

# Trayport Euro Commodities Report

Trayport Analysis Team  
February 2019

# Legal disclaimer

## **DISCLAIMER**

The content may not be copied, reprinted, published, transmitted, transferred, disseminated or distributed in any manner without prior written approval by Trayport Ltd.

The contents of the report are provided AS IS. Trayport does not make any representation or warranty as to the accuracy, reliability, fitness of purpose, completeness, and or merchantability of the contents of the report or any part thereof and Trayport expressly disclaims liability of any kind whether statutory or implied whatsoever whether arising of and or in relation to the report or any part thereof. Nothing contained in the report shall be construed as legal, technical or other professional advice or be relied upon as such advice. Any clause of this disclaimer that is declared invalid shall be deemed severable and not affect the validity or enforceability of the remainder.

Trayport and the names of Trayport's products are Trademarks and Service Marks of Trayport Limited, and where relevant have been registered as such.

Other products, services, or company names mentioned herein are the property of, and may be the service mark or trademark of, their respective owners.

© **Trayport Limited 2019**. All Rights reserved.

# Editorial summary

**February 2019: Another record month for Euro Gas, driven by TTF and NCG highs. German Power up 8% MoM, Emissions up 8% MoM.**

February 2019 saw 8.970 million monthly contracts traded, up 2% MoM. Emissions was the largest climber, 8% vs January, with Euro Power up 6%. Following a record start to the year, Euro Gas reached new heights in February at 3,889 TWh, up 4% MoM. The remaining groups saw a decline in volumes, with the UK commodities registering the largest drops, UK Power down 18% and UK Gas down 12% - could the UK's particularly mild winter be behind this? Total contracts traded are up 18% vs YTD 2018.

## Gas

As mentioned, Euro Gas recorded 3,889 TWh in February, up from January's previous high of 3,756 TWh. TTF, the largest constituent of the group, rose 3% MoM to end at 3,136 TWh - also a record. With NBP down 12% MoM at 1,001 TWh, TTF was 313% of NBP's volume in February, the first time we have seen this figure over 300%. Euro Gas is up 37% vs YTD 2018, with TTF up 36%. Europe is expected to be the fastest-growing market for LNG in 2019, and with TTF integral as a hedging tool for LNG we await to see how much this further drives volume throughout the year.

It was an interesting month for the remaining Euro Gas commodities, whilst MoM performance was varied volumes remained high vs YoY figures, signalling continued strength of the group. NCG was up an impressive 35% from its January record at 292 TWh, whilst Gaspool, down 11%, still recorded its third highest volume since records began (since Jan-11). It was a similar story for VTP, PSV and France Hubs, where MoM results were mixed, yet volumes ranked in the top three historically. With the regional markets often traded as a spread to TTF, it begs the question of how much their growth contributes to TTF's new highs.

Market share was only slightly affected, Euro Gas as a whole saw exchange executions give up just over 1% share, moving primarily to broker bilateral. Within NCG's growth we did see a 4% shift towards broker bilateral from exchange executions, whilst NBP saw 3% share move from the cleared to the brokered market.

Gas	Total Volume (TWh)			Exchange Volume (TWh)		
	Feb-19	Jan-19	MoM Change	Auction	Continuous	Total
NBP	1,001	1,135	-12%	-	450.14	450.14
TTF	3,136	3,058	3%	-	697.18	697.18
NCG	292	216	35%	-	28.58	28.58
Gaspool	137	153	-11%	-	16.68	16.68
France Hubs	119	123	-3%	-	12.66	12.66
Austria VTP	66	57	15%	-	12.37	12.37
PSV	108	103	6%	-	0.42	0.42
ZEE	31	46	-33%	-	0.70	0.70

## Power

Euro Power rose 6% MoM, driven in the most part by its largest contributor, German Power, which was up 8% vs January. Results for the remaining commodities were mixed, with CEE Power rising the most, up 26% MoM, whilst Spanish Power fell 8%.

YTD volumes are down 1% vs 2018, with German Power up 3%. The YTD drop is largely driven by French Power, down 32% YTD - it had a very strong start to 2018. Front month German Power prices have dropped 34% since Dec-18, compared to a 10% drop over the same period last year. With the mild European weather pushing prices downwards, how much would this have driven volatility in the markets? Broker bilateral saw market share losses in six of the eight commodities; however the overall impact was minor, with broker bilateral share down 0.4% as a whole.

UK Power fell 18% MoM, however volumes are up 15% vs YTD 2018. In February we saw a 2% shift away from the brokered market towards exchange executions this month.

Power	Total Volume (TWh)			Exchange Volume (TWh)		
	Feb-19	Jan-19	MoM Change	Auction	Continuous	Total
UK Power	83	102	-18%	14.13	1.68	15.80
German Power	606	560	8%	20.87	133.64	154.51
French Power	64	60	6%	8.76	9.59	18.36
Nordic Power	122	125	-2%	-	75.45	75.45
Italian Power	51	48	6%	-	8.19	8.19
Spanish Power	35	38	-8%	-	14.31	14.31
CEE Power	48	38	26%	-	23.53	23.53
Dutch Power	26	27	-3%	2.72	6.97	9.69
Belgian Power	8	8	3%	1.64	0.99	2.63

## Coal

Coal volumes dropped 6% MoM, with API2 falling 4% and gC NEWC down 31%. API4 saw a 29% rise vs January. Exchange executions gained 5% market share this month largely driven by a shift in that direction in API2. CME's cleared market share rose 2% to 25%, with ICE holding the remaining 75%. API2 front month price was down 5% MoM at \$75.05 per tonne. Coal volumes are 8% down vs YTD 2018.

Coal	Total Volume (MMT)			Exchange Volume (MMT)		
	Feb-19	Jan-19	MoM Change	Auction	Continuous	Total
API2	112	116	-4%	-	36.62	36.62
API 4	7	6	29%	-	1.05	1.05
gC NEWC	11	16	-31%	-	1.67	1.67

## Emissions

Emissions rose 8% MoM to after being the only faller in January. The group is up 40% vs YTD 2018, buoyed by the growth in second half of 2018. We saw a 2% shift in market share to broker bilateral this month, mainly at the expense of broker cleared, whilst Dec-19 price was down 3% at €22.30 / tonne.

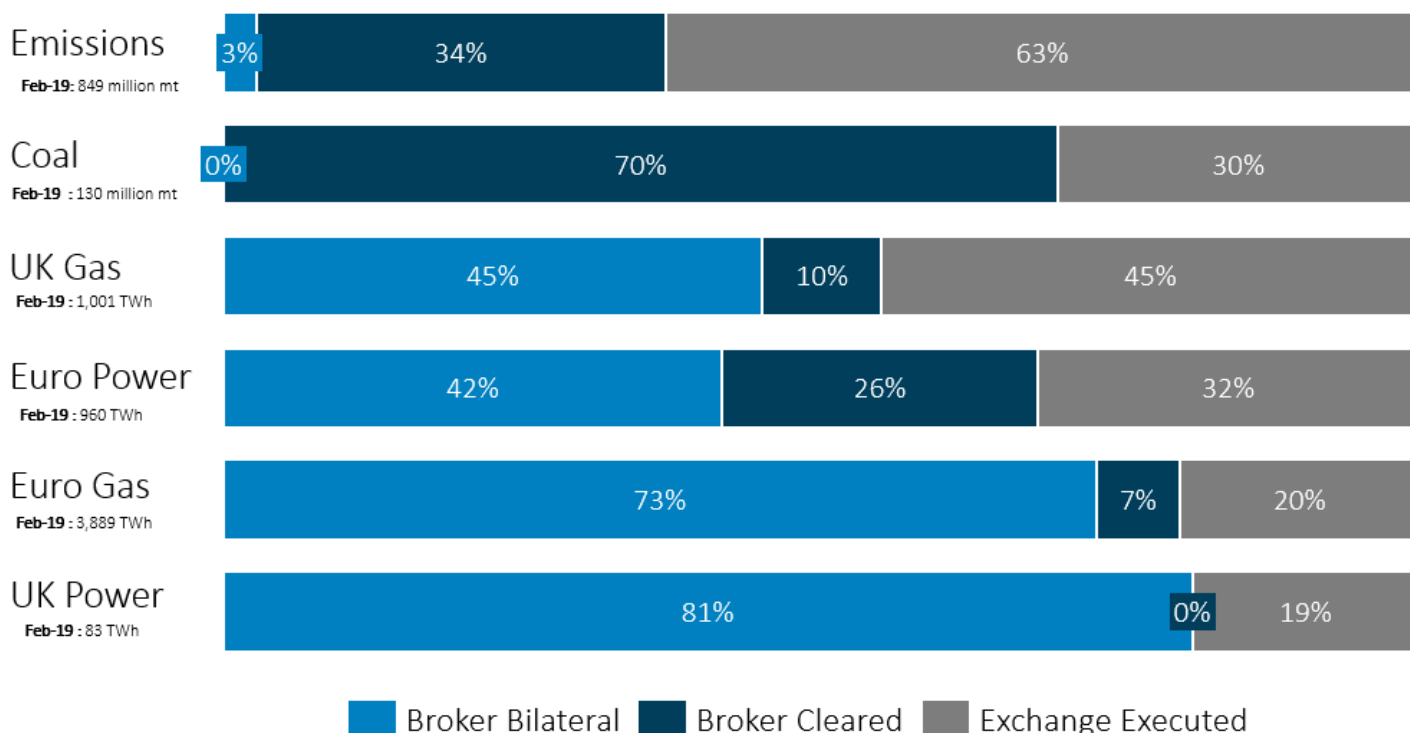
Emissions	Total Volume (MMT)			Exchange Volume (MMT)		
	Feb-19	Jan-19	MoM Change	Auction	Continuous	Total
EUA	849	783	8%	51.63	483.71	535.34
CER	0	1	-46%	-	0.10	0.10

# European Energy Markets Composition: Broker Bilateral, Broker Cleared and Exchange Execution

Information as at: 28 February 2019

Estimates based on Trayport analysis and market research

## February 2019



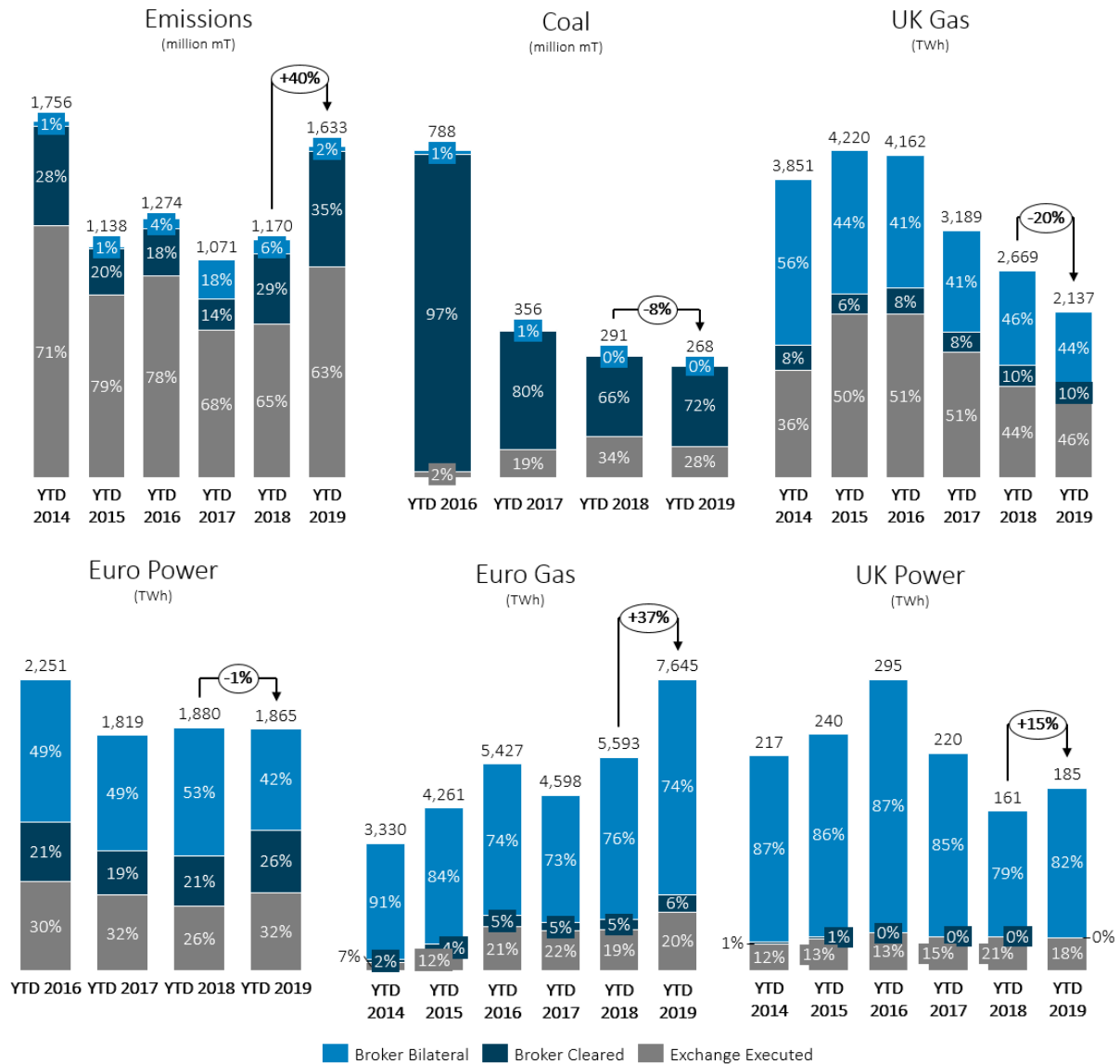
**Note:** Data sources on page 12.

**Table 1: Key Term Definitions**

Term	Definition	Calculation
Broker Bilateral	Total volume executed at a broker and settled bilaterally, without the involvement of a clearinghouse	LEBA published total volume minus LEBA published cleared volume
Broker Cleared	Total volume executed at a broker or off-exchange and given up for clearing to a clearinghouse	Aggregated clearinghouse reported broker cleared volume
Exchange Execution	Total volume executed directly on exchange and cleared with the relevant clearinghouse	Aggregated exchange reported executed volume
Cleared Market	Total volume cleared at a clearinghouse	Broker cleared plus exchange execution
Total Execution	Total executed volume, at a broker or an exchange	Broker bilateral plus broker cleared plus exchange executed

# European Energy Markets Composition: YTD Trends

Information as at: 28 February 2019



Estimates based on Trayport analysis and market research

**Table 2: Volume Traded Change**

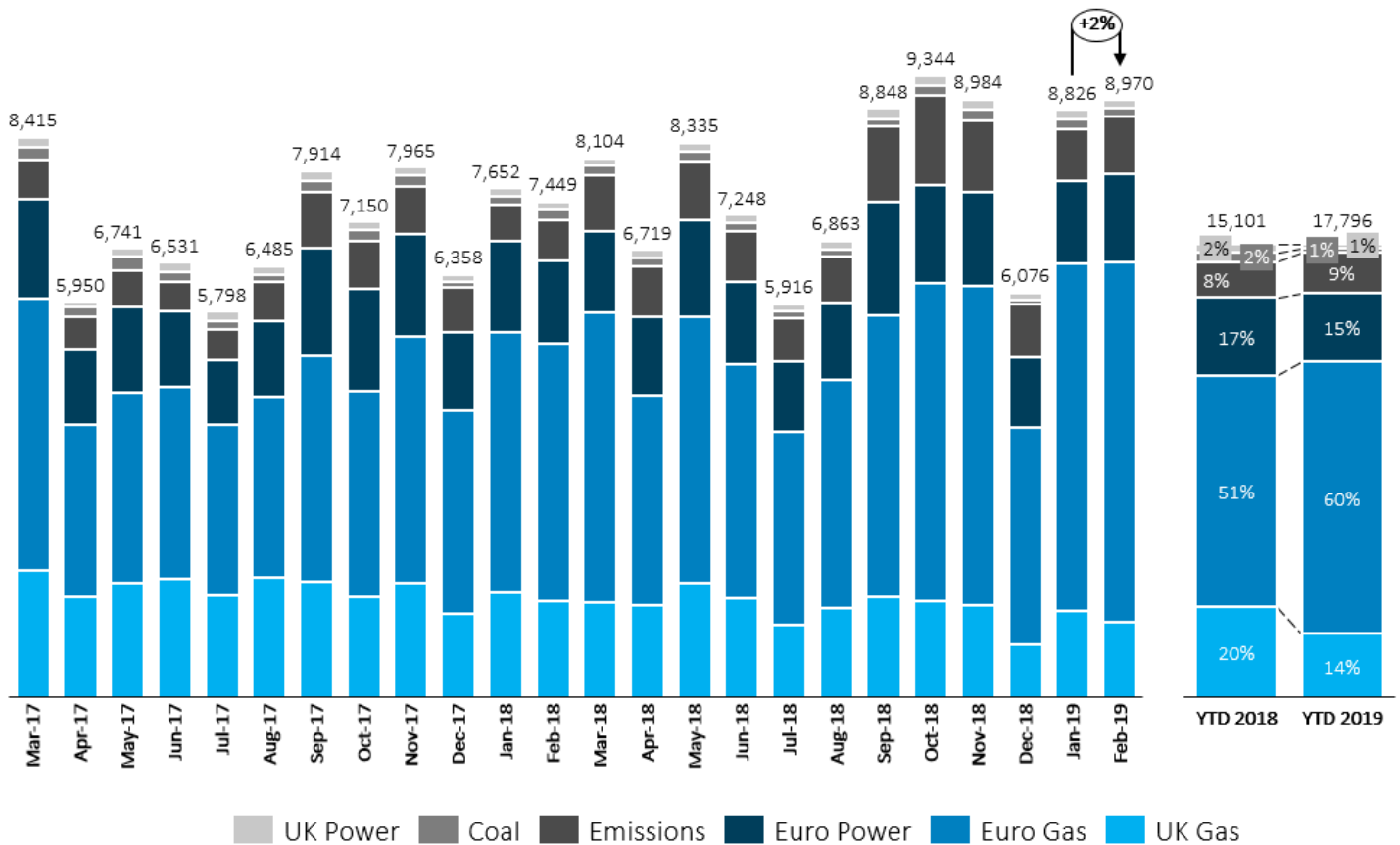
Commodity Class	MoM	YoY	YTD	Term	Definition
Emissions	8%	39%	40%		
Coal	-6%	-19%	-8%	MoM	Current month volume versus previous month volume (e.g. October 2012 vs. September 2012)
UK Gas	-12%	-22%	-20%		
Euro Power	6%	7%	-1%	YoY	Current month volume versus same month last year volume
Euro Gas	4%	40%	37%		
UK Power	-18%	6%	15%	YTD	Total volume YTD 2014 versus total volume YTD 2013 (e.g., Jan – Oct 2014 vs. Jan – Oct 2013)

**Note:** Data sources on page 12.

# European Energy Markets Composition: Total Euro Commodity Market Volumes

Information as at: 28 February 2019

Estimates based on Trayport analysis and market research



## (Monthly Contract Equivalents\* 000's)

Note: Data sources on page 13.

\*Monthly Contract Equivalents calculated as total volume divided by a standard monthly contract lot size (30 day month):

Commodity Class	Volume Unit	Standard Monthly Contract Lot Size	Monthly Contract Equivalent Calculation
Emissions	Metric tonnes	1,000 tonnes	Total volume in metric tonnes divided by 1,000 tonnes
Coal	Metric tonnes	1,000 tonnes	Total volume in metric tonnes divided by 1,000 tonnes
UK Gas	Therms / MWh	30,000 therms / 879 MWh	Total volume in MWh divided by 879 MWh
Euro Power	MWh	720 MWh	Total volume in MWh divided by 720 MWh
UK Power	MWh	720 MWh	Total volume in MWh divided by 720 MWh
Euro Gas	MWh	720 MWh	Total volume in MWh divided by 720 MWh

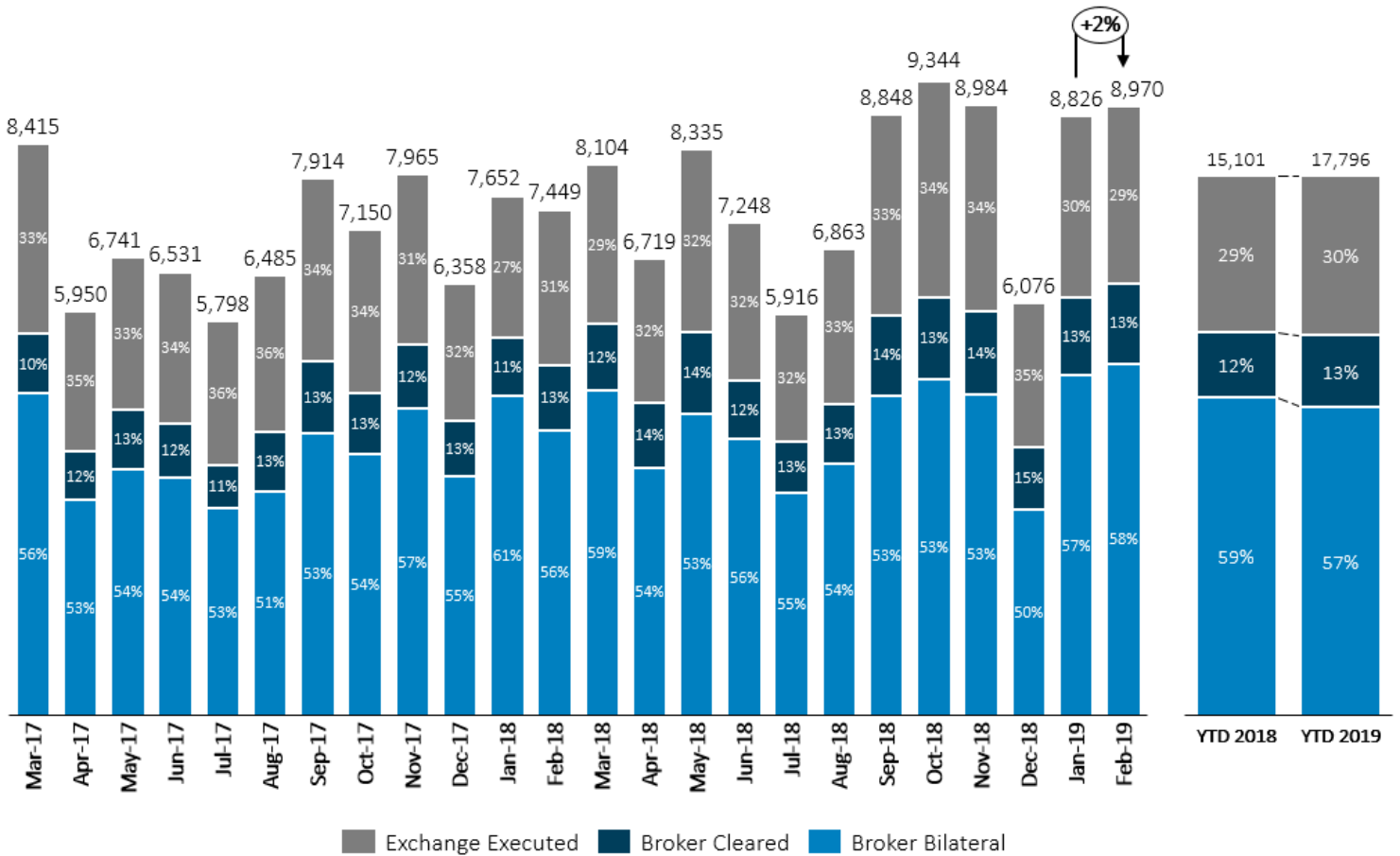
Monthly Contract Equivalents allow us to compare trading volumes across commodity classes that are traded in different volume units.

# European Energy Markets Composition: Total Euro Commodity Market Volumes

Information as at: 28 February 2019

Estimates based on Trayport analysis and market research

(Monthly Contract Equivalents\* 000's)



Note: Data sources on page 12.

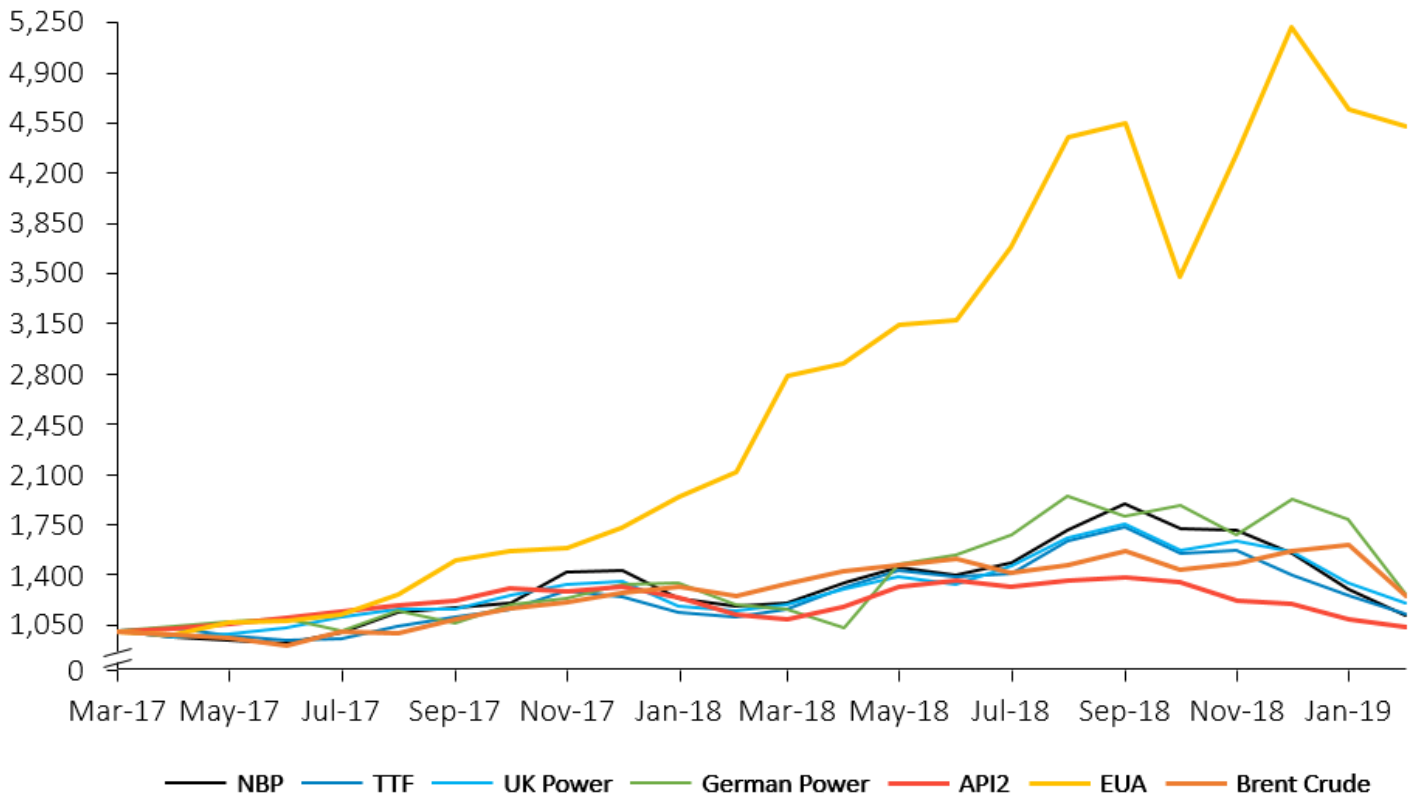
\*Monthly Contract Equivalents calculated as total volume divided by a standard monthly contract lot size (30 day month):



## European Energy Markets Composition: Rebased Price Trends over Time

Information as at: 28 February 2019

Estimates based on Trayport analysis and market research



All prices are Front Month, except EUAs, which are Front Vintage.  
Prices rebased 24 Months previous

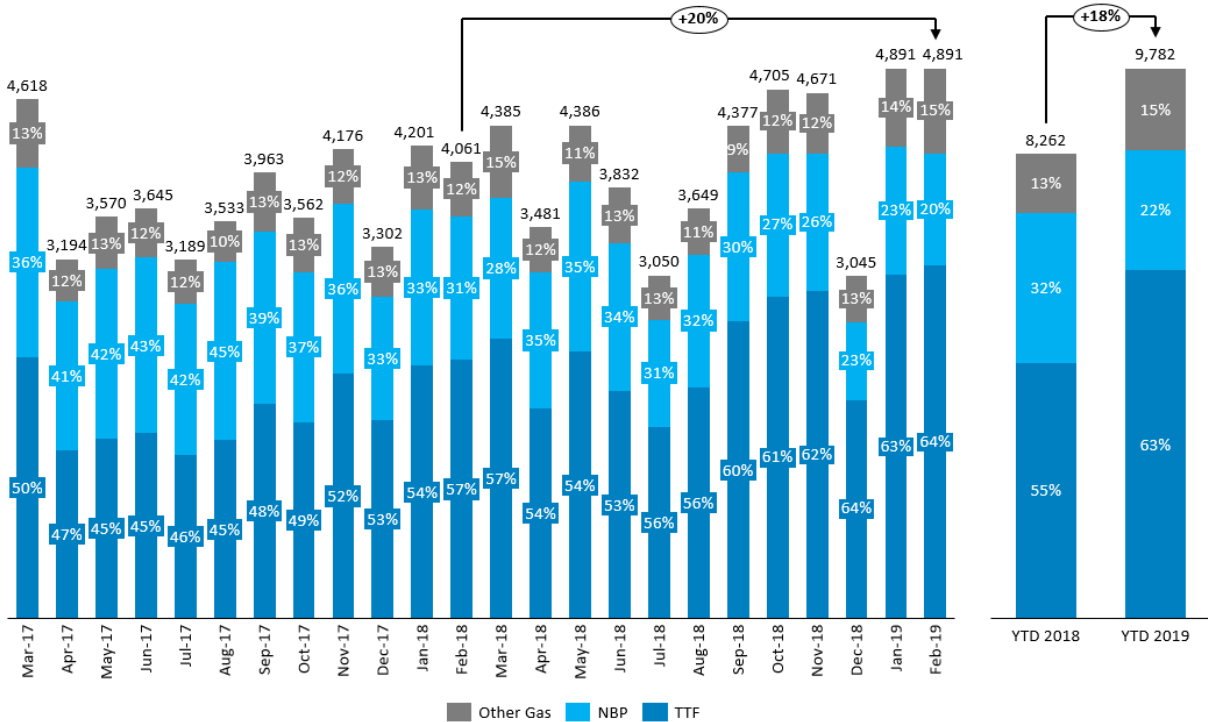
**Note:** Data sources on page 12.

# Gas Hub Evolution

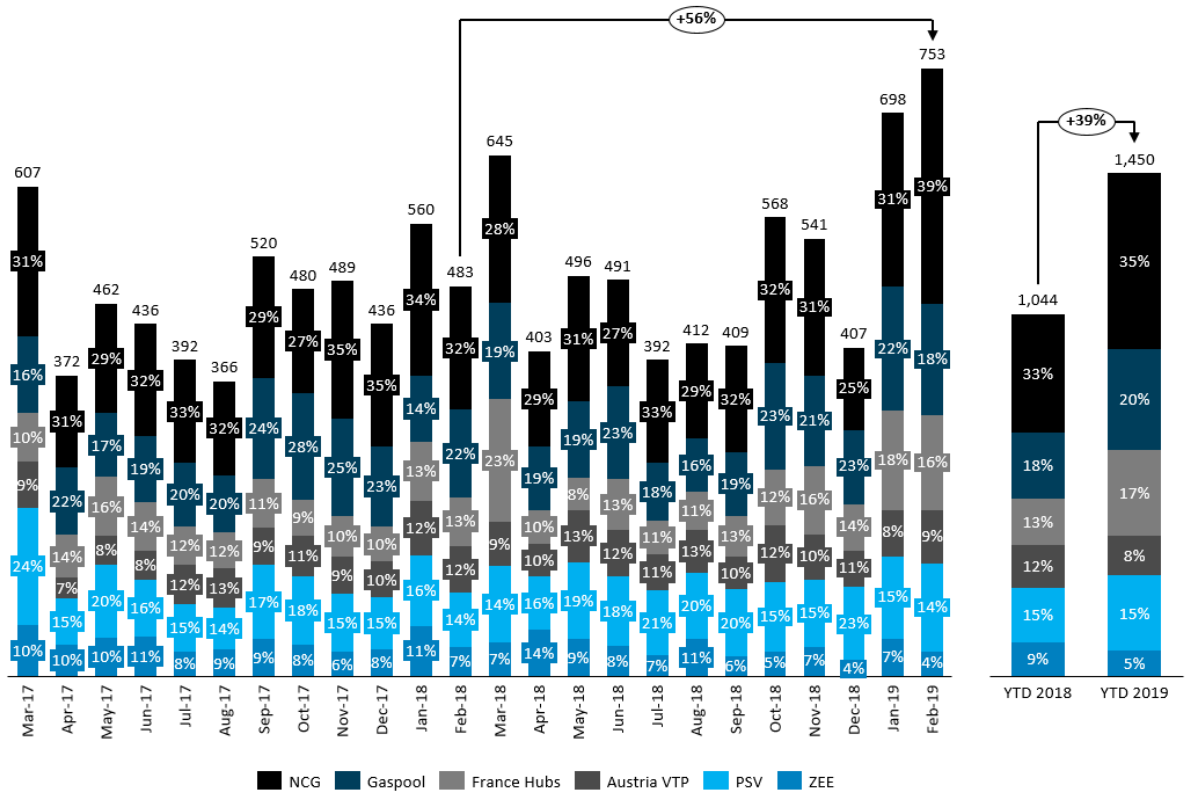
Information as at: 28 February 2019

Estimates based on Trayport analysis and market research

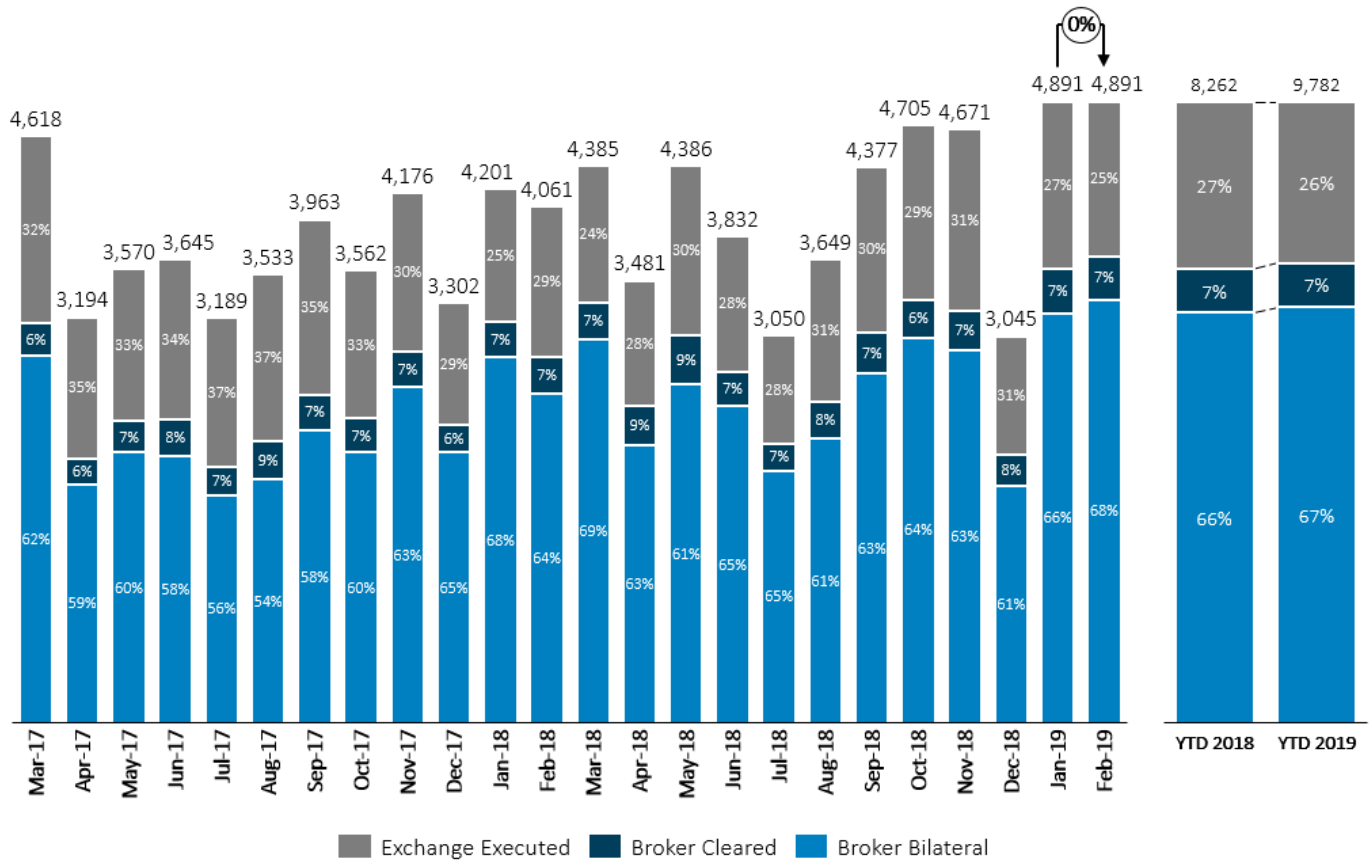
## NBP, TTF & Other Gas Chart



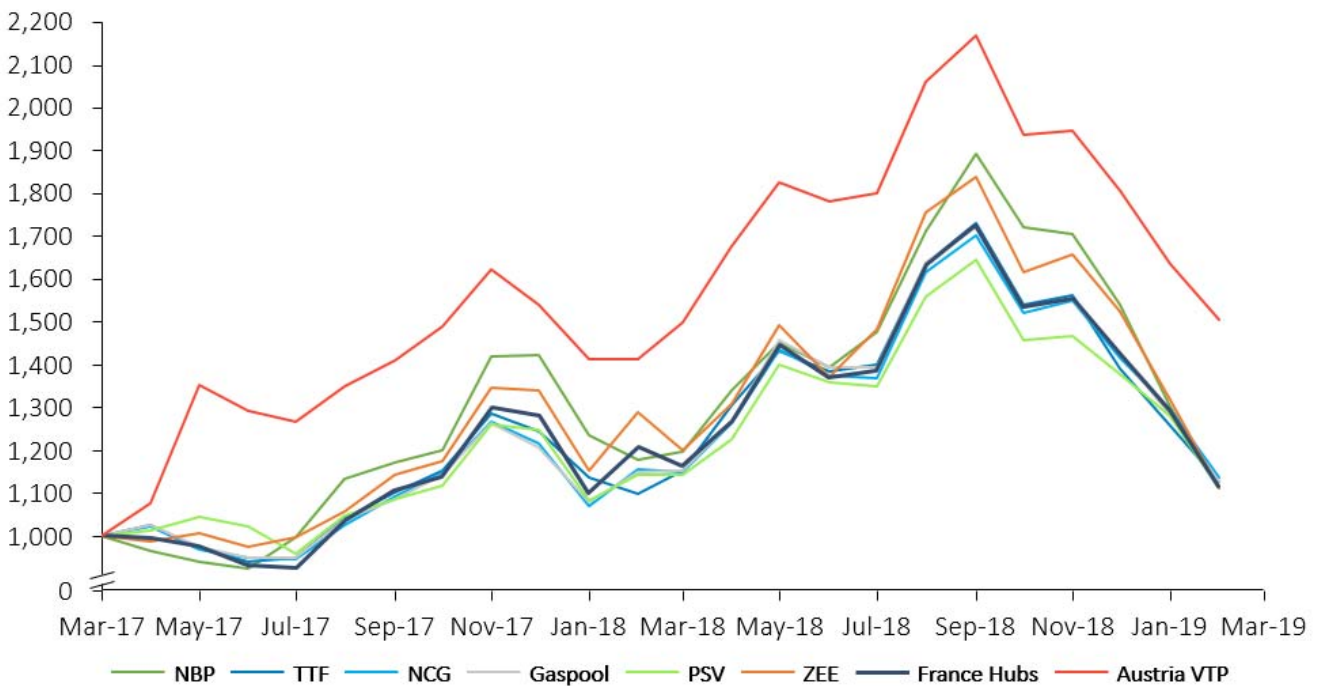
## Other Gas Chart



## Broker Bilateral / Broker Cleared / Exchange Executed chart



## Price Indexation Chart

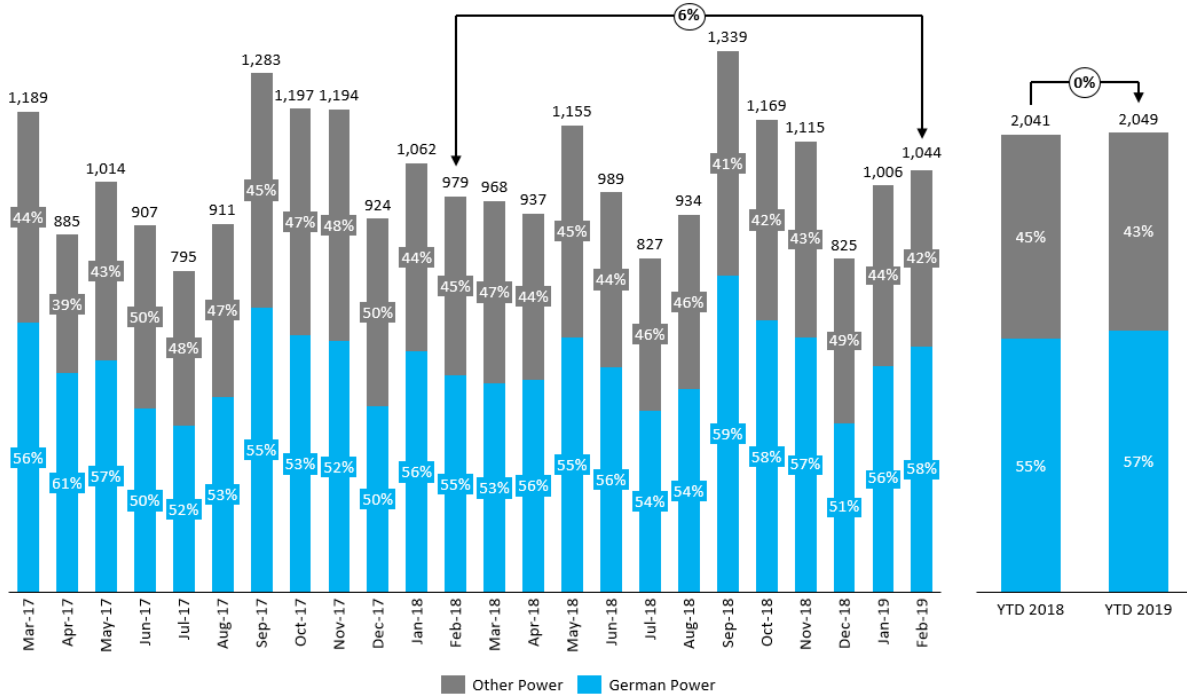


# Power Market Evolution

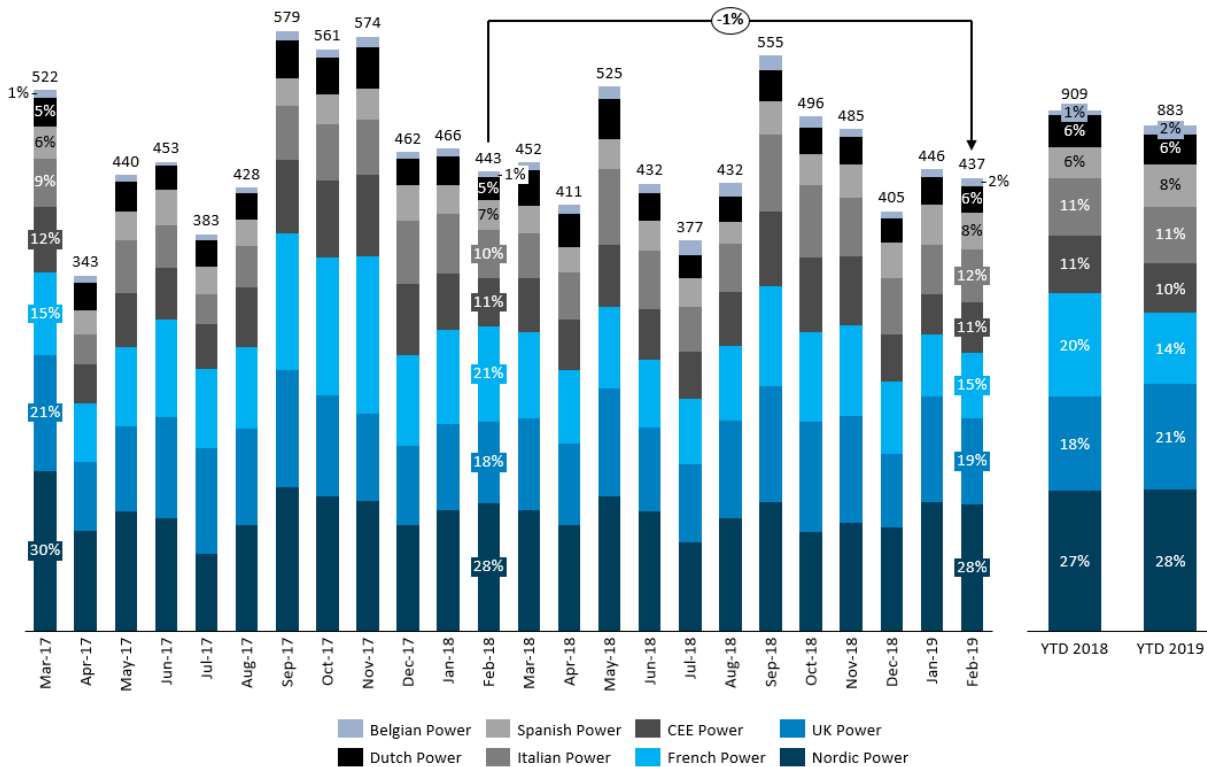
Information as at: 28 February 2019

Estimates based on Trayport analysis and market research

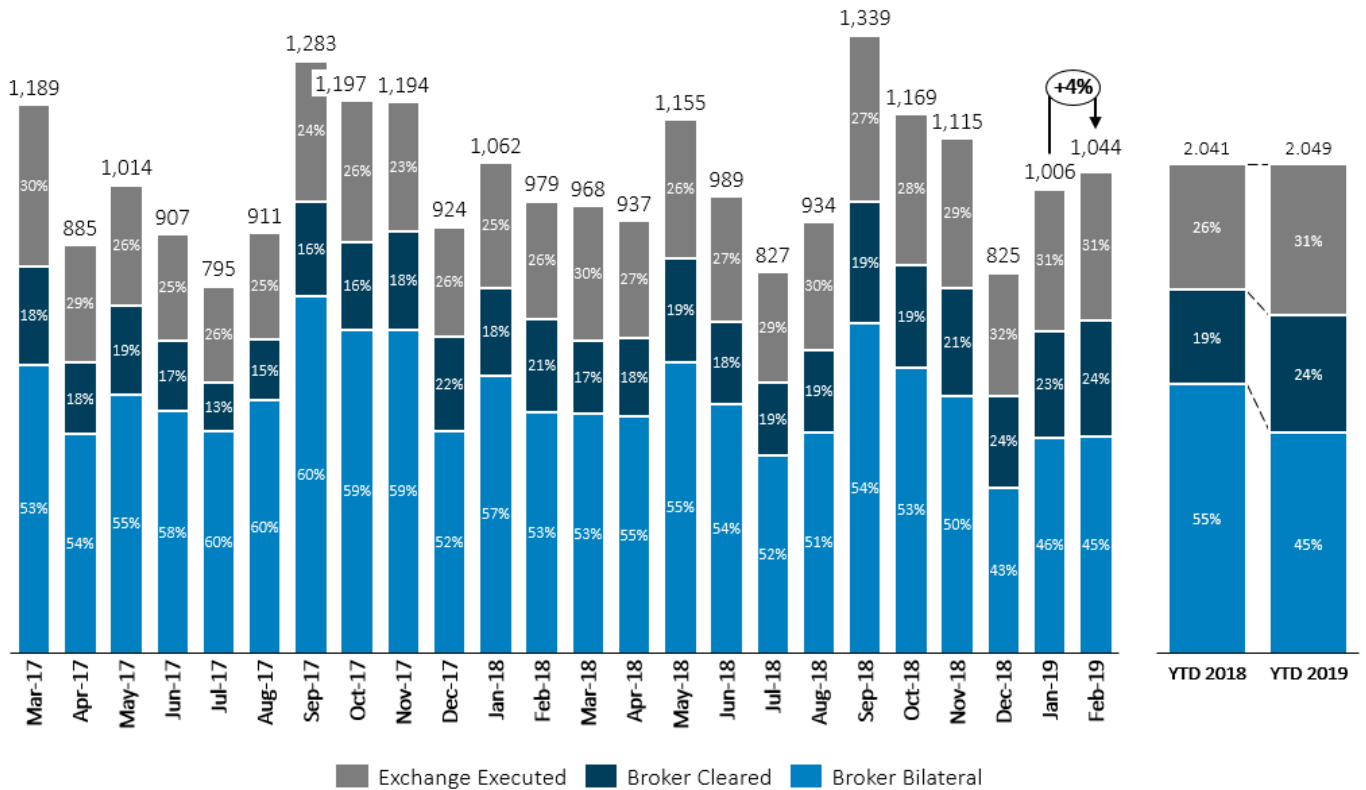
## German Power & Other Power Chart



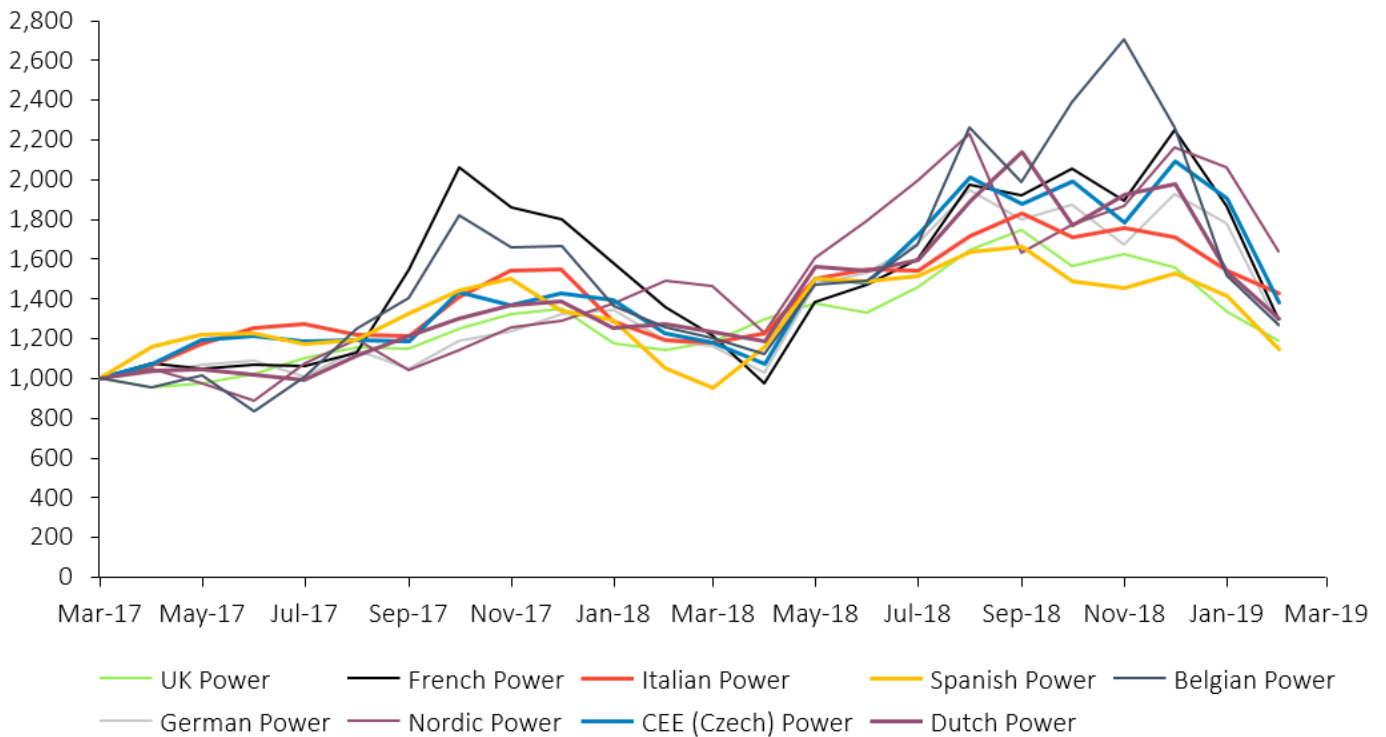
## Other Power Chart



## Broker Bilateral / Broker Cleared / Exchange Executed chart



## Price Indexation Chart



# Data Sources

## OTC brokers data

LEBA [www.leba.org.uk](http://www.leba.org.uk)

## Exchange data

APX-ENDEX Data source Jan 2011 – Oct 2013, TTF futures data only; source no longer available

Borsa Italiana S.p.A. <http://www.borsaitaliana.it/>

CME <http://www.cmegroup.com>

EEX <http://www.eex.com/>

ICE [www.theice.com](http://www.theice.com)

NASDAQ OMX [www.nasdaqomxcommodities.com](http://www.nasdaqomxcommodities.com)

BMEClearing <http://www.meff.es>

OMIP <http://www.omip.pt>

CEGH <http://www.cegh.at>

Nord Pool Spot <http://www.nordpoolspot.com>

PolPx Terms of use of PolPX data are available on <http://www.tge.pl>

GME <http://www.mercatoelettrico.org>

Bluenext Data source Jan 2011 – Nov 2012; source no longer available

## Clearing house data

LCH [www.lchclearnet.com](http://www.lchclearnet.com)