

NEWSLETTER OF GME – New issue

Rome, May 14, 2015 – It's online, downloadable from www.mercatoelettrico.org, the new issue of the Newsletter of Gestore dei Mercati Energetici (GME).

The newsletter opens with a speech by Mr. Gian Paolo Repetto and Mrs. Agata Gugliotta of RIE on the international market of the LNG and the impact of the fall of the oil price.

According to the two experts of RIE *"the world market of Liquefied Natural Gas is going through a particular situation characterized by weakening demand and falling prices, induced by the latter and by the unexpected braking of uses and the halving of oil prices that, especially in Asia, remain bound in volumes sold through long-term contracts."* In fact, Repetto and Gugliotta stress, if *"after 45 years of virtually uninterrupted growth, from 2012 the international trade of LNG is characterized by a period of stagnation"*, in the last quarter of 2014 and in the first half of 2015 *"the collapse of the Asian LNG prices and their alignment with the values expressed by the European markets" led to the 'redirection' of the cargoes to the ports of North-West Europe, thus increasing again the imports of LNG compared to the corresponding periods of previous years"*.

Despite this economic phase, it remains, however, uncertainty about demand and prices, and that is *"leading operators in the industry to seek more flexibility in trade relations and in terms of pricing and target."* This is with the effect of increasing the *"short cargoes available for Europe"* on one side and slowing down, delaying or cancelling *"the most expensive development projects of liquefaction capacity"* on the other hand. If, then, *"the prospects for growth in the sector remain quite strong, with a demand that will presumably evolved through the growth of new importers related to the vibrant economies of Southeast Asia and India"* and thanks to Europe, where the LNG *"is considered an important factor to increase security of supply,"* the *"freezing or blocking of liquefaction projects,"* the two experts of RIE conclude, *"impact on the industry of the individual producer countries and may in the long period allow the world*



market over the next decade returns to be characterized by problems with inevitable impact on prices.”

The new issue contains the usual technical commentaries on the markets and national and European power and environmental exchanges and the section devoted to the analysis of the trend of the Italian gas market and the analysis section on trends in Europe, which examines the trends of the main European commodity markets.

The new GME's publication also reports, as it has become customary, the summary data of the electricity market for the month of April 2015.

Gestore dei Mercati Energetici S.p.A.
Institutional Relations and Communication
Tel. +39 06 8012 4549
Fax. +39 06 8012 4519
relazioni.istituzionali@mercatoelettrico.org
www.mercatoelettrico.org