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[1]

Oil prices closed at their highest level in over two years on Friday, with prices rallying on Monday morning amid expectations of stronger global demand for the remainder of the year.

The front-month Brent contract closed at USD 71.89/barrel on Friday – its highest close since May 2019 – with the marker hitting USD 72/barrel during trading on Monday morning. US crude benchmark WTI rallied by 1.2% to close at USD 69.62/barrel – its highest close since October 2018 – with WTI hitting the USD 70/barrel range during trading on Monday morning.

Prices continue to rally amid expectations of a strong recovery in demand, particularly in the US and Europe, as Covid-19 restrictions are lifted. OPEC's decision to stick with production restraints through July has also supported the crude price rally.

Last week, OPEC said it expects oil demand to exceed supply in H2'21, with OPEC forecasting that by the end of the year demand will be just under 100 million barrels/d and supply will total 97.5 million barrels/d.

Gas prices also rallied, with US benchmark recording a 1.8% gain to close in the USD 3/MMBtu range for the fourth consecutive day. Henry Hub has been lifted by strong export demand and warmer weather, which is lifting domestic demand for gas.

European gas prices recorded marginal gains, with TTF and NBP closing 0.7% and 0.6% higher respectively to end the week.

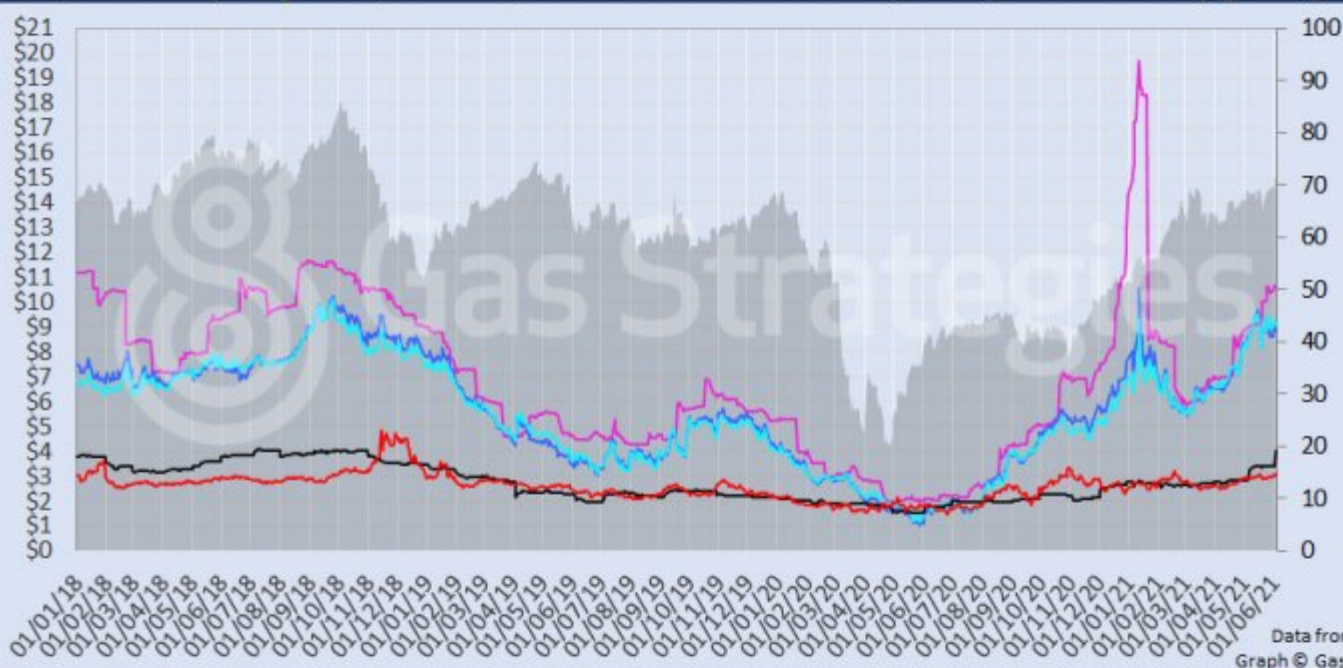
The rally failed to lift the European carbon price, which hit a one-month low after settling at EUR 49.90/tonne.

Asian LNG marker JKM also recorded a marginal loss but remained in the USD 10.6/MMBtu range.

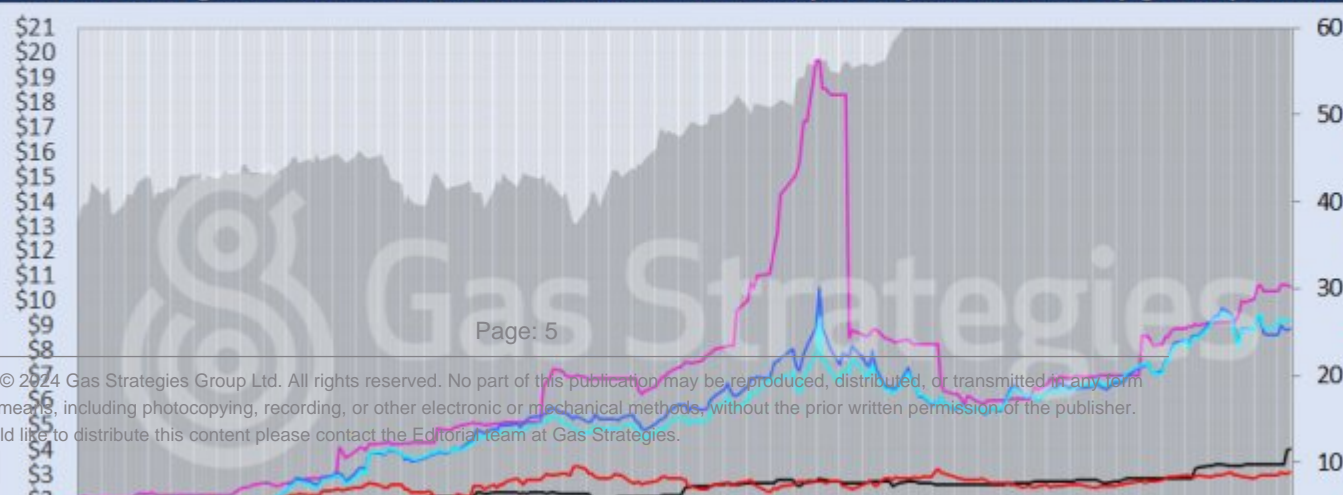
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	04/06/2021	03/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.10	3.04	0.06	
NBP (\$/MMBtu)	8.89	8.84	0.05	
NBP (£p/th)	62.71	62.68	0.03	
Henry Hub-NBP spread	5.79	5.79	0.00	
TTF (\$/MMBtu)	9.20	9.13	0.07	
TTF (€/MWh)	25.80	25.71	0.09	
Henry Hub-TTF spread	6.10	6.09	0.01	
JKM (\$/MMBtu)	10.61	10.63	-0.02	
TTF-JKM spread	1.40	1.49	-0.09	
Henry Hub-JKM spread	7.51	7.58	-0.08	
Brent (\$/barrel)	71.89	71.31	0.58	
WTI (\$/barrel)	69.62	68.81	0.81	
Brent-WTI spread (\$/barrel)	2.27	2.50	-0.23	
API2 Coal (\$/tonne)	101.25	100.45	0.80	
API2 Coal (\$/MMBtu)	4.05	4.02	0.03	
EU CO ₂ emissions allowances (€/tonne)	49.90	50.17	-0.27	

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



[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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