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INDEPENDENT NEWS FROM RUSSIA

Record Warm Temperatures Hit Gazprom Production

Gas exports down a quarter as warm January knocks demand.

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Gazprom share prices have fallen 12% as temperatures hit record high levels across Russia. **Maxim Korotchenko / TASS**

Russia's largest energy company has been forced to cut output as a result of the unseasonably warm start to the year.

Gas production at state-controlled Gazprom fell to its lowest level in four years in January, Russian news agency Interfax reported, down 6% compared to last year, as demand for heating in Russia and abroad slumped.

Moscow recorded its warmest January on record, with the average January temperature in the Russian capital in positive territory — at plus 0.1 degrees — for the first time ever.

As a result of the warmer temperatures, Gazprom's gas production dropped to 44.3 billion cubic meters, while exports slumped by a quarter, down to 13.5 billion cubic meters.

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“The company’s fundamentals are not optimistic,” Karpov Konstantin, an analyst at BCS Premier said. “Warm weather in the Northern Hemisphere in January and a high level of underground gas storage led to a decrease in production.”

As Russia and Ukraine wrangled over an extension to their gas transit deal, Europe increased its purchases of Russian gas at the end of 2019 to bulk up reserves in case exports from Russia were disrupted.

The weak demand and record low gas prices pushed Gazprom shares down 12% in January.

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