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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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Oil prices slumped on Thursday as demand concerns outweighed the disruption on the supply side caused by the ongoing blockage in the Suez Canal.

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

However, on Thursday, the front-month Brent contract recorded a loss of USD 2.46/barrel to settle in the USD 61/barrel range. As for WTI, it fell by USD 2.62/barrel to settle in the USD 58/barrel range.

The blockage is holding up several cargoes of oil and LNG from transiting the waterway, however most of oil tankers impacted by the incident are destined for Europe – where demand is flagging due to fresh lockdowns aimed at stemming rising Covid-19 in many nations.

A strengthening US dollar – which hit a four-month high against the Euro – also weighed on crude prices on Thursday.

Efforts to partially re-float the Ever Given continued on Friday, with Peter Berdowski, the CEO of Boskalis, a salvage company involved in the rescue operation, telling the Netherlands' Nieuwsuur television programme on Wednesday evening that it could take “days to weeks” to free the vessel.

Whilst oil has spiked on the Suez Canal blockage, gas prices have remained stable as the market is well supplied as the northern hemisphere winter comes to an end. In Europe, the front-month UK NBP and Dutch TTF contracts fell by 0.4% and 1.7% respectively on Thursday.

The month-ahead JKM price recorded a loss of 1.5% to settle in at USD 6.75/MMBtu.

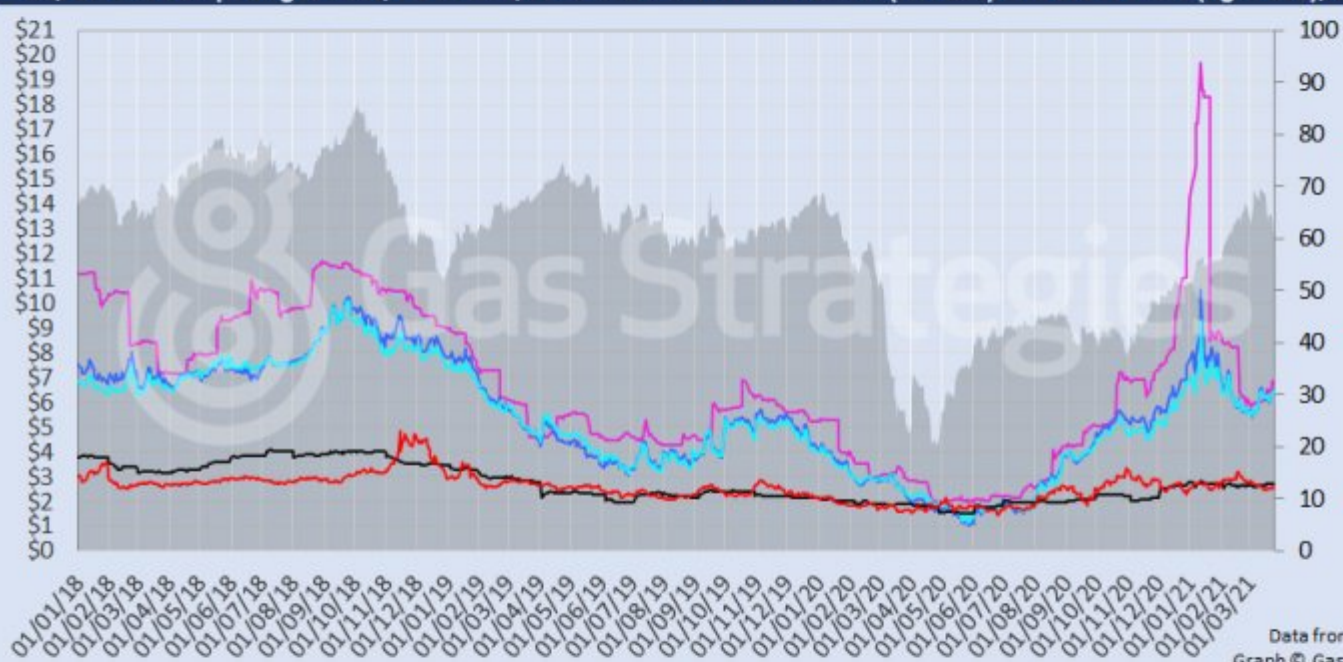
US gas benchmark Henry Hub rallied by 2.1% but remained in the USD 2.5/MMBtu range.

The European carbon price failed to build on Wednesday's rally, with the price falling by 3% to settle in the EUR 40/tonne range.

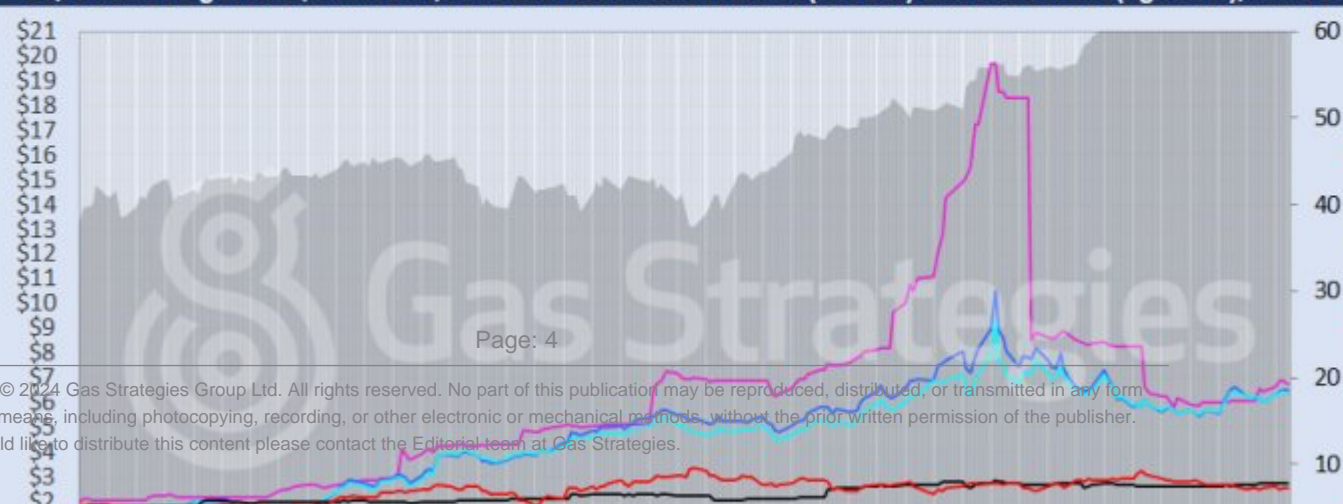
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	25/03/2021	24/03/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.57	2.52	0.05	
NBP (\$/MMBtu)	6.48	6.51	-0.03	
NBP (€/th)	47.25	47.45	-0.20	
Henry Hub-NBP spread	3.91	3.99	-0.08	
TTF (\$/MMBtu)	6.34	6.45	-0.11	
TTF (€/MWh)	18.37	18.59	-0.22	
Henry Hub-TTF spread	3.77	3.93	-0.16	
JKM (\$/MMBtu)	6.75	6.86	-0.11	
TTF-JKM spread	0.41	0.41	0.00	
Henry Hub-JKM spread	4.18	4.34	-0.16	
Brent (\$/barrel)	61.95	64.41	-2.46	
WTI (\$/barrel)	58.56	61.18	-2.62	
Brent-WTI spread (\$/barrel)	3.39	3.23	0.16	
API2 Coal (\$/tonne)	68.40	68.40	0.00	
API2 Coal (\$/MMBtu)	2.74	2.74	0.00	
EU CO ₂ emissions allowances (€/tonne)	40.26	41.49	-1.23	

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 2018



[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.



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