

APOLLO GLOBAL MANAGEMENT

Weekly European Energy Price Monitor

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13 September 2022

Unless otherwise noted, information as of September 2022

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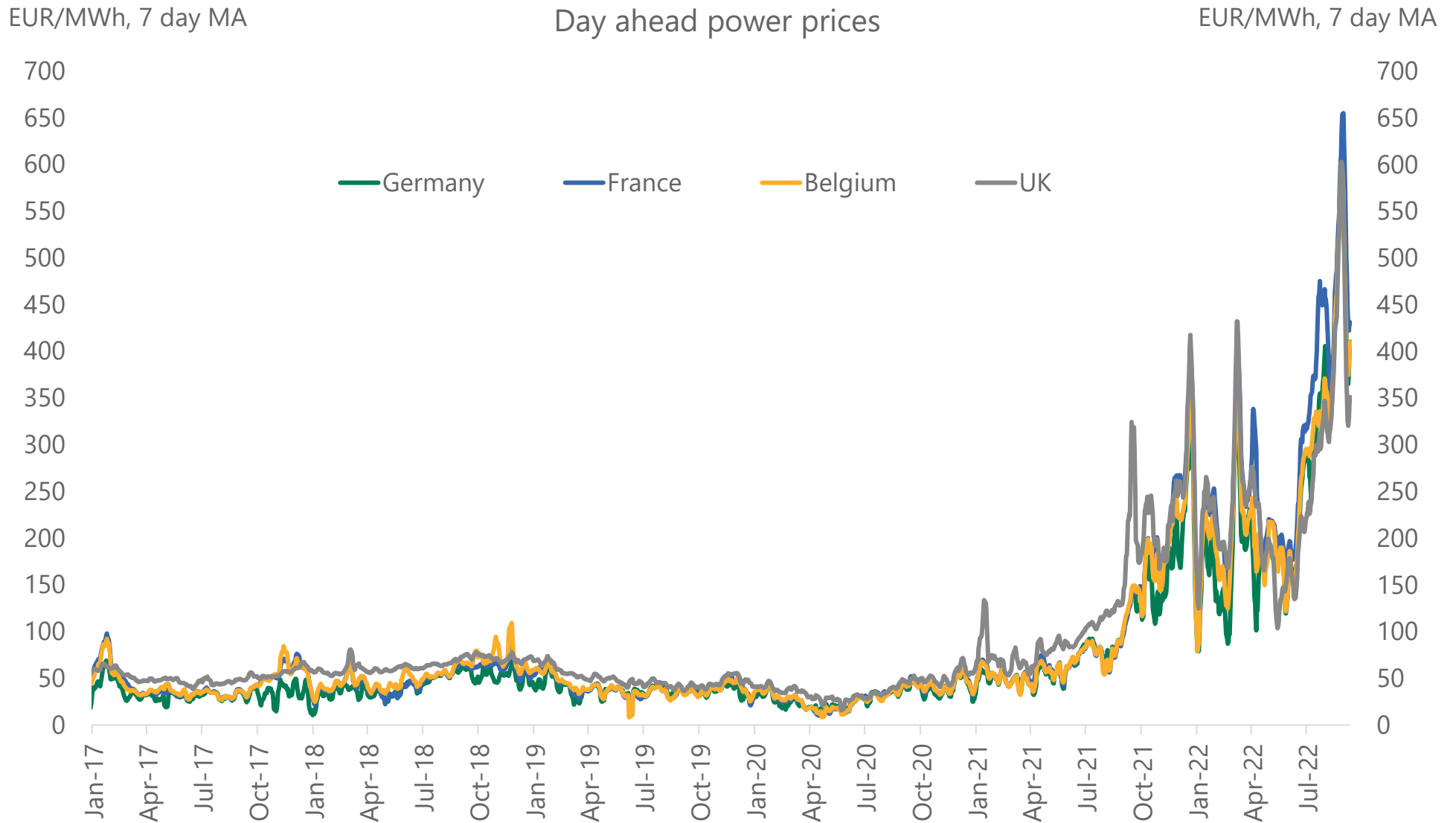
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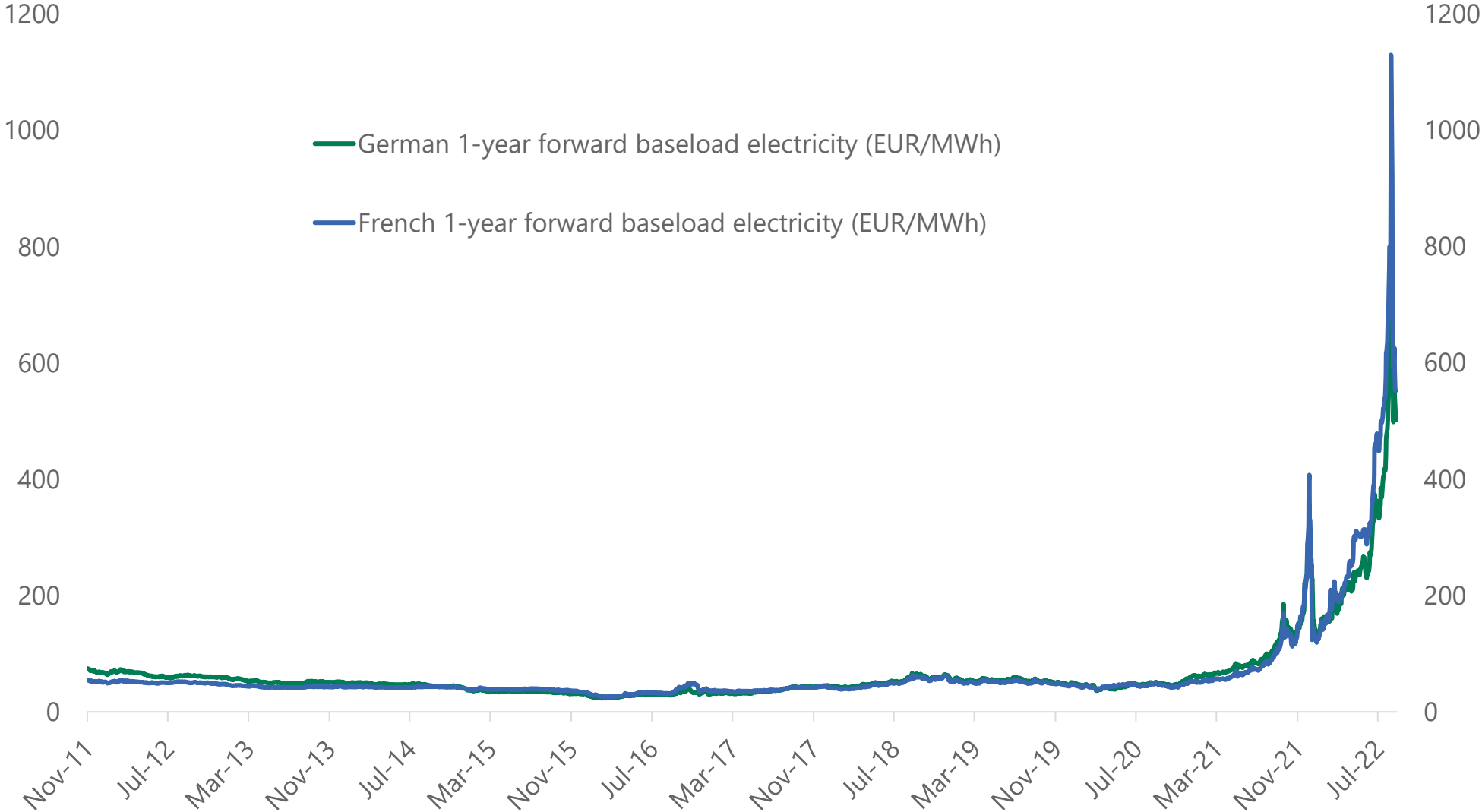
Europe

Europe: Electricity prices down from recent peak



Source: Bloomberg, Apollo Chief Economist

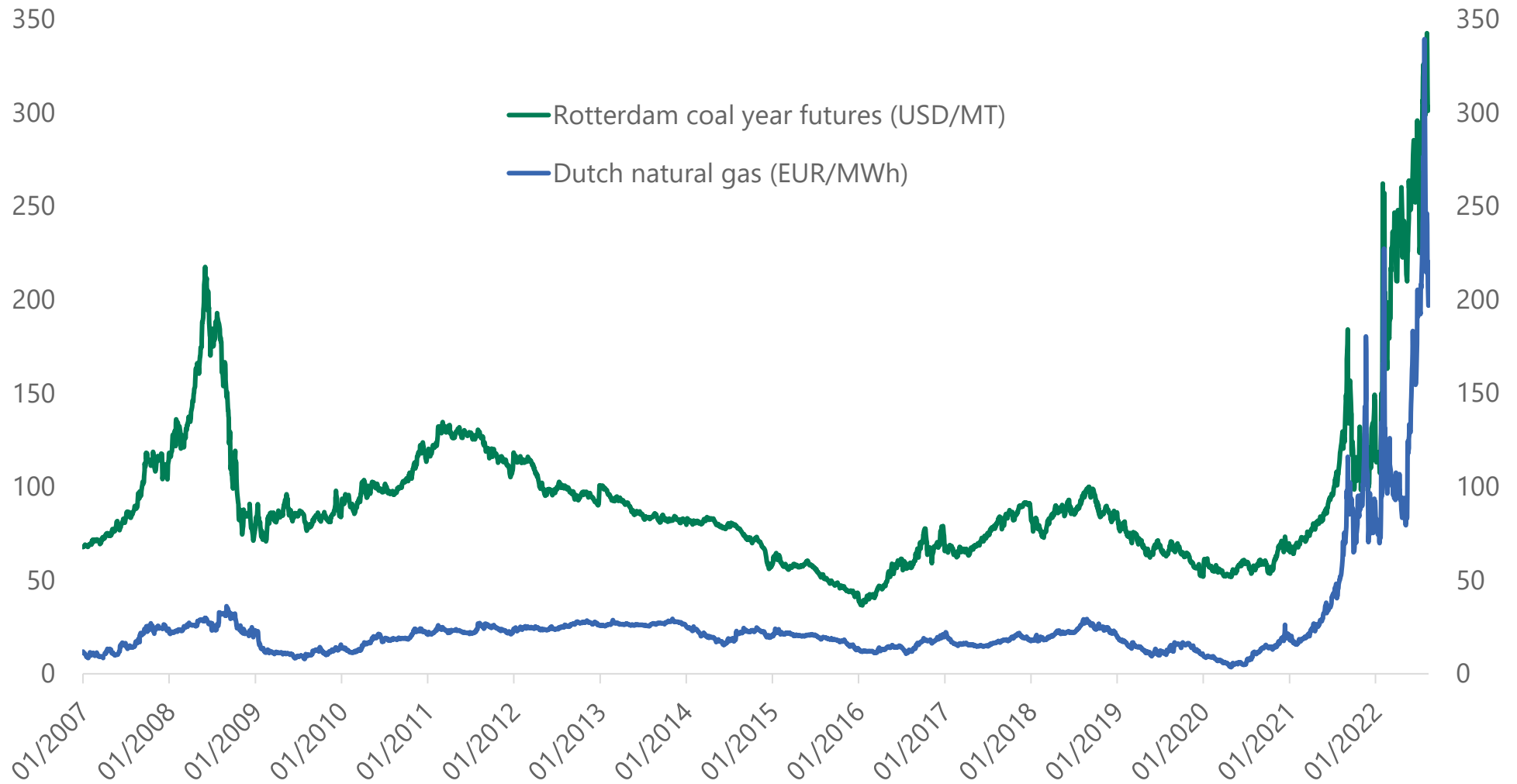
One-year ahead electricity prices also down from peak



Source: Bloomberg, Apollo Chief Economist

European natural gas and coal prices also lower

European energy price



Source: Bloomberg, Apollo Chief Economist

European energy prices trending down

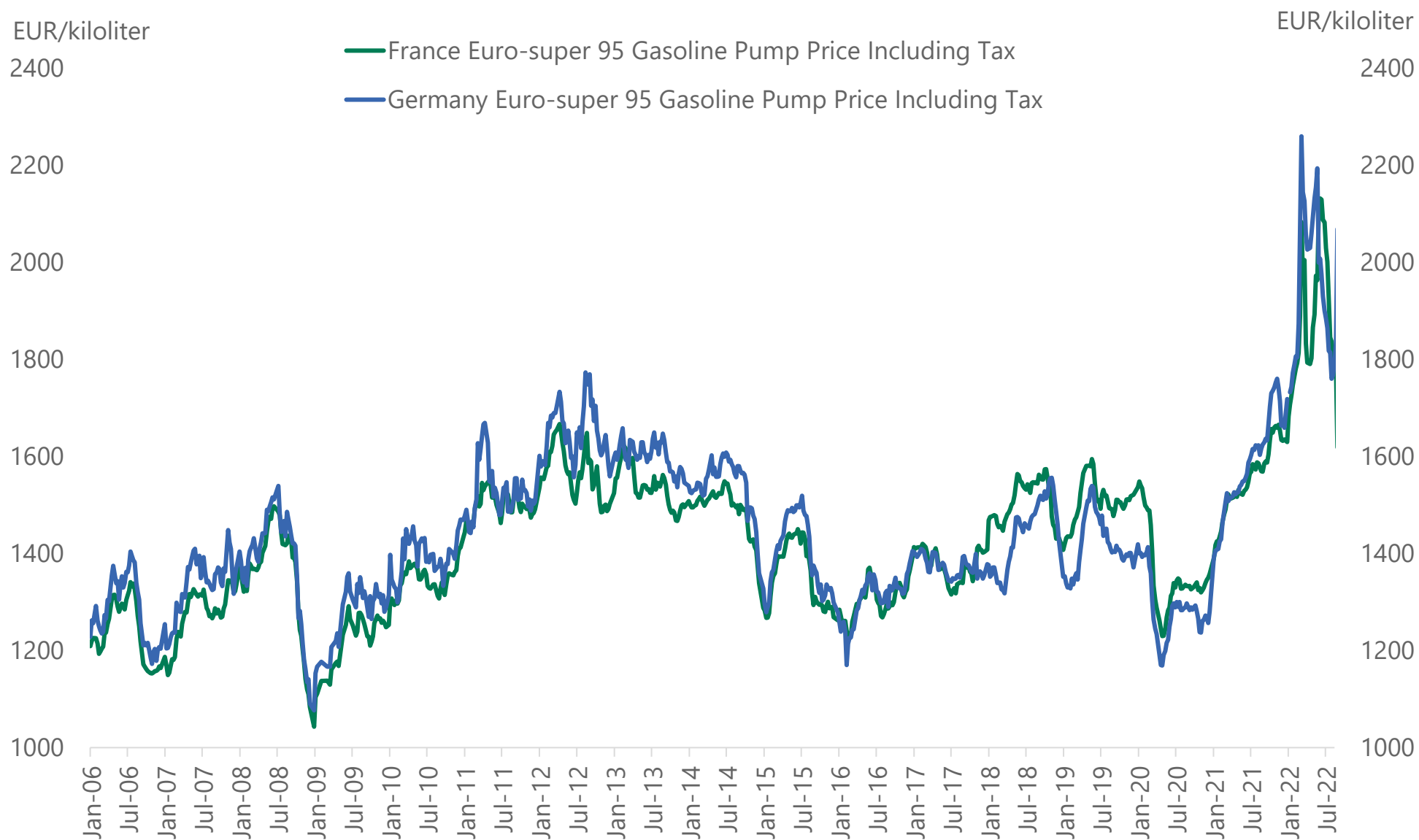
Normalized as of Dec 31, 2021 (% change)

Normalized as of Dec 31, 2021 (% change)



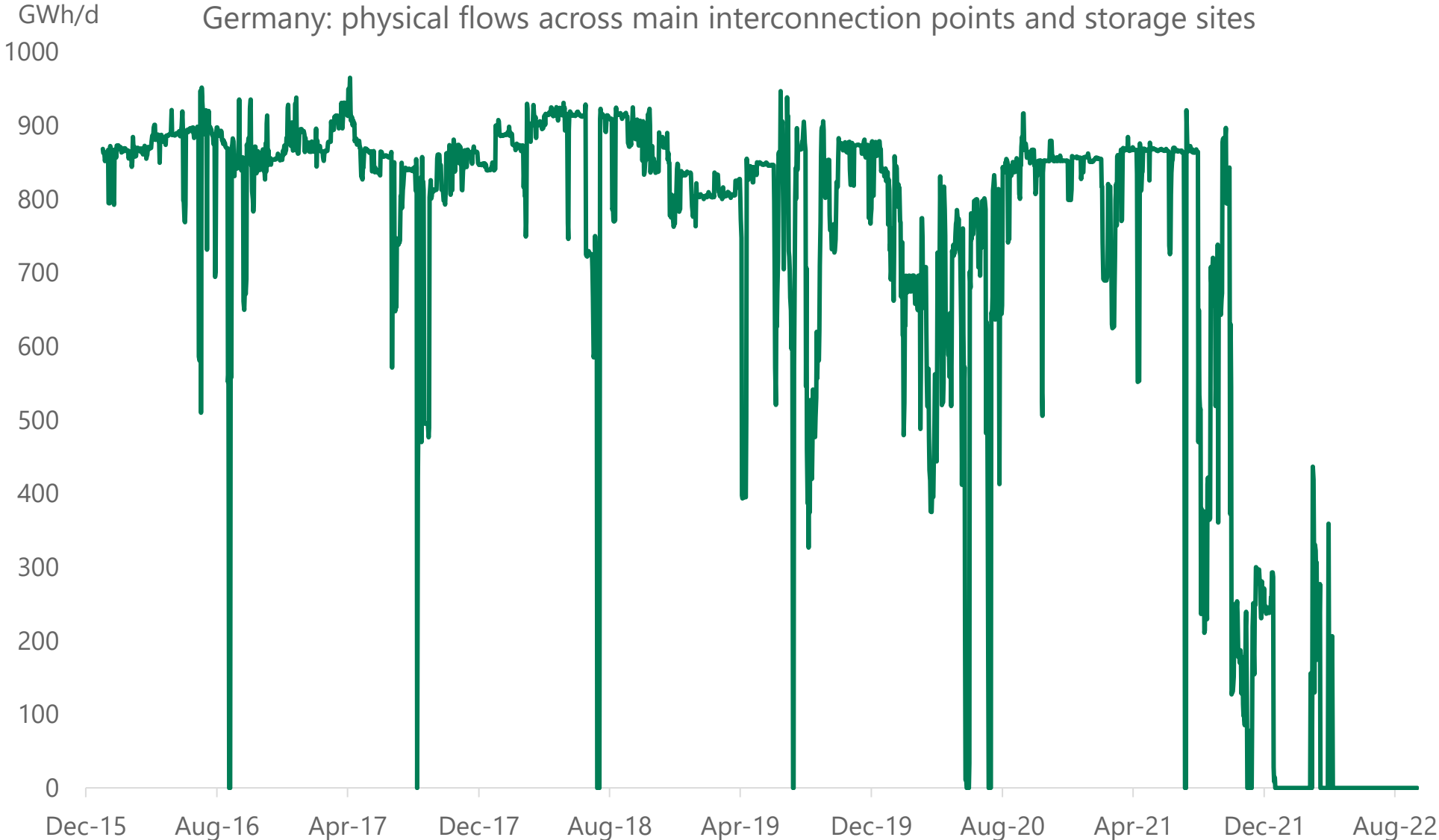
Source: Bloomberg, Apollo Chief Economist (TZT1 Comdty as Dutch natural gas price, JXY1 Comdty as Germany electricity price, TM1 Comdty as European benchmark coal)

European gasoline prices at the pump also declining



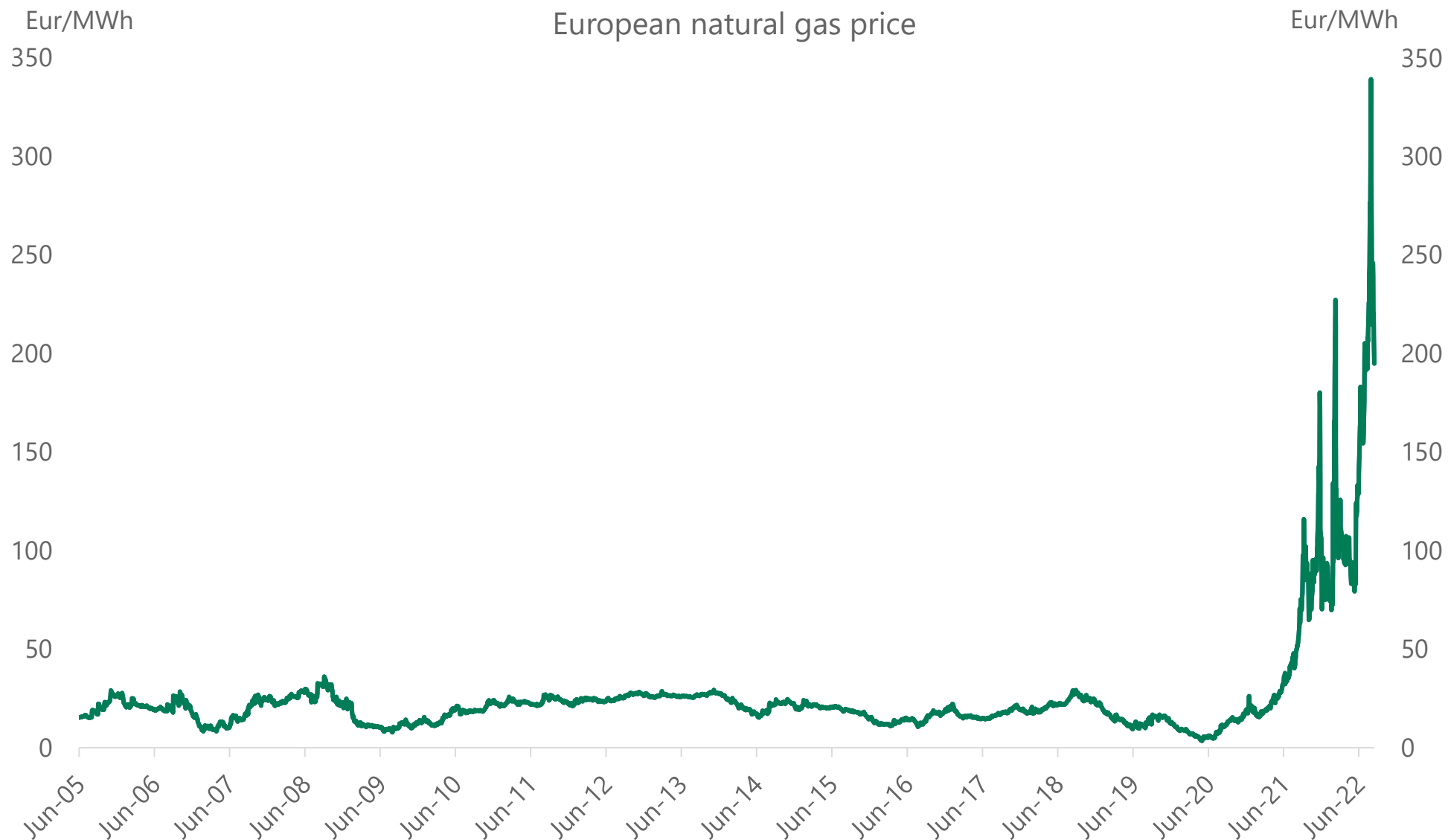
Source: Bloomberg, Apollo Chief Economist (ECOBGTFR Index, ECOBGTGE Index)

Russian natural gas flows into Germany



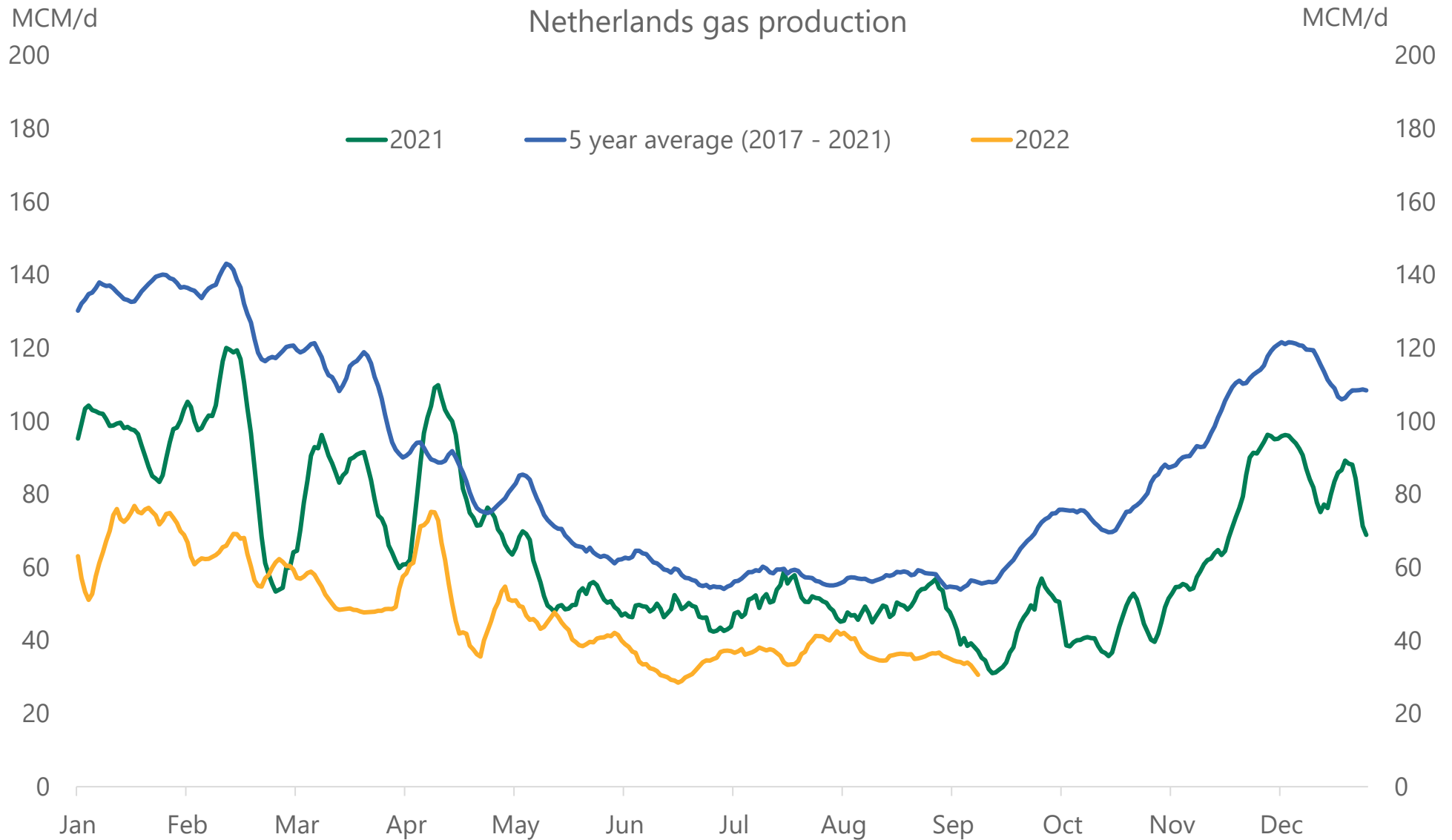
Source: Bloomberg, Apollo Chief Economist

European natural gas prices also lower



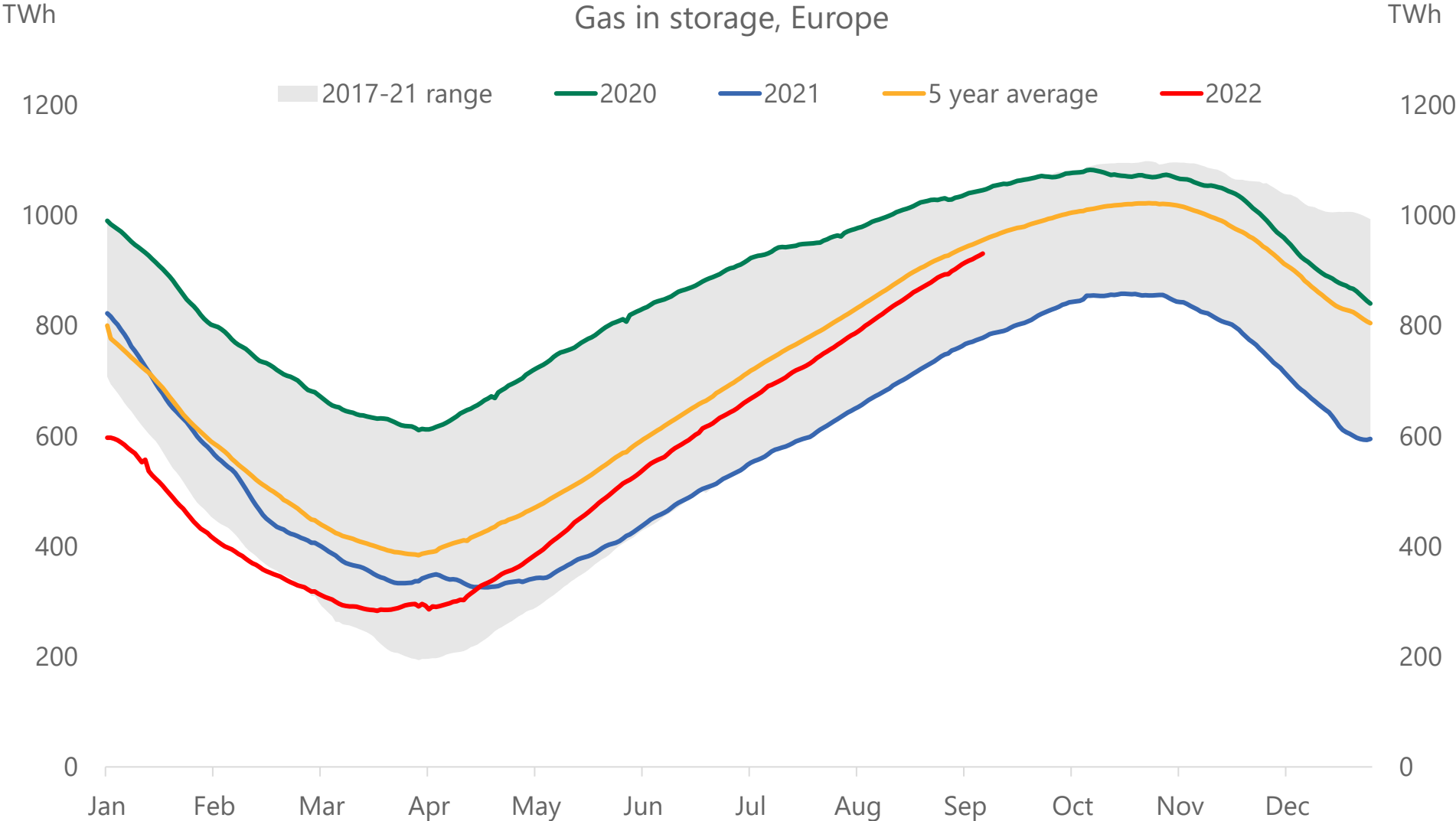
Source: Bloomberg, Apollo Chief Economist

Dutch gas production below 5-year average



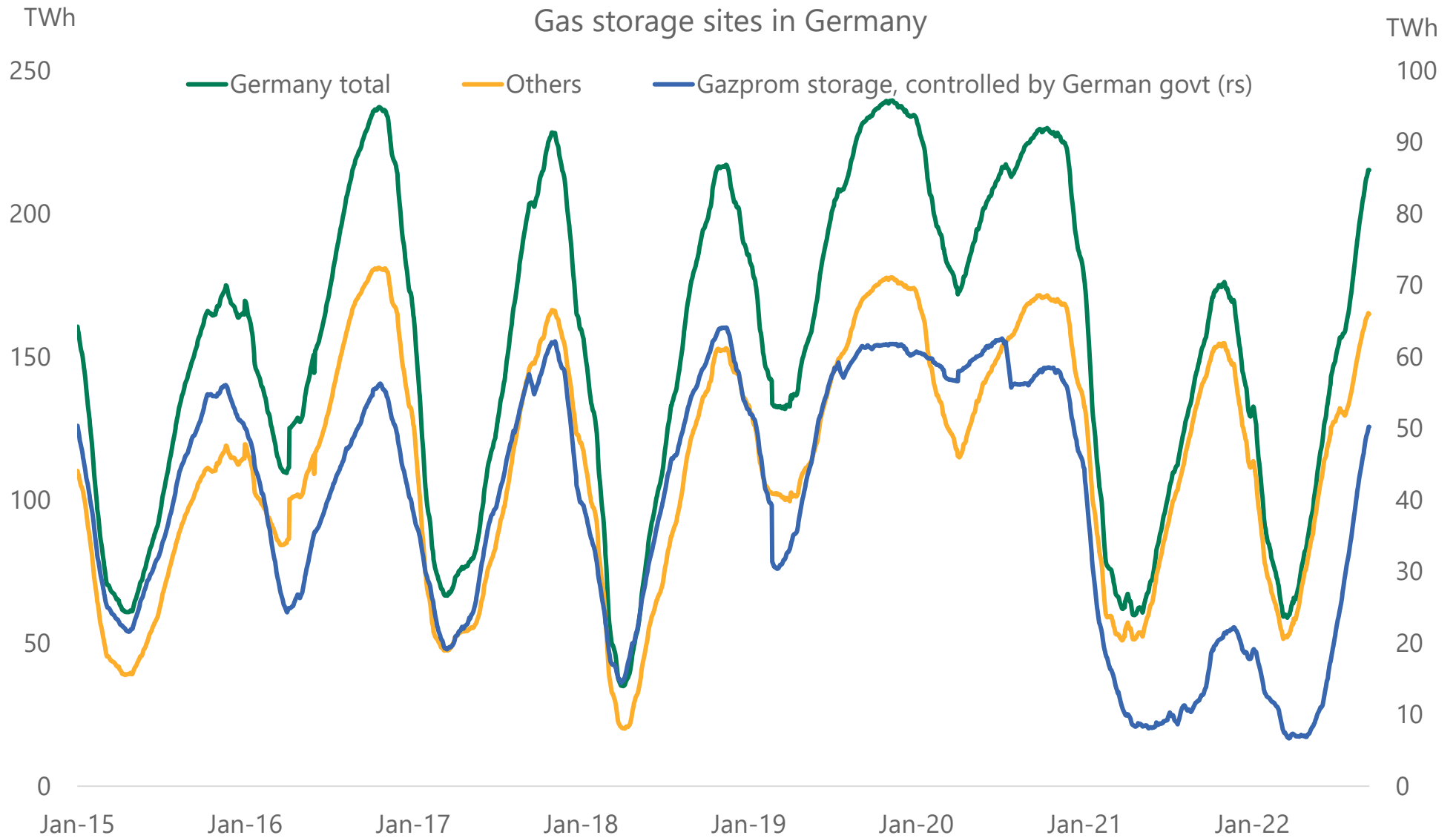
Source: Bloomberg, Apollo Chief Economist

Europe: Natural gas inventories looking better



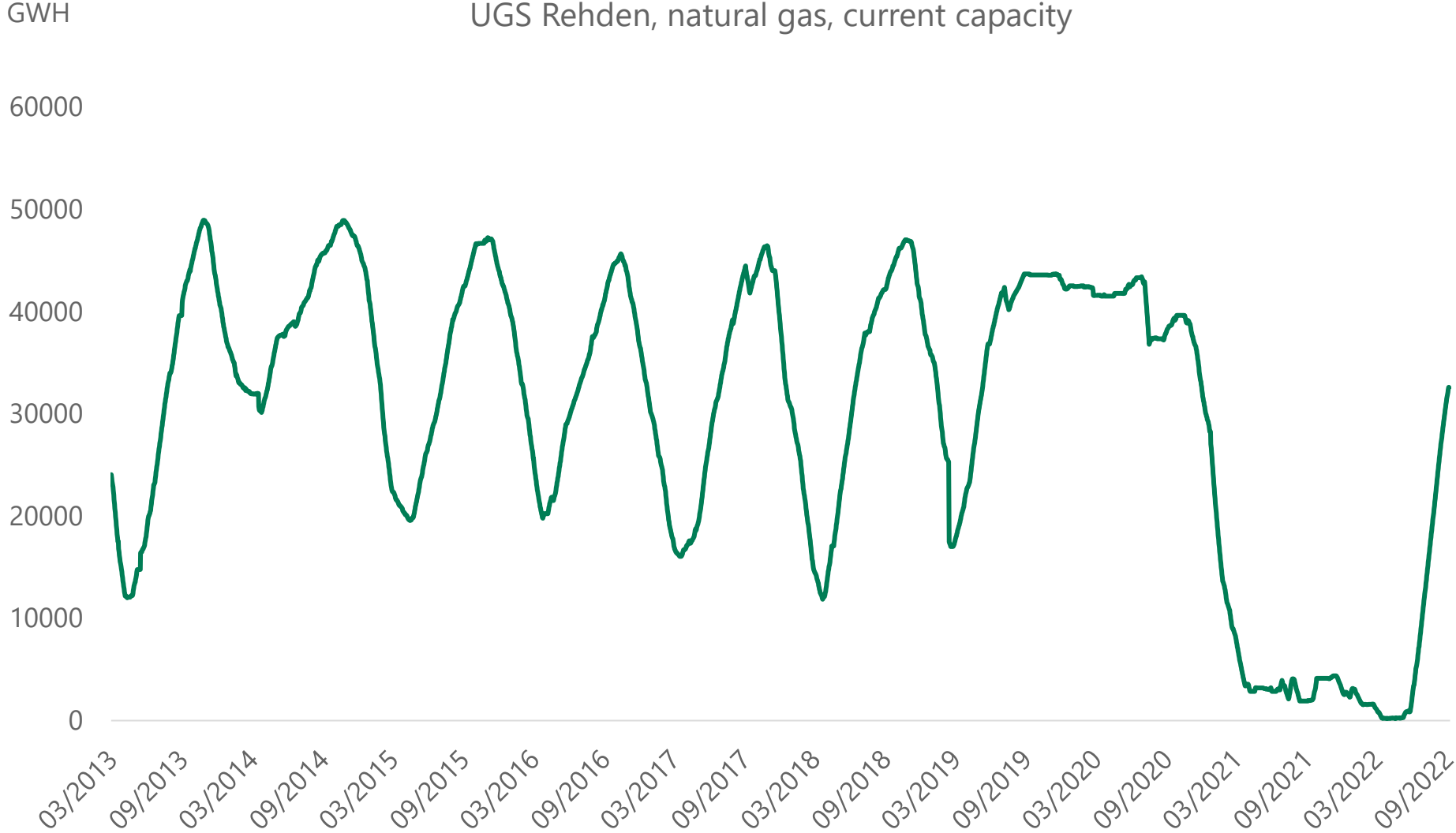
Source: AGSI+, Apollo Chief Economist (note: used day to day growth of the minimum value between 2016 and 2020 to forecast future values. We assumed that if the storage reaches xxx (the minimum value between 2016 and 2020) due to the extreme cold weather (which will lead to high demand and there is supply constraint), we could get dangerously close to running out of supply by the end of the withdrawal season next March/ April.

Natural gas inventories rising in Germany



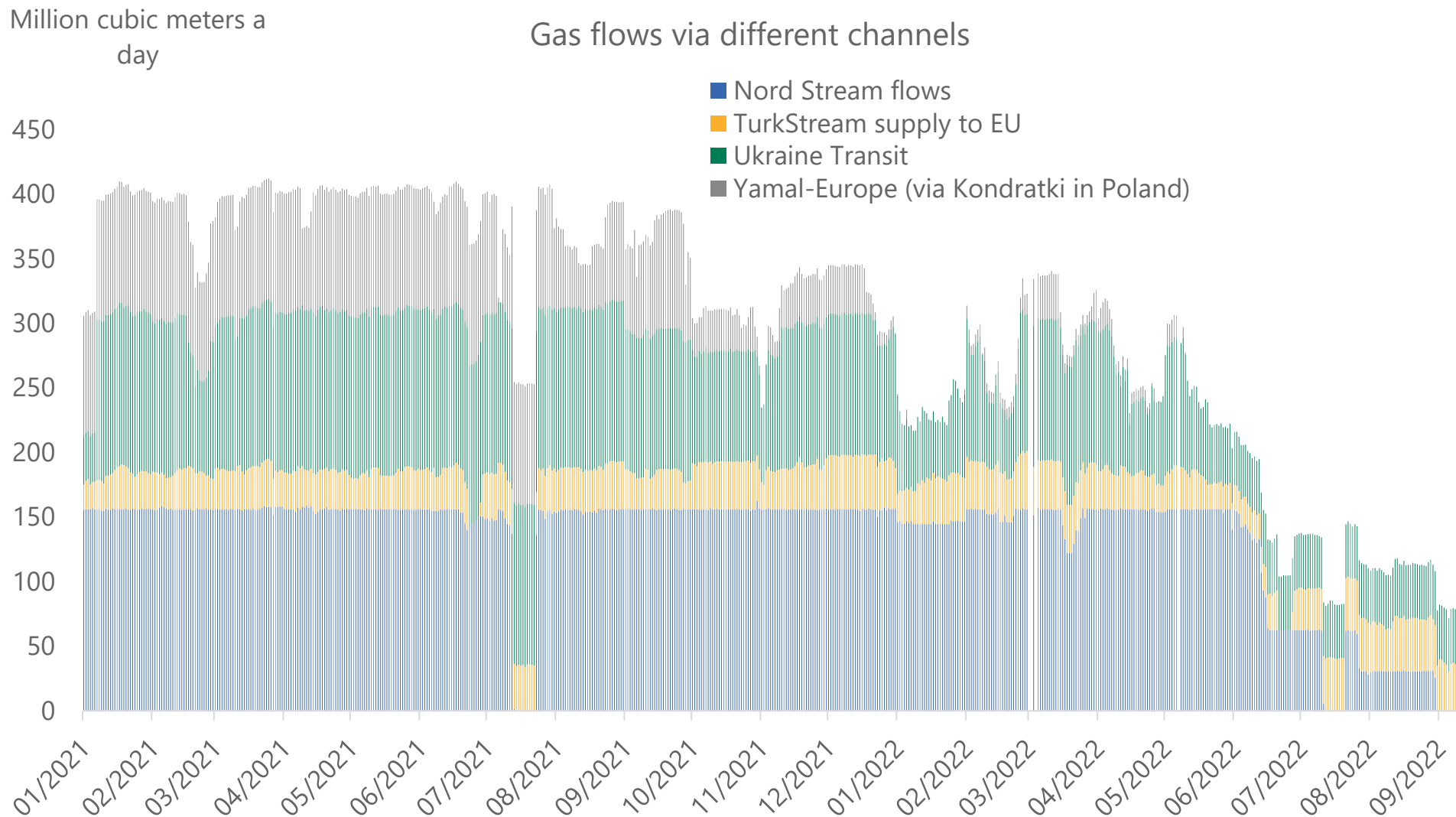
Source: Bloomberg, Apollo Chief Economist

Current capacity at the Rehden storage facility (one of the largest in Europe)



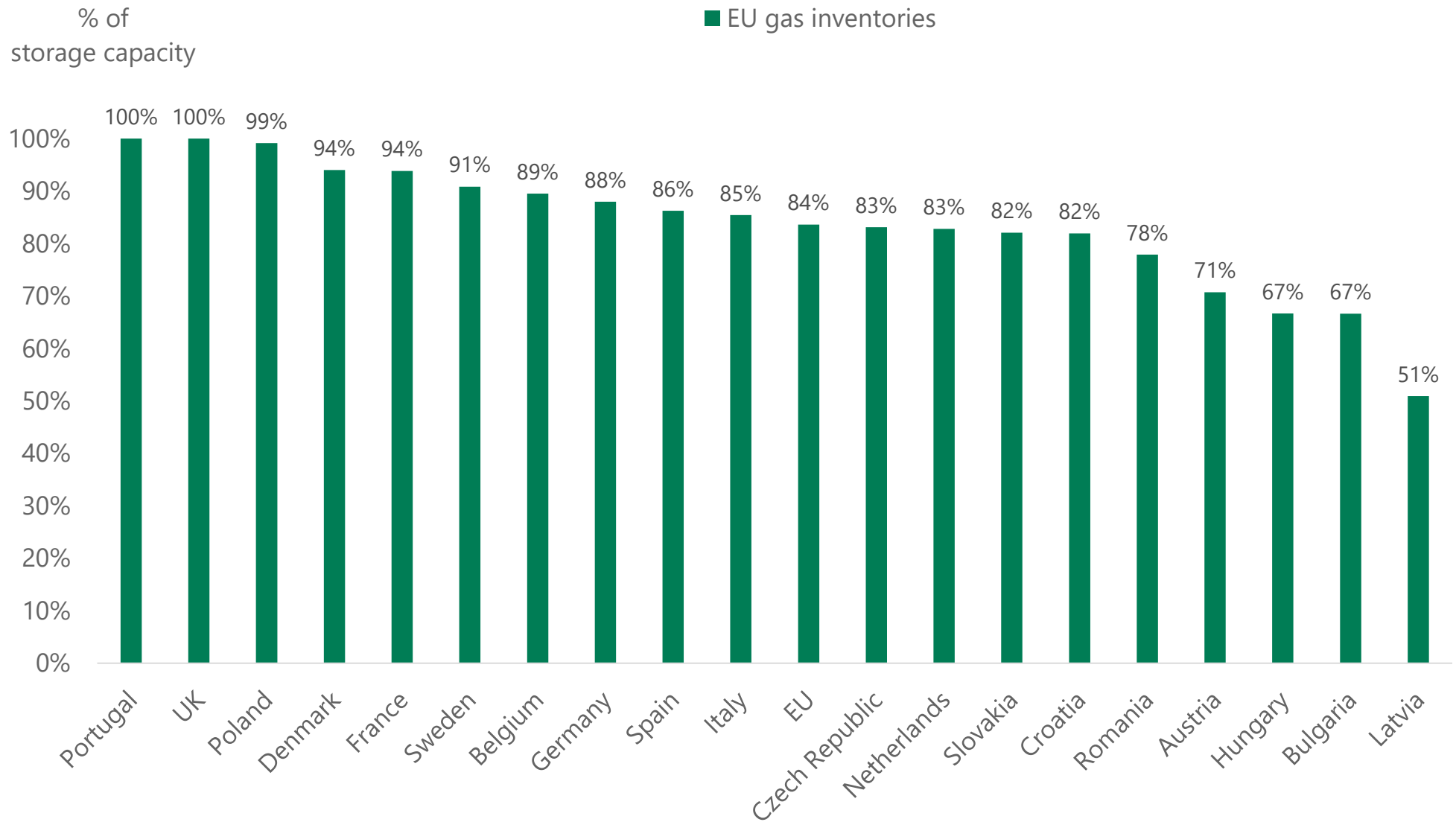
Source: Bloomberg, Apollo Chief Economist

Natural gas flows into Europe via different channels



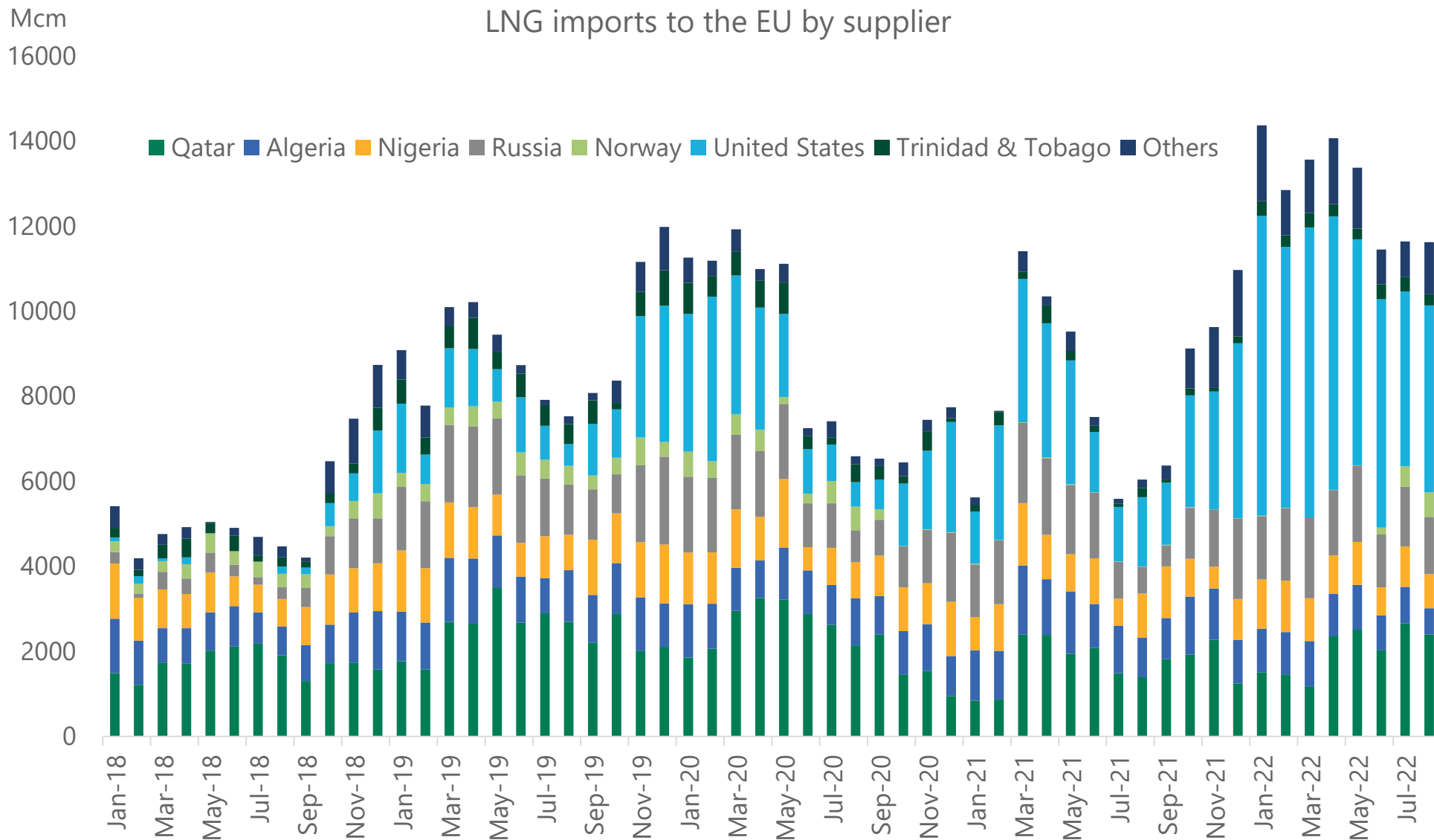
Source: Bloomberg, Apollo Chief Economist

EU gas inventories vary from country to country



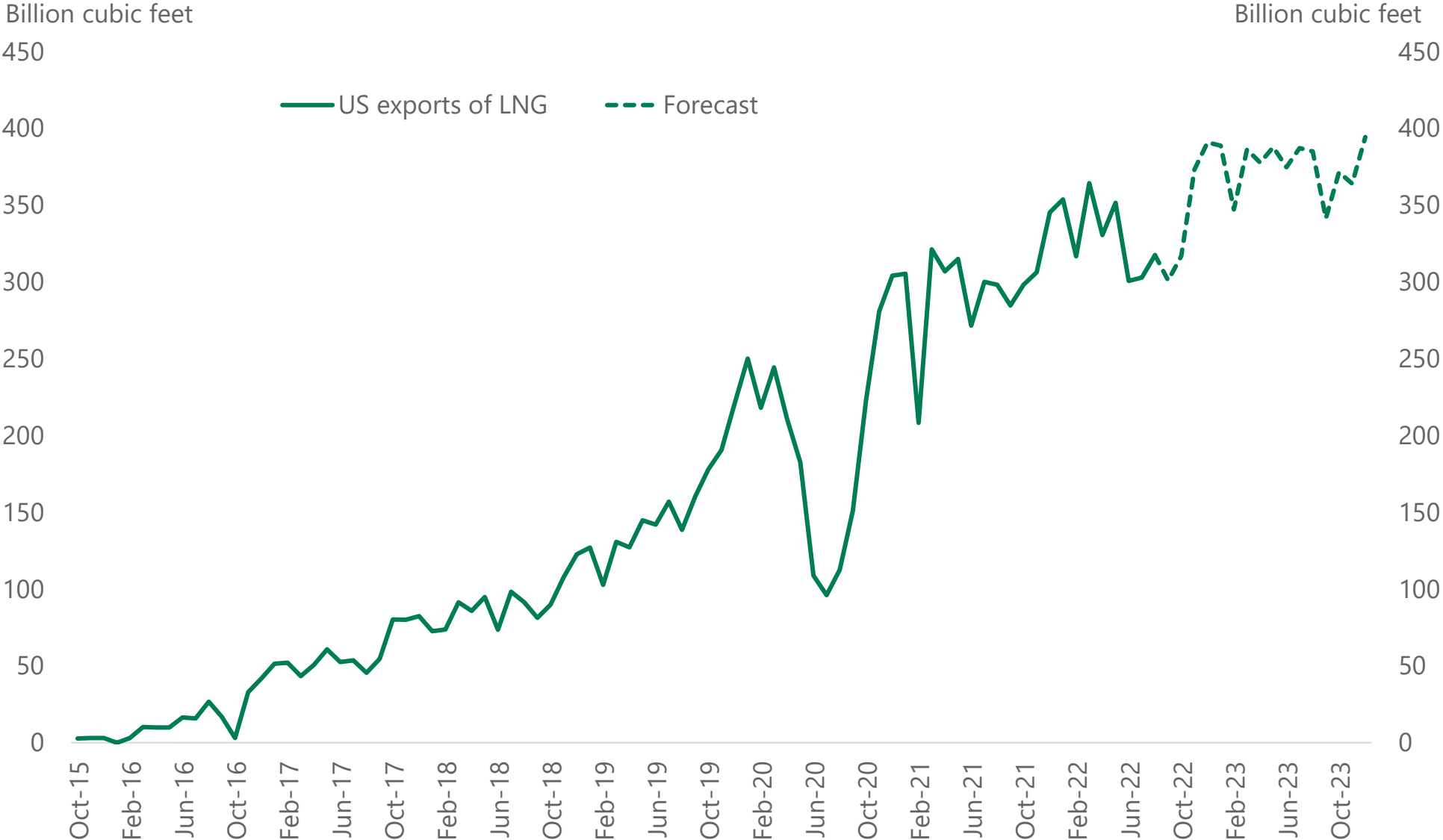
Source: Bloomberg, Apollo Chief Economist (as of 10th September)

European LNG imports rising



Source: Bloomberg global LNG trade flows, Apollo Chief Economist.

US exports of LNG

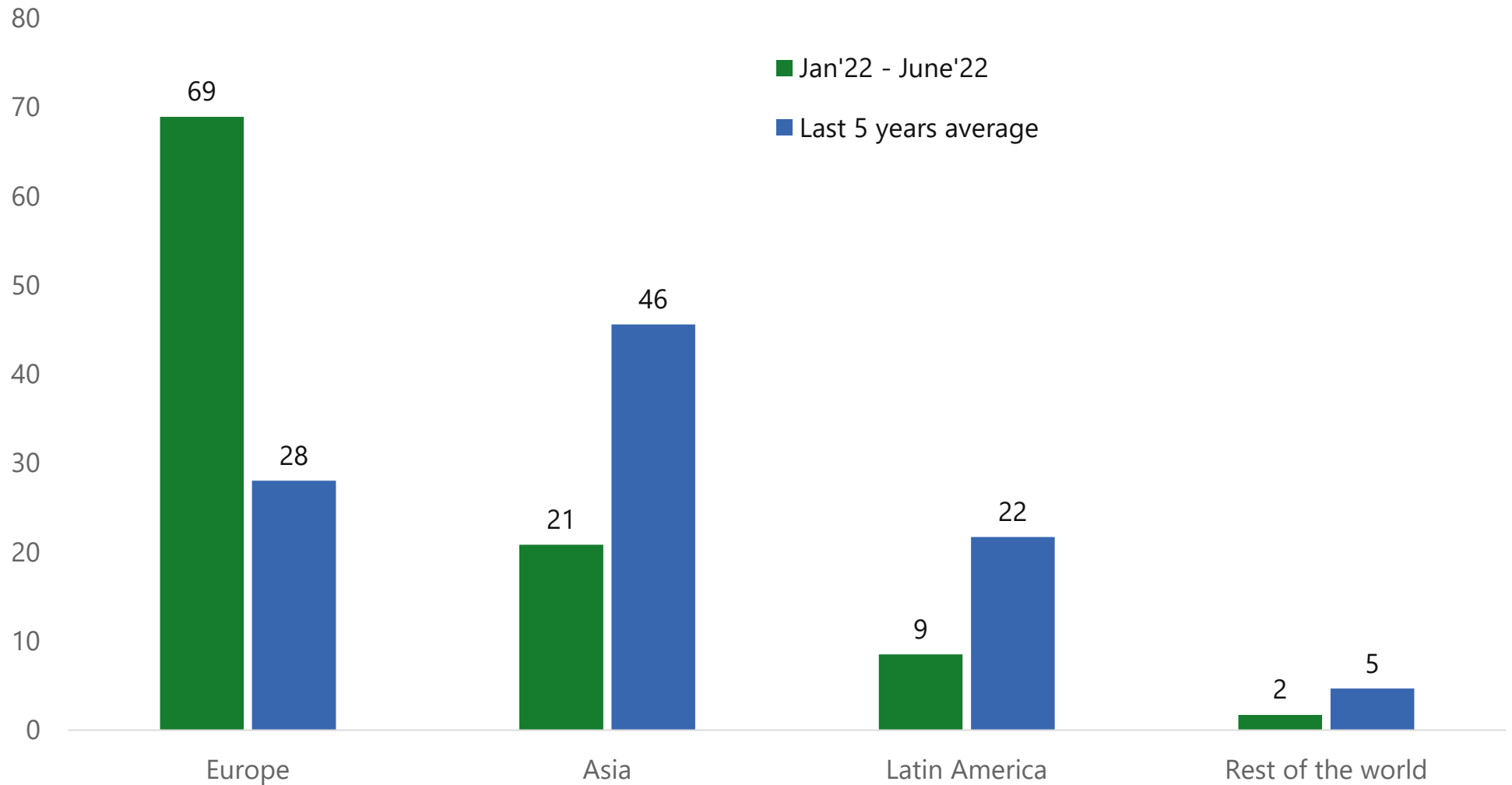


Source: EIA forecast, Bloomberg, Apollo Chief Economist

69% of US LNG exports now going to Europe

% of total LNG exports

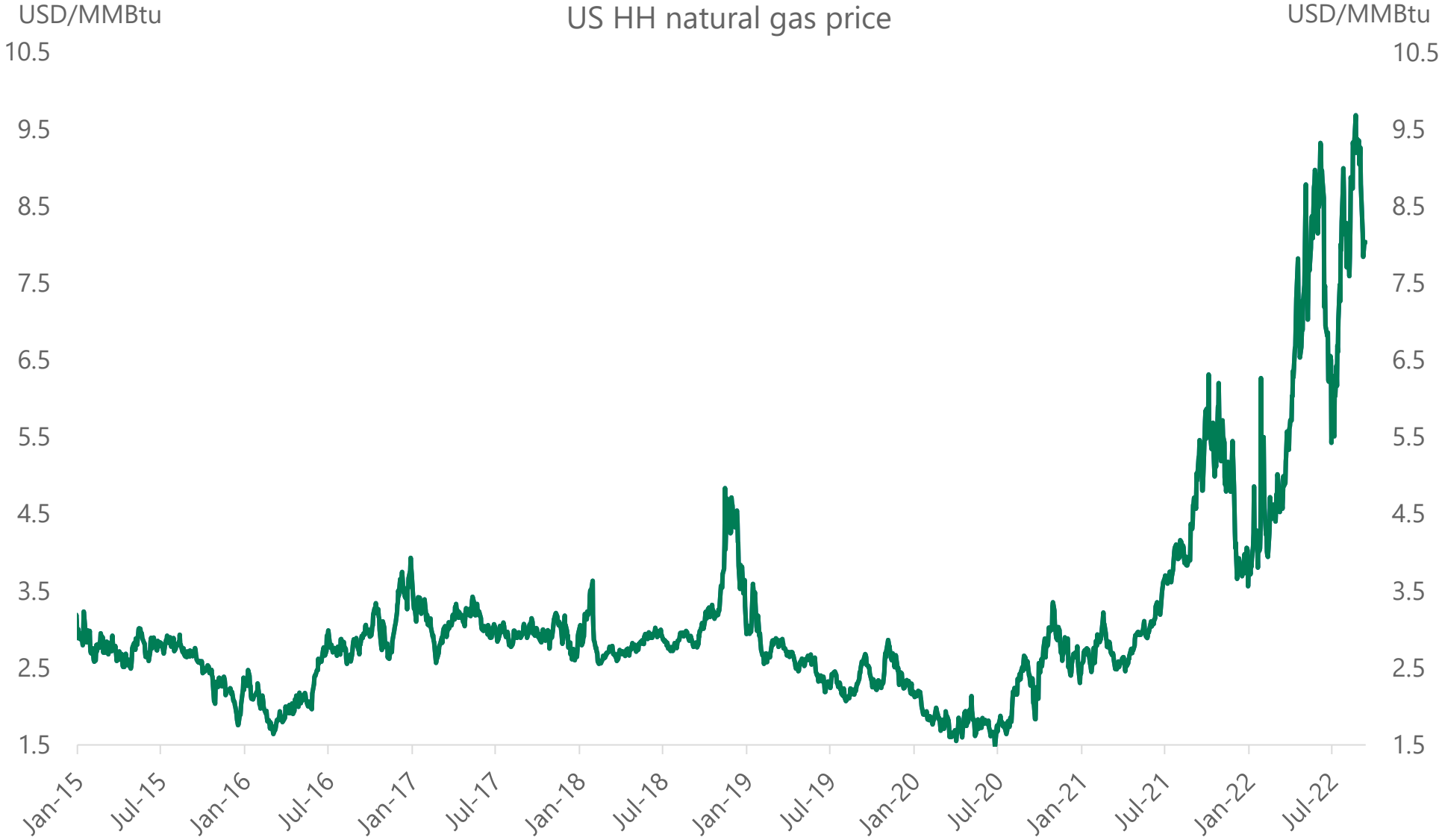
Share of US LNG exports by destination region



Source: EIA, Apollo Chief Economist

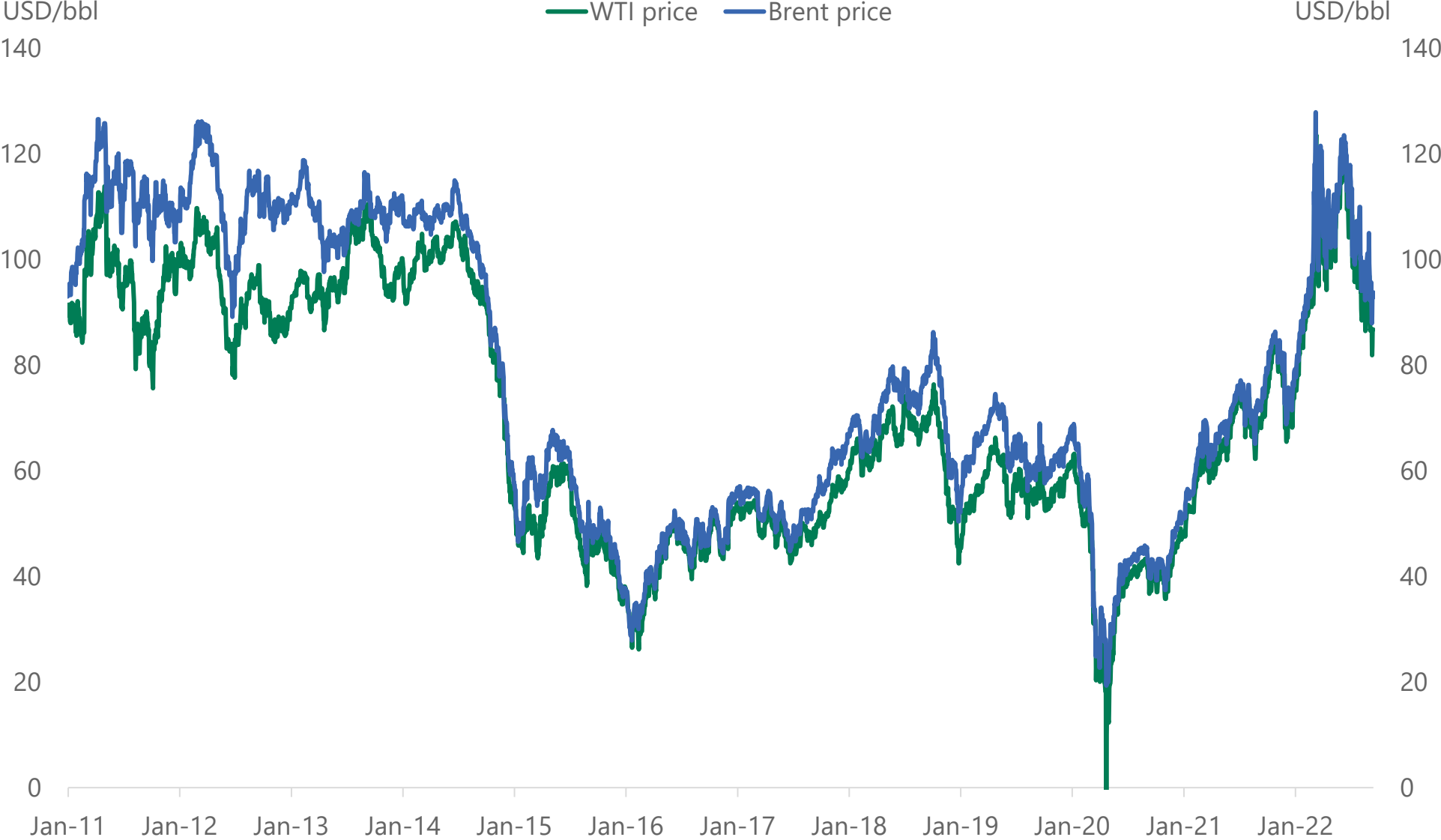
Signs of spillover to the US

US natural gas prices also higher than normal



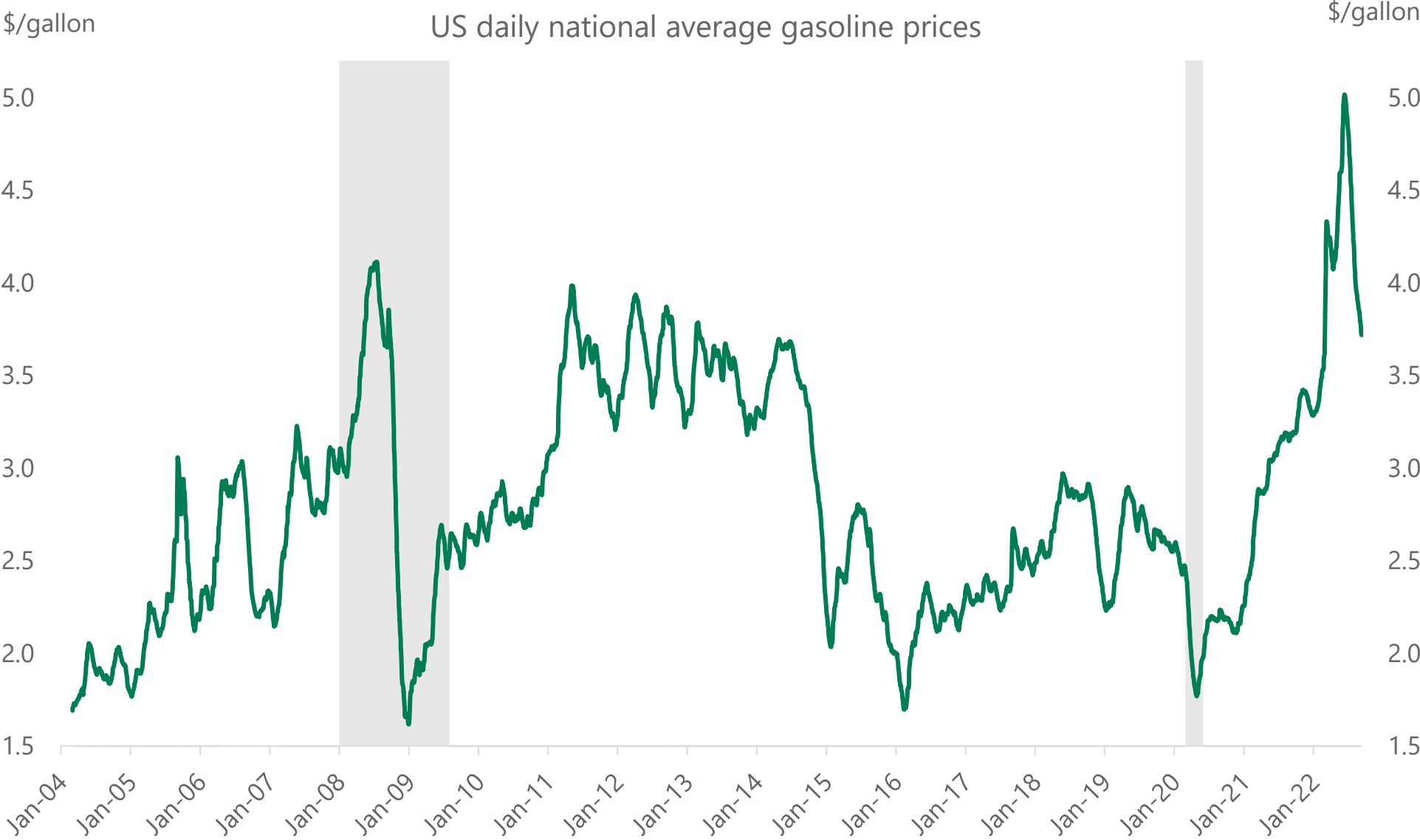
Source: Bloomberg, Apollo Chief Economist

Oil prices declining



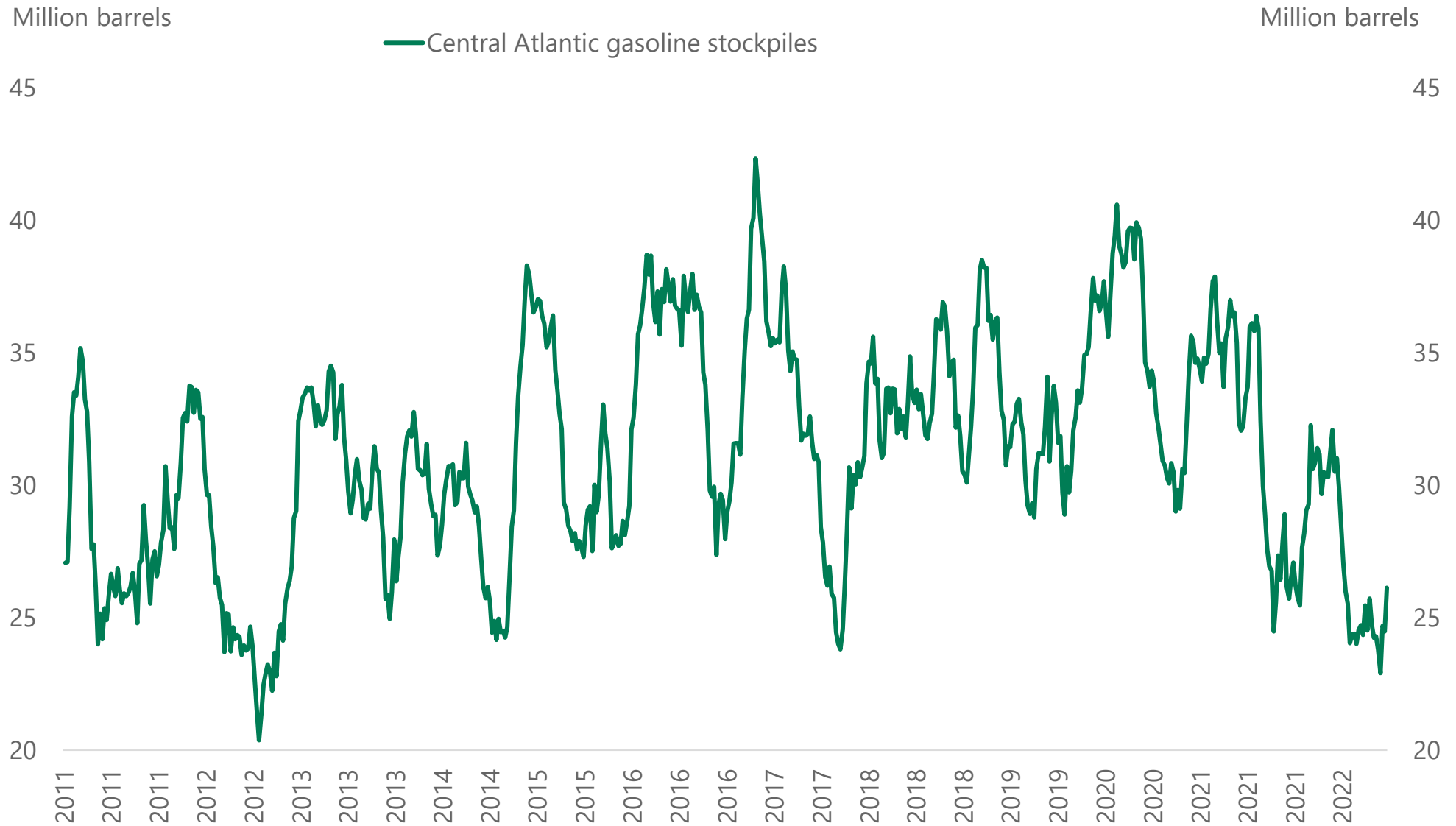
Source: Bloomberg, Apollo Chief Economist

US retail gas price high, but coming down



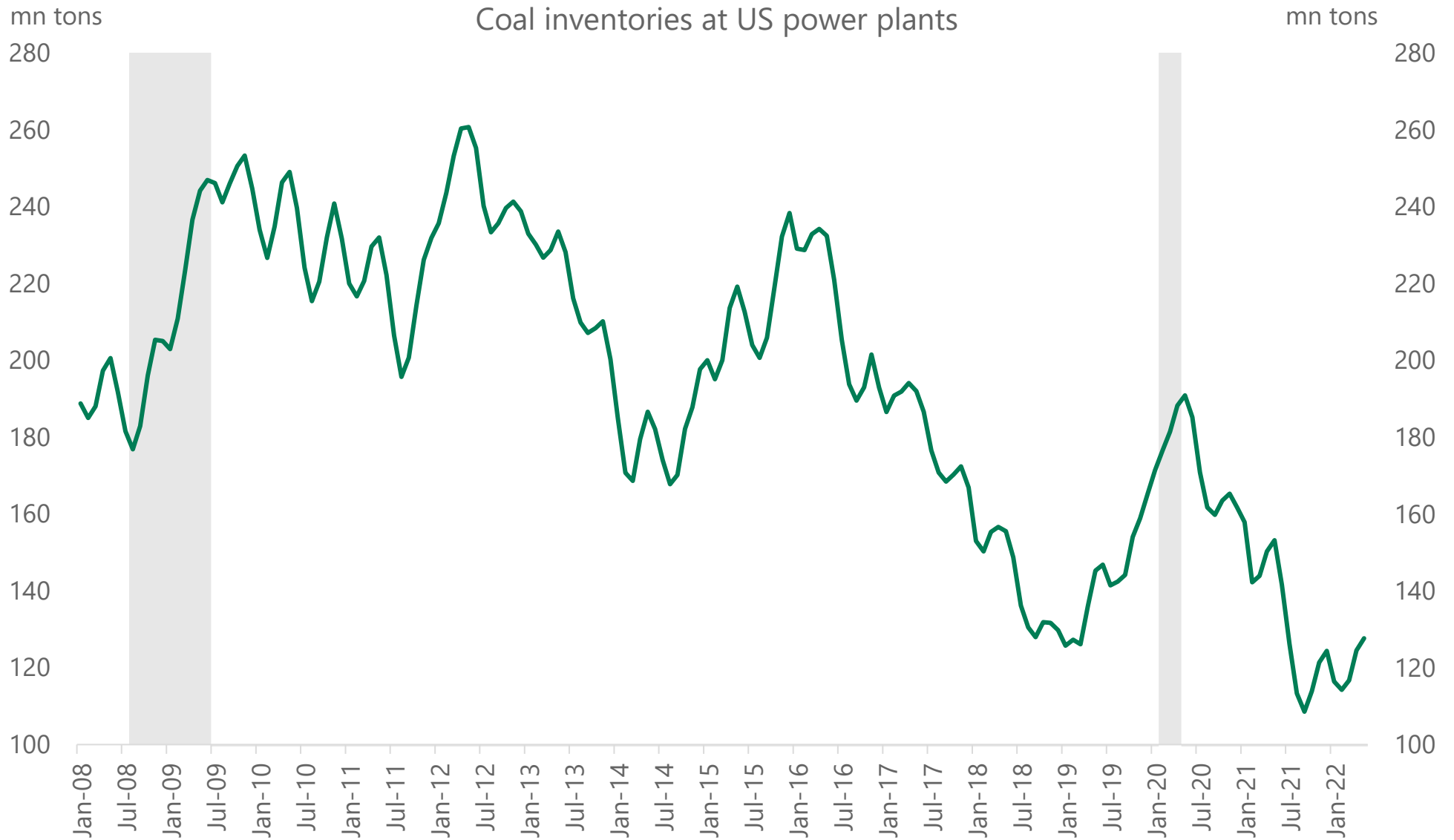
Source: Bloomberg, Apollo Chief Economist

New York gasoline inventories near a decade low level



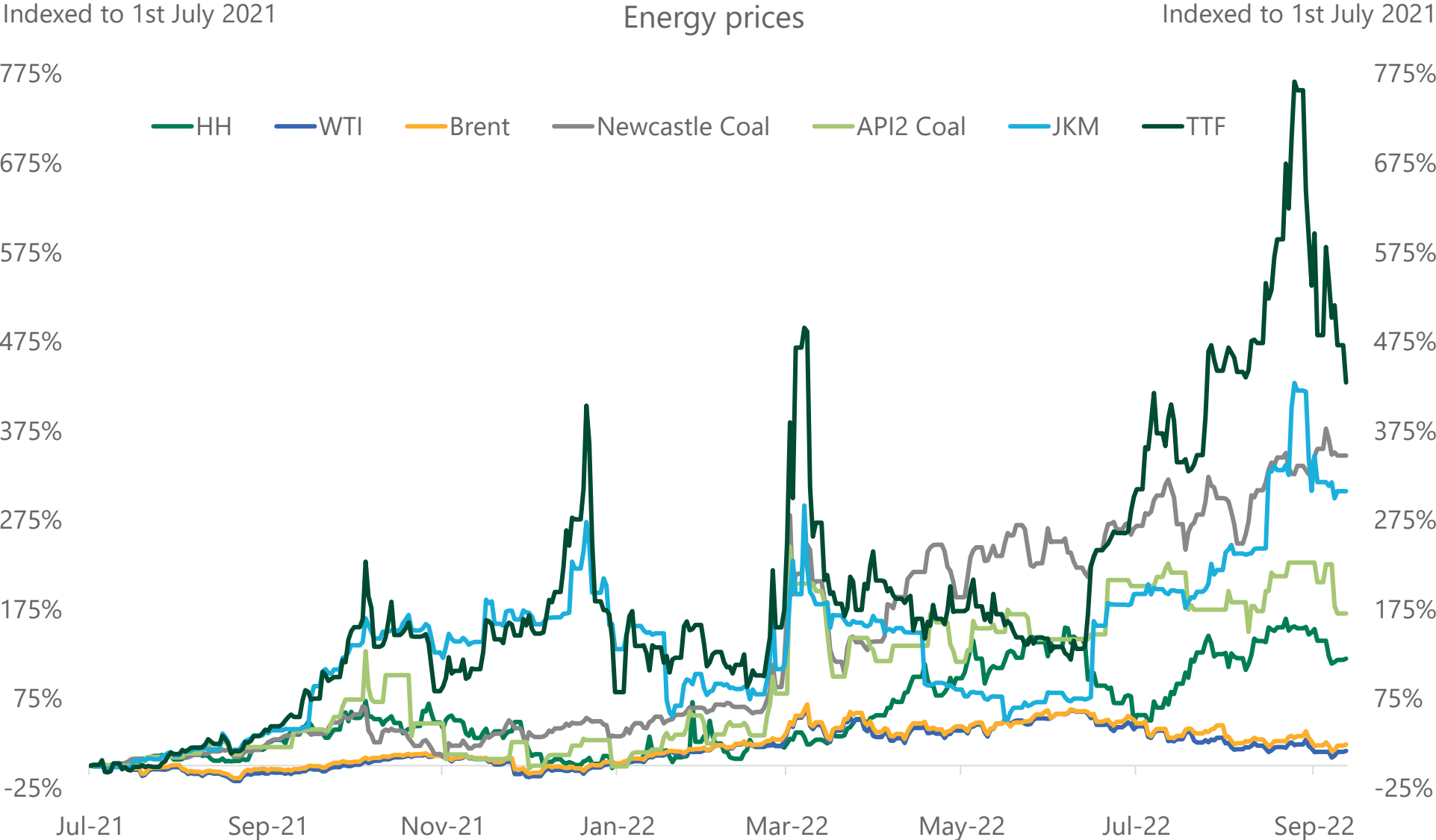
Source: Bloomberg, Apollo Chief Economist (Note: Supply is shrinking at a time when falling pump prices have lifted the country's gasoline demand to a year-to-date high. Diesel demand usually begins to rise this time of year with annual crop harvests and distributors trying to stock up ahead of the upcoming heating season.)

Low coal inventories at US power plants



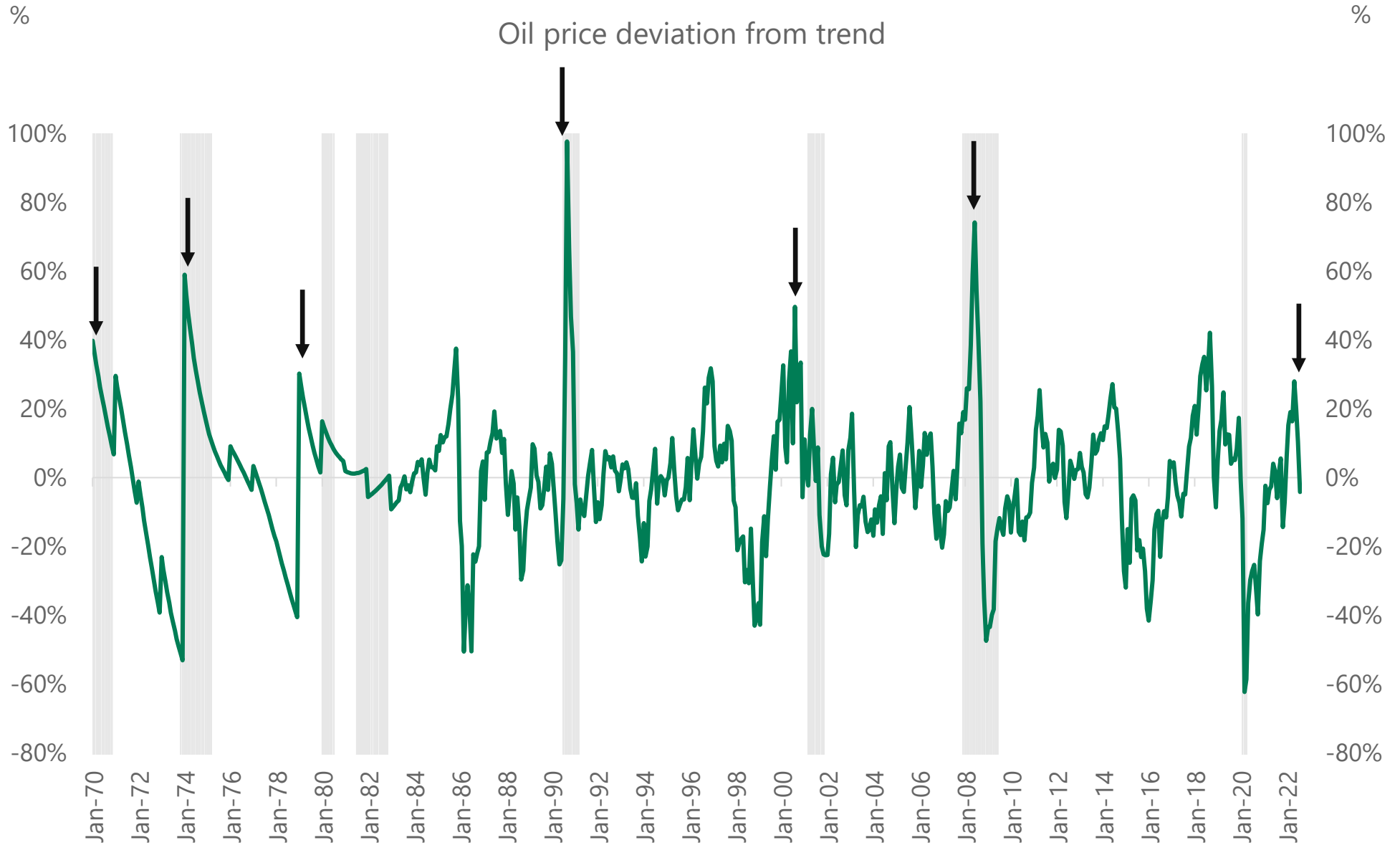
Source: Bloomberg, Apollo Chief Economist

Global energy prices relative to July 1, 2021



Source: Bloomberg, Apollo Chief Economist. Note: HH is the US natural gas benchmark, API2 is European Coal benchmark, JKM is the Asia Pacific LNG benchmark and TTF is the Netherlands natural gas pricing

US recession risk increases when oil prices rise quickly



Source: BP, Bloomberg, Apollo Chief Economist

Biography



Torsten Slok, Ph.D.

Chief Economist

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Torsten Slok joined Apollo in 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade, including #1 in 2019. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.