

Monday 2 December 2024

## Difference between summer and winter contract complicates gas storage filling

High winter gas demand in Europe, against a backdrop of global LNG scarcity, has already led to substantial withdrawals from gas reserves before the start of winter, especially in the Netherlands. This has significantly increased the likelihood of relatively low storage levels by the end of winter. The prospect of a low storage levels has caused the TTF contract for delivery in summer 2025 to be at a higher level than for delivery in the following winter. As a result, companies lack an incentive to fill gas stocks next summer. Furthermore, this also depends, among other things, on LNG demand from Asia and possible alternatives to Russian gas currently flowing through Ukraine.

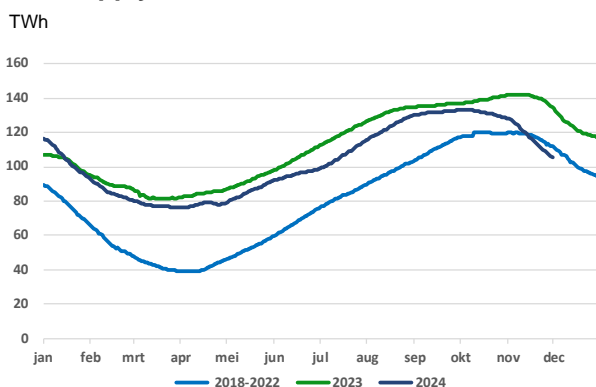
OPEC+ appears to be heading for another postponement of the phase-out plan of the latest production cuts at its meeting on 5 December. The oil cartel's waning market share also makes flooding the market with oil a possible risk scenario. The anticipated oversupply in the oil market is surrounded by some uncertainties, especially with Trump taking office in January 2025. Following this, we discuss the development of the EUR/USD, with economic developments, interest rate policy, and Trump underpinning the relatively weak euro.

## Low gas supplies not problematic until next year

Dutch gas reserves are currently 73% filled. The filling rate fell sharply at the beginning of the heating season. The Dutch average is well below that of Europe, where gas stocks are currently around 85% filled. The relatively low gas stocks in the Netherlands are mainly due to the weather conditions in October and early November.

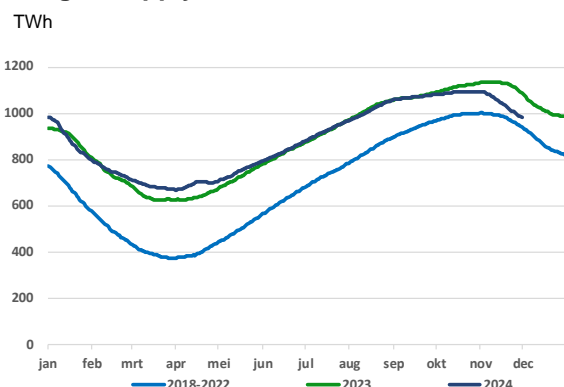
Temperatures were generally below average, which was regularly combined with low wind and sunshine. As a result, gas was in high demand for both electricity generation and residential heat demand. This is a notable change in the trend. Whereas previously gas supplies fell mainly during cold periods due to heat demand, we now see that gas supplies are also increasingly influenced by solar and wind energy supply. The result is the fastest withdrawal from gas stocks in eight years; 83 TWh between 1 October and 26 November. This further puts the gas market on edge, even though winter has not officially started yet. It makes the market increasingly vulnerable to changing weather conditions, with a risk of further price increases over the winter.

**Gas supply NL**



Source: GIE

**EU gas supply**



Source: GIE

Although with the current situation an (even) higher gas price seems to be imminent this winter, the likelihood of actual physical shortages is not high. For that, gas stocks are currently still too high, there

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