

TTF, NBP activity flags as far-curve trade dips in December

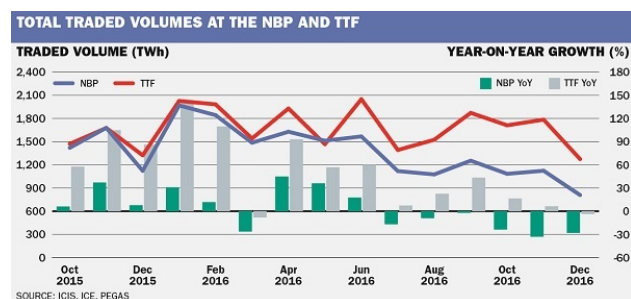
By Jake Horslen **JANUARY 2017**

Liquidity at the Dutch TTF and British NBP hubs decreased in December, as gas trading was disrupted by the festive break.

In the Netherlands, a 16-month low total of 1,273TWh was traded at the TTF in December, representing a 4% year-on-year drop. Across the calendar year, however, the volume traded at the TTF was up by more than a third at 20,527TWh.

In Britain, NBP volumes hit a three-year low 808TWh, representing a 28% drop compared to December 2015. Trade across 2016 was down just 2% compared to 2015 at 16,457TWh.

In 2016, the TTF recorded 4,080TWh more trade than the NBP having overtaken the British hub in the past 18 months to become Europe's biggest hub by traded volume. In 2015, 1,785TWh more trade was recorded at the NBP than the TTF.



TTF

In the over-the-counter (OTC) market, TTF trade fell 9% year on year to 944TWh, accounting for 74% of the total volume dealt at the hub.

The drop was largely driven by reduced trade of the calendar year contracts, with small drops on most other prompt and curve products also factoring. The price of oil declined rapidly at the end of 2015

creating greater urgency among gas market participants to adjust far-curve positions. The oil price was far more stable through December 2016, however, with less of a spike in trade on the TTF far curve as a result. Over the whole year, trade of TTF calendar year contracts surged by 36% compared to 2015.

The front quarter, season and BOM contracts bucked the trend in December 2016 with more trade recorded than in 2015. This was likely due to supply uncertainty for the first quarter and next summer stemming from French nuclear power generation issues and the Rough storage outage.

Exchange trade at the TTF grew by 14% year on year in December 2016 to 329TWh, helping to partially offset the overall drop in trade. The ICE Endex bourse accounted for around 77% of exchange trade, with 23% dealt via the PEGAS exchange. On the ICE Endex bourse, increased trade was recorded on all contracts, but monthly and quarterly delivery products in particular.

NBP

OTC trade at the NBP fell 38% year on year to 347TWh in December 2016, accounting for 43% of the monthly total.

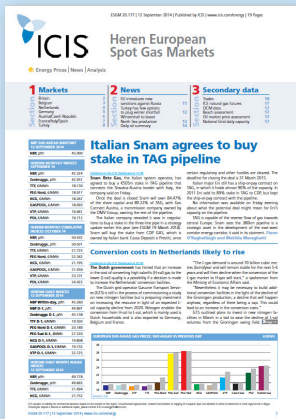
The drop was driven by reduced trade of the front month, the front season and longer-dated seasonal delivery contracts, while small drops were also recorded on most other products.

Exchange trade was more robust, but still fell by 18% compared to 2015. Practically all of the 462TWh total was dealt through the ICE exchange. Trade of quarterly and annual delivery contracts via the ICE edged higher, while trade of monthly delivery contracts dipped lower with the biggest drop recorded on the NBP seasons.

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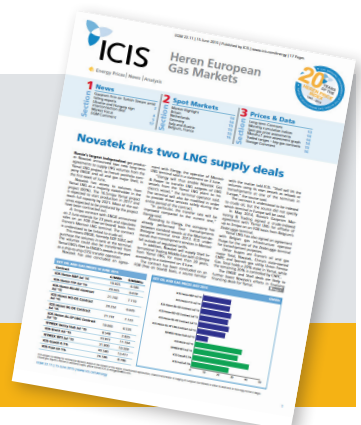
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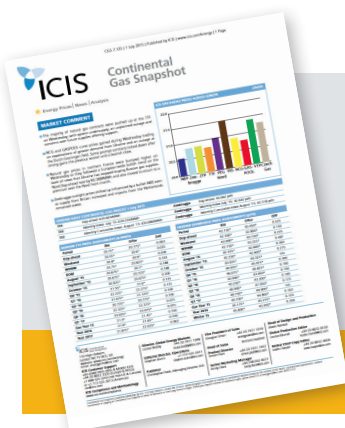
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