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[1]

European gas prices plummeted yesterday, with the front-month TTF contract falling by over 10%, marking the benchmark's biggest day-on-day fall in ~6 months.

The month-ahead TTF and NBP contracts fell by over 10% on Tuesday, with both markers slipping into the USD 11/MMBtu range.

One trade source speaking to Gas Matters Today said the plunge was due to a technical sell off. The source said that TTF and NBP has been extremely overbought in recent weeks, so some retracement was expected but not the level seen on Tuesday.

Given the sell off was greater than expected, the front-month TTF and NBP contracts were once again rallying during trading on Wednesday morning.

The price crash weighed on the European carbon price and Asian LNG marker JKM, with the July-dated carbon contract falling by over 6% to settle in the EUR 53/tonne range – its lowest close since 22 June. As for JKM, the month-ahead contract fell by 1.8% to slide back into the USD 12/MMBtu range.

Crude prices recorded their largest drop since late May, with the fall primarily due to a technical sell off. Also weighing on crude was a strengthening US dollar and continued uncertainty over OPEC's production quota going forward after the cartel cancelled a meeting on Monday.

OPEC had planned to meet on Monday after talks broke down during the cartel's latest monthly meeting

on Thursday last week regarding a proposal to increase production by 400,000 barrels/d each month from August through to December.

The United Arab Emirates (UAE) opposed the plan as it believes the quota is too low, according to reports.

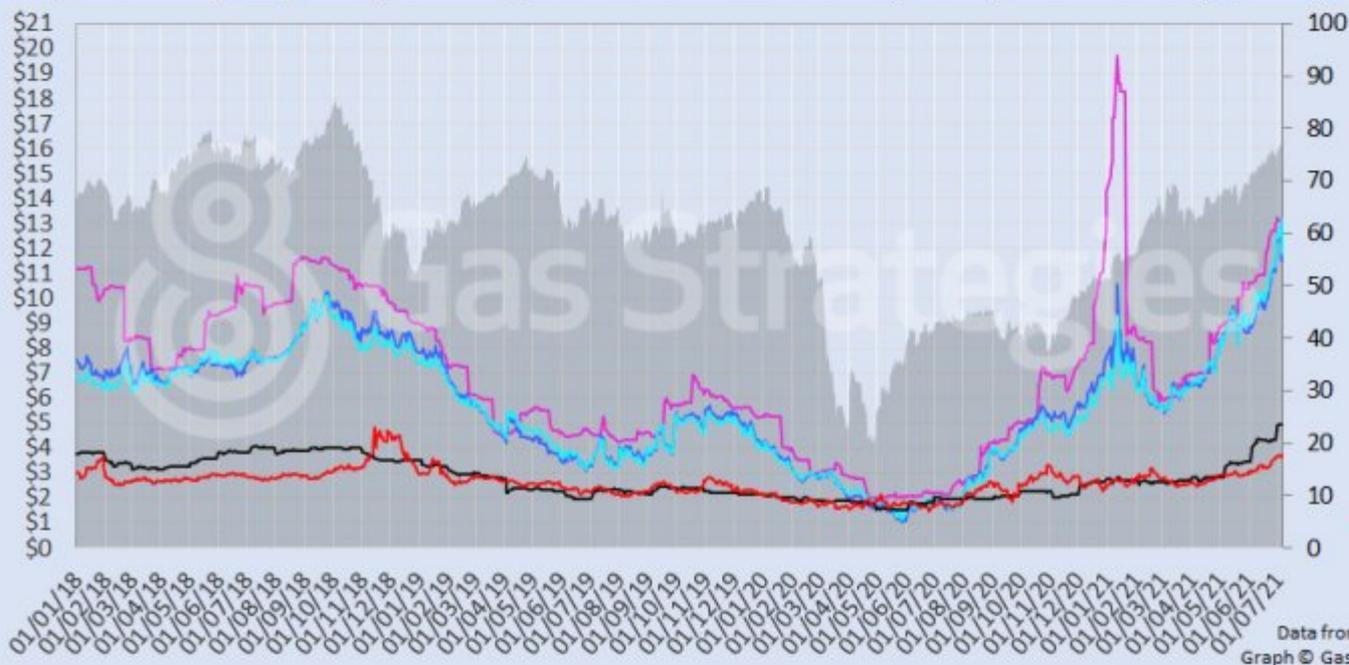
In recent weeks OPEC has suggested that global demand will outstrip supply by year-end.

Brent and WTI fell by over 3%, with the marker settling in the USD 74/barrel range. WTI dropped back into the USD 73/barrel range.

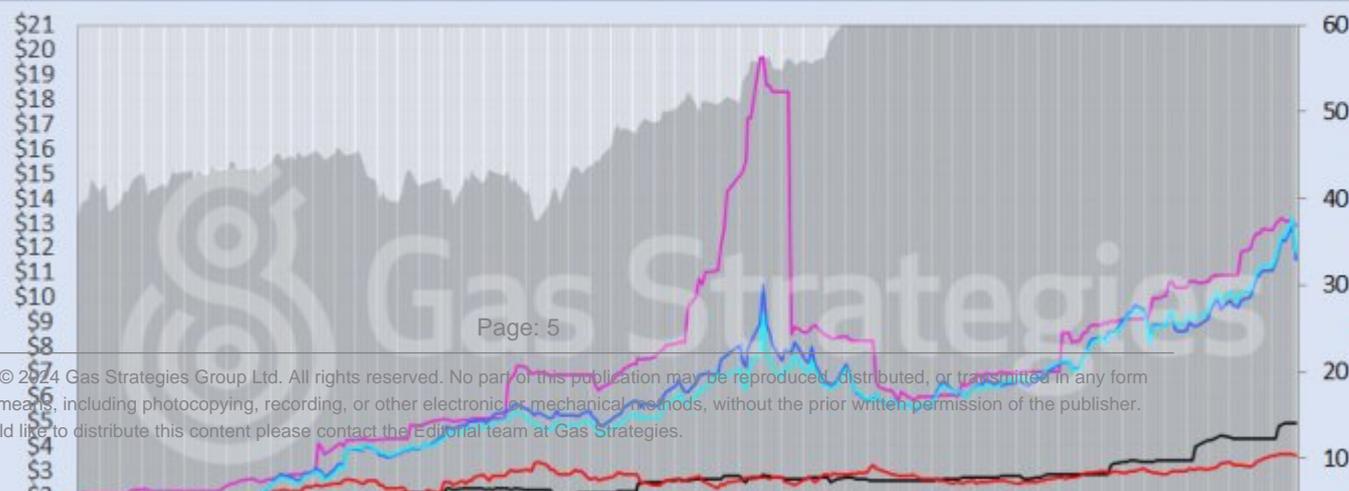
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	06/07/2021	05/07/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.64	3.70	-0.06	
NBP (\$/MMBtu)	11.52	12.91	-1.39	
NBP (£p/th)	83.54	93.22	-9.68	
Henry Hub-NBP spread	7.89	9.21	-1.33	
TTF (\$/MMBtu)	11.81	13.20	-1.38	
TTF (€/MWh)	34.11	37.95	-3.84	
Henry Hub-TTF spread	8.18	9.50	-1.32	
JKM (\$/MMBtu)	12.89	13.12	-0.23	
TTF-JKM spread	1.07	-0.08	1.15	
Henry Hub-JKM spread	9.25	9.42	-0.17	
Brent (\$/barrel)	74.53	77.16	-2.63	
WTI (\$/barrel)	73.37	76.34	-2.97	
Brent-WTI spread (\$/barrel)	1.16	0.82	0.34	
API2 Coal (\$/tonne)	123.65	123.60	0.05	
API2 Coal (\$/MMBtu)	4.95	4.94	0.00	
EU CO ₂ emissions allowances (€/tonne)	53.92	57.77	-3.85	

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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