



# European Gas Market Outlook June 22

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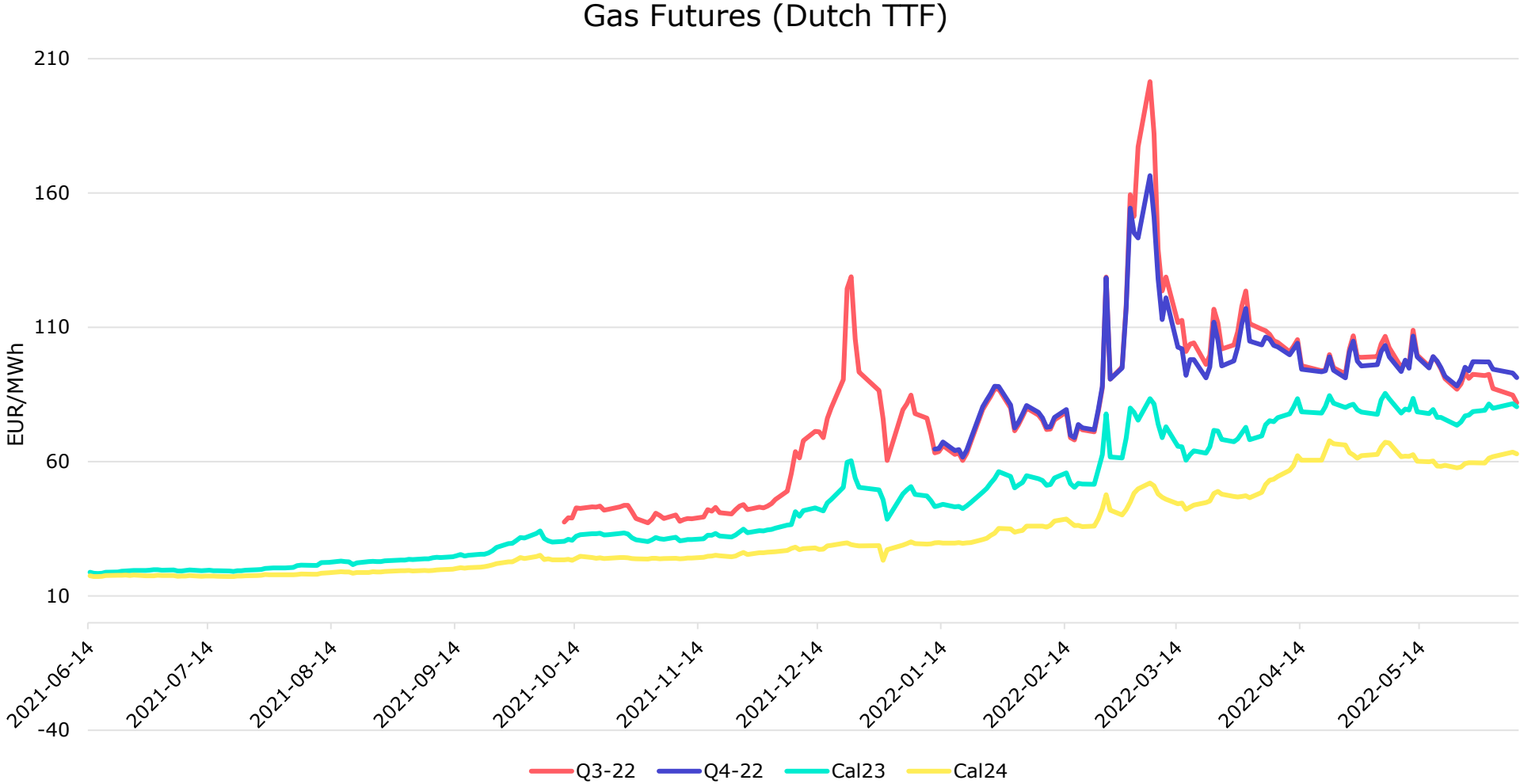




- Swiss energy company
- Among Europe's largest energy traders
- Electricity, gas, oil, green certificates, etc...
- 40 Markets, 30+ Countries, Europe, USA, Asia
- Renewable customer portfolio ~20 000 MW
- Active along the whole energy value chain
- **Axpo Nordic:** Trading, balancing operations, market analysis, portfolio management, tailoring products to handle risks in energy markets

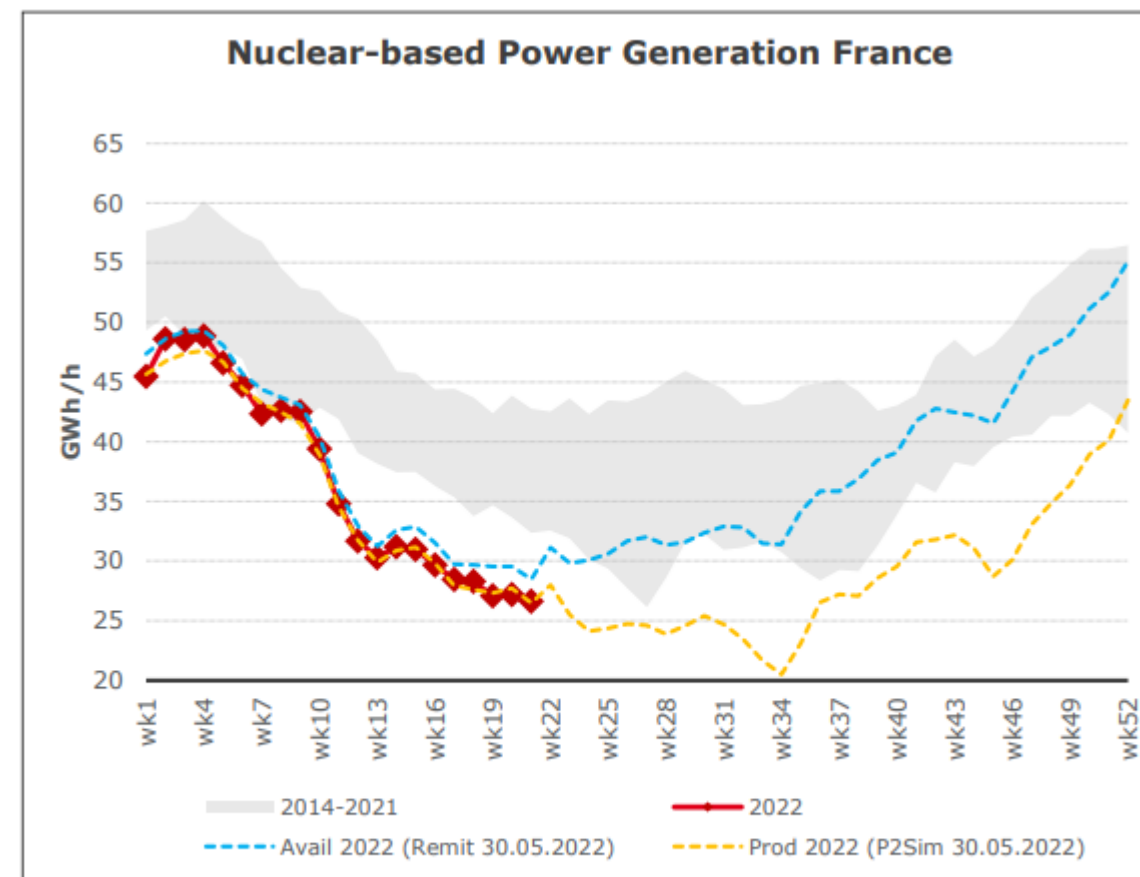


# The past year



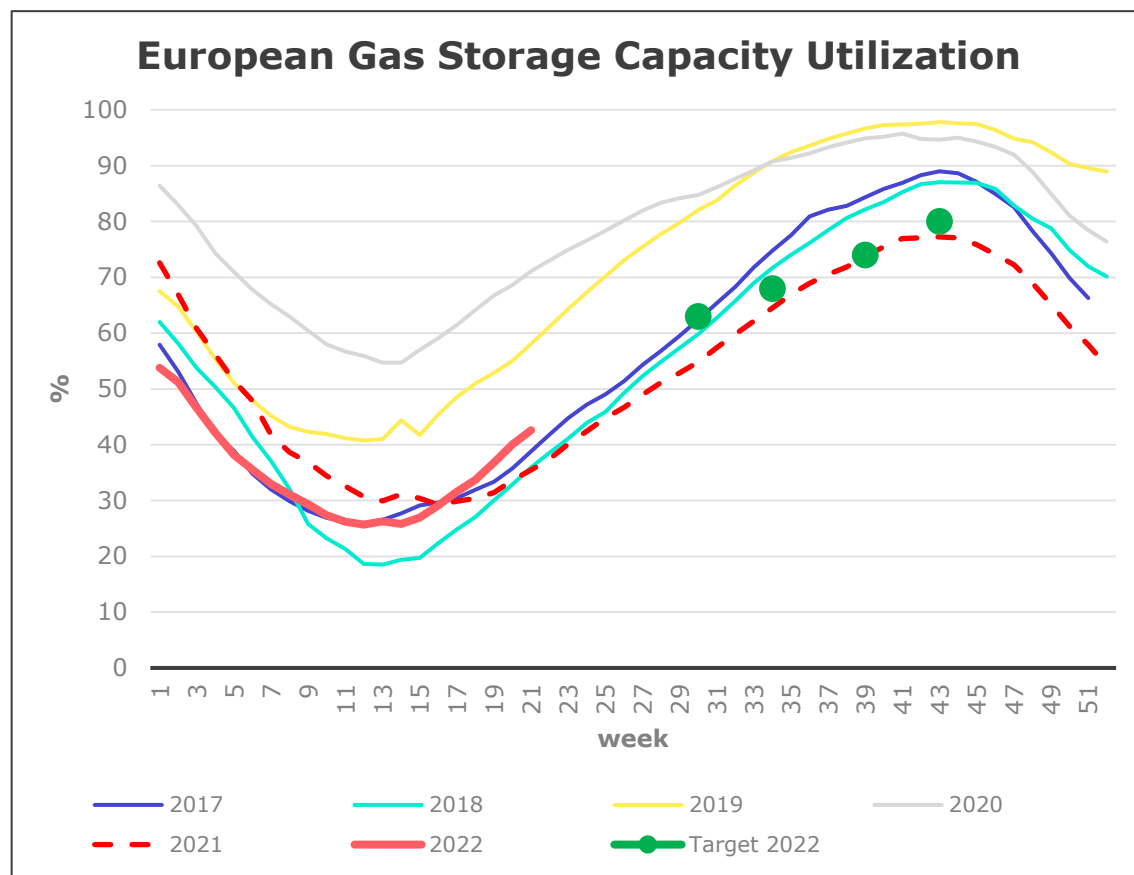
# Key factors

- Will russia cut the gas supply to Europe?
- EU replacement of Russian supply
- External supply disruptions
- French Nuclear
- Demand destruction
- Weather



Source: Axpo Solutions AG, EDF

# EU gas storage targets are manageable but require strong injections during the coming weeks/months.



- Strong imports from LNG, N.Africa and North Sea plus mild winter allowed for storage builds, despite lower RUS & FR nuke issues.
- High prices also weigh significantly on industrial gas demand. Allowing storage to fill
- **All** high supply/low demand aid needed to meet EU gas storage targets in 2022 and later.
- Next supply boost not before 2025, when LNG wave from AUS, USA, QAT come online. Therefore, lack of Russian un-contracted supplies keeps market tight for longer.

Sources: Bloomberg, GIE

# Gas TTF: High for longer

## BASE CASE

- NW European gas storages are filling fairly quickly, thanks to reduced industrial demand and strong supply from N.Africa, the North Sea and LNG. If situation holds, EU storage targets of 80% by November 2022 should be reached.
- We don't anticipate an EU-wide ban of gas imports from Russia. Instead, we expect import volumes to decline gradually when expiring contracts are not prolonged and more LNG import capacities become available. In line with the EC RePowerEU program we currently model Russian imports to disappear by 2027.
- Unless a significant recession, we expect European gas demand to remain fairly stable in the next few years, as Germany's coal and nuclear phase-out as well as EU's ban on Russian coal imports keep gas-to-power demand high.
- Given stable demand, declining North Sea supply and decreasing Russian imports, we expect demand for LNG imports to rise further in the coming years. As that tightens the global LNG market, we see gas prices to stay elevated, although prices may fall once Russian war-related risk premium is not needed anymore.
- Longer term, much more RES supply in the power sector and energy efficiency measures are likely to weigh on gas demand, while the next wave of LNG supply from Qatar and the US softens the LNG market a bit.

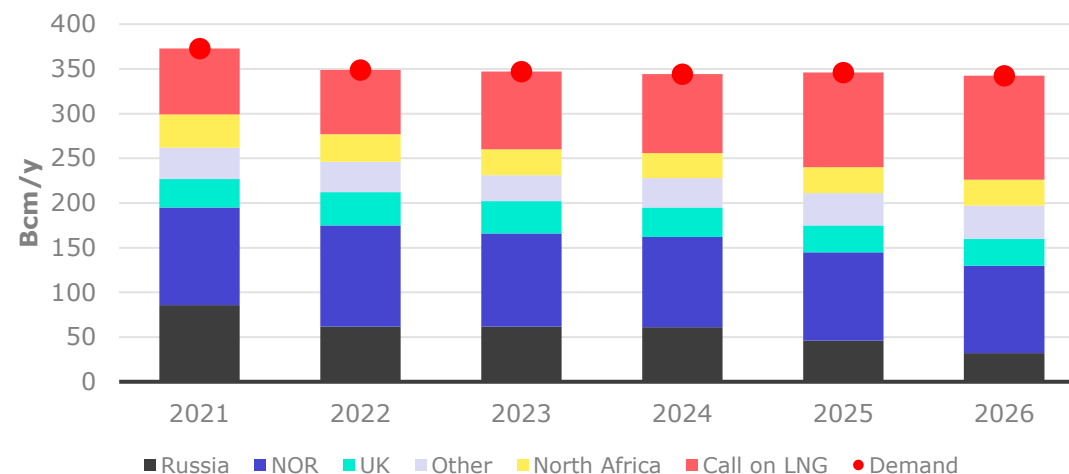
## Bull risks

- RUS stops deliveries unilaterally (planned or unplanned)
- Asia returns to the market strongly
- Major upstream gas issues in any other country around the world

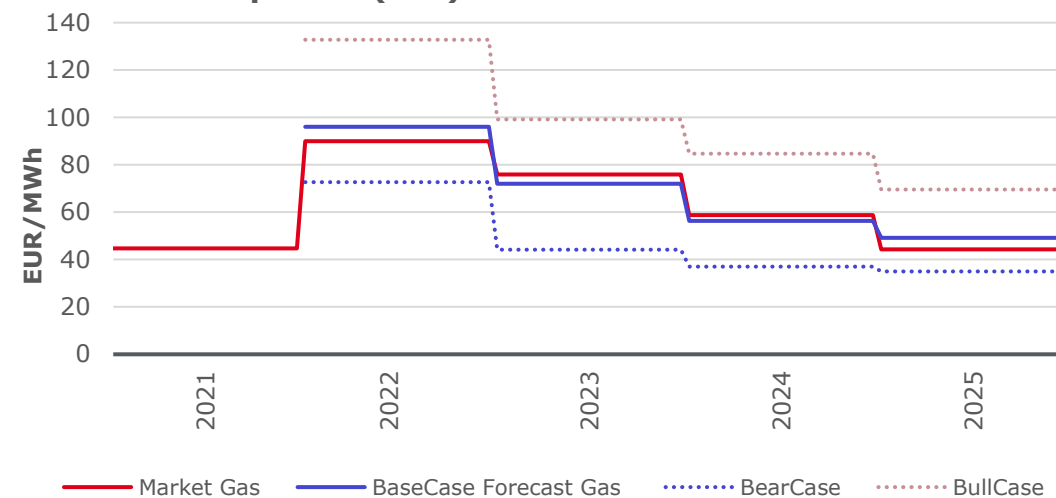
## Bear risks

- Sharp de-escalation with RUS
- Strong supply continues, including from RUS
- Recession reduces gas demand significantly

### Axpo W.Europe Gas Demand/Supply Forecast



### Axpo Gas (TTF) BaseCase Price Outlook



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