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Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

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[1]

Oil prices hit a fresh 13-month high on Wednesday, with the front-month WTI contract settling over USD 1/barrel higher day-on-day to close in the USD 61/barrel range. The month-ahead Brent price closed USD 0.99/barrel higher to settle in the USD 64/barrel range.

Large scale production cuts across the US Lower 48 caused by the polar vortex pushed oil higher on Wednesday. WTI is up ~USD 7.6/barrel since the start of February, with Brent having increased by ~USD 8/barrel since the start of the month. The gains could soon soften as reports emerged on Wednesday suggesting that Saudi Arabia will look to increase output from April – after its unilateral production cut ends. OPEC+ is also looking to ease production cuts from April due to strong prices, according to reports.

US natural gas benchmark Henry Hub continued to strengthen on Wednesday, rallying by 2.9% to close at USD 3.22/MMBtu. In comparison, spot prices at Henry Hub were ~USD 20/MMBtu on Wednesday morning, according to reports, with the severe winter storm gripping the US Gulf coast driving gas demand. Elsewhere, next-day gas prices at the Oneok Gas Transportation hub in Oklahoma were trading at over USD 1,000/MMBtu on Wednesday, according to reports.

Front-month European gas prices took a tumble on Wednesday. The month-ahead UK NBP price fell by 2.1%, and the month-ahead Dutch TTF price closed 1.6% lower.

CME's JKM futures contract remained unchanged at USD 8.26/MMBtu for a fourth straight day. The price could rally as Texas governor Greg Abbott declared a ban on gas sales outside of the state, with the

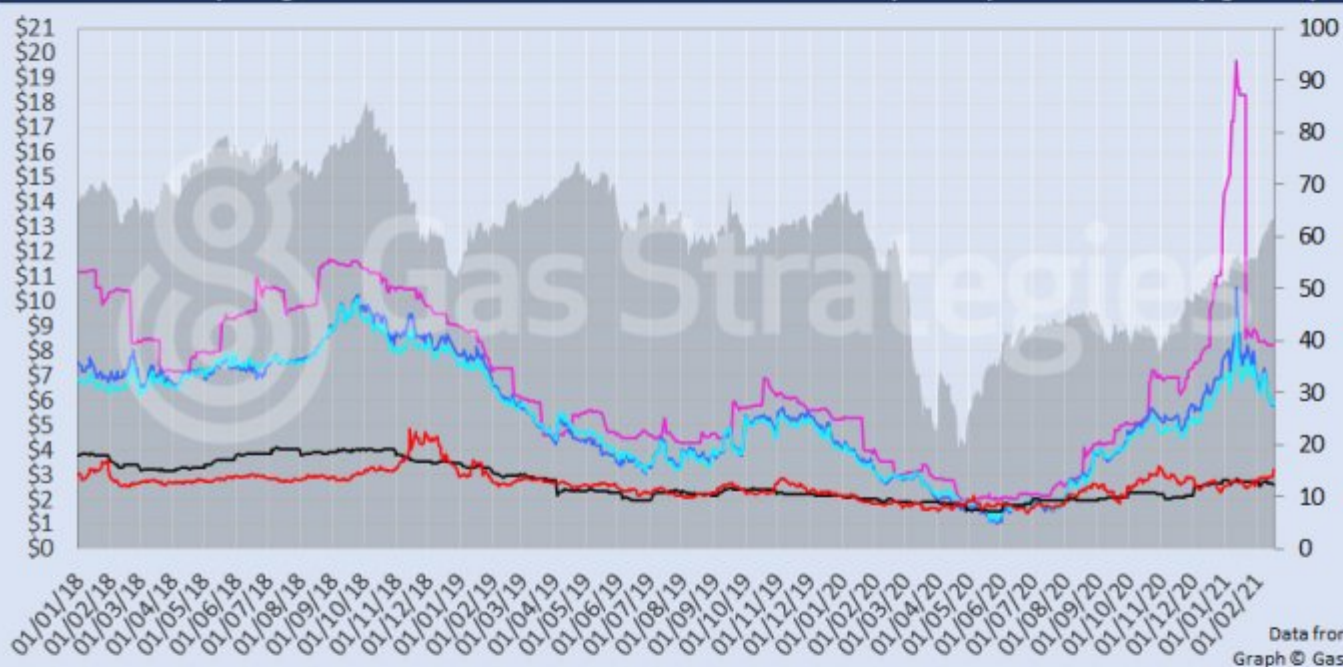
order remaining in place until 21 February. Abbott issued the order in a bid to help firm up supply for the state's gas-fired power plants, with the state hit by rolling blackouts since Monday as power demand outstripped supply due to the severe winter storm.

The European carbon price continued to slide, closing 2% lower at EUR 38.05/tonne.

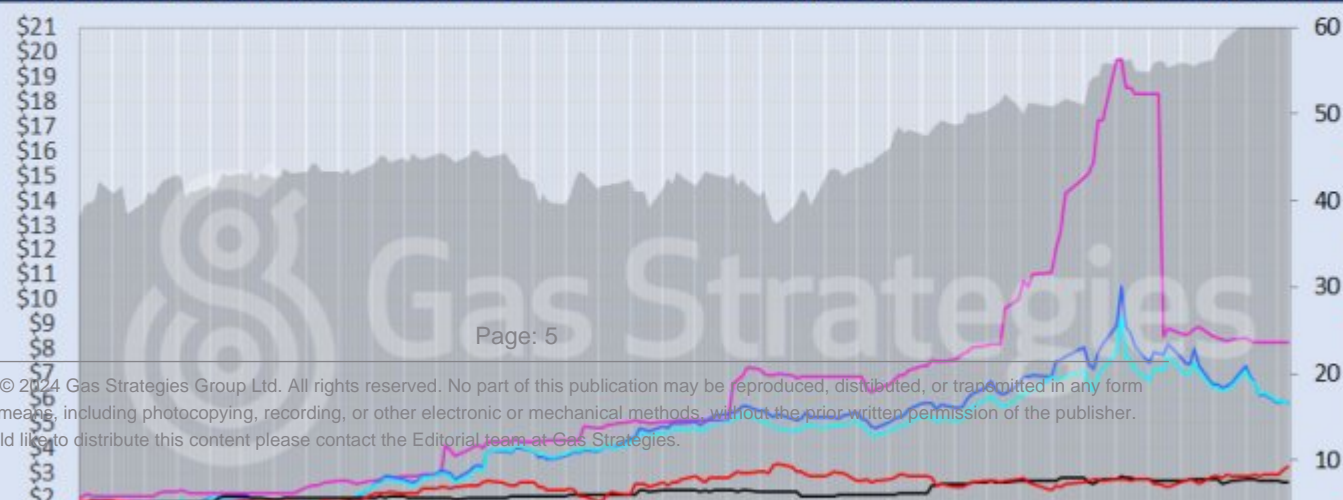
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	17/02/2021	16/02/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.22	3.13	0.09	
NBP (\$/MMBtu)	5.79	5.91	-0.12	
NBP (€/th)	41.81	42.49	-0.68	
Henry Hub-NBP spread	2.57	2.78	-0.21	
TTF (\$/MMBtu)	5.84	5.93	-0.09	
TTF (€/MWh)	16.54	16.72	-0.18	
Henry Hub-TTF spread	2.62	2.80	-0.18	
JKM (\$/MMBtu)	8.26	8.26	0.00	
TTF-JKM spread	2.43	2.33	0.09	
Henry Hub-JKM spread	5.05	5.14	-0.09	
Brent (\$/barrel)	64.34	63.35	0.99	
WTI (\$/barrel)	61.14	60.05	1.09	
Brent-WTI spread (\$/barrel)	3.20	3.30	-0.10	
API2 Coal (\$/tonne)	65.35	65.55	-0.20	
API2 Coal (\$/MMBtu)	2.61	2.62	-0.01	
EU CO ₂ emissions allowances (€/tonne)	38.05	38.82	-0.77	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2020



[2]

Time references based on London GMT. Brent, WTI, NBP, TTF and EU CO2 data from ICE. Henry Hub, JKM and API2 data from CME. Prices in USD/MMBtu based on exchange rates at last market close. All monetary values rounded to nearest whole cent/penny. Text and graphic copyright © Gas Strategies, all rights reserved.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
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