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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

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



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[1]

European gas hubs corrected sharply on Tuesday after surging over the festive New Year period on forecasts of colder weather. Month-ahead contracts on UK NBP and Dutch TTF fell by more than 9% to close yesterday's session at the equivalent of USD 7.36/MMBtu and USD 6.49/MMBtu, respectively. NBP rose 30% between 18 December and 4 January 2020, while TTF gained 25% over the same timeframe.

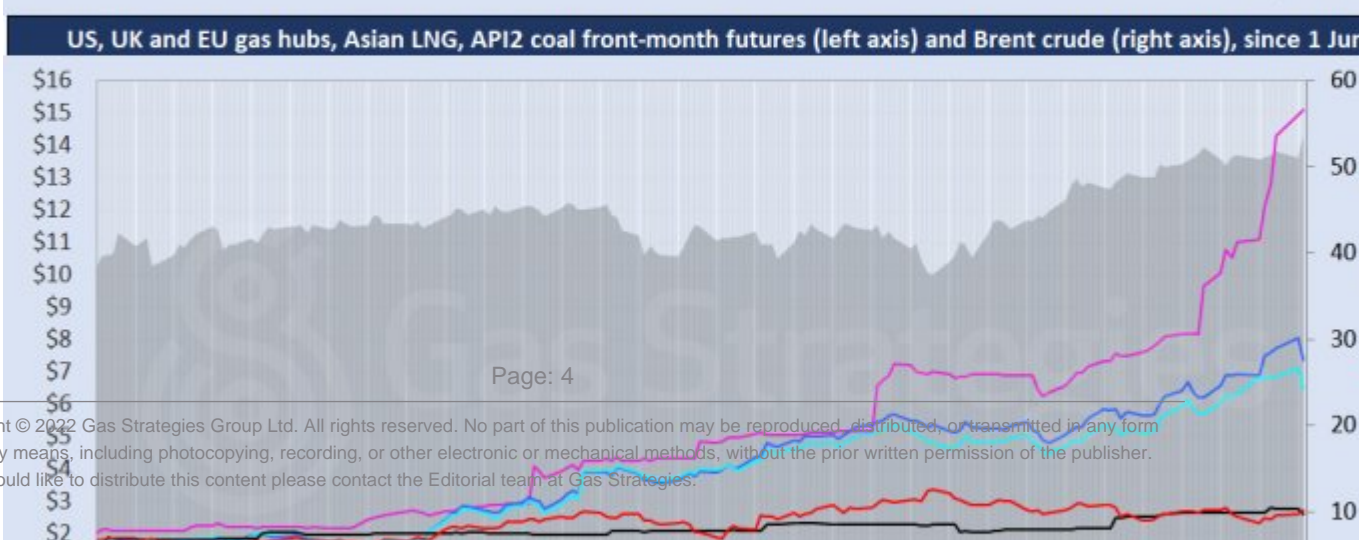
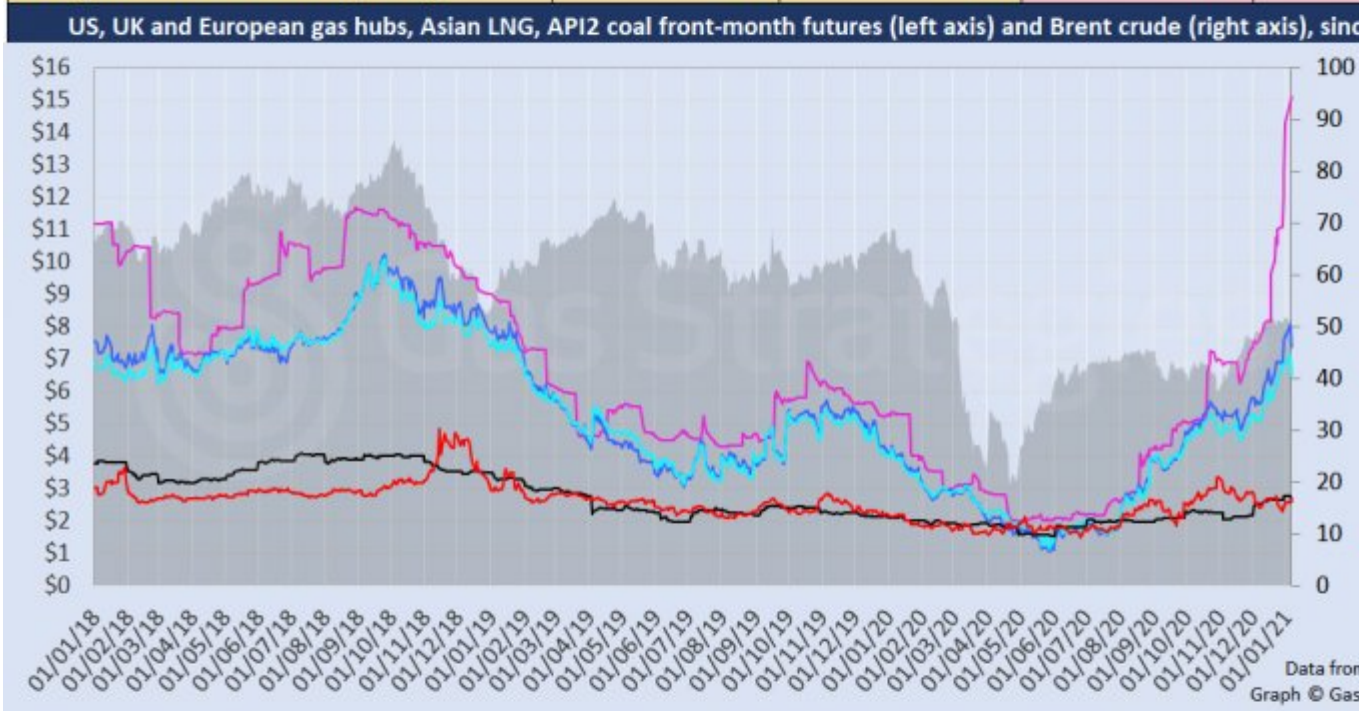
The Asian LNG spot price made further gains yesterday after a barn-storming bull run over the Christmas and New Year break. CME's JKM futures contract, a financial hedging instrument against JKM, yesterday rose 1.2% to USD 15.11/MMBtu. US gas benchmark Henry Hub rose 4.7% to USD 2.70/MMBtu following reports of a cold weather front plunging temperatures on the eastern seaboard.

Oil prices rose strongly yesterday and continued their ascent on Wednesday morning after Saudi Arabia announced voluntary additional production cuts of 1 million barrels/d in February and March, while most other OPEC+ producers will hold production steady in a bid to balance the market during intensifying Covid-19 lockdowns. Brent and WTI futures both rose 4.9% to close at USD 53.60/barrel and USD 49.93/barrel, respectively, and both were trading around 1% higher on Wednesday morning.

The European carbon price yesterday fell back by 2.1% from its latest all-time high of EUR 33.56/tonne, closing the session at EUR 32.84/tonne.

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

| Front-month futures/index | 05/01/2021 | 04/01/2021 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 2.70 | 2.58 | 0.12 | |
| NBP (\$/MMBtu) | 7.36 | 8.06 | -0.70 | |
| NBP (£p/th) | 54.02 | 59.45 | -5.43 | |
| Henry Hub-NBP spread | 4.66 | 5.48 | -0.82 | |
| TTF (\$/MMBtu) | 6.49 | 7.13 | -0.64 | |
| TTF (€/MWh) | 18.01 | 19.84 | -1.84 | |
| Henry Hub-TTF spread | 3.79 | 4.55 | -0.76 | |
| JKM (\$/MMBtu) | 15.11 | 14.93 | 0.18 | |
| TTF-JKM spread | 8.62 | 7.80 | 0.81 | |
| Henry Hub-JKM spread | 12.40 | 12.35 | 0.05 | |
| Brent (\$/barrel) | 53.60 | 51.09 | 2.51 | |
| WTI (\$/barrel) | 49.93 | 47.62 | 2.31 | |
| Brent-WTI spread (\$/barrel) | 3.67 | 3.47 | 0.20 | |
| API2 Coal (\$/tonne) | 65.00 | 69.35 | -4.35 | |
| API2 Coal (\$/MMBtu) | 2.60 | 2.77 | -0.17 | |
| EU CO ₂ emissions allowances (€/tonne) | 32.84 | 33.56 | -0.72 | |



[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
training@gasstrategies.com

**Information Services**

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com