NATURAL GAS TRANSPARENCY: BANK VIEWPOINT

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WHY UP-TO-DATE DATA?

On the verge of being mostly spot-indexed

Gazprom & Qatar insist on oil-linked LT contracts

Gas-to-gas competition

Oil-linked LT contracts

Source: SG Cross Asset Research
EUROPEAN SUPPLY: ON THE VERGE OF BEING MOSTLY SPOT-INDEXED?

Estimated split of European gas supply in 2011

- Gazprom (oil) 23%
- Sonatrach (oil) 10%
- Norway (oil) 9%
- GasTerra (oil) 7%
- Other oil index 9%
- Other spot (incl. of Gazprom, Norway and GasTerra) 25%
- UK market (spot) 17%

58% still oil-indexed

E.ON, PGNiG and RWE arbitrations, Statoil renegotiations and growth in demand could reduce oil indexation to below 50%

Source: SG Cross Asset Research
IMPORTANCE OF MARKET PLACE

- Price discovery mechanism established by market place
- The only signal given by a market is the price
- The more transparent the market, the better the signal
- Data transparency must become a standard
Reliable historical data are absolutely needed…

…for forecasting the future

Source: IEA for historical data, SG Cross Asset Research estimates
GAS FOR ELECTRICITY PRODUCTION IN SPAIN

Source: SG Cross Asset Research, Enagas

-19% in 2011 vs 2010

Source: SG Cross Asset Research, Enagas
SG GAS PULSE, A LEADING INDICATOR FOR EUROPE

Initial yoy estimates

And IEA revised data are closer to SG

Source: SG Cross Asset Research, IEA, Eurogas, BP Statistical Review
WHY MONTHLY DATA?

- Household customers represent 1/3 of total demand
  - Demand is highly seasonal
  - Demand is weather dependent

- Swings in production

- Importance of storage
OECD DEMAND SEASONALITY (HIGH DEMAND MONTH / LOW DEMAND MONTH)

Source: SG Cross Asset Research, IEA
EUROPE DEMAND SEASONALITY (HIGH DEMAND MONTH / LOW DEMAND MONTH)

Source: SG Cross Asset Research, IEA
SG GAS PULSE: -1.8% IN JAN-APR 12 VS JAN-APR 11

Source: SG Cross Asset Research, GRT Gaz, TIGF, National Grid, Enagas, REN, Snam Rete Gas, GTS Netherlands
NORWAY: MONTHLY PRODUCTION

Statoil’s value-over-volume strategy

Source: Norwegian Petroleum Directorate, SG Cross Asset Research
MONTHLY (M-1) DATA NEEDED

- Demand – COMPULSORY
  - Gas for electricity production when available

- Pipeline flow data – COMPULSORY (REGULATED / MONOPOLY)

- Storage – COMPULSORY (REGULATED / MONOPOLY)

- Trade flow data – A MUST FOR JODI

- Gas production from major field
- Liquefaction by train
- Complete maintenance schedule published further in advance
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