

EUROPE HUB TRADE FALLS IN 2017: PROSPEX

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SUMMARY

European gas traded on exchanges and in OTC markets declined by 2% last year.

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The total volume of European natural gas traded in 2017 on both exchanges and in the over-the-counter (OTC) market fell by 2% to just over 50,000 TWh (4.65 trillion m³), according to estimates published September 21 by Prospex Research, representing a small decline from the record high of 2016. It stressed, however, that the 2017 market is still 54% larger than it was in 2013.

The largest contraction in 2017 was in the UK's National Balancing Point (NBP), down 5% from 2016. Volumes fell slightly last year in the Dutch TTF (down 2%) and German markets (down 1%) whereas trading at other European hubs increased. Italy, Spain, Austria and the Czech Republic had double-digit growth rates in 2017, according to Prospex's research, while France and Belgium grew less markedly.

TTF Now Clearly Europe's Biggest Gas Trading Market

Annual trades at the Dutch TTF narrowly overtook NBP's in 2016, but last year that margin widened significantly. Thus TTF activity was 6% greater than NBP's in 2017.

TTF accounted for just over 42% of Europe's total traded gas volume in 2017, versus 40% for NBP, and 8% for [next-placed Germany \(NGC and Gaspool\)](#). Thus, TTF activity was 6% greater than NBP's.

In first half 2018, TTF raced far ahead, whereas NBP fell back even faster, leaving the TTF market almost 50% larger than NBP in terms of total traded volumes in 1H2018. So while NBP's 1H2018 traded volume was 10% lower year on year, while TTF's was around 20% greater. Prospex says the UK's decision to leave the EU, and the ensuing uncertainty and currency volatility, is widely thought to have accelerated NBP's decline as a trading venue.

In contrast the [sharp decline in Dutch Groningen production](#), and expectation that the Netherlands will become a net importer in 2018, appear to have spurred rather than dampened TTF liquidity.

Churn In 2017

TTF trades as a multiple of national demand – sometimes called the churn factor - reached almost 60 at TTF but was 23 in the admittedly larger UK gas market. Overall European OTC volumes were down, whereas exchange-traded volumes – dominated by just two platforms – ICE and Pegas - increased, the Prospex report found.

Details about the price/availability of the full 178-page Prospex report can be found on its website: www.prospex.co.uk or by telephoning +44 20 3239 9905.