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[1]

European gas prices plummeted on Thursday amid warmer weather, which is reducing demand for gas.

The front-month TTF and NBP contracts closed 5.3% and 6.9% lower respectively on Thursday, with the markers settling below the equivalent of USD 9/MMBtu for the first time in two days.

Gas prices in Europe had rallied earlier in the week on a tightening supply picture – namely due to LNG terminal outages in Europe and Gazprom opting not to bid for any interruptible transit capacity via Ukraine for June.

However, demand is expected to fall from next week as warmer weather sweeps the continent. The lower expected demand is helping offset concerns over tight supply, with more gas expected to be directed into Europe's depleted gas storage sites.

The slump by TTF and NBP helped drive down the European carbon price and Asian LNG marker JKM.

The European carbon price settled 3.4% lower to close at EUR 51.76/tonne, with the front-month JKM contract falling by 2.4% but remaining in the USD 10/MMBtu range.

In the US, gas benchmark Henry Hub fell for the first time in two days, slumping by 0.9% but remaining in the USD 2.9/MMBtu range.

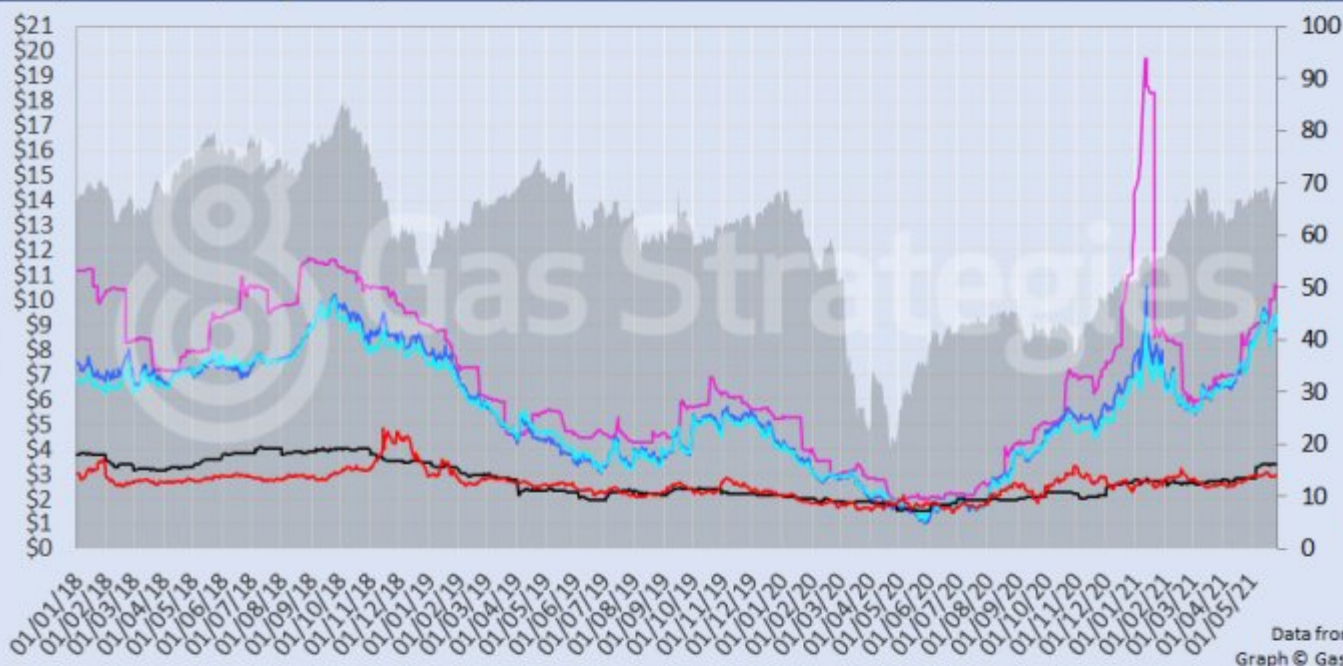
Crude prices made it five days of gains, with Brent up 0.9% and WTI rallying by 1% to close at USD

66.85/barrel – the US crude markers' highest close since late 2018. The rally was prompted by positive US economic data, which has buoyed sentiment regarding a recovery in crude demand.

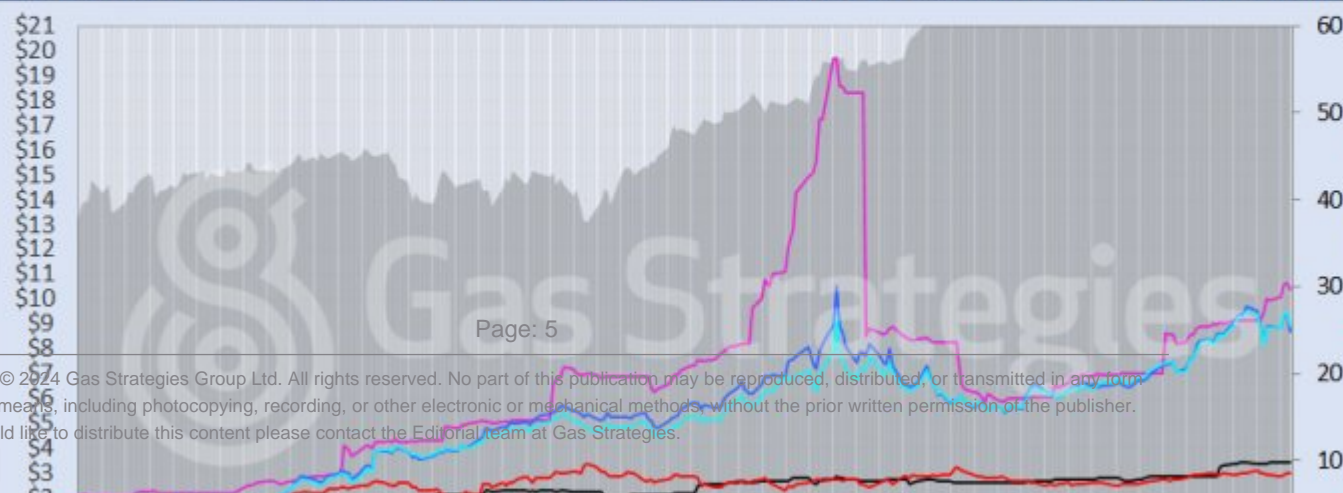
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	27/05/2021	26/05/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.96	2.98	-0.03	
NBP (\$/MMBtu)	8.72	9.37	-0.65	
NBP (£p/th)	61.54	66.34	-4.80	
Henry Hub-NBP spread	5.76	6.39	-0.62	
TTF (\$/MMBtu)	8.95	9.45	-0.51	
TTF (€/MWh)	25.03	26.43	-1.39	
Henry Hub-TTF spread	5.99	6.47	-0.48	
JKM (\$/MMBtu)	10.38	10.63	-0.25	
TTF-JKM spread	1.43	1.17	0.26	
Henry Hub-JKM spread	7.42	7.64	-0.22	
Brent (\$/barrel)	69.46	68.87	0.59	
WTI (\$/barrel)	66.85	66.21	0.64	
Brent-WTI spread (\$/barrel)	2.61	2.66	-0.05	
API2 Coal (\$/tonne)	85.90	85.90	0.00	
API2 Coal (\$/MMBtu)	3.44	3.44	0.00	
EU CO ₂ emissions allowances (€/tonne)	51.76	53.59	-1.83	

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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