

**ONE**

**GLOBAL**

**FORCE**

# The Gas Market

**Italian, European, Global**

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**Tradition**

# Tradition

- Tradition is the third largest interdealer broker in over the counter financial and non financial products
- Offices in 27 locations globally
- 2,500 staff, 25% in London serving around 3,000 institutional clients



# Tradition in European Gas

- Continental European Gas desk started April 2011
- Simultaneous launch of separate PSV desk, Rome
- Focus from London: German markets, Hub spreads
- Use established, market standard Trayport trading platform
- Allow smaller size to encourage mid size clients business
- Currently 35% of all German transactions, 10% of European Market



# Focus on PSV

- Volumes steadily increasing, market size equivalent of French and Austrian markets
- Tradition 50%-60% market share

## Issues

- Concerns amongst traders regarding “moving capacity/transportation tariffs”
- Incumbents not involved in market development
- No facility for clearing, credit situation tight
- Price transparency

# Focus on Rest of Europe

- UK's NBP remains dominant market, 70:30 split between OTC brokers and ICE
- Netherlands TTF 2° biggest market, roughly 20% of NBP
- 2013, large number of NBP/TTF spreads, volatile EUR/GBP
- Emergence of exchange consolidation, ICE/ENDEX, Powernext/EEX

# Focus on Rest of Europe

- Long term, oil indexed contracts under renegotiation
- Volumes being linked to spot markets, more reflective of actual value
- Buyers able to better manage exposure through hedging across multiple hubs
- Emergence of new markets, Czech Republic, Poland, Slovakia, Hungary

# Focus on Global

- LNG market slowly becoming more commodotised
- Tradition introduced a financial swap to facilitate hedging activity, without the need for physical
- Advent of shale gas in Canada/US, building of re-liquifaction plants for export (2015)
- Australia building liquifaction terminals (2014)
- Asia remains biggest single buyer, Japan/Korea along with South America
- Prices mean little or no LNG to Europe



# Focus on Global

- Major new ship building program, predominantly in Korea and Japan to meet new demand
- Current fleet old, little or no spare capacity
- First of new fleet expected 2016
- Additional 7.4 mcm of cargo capacity by end of 2017

[www.shipbuildinghistory.com](http://www.shipbuildinghistory.com)

