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## Contents

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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](http://www.gasstrategies.com)  
Twitter @GasStrategies

### **Editorials**

+44(0) 20 7332 9957  
[editor@gasstrategies.com](mailto:editor@gasstrategies.com)

### **Subscriptions**

+44(0) 20 7332 9976  
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[1]

European gas prices surged on Tuesday amid tightening supply and expected strong demand due to warmer weather, with Dutch gas benchmark TTF settling at its highest since September 2018.

The front-month NBP and TTF contracts rallied by ~5% on Tuesday, with the UK benchmark settling at the equivalent of USD 9.58/MMBtu and TTF at USD 9.92/MMBtu – its highest close in USD/MMBtu terms since September 2018.

The rally was pinned on a tightening supply outlook, with the LNG market looking very tight, one trade source told Gas Matters Today. Pipeline flows have also fallen, particularly from Norway, amid planned maintenance. Running parallel, the continent is in line for warmer weather, which is expected to lift demand for gas, with gas usage expected for a further uptick due to lower wind power generation.

The strengthening European carbon price provided further support for gas prices in Europe. The front-month European carbon price hit EUR 52.09/tonne on Tuesday – a five-day high.

The European gas price rally helped lift Asian LNG marker JKM, which rallied by 1.6% to close at USD 10.85/MMBtu – its highest close since 20 January. Gas storage levels in Europe and Asia remain low after a cold winter, with inventory levels providing support for LNG imports.

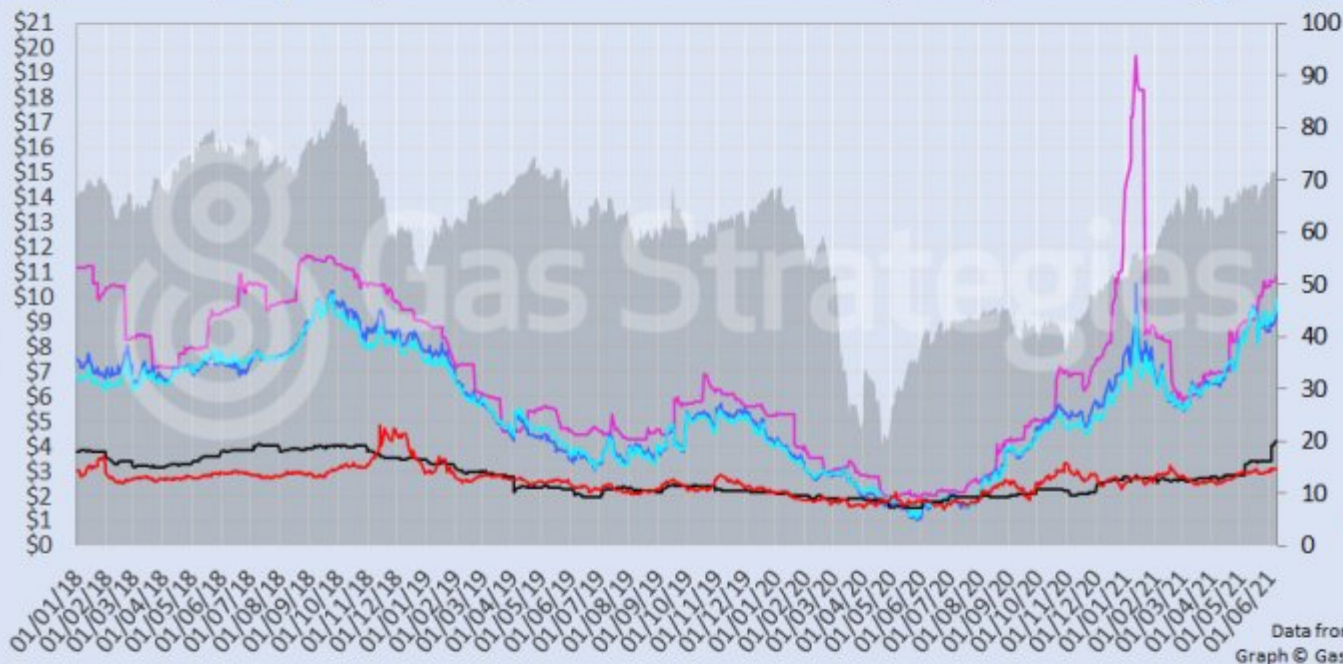
In the US, gas benchmark Henry Hub hit a four-month high amid tighter supply and stronger domestic demand due to warmer weather. The front-month contract closed 1.9% higher at USD 3.13/MMBtu.

Crude prices closed at their highest level in over two years, buoyed by expectations of strong demand in western nations amid the lifting of Covid-19 lockdown restrictions. The rally was also prompted by the US secretary of state Antony Blinken suggesting that many US sanctions against Iran were likely to remain in the event that a new nuclear deal is concluded. The remarks suggest Iran would not be able to drastically increase oil exports.

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

Front-month futures/index	08/06/2021	07/06/2021	Daily +/- (\$)	Daily
<b>Henry Hub (\$/MMBtu)</b>	3.13	3.07	0.06	
<b>NBP (\$/MMBtu)</b>	9.58	9.14	0.45	
<b>NBP (£p/th)</b>	67.74	64.45	3.29	
<i>Henry Hub-NBP spread</i>	<i>6.46</i>	<i>6.07</i>	<i>0.39</i>	
<b>TTF (\$/MMBtu)</b>	9.92	9.47	0.45	
<b>TTF (€/MWh)</b>	27.80	26.49	1.31	
<i>Henry Hub-TTF spread</i>	<i>6.80</i>	<i>6.40</i>	<i>0.39</i>	
<b>JKM (\$/MMBtu)</b>	10.85	10.68	0.17	
<i>TTF-JKM spread</i>	<i>0.93</i>	<i>1.20</i>	<i>-0.28</i>	
<i>Henry Hub-JKM spread</i>	<i>7.72</i>	<i>7.61</i>	<i>0.12</i>	
<b>Brent (\$/barrel)</b>	72.22	71.49	0.73	
<b>WTI (\$/barrel)</b>	70.05	69.23	0.82	
<i>Brent-WTI spread (\$/barrel)</i>	<i>2.17</i>	<i>2.26</i>	<i>-0.09</i>	
<b>API2 Coal (\$/tonne)</b>	105.85	105.95	-0.10	
<b>API2 Coal (\$/MMBtu)</b>	4.23	4.24	0.00	
<b>EU CO<sub>2</sub> emissions allowances (€/tonne)</b>	52.09	51.39	0.70	

**US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 18/01/2018**



**US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 18/01/2018**



[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.*



### Consulting

+44 (0) 20 7332 9900  
[consult@gasstrategies.com](mailto:consult@gasstrategies.com)



### Alphatania Training

+44 (0) 20 7332 9910  
[training@gasstrategies.com](mailto:training@gasstrategies.com)



### Information Services

+44 (0) 20 7332 9976  
[subscriptions@gasstrategies.com](mailto:subscriptions@gasstrategies.com)