Oil & Gas

Energy Research Strategy

Thursday 24 July 2025

The Best Advice is to Stockwise

The European gas price (TTF) has fallen to around EUR 33/MWh following the temporary turmoil in the Middle East - a drop of approximately 20% from the late-June peak. This once again demonstrates how sensitive the market is to geopolitical developments outside Europe. Temporary disruptions in Norwegian gas exports also briefly pushed prices above EUR 35/MWh. The combination of geopolitical risks, weather influences, and supply fluctuations makes the gas market volatile, especially now that physical supply remains relatively tight. Meanwhile, the European storage season is progressing steadily. EU gas storage levels are currently around 65%, meaning the injection pace must remain strong to reach the minimum target of 80% before 1 November.

Geopolitical sentiment continues to dominate the oil market. Although the Brent price temporarily rose by 15%, it quickly returned to around USD 68/barrel following the ceasefire between Israel and Iran. Structurally, the market remains oversupplied, partly due to increased production from OPEC+. The recent decline in U.S. oil inventories has provided some price support, but much will depend on the outcome of the trade conflict between the U.S. and the EU. A potential agreement could boost sentiment temporarily, but may not resolve the underlying market weakness.

TTF Price Drops as Middle East Tensions Ease

The price of the active front-month TTF gas contract is currently trading around EUR 33/MWh. This marks a decline of approximately 20% compared to the level of over EUR 41/MWh reached on 23 June during the tensions between Israel and Iran. Calm has since returned to the Middle East — at least for now. Nevertheless, the short-lived rebound in gas prices due to geopolitical unrest confirmed once again that gas markets, including those in Europe, are also influenced by global factors such as geopolitics

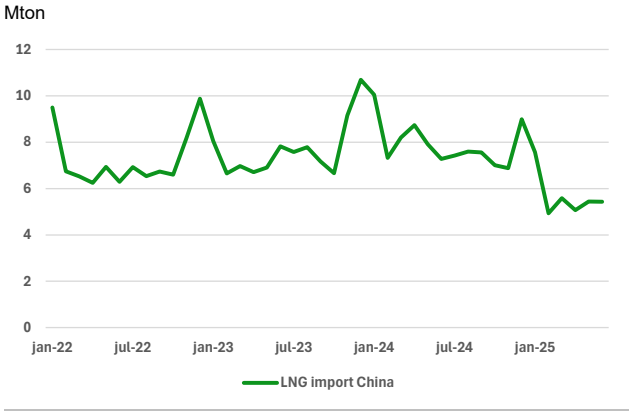
Last week, brief and unexpected outages in Norwegian gas export infrastructure also caused a modest price uptick, temporarily pushing levels above EUR 35/MWh. Thus, in addition to geopolitical issues, gas prices remain sensitive to supply disruptions - especially in the existing tight market - and to supply fluctuations. The latter plays out, for example, at times when there is additional demand as a result of unexpected hot spells that increase the demand for (electrically driven) cooling.

TTF price below EUR 35/MWh

Source: LSEG Eikon

The question is to what extent downward price potential remains in the current market situation. The lowest quoted closing price of TTF's active monthly contract this year was reached on April 29, at EUR 31.80/MWh. Slumbering Asian gas demand is limiting the upward price pressure within a tight market. Chinese LNG imports have been around 5 million metric tons (Mton) per month since 2025, compared with an average of nearly 8 Mton per month in previous years.

Low LNG imports China in 2025.

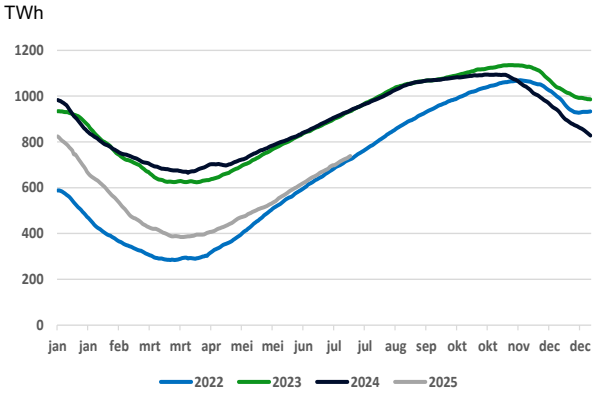


Source: LSEG Eikon

In the meantime, EU gas stocks have been steadily increasing throughout the filling season. The current fill level is about 740 TWh, or 65%. The Netherlands, with a filling level of some 78 TWh, is at 55% of national capacity. The EU filling target prescribes a minimum of 80% (75% under certain conditions) between October 1 and December 1.

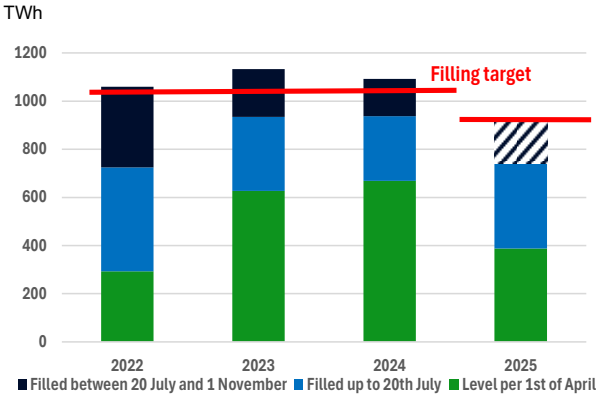
A number of factors ensured that the filling rate was already above 50% at the start of the filling season on April 1 in 2023 and 2024. This was mainly due to relatively low gas demand, driven by high prices and mild winters. As a result, the rate of filling required to bring supplies up to the recommended 90% level was relatively manageable. However, since gas withdrawals from storage were higher this past winter compared to previous years, the storage refill task for this year is more substantial.

Filling gas stocks is going steady



Source: GIE

But the volume needed remains large



Source: GIE

The 80% target for this year provides some relief from the 90% target in previous years. Still, the fill order for this year (and thus the fill rate) is greater than in 2023 and 2024. Between April 1st and July 20th, already nearly 50 TWh more has been filled than in 2023 and some 80 TWh more than in 2024. To reach the 80% level, a volume of 180 TWh is still needed by November 1st.

Officially, EU member states have the flexibility to reach the desired fill level between October 1st and December 1st. In practice, however, experience shows that the heating season — which begins on 1

November — typically brings gas demand to a level where net withdrawals from storage start to occur around that time.

As noted, short-term weather conditions — both in the EU and in Asia — can influence the rate of filling of gas reserves. During the summer months in the Northern Hemisphere, the main risks relate to heatwaves, which can drive up electricity demand and, in turn, increase gas consumption. Since the EU is now heavily reliant on the global LNG market, heatwaves in China have occasionally triggered temporary price competition. However, due to the rapid expansion of solar power capacity in China, much of the increase in electricity demand during heatwaves is now met by renewable energy, supplemented by the country's significant coal-fired generation capacity.

Reaching EU-US trade agreement could also be negative

In the short term, developments surrounding a potential trade agreement between the US and the EU are a key factor for the natural gas market. With next Friday's deadline for a deal approaching, oil and gas markets are likely to respond to news updates on the matter. Earlier this month, the deadline was postponed from July 9th to August 1st. The delay suggests that President Trump would prefer to reach a deal rather than impose 30% import tariffs on the EU — which would almost certainly trigger retaliatory measures from Europe. A further postponement of the deadline remains a real possibility and is already being speculated on.

Nevertheless, an actual trade agreement could just as easily worsen the current macroeconomic situation. With the threat of a 30% tariff and subsequent countermeasures, an unfavorable macroeconomic scenario is created. That scenario forms a *worst-case* scenario, so to speak, that sets the ground for negotiating an agreement. As long as the macroeconomic outcome of a trade agreement is above this floor, the agreement offers added value. However, that could still mean a financial and economic deterioration from the current 10% tariff, as we saw with the US-Japan agreement, where the final rate landed at 15% instead of the threatened 25%.

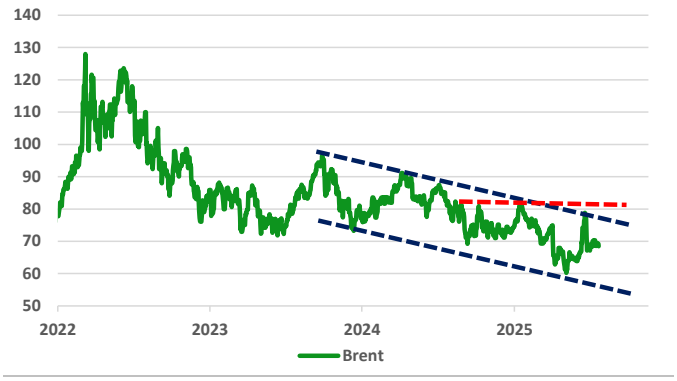
The confirmation of a trade agreement could initially generate positive sentiment, particularly because it contrasts with the worst-case scenario involving tariffs and retaliatory measures. This positive sentiment could provide momentum for upward price movements in the oil and gas markets. The key question, however, is what the actual consequences of the trade deal will be. If these turn out to be disappointing, a delayed price correction could just as easily follow.

Oil price - Between geopolitics and oversupply

Although the oil price shot up by some 15%, the Brent oil price remained in the downtrend. Since the ceasefire between Israel and Iran, the oil price has fallen back to the levels seen before the short-lived conflict fairly quickly. The predominantly negative sentiment in the oil markets was thus briefly challenged but continues to prevail for the time being. Previously, the focus — aside from increased production, particularly by OPEC+ — was mainly on China's sluggish economic growth and its impact on oil demand. Attention has now shifted toward the August 1st deadline concerning potential US trade tariffs and the economic consequences that may follow.

Brent remains in downward price trend

USD/barrel



Source: LSEG Eikon

The potential sanctions that President Trump announced last week against Russia represent another possible upward driver for oil prices. The reason lies in the fact that Russia's President Putin — much to Trump's frustration — appears unwilling to move toward a peace agreement with Ukraine. Despite the announcement of potentially tougher sanctions on Russia, the oil market remained largely unchanged. This suggests that market participants are not particularly concerned about the possible impact of reduced Russian oil flows on global energy markets. These new sanctions are expected to take effect in early September and follow the EU's recently announced 18th sanctions package, which focuses on refined oil products.

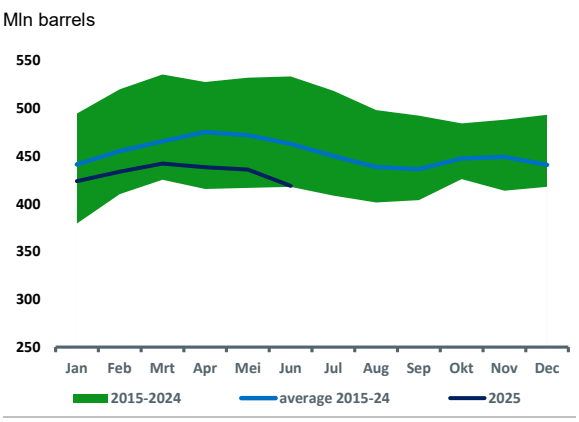
Production growth from both OPEC+ and non-OPEC+ countries has led to expectations — and already some confirmation — of an increasingly oversupplied market. Recent geopolitical tensions between Israel and Iran caused a modest rise in the risk premium, but following the ceasefire and the subsequent price decline, most of that tension appears to have subsided. Nevertheless, oil prices continue to hover around USD 68 per barrel, and the impact of the persistent oversupply is not yet clearly reflected in prices. One possible explanation is that part of the additional production was purchased in advance, meaning the actual supply to the market has not increased significantly. Whether export volumes rise at the same pace as the announced production increases will become clear in the reported data over the coming months.

Low US inventories

The US Energy Information Administration (EIA) unexpectedly reported a stronger-than-expected drop in crude oil inventories last week. With commercial stocks currently at around 422 million barrels, inventories are nearly 10% below the 10-year average.

The lower stock levels are notable, especially given that the oil market appears to be relatively well-supplied. Announcements — and early signs — of increased production from OPEC+ have helped prevent significant price spikes amid recent geopolitical escalations. This may have prompted buyers to secure oil earlier than usual and maintain inventories at relatively stable levels. It's also possible that the US government anticipates a significant short-term decline in oil prices.

EIA U.S. crude oil inventories



Source: LSEG Eikon

This aligns with expectations of a growing oversupply in the oil market towards the end of this year and into early next year. However, the likelihood of oil prices remaining significantly below current levels for an extended period appears limited. While such a scenario could allow OPEC+ — particularly Saudi Arabia — to increase its market share, the group is unlikely to tolerate a deep and prolonged price drop and may revise its production levels again if necessary.

In brief

18th Sanctions Package Against Russia Adopted July 18 - The EU has adopted its 18th sanctions package, introducing new measures targeting Russian oil and gas trade. As of 3 September 2025, the price cap on Russian crude oil will be lowered from USD 60 to USD 47.60 and will henceforth be automatically set at 15% below the market price for Urals crude. The EU has also formally included a ban on all transactions related to Nord Stream 1 and 2 in the package. In addition, from January 2026, the import of refined products made from Russian oil via third countries will be prohibited. The blacklist of shadow fleet tankers has been expanded by 105 vessels. Lastly, entities involved in circumvention — including an Indian refinery — have also been placed under sanctions.

Minister Announces 5 TWh Emergency Natural Gas Stockpile - In a parliamentary letter dated 14 July 2025, the Dutch government detailed its previously announced plan to establish a strategic gas reserve starting in 2026. The first phase will include 5 TWh of gas stored at PGI Alkmaar, to be used only under the highest level of gas crisis as defined in the EU's Security of Supply Regulation — that is, in the event of a severe disruption to gas supply. This measure is in response to the closure of the Groningen field and increased import dependency. Future expansion is possible; the volume will be determined annually by the Minister. The estimated annual cost of €37 million will be financed through a transport tariff.

Large Oil and Gas Fields Discovered Off Polish Coast - An offshore discovery near Świnoujście in the Baltic Sea has revealed around 33 million tonnes of oil (200 million barrels) and 27 billion cubic meters (bcm) of natural gas. The field covers 600 km² and is located approximately 6 km from the Polish coastline. According to the Canadian company Central European Petroleum, it is one of the largest conventional discoveries in Europe in the past decade. Production could begin within 3 to 4 years. The find effectively doubles Poland's oil reserves and significantly strengthens national energy security.

Three-year LNG Deal for Germany - ADNOC Gas has signed a deal to supply Germany with approximately 0.7 million tonnes of LNG annually over the next three years. Deliveries will begin this year, with a total contract value of around USD 400 million. The LNG will be shipped from the Das Island facility in Abu Dhabi. For Germany, this represents another step toward enhancing energy security through long-term, non-Russian supply agreements. The deal highlights the Middle East's growing role in Europe's energy mix.

Energy Agenda

Organisation	Date	Event
Federal Reserve (FED)	30-Jul-26	Interest rate meeting US
European Commission (EC)	Q3-25	CBAM Review Report
OPEC+ (V8 countries)	3-Aug-25	Ministerial Meeting on September production levels
European Central Bank (ECB)	11-Sep-25	Interest rate meeting Eurozone
Federal Reserve (FED)	17-Sep-25	Interest rate meeting US
Ministry Climate and Green Growth (KGG)	sep-25	Climate and Energy Outlook (KEV) 2025, in week 38
International Energy Agency (IEA)	okt-25	World Energy Outlook 2025
Day ahead markt	1-okt-25	Time unit in day-aheadmarkt from hourly base to 15-minute-l
United Nations Climate Change Conference	nov-25	Conference of Parties (COP) 30
OPEC+ (JMMC)	30-nov-25	Meeting of the Joint Ministerial Monitoring Committee
Ministry Climate and Green Growth (KGG)	Q4-25	Desicion on program nitrogen, energy transition, and industry

For more information on this update, or on PZ Energy Research & Strategy's other services, please contact:

Hans van Cleef - hans.vancleef@publiekezaken.eu / 0031 – 6 30 90 33 76
Bart van der Pas - bart.vanderpas@publiekezaken.eu / 0031 – 6 36 52 95 51
Fabian Steenbergen - fabian.steenbergen@publiekezaken.eu / 0031 – 6 18 55 34 46
Marije Willigenburg - marije.willigenburg@publiekezaken.eu / 0031 – 6 21 91 83 03
Guusje Schreurs - guusje.schreurs@publiekezaken.eu