

13 May 2024

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Pricewatch | 27 November 2023 | Gas Matters Today
Publication date: 27 November 2023

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[1]European natural gas prices defied forecasts of freezing weather on Friday and moved downwards, a trend that accelerated with a steep fall on Monday morning, despite widespread frosts over the weekend. One likely factor is the significant reduction in tensions in the Middle East, which has also impacted crude oil prices.

In Continental Europe, TTF natural gas futures closed down 0.1%, from USD 14.97/MMBtu on Thursday to USD 14.95/MMBtu on Friday but currency movements masked a decline of 0.4% in EUR/MWh terms. The decline quickened dramatically on Monday morning, with the price down a further 5.2% by lunchtime in London.

In the UK, NBP rose in dollar terms – again because of currency movements – from USD 15.02/MMBtu on Thursday to USD 15.09/MMBtu on Friday, but, in terms of p/therm, prices fell 0.1% from 119.87p/therm to 119.79 p/therm. Like TTF, NBP plunged on Monday morning, down a further 5.0% by lunchtime in London.

The falls come despite a string of withdrawals from storage that have reduced levels to 97.7% on Saturday, down from 99.0% a week earlier, according to Gas Infrastructure Europe (GIE) data.

In Asia, the JKM benchmark was up 3.7% at USD 17.10/MMBtu on Friday, from USD 16.49/MMBtu on Thursday, its highest level since January became the front-month contract, with weather forecasts in Europe and Asia probably playing a role.

In the US, natural gas markets took another a break on Friday for the Thanksgiving festivities.

Crude oil prices continued their downward trajectory as the pause in hostilities between Israel and Hamas took hold, leading to the exchange of Israeli hostages for Palestinian prisoners, and with the postponement of the OPEC+ meeting from yesterday to this coming Thursday.

Postponement of the OPEC+ meeting has lessened expectations that output quotas might be cut further and concerns about near-term demand in the US and China have not gone away.

Brent crude fell by 1.0%, from USD 81.42/barrel on Thursday to USD 80.58/barrel on Friday, while WTI remained flat at USD 76.40/barrel.

Oil prices continued to fall on Monday morning with hopes rising that what was to be a four-day pause in hostilities in Gaza – beginning on Friday morning – might be extended and some commentators even daring to suggest that hostilities might not resume at all. The latter view conflicts with statements from both Israel and Hamas.

Both Brent and WTI were down about 0.5% by lunchtime in London.

European coal prices were down 2.4%, with API2 at USD 4.79/MMBtu on Friday, from USD 4.91/MMBtu on Thursday.

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

Front-month futures/index	24/11/2023	23/11/2023	Daily +/- (\$)	Daily +/-
Henry Hub (\$/MMBtu)	2.86	2.90	-0.04	
NBP (\$/MMBtu)	15.10	15.02	0.07	
NBP (£p/th)	119.79	119.87	-0.08	
Henry Hub-NBP spread	12.24	12.13	0.12	
TTF (\$/MMBtu)	14.95	14.33	0.62	
TTF (€/MWh)	46.66	46.83	-0.17	
Henry Hub-TTF spread	12.10	11.43	0.66	
JKM (\$/MMBtu)	17.10	16.49	0.61	
TTF-JKM spread	2.15	2.16	-0.01	
Henry Hub-JKM spread	14.25	13.59	0.65	
Brent (\$/barrel)	80.58	81.42	-0.84	
WTI (\$/barrel)	76.40	76.40	0.00	
Brent-WTI spread (\$/barrel)	4.18	5.02	-0.84	
API2 Coal (\$/tonne)	119.75	122.75	-3.00	
API2 Coal (\$/MMBtu)	4.79	4.91	-0.12	
EU CO ₂ emissions allowances (€/tonne)	76.60	76.59	0.01	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 20



[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.



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