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CORRECTION: WTI drop third steepest in history, closing price lowest since 2002

Wednesday, 18 March 2020 will go down in history as one of the steepest single-day US crude oil selloffs in history – which also saw US gas benchmark Henry Hub plunge to prices not seen in more than a decade. Month-ahead WTI futures crashed a staggering 24% – the contract's third biggest day-on-day loss – to close at USD 20.37/barrel, its lowest closing price since January 2002. Month-ahead Brent was also punished, collapsing 13% to USD 24.88/barrel, amid forecasts of global crude oversupply accelerating in April just as demand implodes from coronavirus pandemic economic shutdowns across the US and Europe. Oil prices promised to recover some losses today, with Brent and WTI rising as high as 6% and 13% above yesterday's extreme lows during intraday trading on Thursday morning (GMT).

Amid yesterday's extreme stock market volatility, the British pound fell to USD 1.16 and EUR 1.07 per GBP as the US dollar index – a measure of the greenback against a basket of other currencies – soared above 101 points, a three-year high.

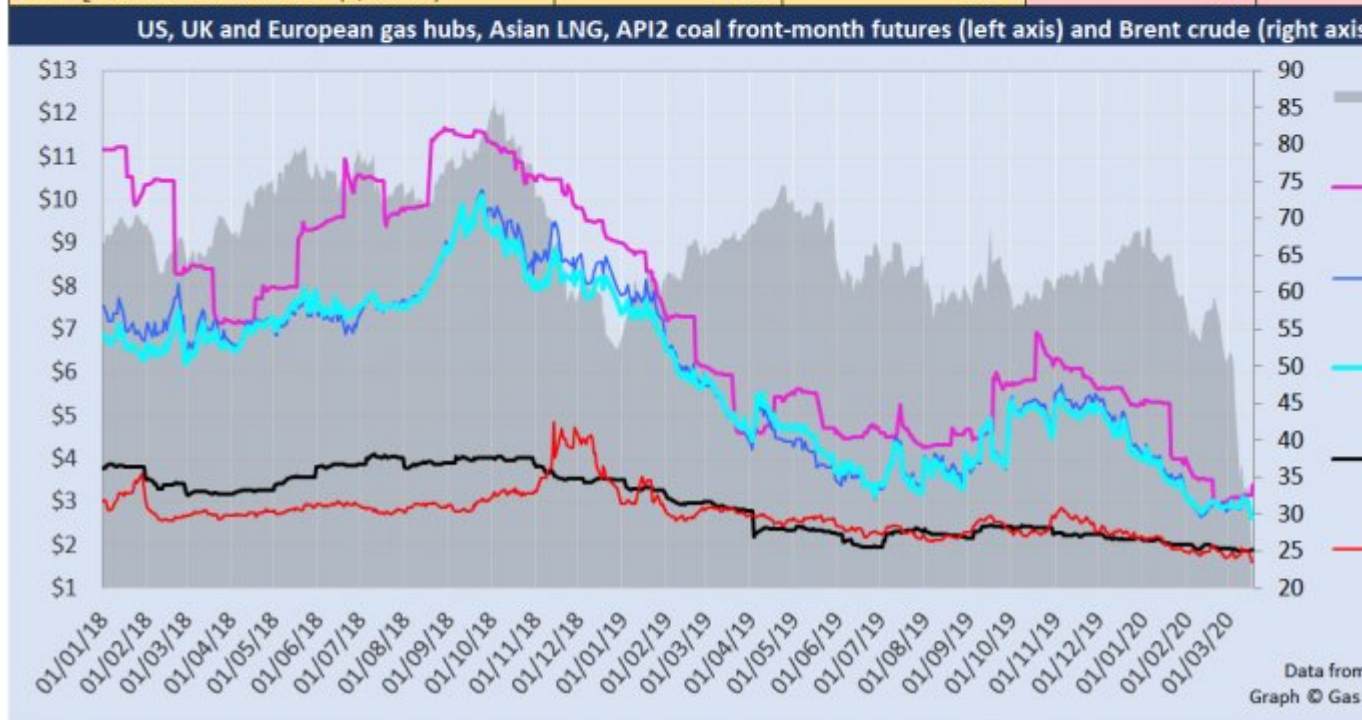
The European carbon price also accelerated its freefall, with month-ahead carbon allowances (EUAs) collapsing 17% day on day to hit EUR 15.24/tonne – a fresh 18-month low. The collapse is raising the prospect of a possible reversal in coal-to-gas switching in some European power markets, with Rotterdam API2 coal also languishing at USD 47.30/tonne (USD 1.89/MMBtu).

European natural gas hubs also remain depressed, with front-month NBP and TTF losing another 1-2% to close at the equivalent of ~USD 2.62/MMBtu. But with limited scope for further losses, the ongoing competitiveness of gas-fired power against coal could be threatened by the carbon price collapse.

In the US, natural gas benchmark Henry Hub crashed 7% yesterday to USD 1.60/MMBtu – its lowest closing price in more than a decade. The collapse is expected to weigh against US shale operators with gas-heavy portfolios, which enjoyed counter-cyclical gains last week [1] on forecasts that a crash in associated gas output in the Permian due to the oil rout would boost wellhead prices for non-associated gas wells across other US shale plays.

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

Front-month futures/index	18/03/2020	17/03/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.60	1.73	-0.13	
NBP (\$/MMBtu)	2.61	2.69	-0.08	
NBP (£p/th)	22.16	22.36	-0.20	
TTF (\$/MMBtu)	2.63	2.72	-0.10	
TTF (€/MWh)	8.27	8.47	-0.21	
Henry Hub-TTF spread	1.02	1.00	0.03	
JKM (\$/MMBtu)	3.40	3.14	0.26	
TTF/NBP-JKM spread	0.78	0.44	0.35	
Brent (\$/barrel)	24.88	28.73	-3.85	
WTI (\$/barrel)	20.37	26.95	-6.58	
Brent-WTI spread (\$/barrel)	4.51	1.78	2.73	
API2 Coal (\$/tonne)	47.30	47.05	0.25	
API2 Coal (\$/MMBtu)	1.89	1.88	0.01	
EU CO ₂ emissions allowances (€/tonne)	15.24	18.25	-3.01	



[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.



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