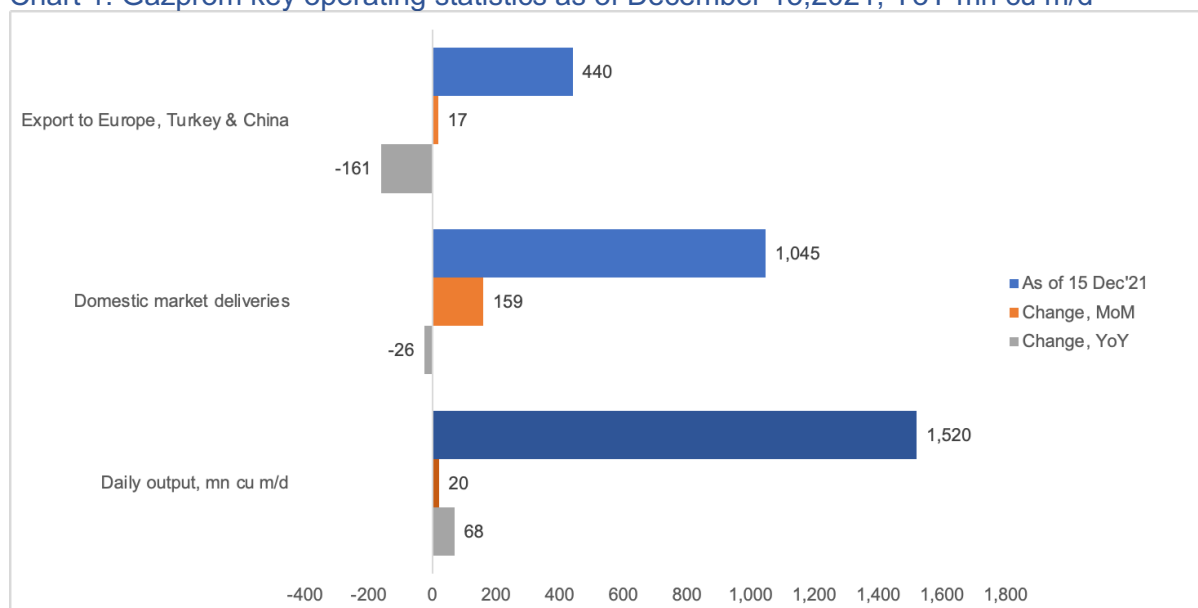# Gazprom in mid-December: output high, export low, storage full

- In the first 15 days of December, Gazprom average daily gas output was 1,520 mn cu m/d, up 68 mn cu m/d on last year, based on data released by the company.

- Gazprom deliveries to domestic consumers were running below last year levels at 1,045 mn cu m/d, reversing some gains in domestic demand seen in September-November.

- Gazprom export to Europe, Turkey and China fell 161 mn cu m/d YoY but increased 17 mn cu m/d MoM to 440 mn cu m/d. Based on the current data, Gazprom annual exports (including China) might reach 185 bcm in 2021, up 3.3% YoY.

- Our model of Gazprom gas balance for December indicates that the company might have an estimated 61 bcm of gas in Russian storage as of end 2021, up 10 bcm YoY. Our calculations show Gazprom might have some extra 20 bcm of gas in Russian storage at the end of winter season of 2021/2022.

Gazprom daily output remains high despite fall in domestic and export deliveries

Chart 1. Gazprom key operating statistics as of December 15,2021, YoY mn cu m/d
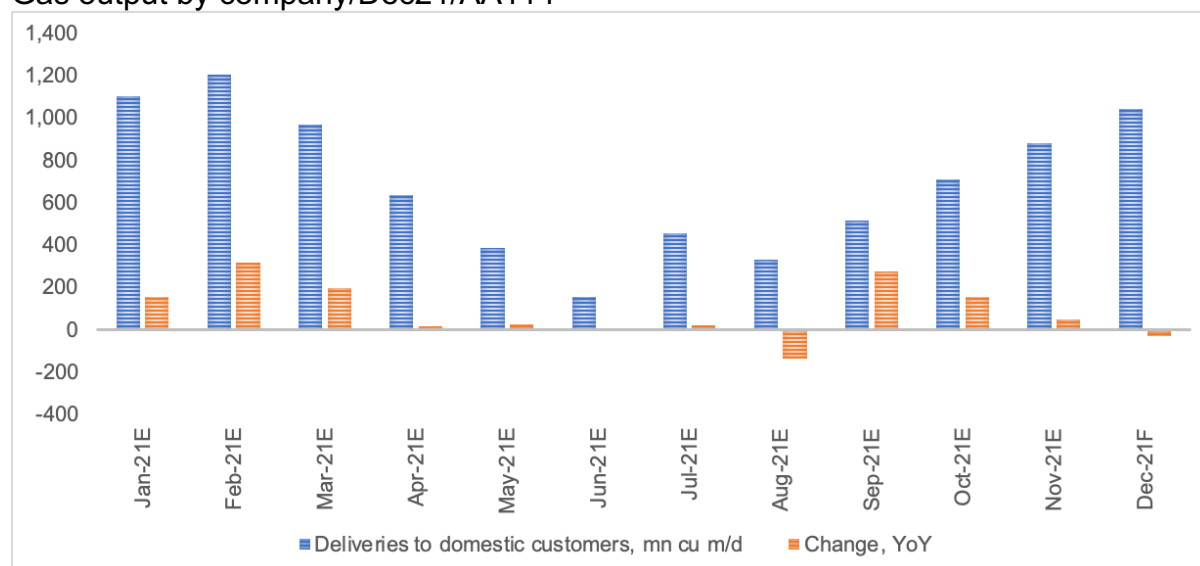

Source: Gazprom data, RAA research

- Gazprom released key operating statistics for the first 15 days of December on Telegram. Based on the data, we estimate that the average daily gas output was up 1,520 mn cu m/d, up 20 mn cu m/d on average in November and 68 mn cu m/d up compared to December last year.

- Gazprom deliveries both to domestic and export markets fell YoY but increased MoM. In Russia, Gazprom was shipping an est. 1,045 mn cu m/d, 26 mn cu m/d below last year level. We believe that the decline could be explained by warmer weather so far in December.

- Gazprom export to Europe, Turkey and China fell 161 mn cu m/d YoY but increased 17 mn cu m/d MoM to 440 mn cu m/d. Based on the current data, Gazprom annual exports (including China) might total 185 bcm in 2021, up 3.3% YoY. This is below management target of 183 bcm of gas exports to Europe and Turkey and around 10-11 bcm of exports to China.
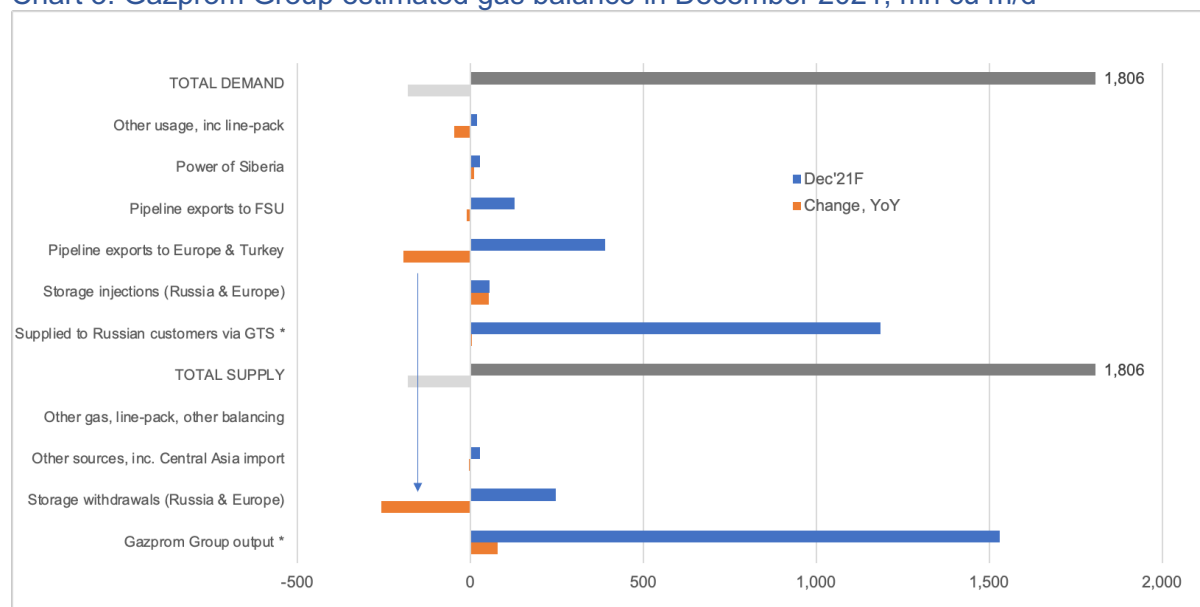
Chart 2. Gazprom domestic gas deliveries as reported , mn cu m/d
Gas output by company/Dec21/AA114

Source: Gazprom data, RAA research

- Domestic demand for Gazprom gas was visibly down YoY. Deliveries to domestic consumers were running at 1,045 mn cu m/d in the first 15 days of December, down 26 mn cu m/d compared to a very cold December of last year. This has reversed the trend of higher YoY domestic deliveries by Gazprom in September-November, which may have put some constrains on export flows during those months.

- Year-to-date to December 15, Gazprom reported that domestic deliveries were up 30.2 bcm, up 14.5% YoY. This means that on average Gazprom domestic deliveries were up 86 mn cu m/d YoY at 683 mn cu m/d throughout this year to December 15. Mostly, additional demand appears to be linked to colder weather during heating season.
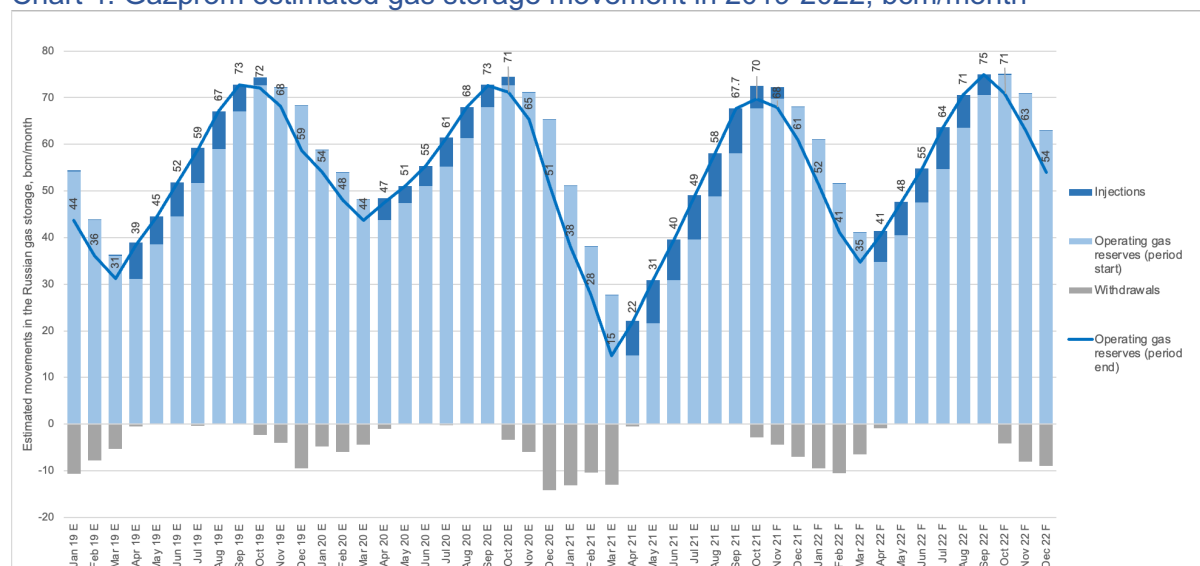
Chart 3. Gazprom Group estimated gas balance in December 2021, mn cu m/d

Source: Gazprom data, RAA research. Note: domestic deliveries are adjusted to Russian accounting standards

- Higher gas output by Gazprom so far in December (compared to last year) has not been matched by increased demand. It could indicate that Gazprom has been using much less gas from Russian storage than last year.

- There is, however, a degree of uncertainty over overall domestic gas demand, which may not be fully reflected in Gazprom data. Gazprom domestic gas deliveries account for around 67% of total pipeline supplies[1].

Chart 4. Gazprom estimated gas storage movement in 2019-2022, bcm/month

Source: Gazprom data, RAA research.

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[1] Gazprom 2Q 2021 report (Отчет эмитента)

- Based on our model, Gazprom gas storage withdrawal in Russia in December could be noticeably lower than last year. This is a result of both higher YoY output by the company and lower YoY demand from domestic consumers (on warmer weather) and a YoY decline in export (on higher prices, transit constraints).

- We estimate that the company might have around 61 bcm of gas in Russian storage by end 2021, up 10 bcm YoY. Our calculations also show that Gazprom might have some extra 20 bcm of gas in Russian storage at the end of March 2022 (end of winter season of 2021/2022) compared to last year.

Disclaimers