

2 May 2024

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Pricewatch | 27 May 2021 | Gas Matters Today
Publication date: 27 May 2021

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[1]

Commodity markets were fairly calm on Wednesday, with gas, oil, coal and carbon prices all recording marginal gains.

European gas prices continued to rally on Wednesday albeit at a much slower pace compared to Tuesday, when prices surged amid news of an unplanned outage at the Rovigo LNG terminal in Italy and on Gazprom's decision to not book any interruptible transit capacity via Ukraine for June.

The front-month TTF and NBP contracts closed 0.7% and 0.3% higher respectively on Wednesday.

Gas prices are expected to turn bearish in the coming days amid warmer weather, which should ease gas demand and lead to more gas being directed to Europe's depleted gas storage sites.

The rally helped lift the European carbon price and Asian LNG marker JKM. The European carbon price settled 0.7% higher to close at EUR 53.59/tonne, with the front-month JKM contract closing 0.2% higher.

In the US, gas benchmark Henry Hub inched closer to the USD 3/MMBtu range after rallying by 2.4%. The rally was prompted by expectations of strong demand – driven by robust LNG exports and expectations of warmer temperatures in the US, which should see increased use of air conditioning.

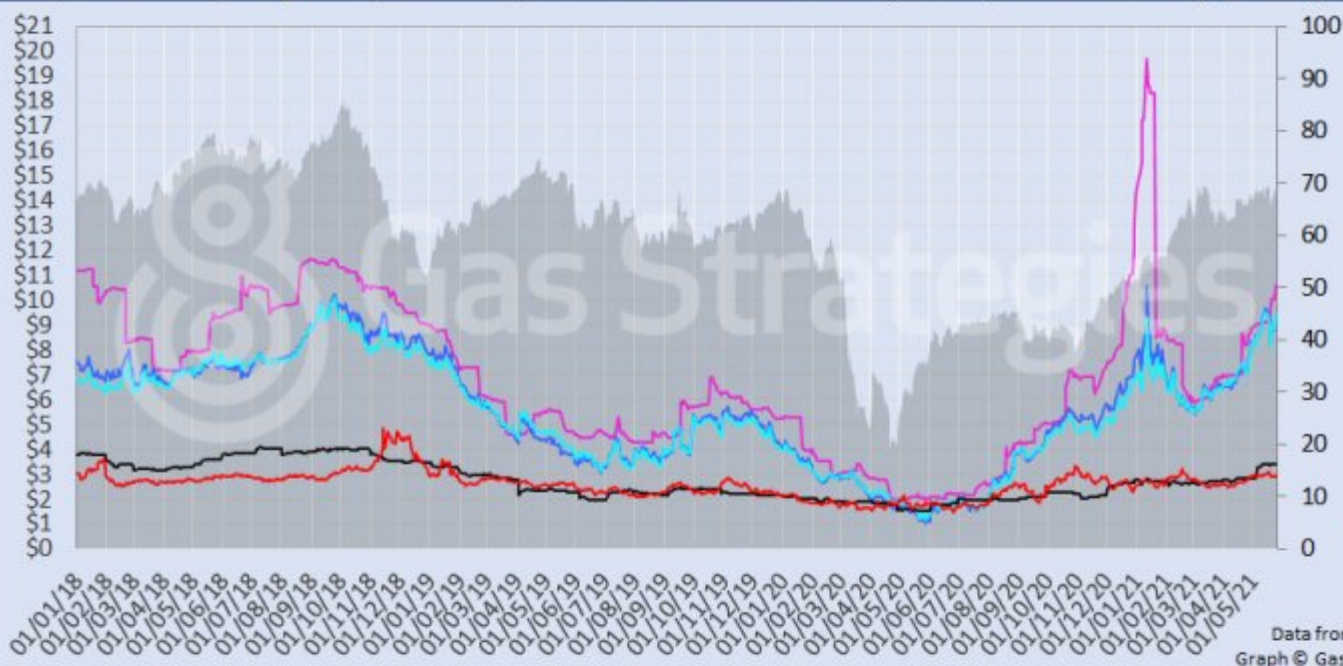
Crude prices made it four days of gains, with Brent up 0.3% and WTI rallying by 0.2%. The rally was prompted by signs of improving demand in the US, with the US Energy Information Administration (EIA) reporting that crude inventories fell by 1.7 million barrels for the week ending 21 May. The fall was

markedly higher than the 1.1 million barrels drop that analysts had expected, according to Reuters.

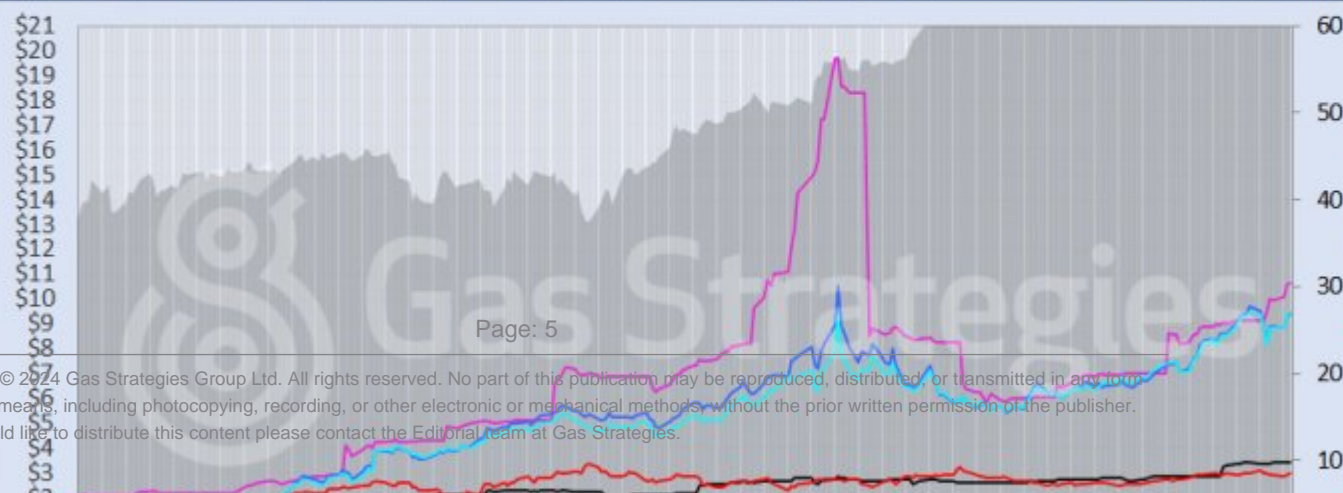
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	26/05/2021	25/05/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.98	2.91	0.07	
NBP (\$/MMBtu)	9.37	9.34	0.03	
NBP (£p/th)	66.34	66.14	0.20	
Henry Hub-NBP spread	6.39	6.43	-0.04	
TTF (\$/MMBtu)	9.45	9.39	0.06	
TTF (€/MWh)	26.43	26.19	0.24	
Henry Hub-TTF spread	6.47	6.48	-0.01	
JKM (\$/MMBtu)	10.63	10.60	0.03	
TTF-JKM spread	1.17	1.21	-0.04	
Henry Hub-JKM spread	7.64	7.69	-0.05	
Brent (\$/barrel)	68.87	68.65	0.22	
WTI (\$/barrel)	66.21	66.07	0.14	
Brent-WTI spread (\$/barrel)	2.66	2.58	0.08	
API2 Coal (\$/tonne)	85.90	85.70	0.20	
API2 Coal (\$/MMBtu)	3.44	3.43	0.01	
EU CO ₂ emissions allowances (€/tonne)	53.59	53.24	0.35	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



[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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