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## Geopolitical chess game in oil and gas markets

*TTF gas prices have fallen about 25% since the beginning of February. Due to 'peace negotiations' between Trump and Putin, speculative investors reduced their long positions. The escalation between Trump and Zelensky caused a price recovery. Shell's LNG Outlook 2025 expects an increase in both demand and supply of LNG towards 2030. This could lead to a continued shortage in Europe and (continued) dependence on the US.*

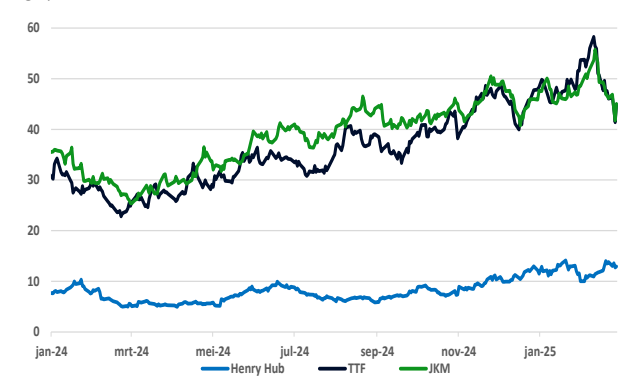
*OPEC+ maintains its previously announced phase-out of production cuts, which will increase supply in the oil market from April. US sanctions against Iran and Venezuela earlier actually caused supply cuts. Talks between the US, Russia, and Saudi Arabia are also centred on 'dividing' the oil market. In doing so, the US wants to avoid both too high and too low oil prices.*

## Trump, Putin, and the gas markets

TTF's active monthly contract currently quotes a price of EUR 43/MWh. With this, the price has fallen sharply compared to a month ago. Last February 10, the price closed at over EUR 58/MWh. The last time such a high price was reached was on 4 February 2023, now more than two years ago.

### TTF gas price

EUR/MWh



Source: LSEG Eikon

Since early February, TTF gas prices fell some 25% based on 'hope' for peace between Ukraine and Russia when the first reports of 'peace negotiations' between Trump and Putin emerged. In a market dominated by open 'long positions', this news prompted some of the speculative participants to change course. The news was associated with a possible return of Russian pipeline supplies to the EU in due course. The net long position in the market fell over 11% week-on-week, contributing to a sharp downward correction in the market.

On the last day of February, the meeting between Trump and Zelensky caused a stir. In front of the international press, talks on peace terms turned into a vulgar finger pointing. The out-of-control press moment did not immediately cause any fundamental change in energy markets. Nevertheless, we see that gas markets in particular are putting all peace developments between Ukraine and Russia under a magnifying glass.

The escalation in the White House prompted expectations of a quick peace negotiation to be adjusted backwards. It led to a price recovery of gas. The fact is that the situation leads to more uncertainties: vis-à-vis Ukraine, vis-à-vis Russian gas, and - not insignificantly - vis-à-vis Trump's policies. Bearing in mind Europe's increasing dependence on US LNG, this makes the vulnerabilities of a tight gas market even more painfully visible.

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