

18 May 2024

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Pricewatch | 24 Jun 2021 | Gas Matters Today  
Publication date: 24 June 2021

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[1]

Gas prices in Europe and Asia hit fresh multi-year seasonal highs on Wednesday amid strong demand and tight supply.

In Europe, the front-month TTF and NBP contracts rallied by 3% on Wednesday, with the Dutch marker closing at the equivalent of USD 11.05/MMBtu – a 13-year seasonal high – and the UK marker closing at USD 10.75/MMBtu.

A tight supply outlook is helping push European gas prices higher, with LNG and pipelines flows into the continent impacted by maintenance at LNG terminals in France and the Netherlands and outages at fields in Norway.

Low gas inventories in Europe – with storage levels at a 12-year seasonal low – is also helping push prices higher.

The strengthening gas prices are helping push the European carbon price higher, with the June-dated carbon contract settling in the EUR 54/tonne range – its highest close since 17 May.

Gas prices in Asia are also continuing to surge amid strong demand – notably from China – and a tight supply outlook due to maintenance at LNG plants in Australia and the US. Asian LNG marker JKM recorded a 1.7% gain on Wednesday to close at USD 12.61/MMBtu – its highest seasonal level in ~8 years.

Meanwhile in the US, Henry Hub hit its highest close since October last year, with the marker rallying on the back of a recovery in feed gas flows to US LNG plants, with volumes surging above 11 Bcf/d this week. Prices have also rallied on US gas production falling this week.

The stronger gains by TTF and JKM saw their premiums over Henry Hub extended, with the Dutch marker's premium standing at USD 7.72/MMBtu. JKM's premium over Henry Hub stood at over USD 9.27/MMBtu on Wednesday.

Crude prices bounced back on Wednesday, with Brent settling at its highest level since October 2018.

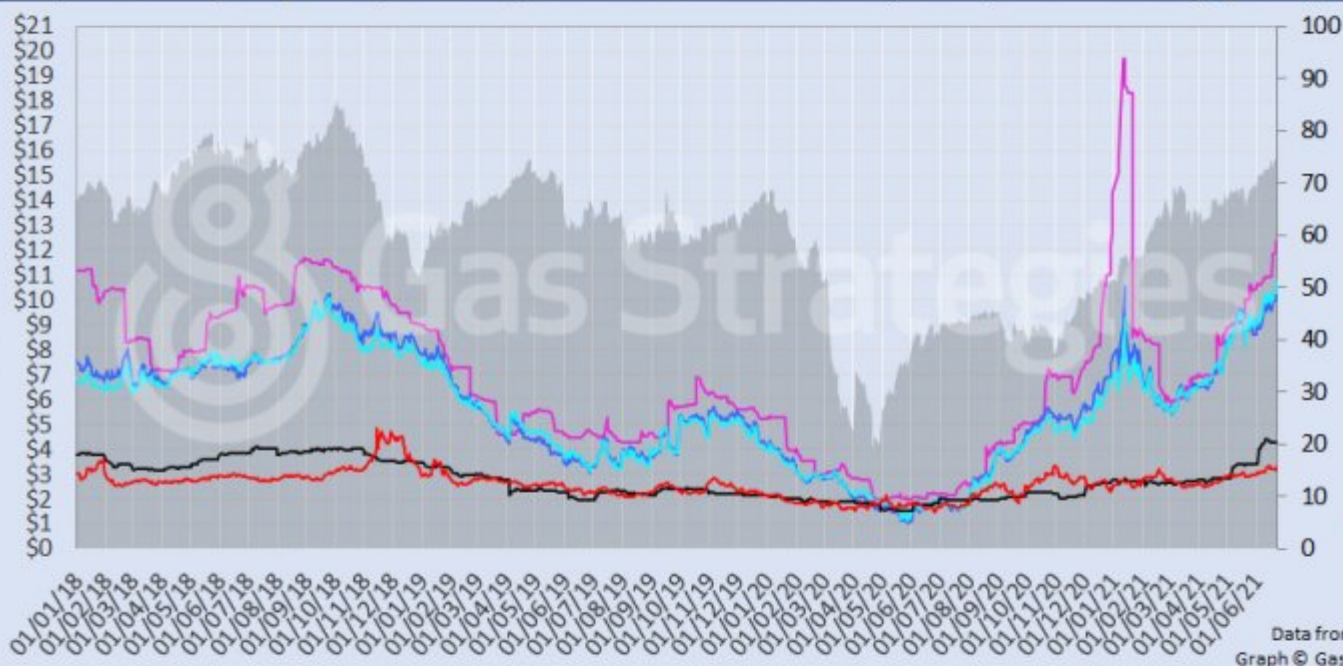
Prices rallied on the back of the US Energy Information Administration reporting a larger than expected draw on US oil inventories last week. Crude inventories in the US fell by 7.6 million barrels last week, with the fall much larger than the 3.9 million draw down expected by analysts polled by Reuters.

Brent closed 0.5% higher to settle in the USD 75/barrel range, with WTI up 0.3% to return to the USD 73/barrel range.

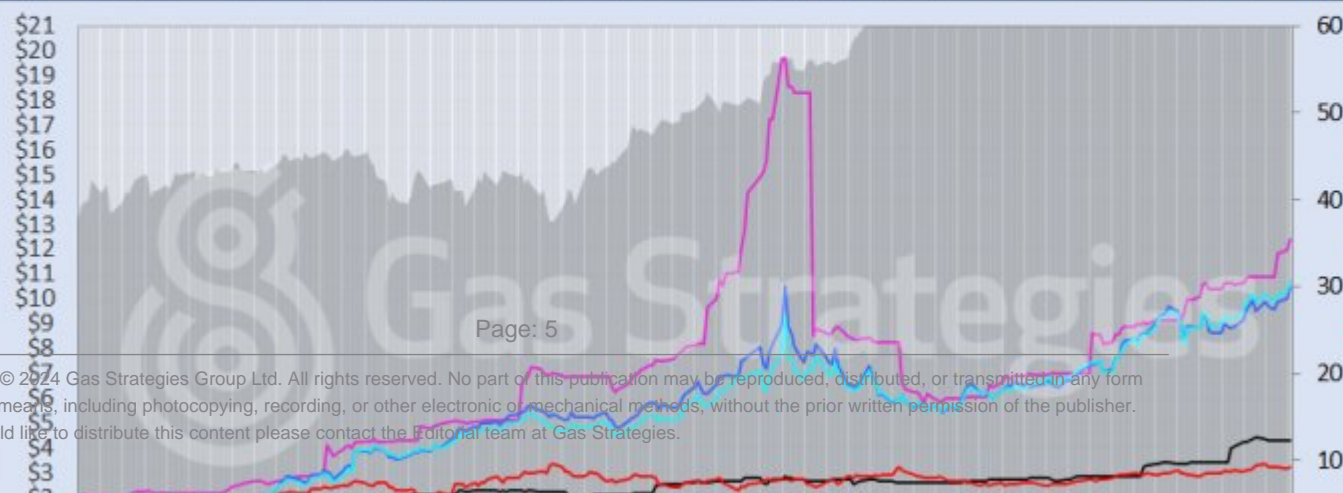
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	23/06/2021	22/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.33	3.26	0.08	
NBP (\$/MMBtu)	10.75	10.43	0.31	
NBP (£p/th)	76.90	74.95	1.95	
Henry Hub-NBP spread	7.41	7.18	0.24	
TTF (\$/MMBtu)	11.05	10.73	0.32	
TTF (€/MWh)	31.55	30.74	0.81	
Henry Hub-TTF spread	7.72	7.47	0.24	
JKM (\$/MMBtu)	12.61	12.40	0.21	
TTF-JKM spread	1.56	1.67	-0.11	
Henry Hub-JKM spread	9.27	9.14	0.13	
Brent (\$/barrel)	75.19	74.81	0.38	
WTI (\$/barrel)	73.08	72.85	0.23	
Brent-WTI spread (\$/barrel)	2.11	1.96	0.15	
API2 Coal (\$/tonne)	107.35	107.45	-0.10	
API2 Coal (\$/MMBtu)	4.29	4.30	0.00	
EU CO <sub>2</sub> emissions allowances (€/tonne)	54.57	53.31	1.26	

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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