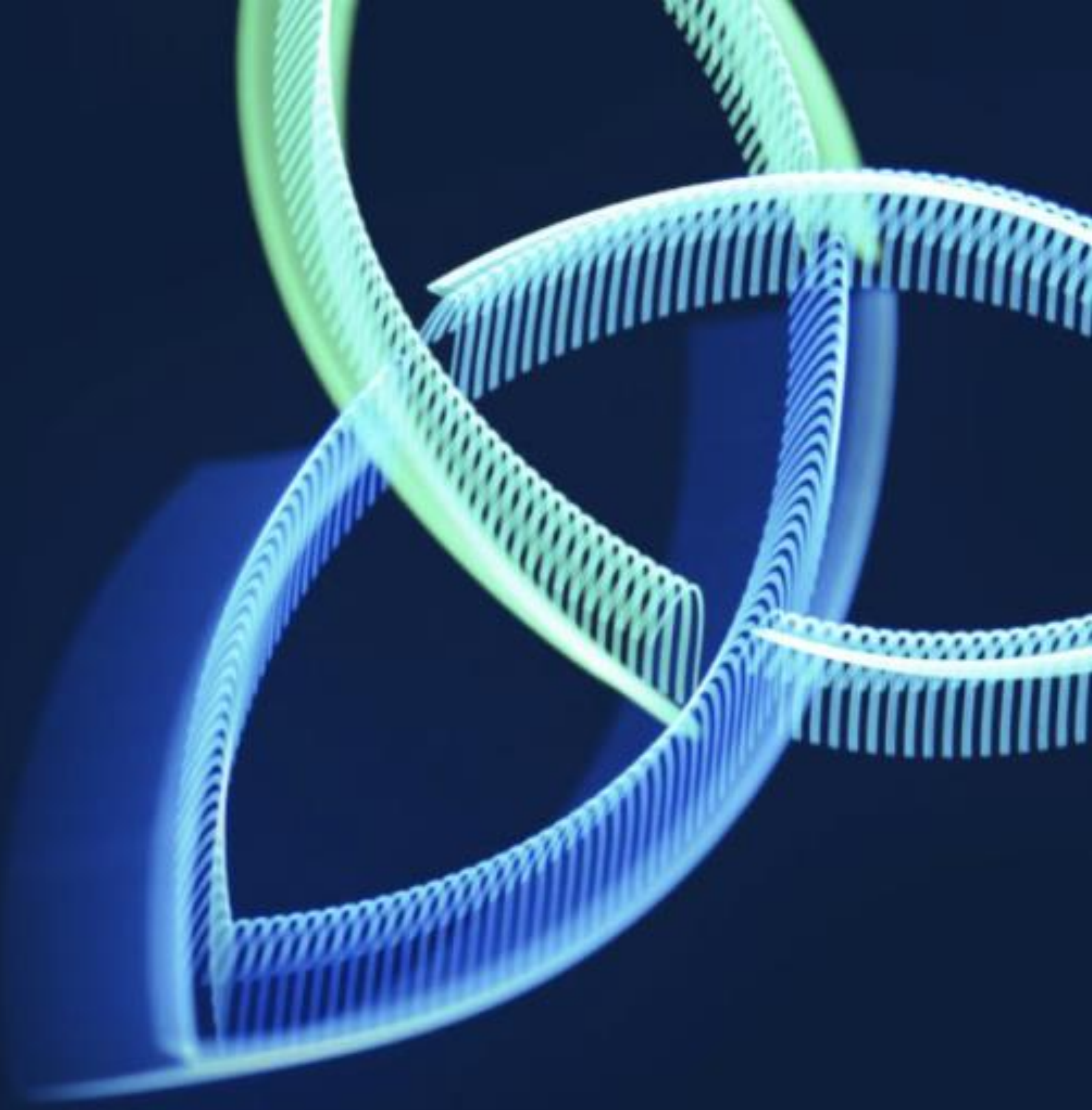
General support at political/institutional level

Cautious approach by European authorities

Scepticism from national market participants/mixed feelings at European level

European trading strategies – selloff

# Thank you



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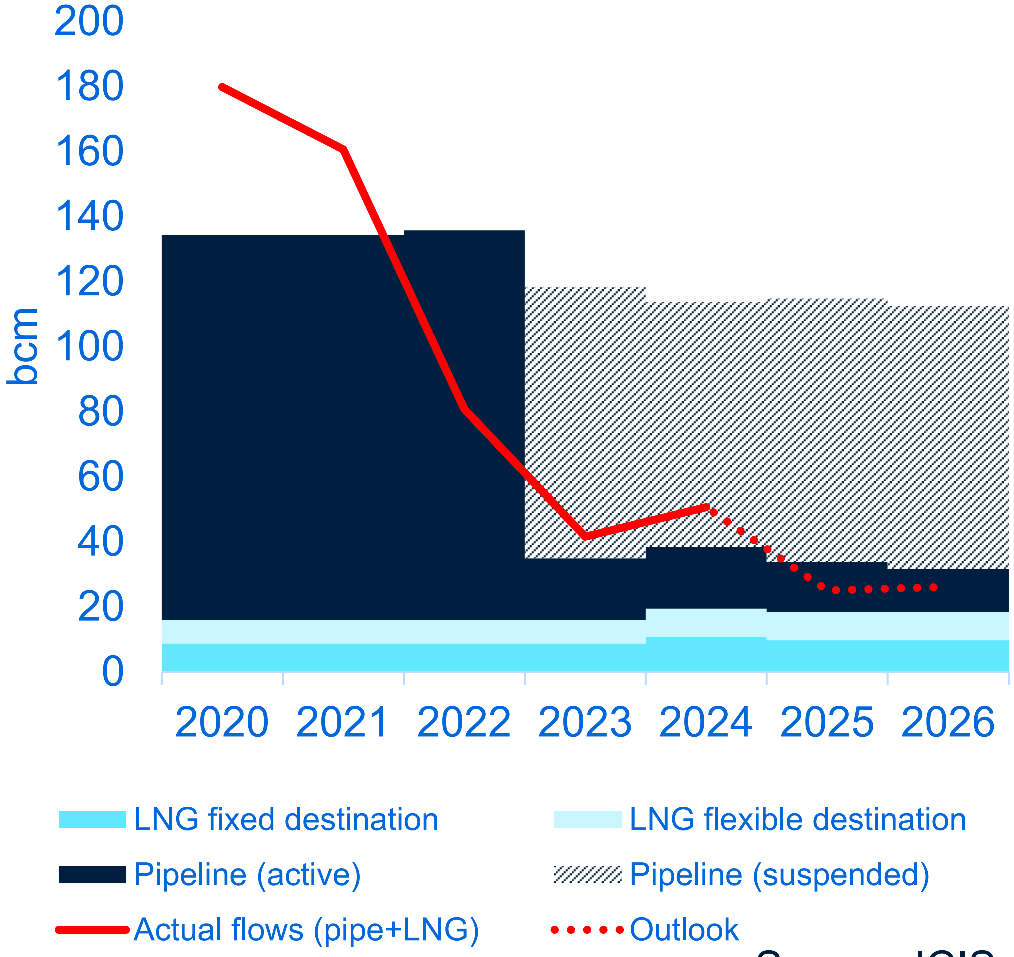
# Appendix

# Russian gas risk: arbitration complicates a return of Gazprom. EU roadmap completely bans Russia by Dec 2027. Frontloading to Dec 2026 unrealistic.

## Russian Gas & LNG contracts versus flows to Europe

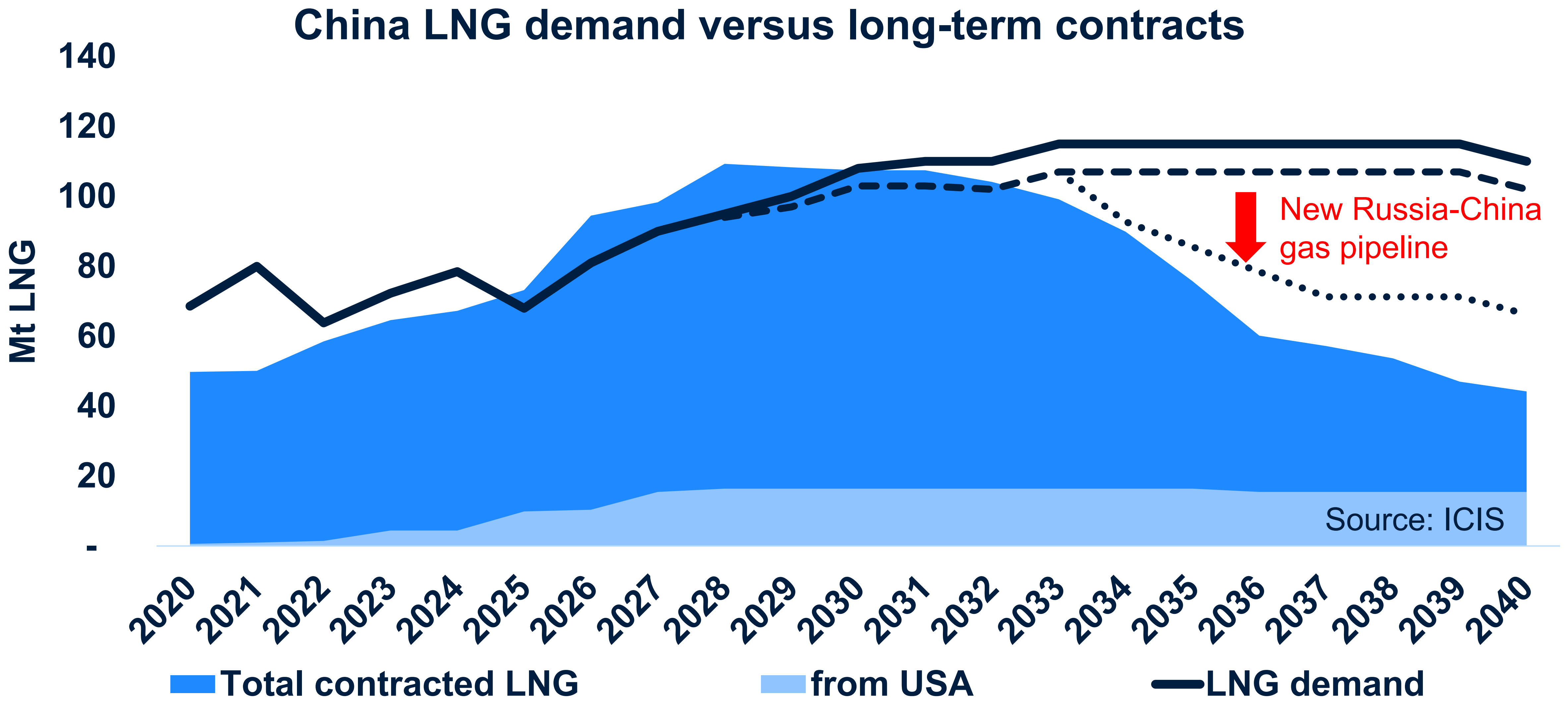



Source: ICIS

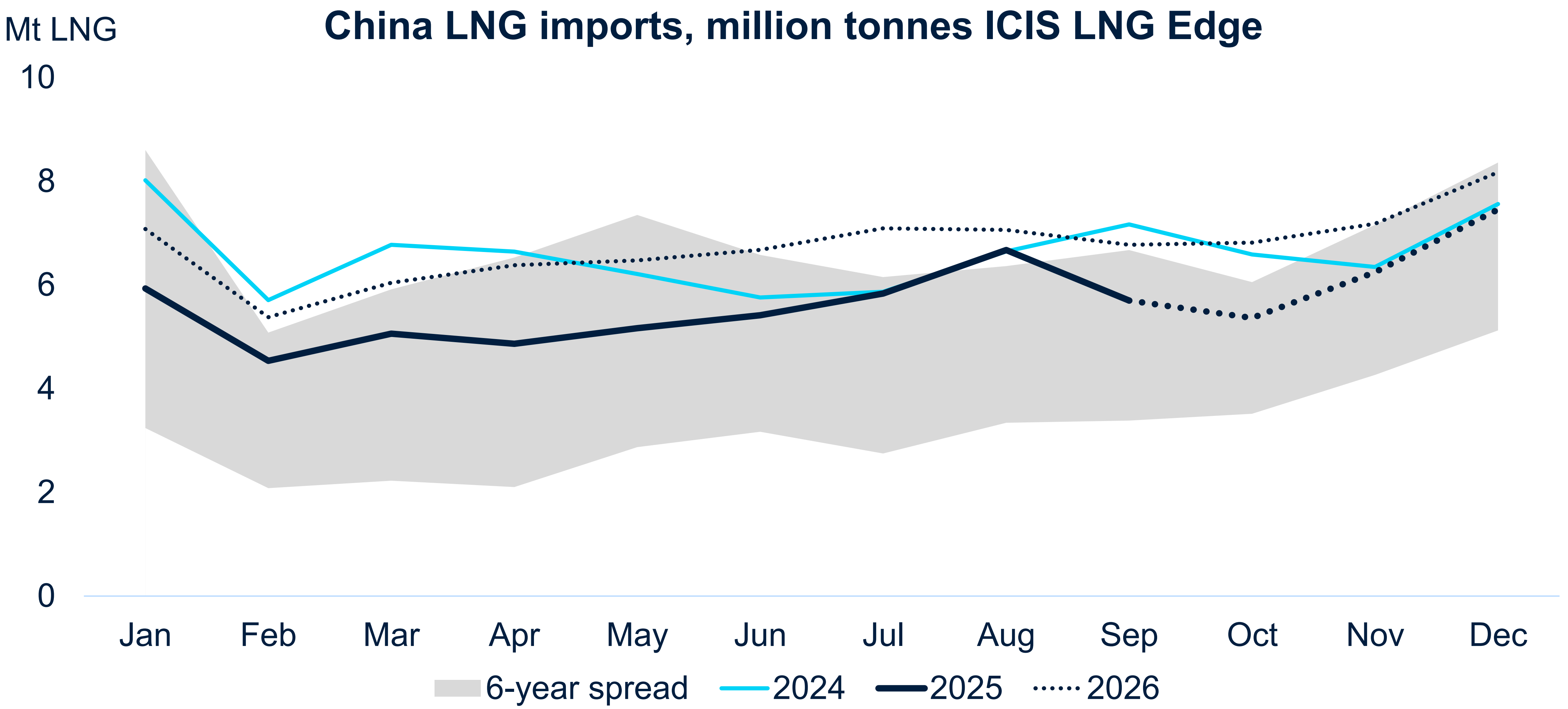
| Gazprom contract partner | bcm/y | Expiry | Terminated | Award | Status |
|---|---|---|---|---|---|
| Gasum, Finland | 2.5 | 2031 | May-22 | €300 million | Terminated |
| Uniper, Germany | 18.5 | 4 to 2035 | Aug-22 | €13 billion | Terminated |
| RWE, Germany | 1.4 | 2023 | Aug-22 | €400 million claimed | Terminated |
| SEFE (ex-Gazprom), Germany | 17 | 2030-2035 | Aug-22 | n/a | Sanctioned |
| VNG with WIEH, Germany | 6 | 2023 | May-22 | n/a | Sanctioned |
| OMV, Austria | 5.7 | 2040 | n/a | n/a | n/a |
| OMV, Austria | n/a | n/a | Nov-24 | €230 million + interest | Terminated |
| Orsted, Denmark | 1.9 | 2022 | Jun-22 | n/a | Terminated |
| PGNiG, now PKN Orlen, Poland | 10 | 2022 | Apr-22 | €317 million | Expired |
| Shell Energy | 1.2 | 2031 | May-22 | n/a | n/a |
| Engie, France | 12-13.5 | 2031 | Aug-22 | €305 million (claimed) | Pending* |
| ENI, Italy | 22 | 2035 | Aug-22 | n/a | Pending* |
| CEZ, Czechia | n/a | n/a | Aug-22 | €42 million | n/a |
| GasTerra, Netherlands | 2 | n/a | May-22 | n/a | n/a |
| Bulgargaz, Bulgaria | 3 | 2022 | Apr-22 | €400 million (claimed) | Expired |
| DXT Commodities, Switzerland | n/a | n/a | n/a | n/a | n/a |
| Axpo Solutions, Switzerland | n/a | n/a | n/a | n/a | n/a |
| Geoplin, Slovenia | n/a | 2022 | n/a | n/a | n/a |
| Východoslovenská, Slovakia | n/a | n/a | n/a | n/a | n/a |

| LNG contract partner | Mt/y | Expiry | Terminated | Destination | Status |
|---|---|---|---|---|---|
| TotalEnergies, France | 4+1 | 2032 | n/a | Netherlands/France | Open |
| Naturgy, Spain | 2.5 | 2038 | n/a | Spain | Open |
| SEFE, Germany | 2.9 | 2038 | n/a | Belgium + reload | Open |
| Gunvor | 0.5 | 2038 | n/a | France + reload | Open |
| Shell | 0.9 | 2041 | n/a | France + reload | Open |

# A new Russian gas pipeline can affect China LNG imports by some 35 Mt/y after 2035 and shift the global market balance

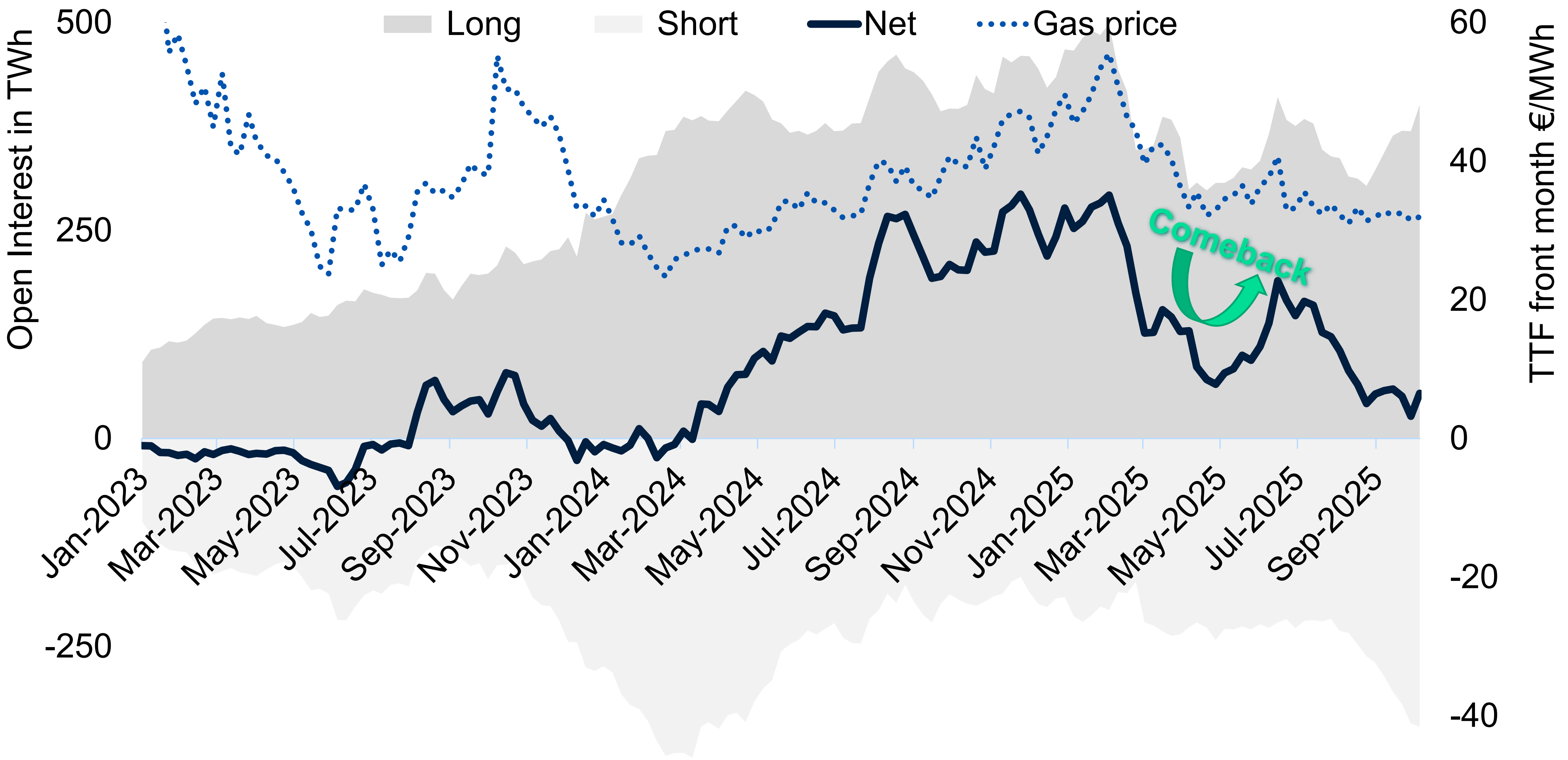


## Asian demand risk: competition can turn around: Chinese LNG performed weak in H1/2025 (-21% y-o-y) but H2/2025 looks less weak (-7% y-o-y)



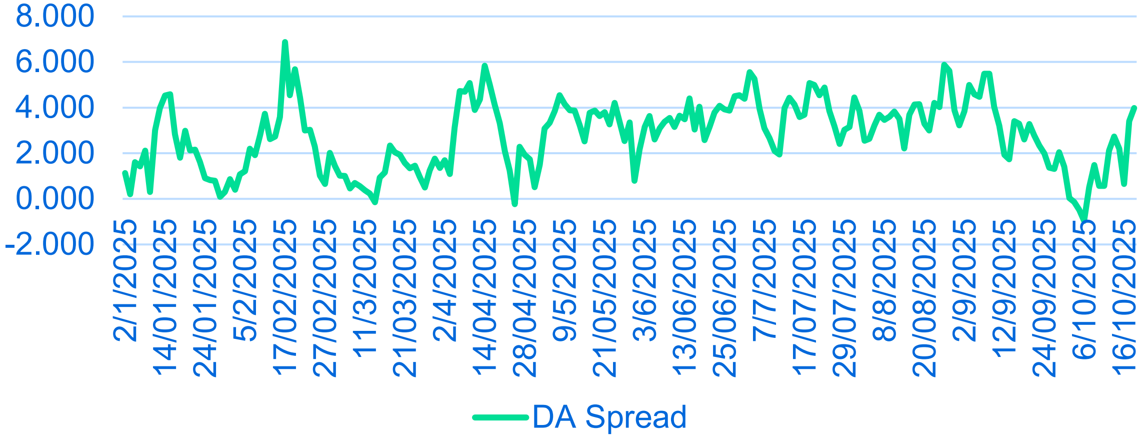

Source: ICIS

# Investment funds speculative position in European gas futures (TTF) in decline with prices dropping since summer 2025

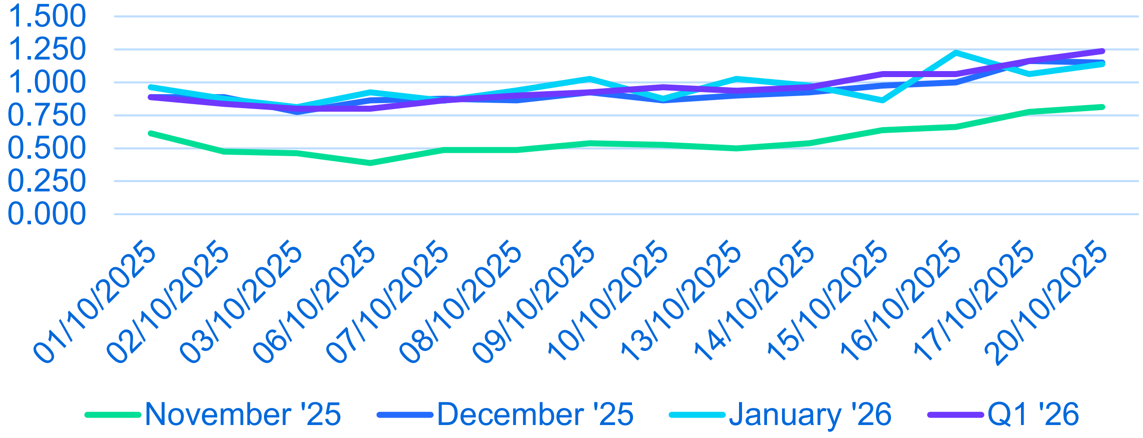


# PSV-TTF spreads

## DA Spread (€/MWh)

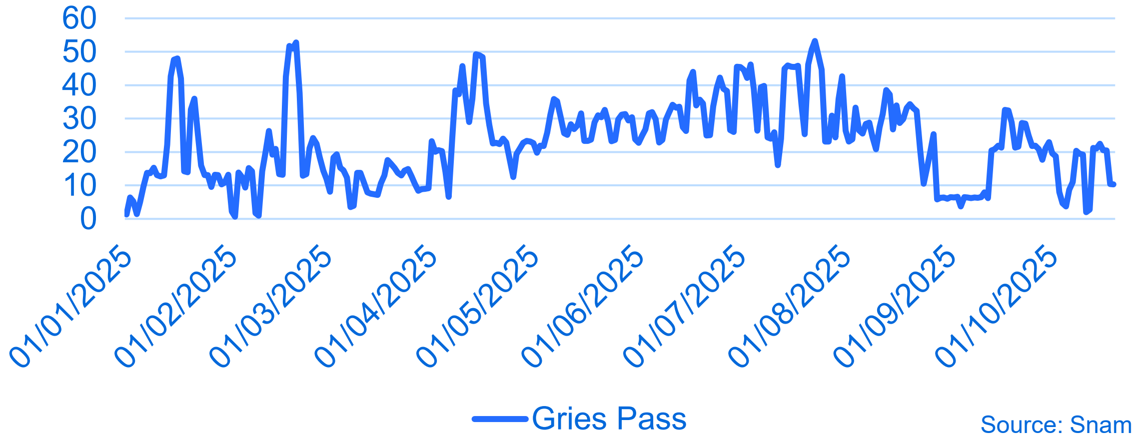



## Quarterly contracts Spreads (€/MWh)




Source: ICIS data

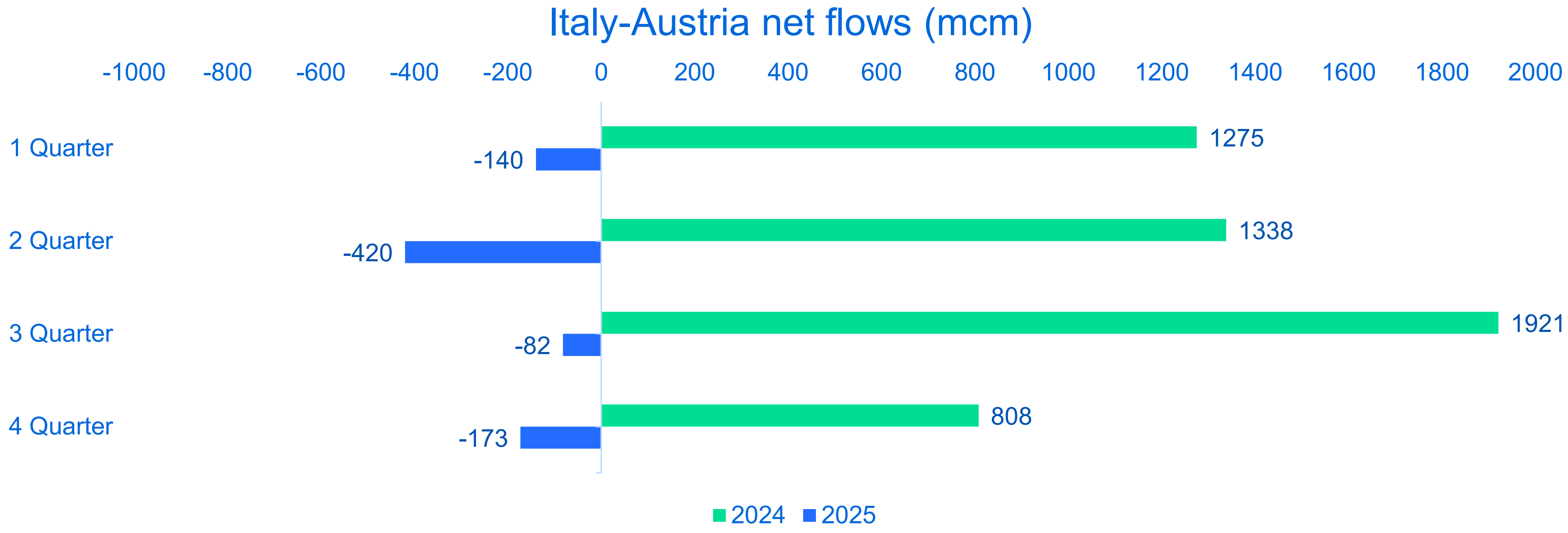
## Imports from Transitgas pipeline (mcm)




Source: Snam

- Increased volatility in 2025 amid geopolitical uncertainty
- Important source of flexibility
- September outage
- Bearish scenario for winter
- No big demand spike expected
- Temperatures slightly higher than seasonal norms
- No big rain anomalies
- Storage levels

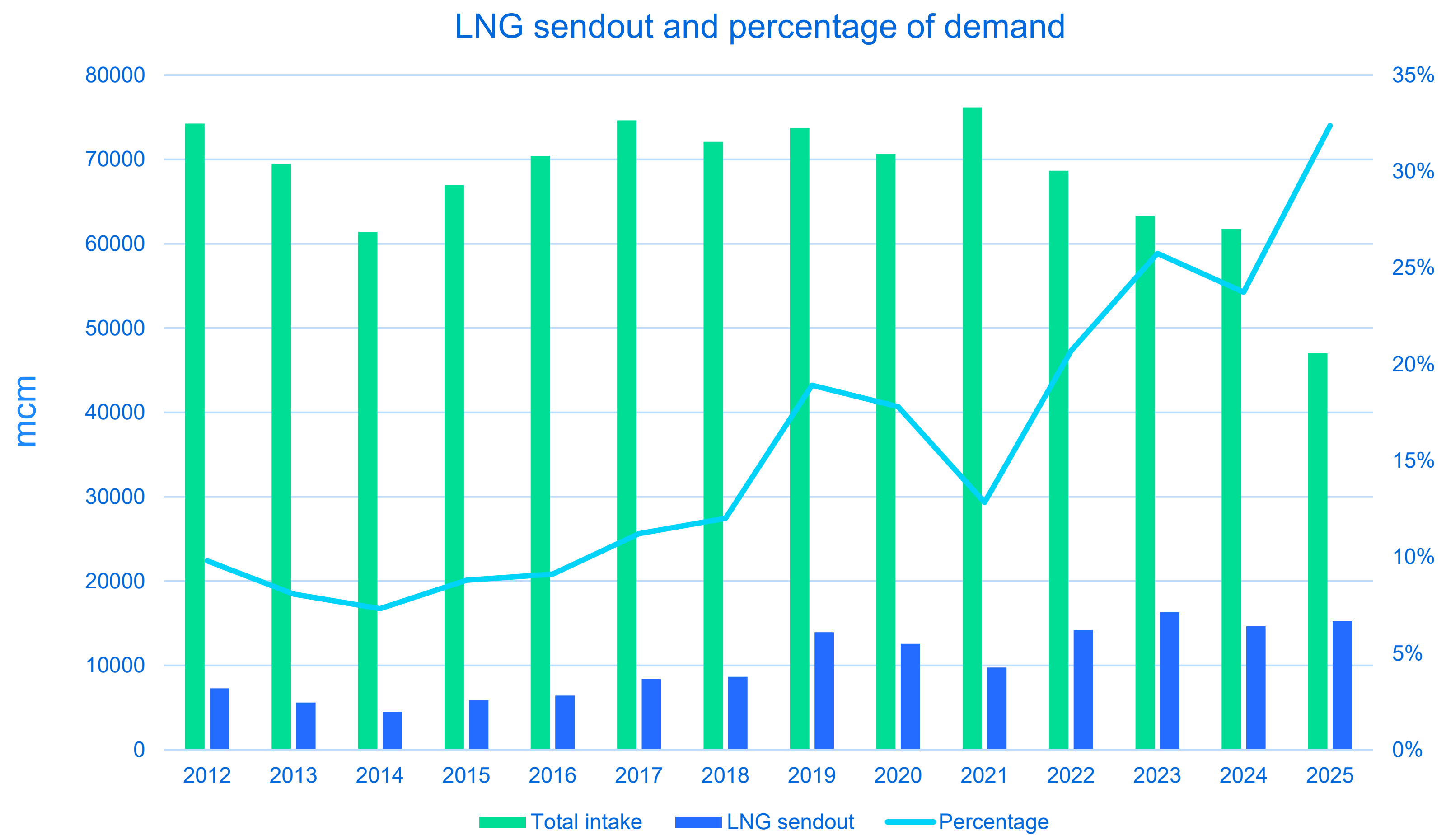
# Net flows with Austria (TAG pipeline)




Source: Snam

- Italy traditionally net importer from Austria
- Italy has turned into net exporter in 2025
- High demand from CEE, end of Russian gas
- Export expectations ongoing

# Role of LNG




Source: Snam

- Increasing importance of LNG (>30%)
- Diversification source after 2022
- Two new terminals recently started: Piombino (2023) and Ravenna (2025)
- Two possible additions: Porto Empedocle, Gioia Tauro (?)
- New contracts and agreements