

23 May 2024

Contents

Pricewatch | 23 Jun 2021 | Gas Matters Today
Publication date: 23 June 2021

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
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[1]

The European gas bull run shows no sign of slowing, with the front-month Dutch TTF contract hitting a 13-year seasonal high on Tuesday. Gas prices in Europe are being pushed higher by a tight supply outlook, strong carbon prices, low gas inventories and an ongoing tussle with Asia for LNG – which has seen Asian LNG marker JKM close at its highest seasonal level since 2013.

The front-month TTF and NBP contracts made its three days of gains in USD/MMBtu terms on Tuesday, with both markers rallying by 4.1% to close at the equivalent of USD 10.73/MMBtu and USD 10.43/MMBtu respectively.

Prices have been rallying on a tight supply outlook amid ongoing supply outages – most notably in Norway – and low storage levels in Europe, with inventories roughly 45% full – marking the lowest seasonal storage level in ~12 years.

European gas has also been rallying amid the ongoing tussle with buyers in Asia for LNG. Demand in Asia has been driven by strong buying in China – where gas demand has increased due to strong economic activity and a slump in coal imports.

Strong demand in Asia and Europe, along with reduced LNG supply due to maintenance at plants in Algeria, Australia and the US, saw the front-month JKM contract hit USD 12.4/MMBtu on Tuesday – its highest seasonal level since 2013.

The rally was mirrored by US gas benchmark Henry Hub which brushed off recent losses to close 2.1%

higher at USD 3.26/MMBtu.

The stronger gains by TTF and JKM saw their premiums over Henry Hub extended, with the Dutch marker's premium standing at USD 7.47/MMBtu. JKM's premium over Henry Hub stood at over USD 9.14/MMBtu on Tuesday.

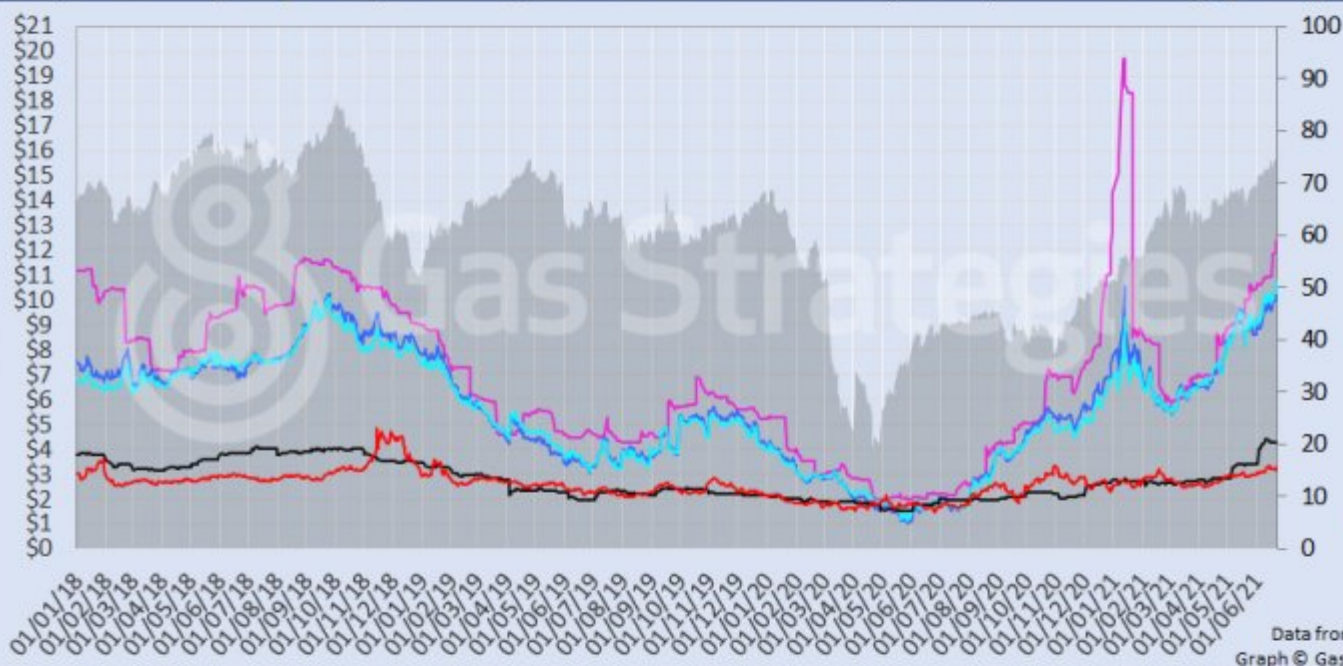
Crude prices failed to maintain momentum on Tuesday, with prices falling amid reports suggesting the Organization of the Petroleum Exporting Countries (OPEC) and its allies, collectively known as OPEC+, have discussed raising oil production further, starting in August.

Brent fell by 0.1% to remain in the USD 74/barrel range, with WTI dipping by 0.4% to close in the USD 72/barrel range.

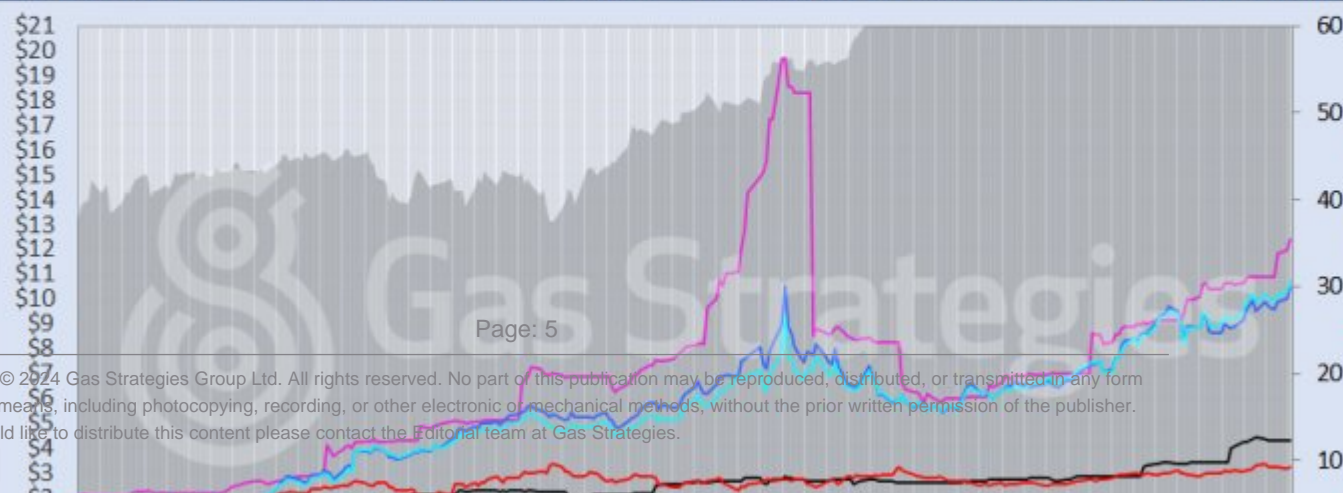
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	22/06/2021	21/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.26	3.19	0.07	
NBP (\$/MMBtu)	10.43	10.02	0.41	
NBP (£p/th)	74.95	72.54	2.41	
Henry Hub-NBP spread	7.18	6.83	0.34	
TTF (\$/MMBtu)	10.73	10.30	0.42	
TTF (€/MWh)	30.74	29.62	1.12	
Henry Hub-TTF spread	7.47	7.11	0.36	
JKM (\$/MMBtu)	12.40	11.95	0.45	
TTF-JKM spread	1.67	1.65	0.03	
Henry Hub-JKM spread	9.14	8.76	0.38	
Brent (\$/barrel)	74.81	74.90	-0.09	
WTI (\$/barrel)	72.85	73.12	-0.27	
Brent-WTI spread (\$/barrel)	1.96	1.78	0.18	
API2 Coal (\$/tonne)	107.45	107.35	0.10	
API2 Coal (\$/MMBtu)	4.30	4.29	0.00	
EU CO ₂ emissions allowances (€/tonne)	53.31	52.33	0.98	

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.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



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+44 (0) 20 7332 9976
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