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Pricewatch | 25 Mar 2021 | Gas Matters Today

Crude prices soared on Wednesday after one of the world's largest containerships ran aground in the Suez Canal on Tuesday, blocking the artery of world trade.

The front-month Brent and WTI contracts rallied by ~6% on the back of the Suez Canal blockage, with the gains almost cancelling out the ~USD 3.80/barrel loss recorded on Tuesday. Brent settled in the USD 64/barrel range on Wednesday, with WTI closing in the USD 61/barrel range.

Efforts to partially re-float the Ever Given container ship and move it continued on Thursday, with Peter Berdowski, the CEO of Boskalis, a salvage company involved in the rescue operation, telling the Netherlands' Nieuwsuur television programme that it could take "days to weeks" to free the vessel.

The Ever Given vessel, the length of four football pitches, was heading north when it ran aground on Tuesday. Bernhard Schulte Shipmanagement (BSM), the technical manager of the ship, said strong winds blew the mammoth container ship off course, leaving it lodged sideways in the canal, blocking traffic from transiting the waterway which connects the Red Sea with the Mediterranean Sea.

Crude prices had crashed on Tuesday amid fresh Covid-19 related lockdowns across Europe which is seen as stalling a recovery in crude demand. The rally on the back of the Suez Canal blockage is expected to be short lived as bearish demand-side sentiment is expected to persist and weigh on prices.

Gas prices also rallied on Wednesday. In Europe, prompt TTF and NBP prices rallied to a 10-day high during the session on the back of the Suez Canal blockage, however the rally was short lived with prices falling as the market viewed the blockage as having a minor impact on LNG flows, one trade source told Gas Matters Today.

The front-month TTF and NBP contracts rallied by 0.7% and 1.1% respectively on Wednesday, with TTF closing at the equivalent of USD 6.45/MMBtu and NBP settling at the equivalent of USD 6.51/MMBtu.

JKM remained unmoved by the Suez Canal blockage, with the Asian LNG marker remaining unchanged at USD 6.86/MMBtu on Wednesday.

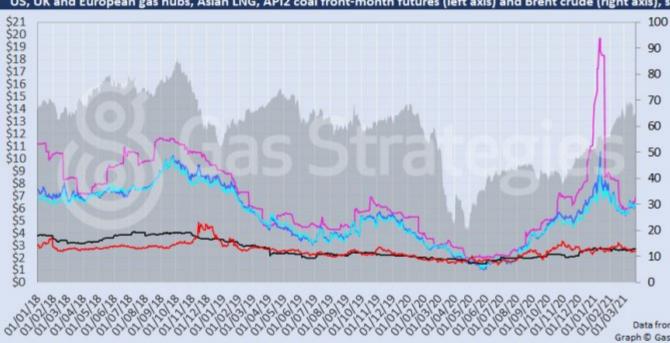
US gas benchmark Henry Hub recorded a minor gain of 0.4% and remained in the USD 2.5/MMBtu range.

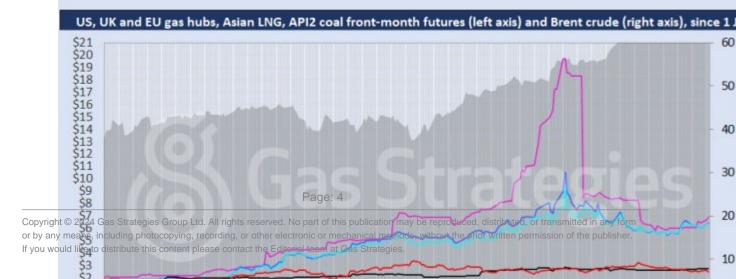
The European carbon price stopped the rot after rallying by 0.4%, but remained in the EUR 41/tonne range.

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



Front-month futures/index	24/03/2021	23/03/2021	Daily +/- (\$)	Dail
Henry Hub (\$/MMBtu)	2.52	2.51	0.01	
NBP (\$/MMBtu)	6.51	6.44	0.07	
NBP (£p/th)	47.45	46.67	0.78	
Henry Hub-NBP spread	3.99	3.93	0.06	
TTF (\$/MMBtu)	6.45	6.40	0.05	
TTF (€/MWh)	18.59	18.39	0.20	
Henry Hub-TTF spread	3.93	3.89	0.04	
JKM (\$/MMBtu)	6.86	6.86	0.00	
TTF-JKM spread	0.41	0.45	- 0. 05	
Henry Hub-JKM spread	4.34	4.35	-0.01	
Brent (\$/barrel)	64.41	60.79	3.62	
WTI (\$/barrel)	61.18	57.76	3.42	
Brent-WTI spread (\$/barrel)	3.23	3.03	0.20	
API2 Coal (\$/tonne)	68.40	68.45	-0.05	
API2 Coal (\$/MMBtu)	2.74	2.74	0.00	
EU CO₂ emissions allowances (€/tonne)	41.49	41.32	0.17	







[1]

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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