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[1]

European gas prices diverged on Friday, with Dutch marker TTF hitting a fresh record high and UK marker NBP slipping slightly from a 16-year high.

Gas prices in Europe were soaring on Friday morning amid news of a fire at Gazprom's Ugegoy gas condensate processing facility in Russia's Yamal region on Thursday, with the incident impacting pipeline gas flows from Russia to Europe.

It is unclear when flows from Russia will fully return, with the fire on Thursday knocking out ~25% of gas production in Russia, one trade source told Gas Matters Today.

Gazprom has reportedly said the processing plant has restarted, however pipeline flows remain low on Monday and are expected to remain so for a while, according to the source.

The outage helped lift the front-month TTF contract to a record high of EUR 43.12/MWh on Friday.

As for NBP, the front-month contract fell by 0.5% in GBP/th terms and 0.9% in USD/MMBtu terms to settle at the equivalent of USD 14.99/MMBtu.

The UK marker fell amid an improving supply outlook with UK North Sea gas production picking up after maintenance and wind power picking up.

As for the carbon price in Europe, it approached a record high on Friday after rallying by 1.2% to close at

EUR 56.60/tonne.

Whilst gas prices in Europe diverged, Asian LNG marker JKM increased its premium over TTF and NBP after rallying by 1.9% to close at USD 15.70/MMBtu – marking an ~8 year seasonal high. Gas prices in Asia have remained robust in recent weeks due to strong demand – driven by warm weather, low gas inventories, nuclear power issues in South Korea and coal-to-gas switching in China.

In the US, Henry Hub stabilised to end the week unchanged at USD 4.14/MMBtu after recording a marginal loss on Thursday.

As for oil, prices fell on Friday amid ongoing demand concerns as the Covid-19 Delta variant continues to spread through some of the world's largest crude consuming nations.

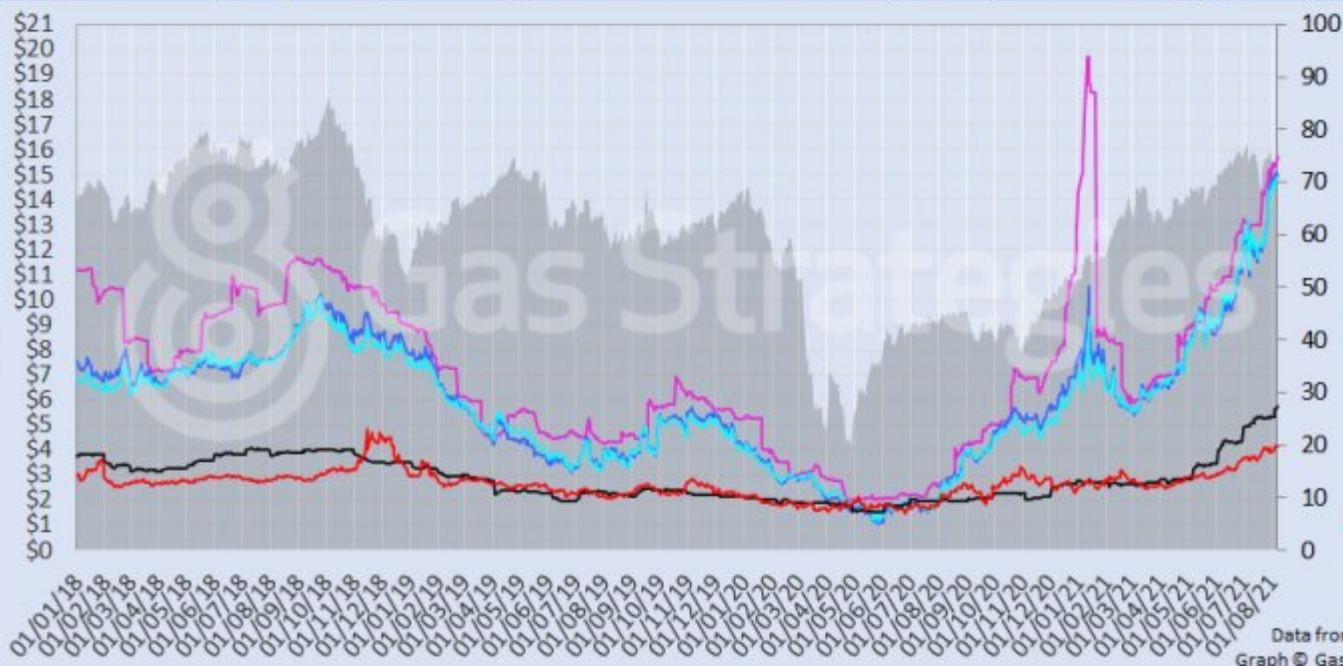
In the US, Covid-19 cases have hit a six-month high, with US president Joe Biden warning that cases are likely to spiral further. Meanwhile in China, lockdown restrictions have been imposed in some provinces, with authorities also starting to cancel some domestic flights in a bid to curb rising Covid cases.

The front-month Brent and WTI contracts fell by 0.8% and 1.2% respectively on Friday, with Brent settling in the USD 70/barrel range and WTI falling back into the USD 68/barrel range.

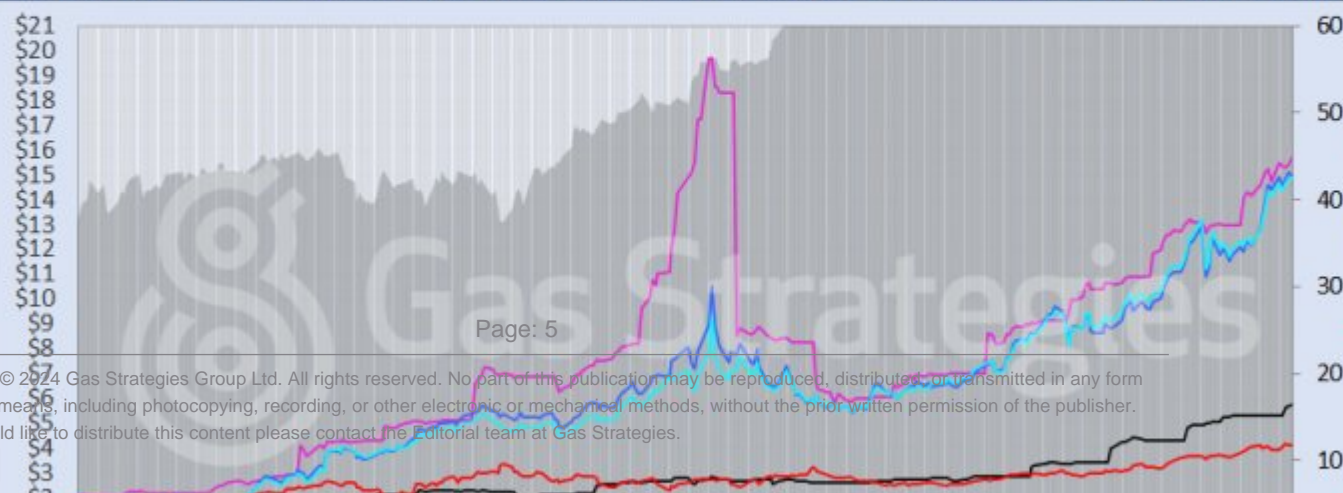
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	06/08/2021	05/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.14	4.14	0.00	
NBP (\$/MMBtu)	14.99	15.12	-0.13	
NBP (£p/th)	108.04	108.56	-0.52	
Henry Hub-NBP spread	10.85	10.98	-0.13	
TTF (\$/MMBtu)	14.86	14.88	-0.02	
TTF (€/MWh)	43.12	42.90	0.22	
Henry Hub-TTF spread	10.72	10.74	-0.02	
JKM (\$/MMBtu)	15.70	15.40	0.30	
TTF-JKM spread	0.84	0.52	0.32	
Henry Hub-JKM spread	11.56	11.26	0.30	
Brent (\$/barrel)	70.70	71.29	-0.59	
WTI (\$/barrel)	68.28	69.09	-0.81	
Brent-WTI spread (\$/barrel)	2.42	2.20	0.22	
API2 Coal (\$/tonne)	143.75	141.60	2.15	
API2 Coal (\$/MMBtu)	5.75	5.66	0.09	
EU CO ₂ emissions allowances (€/tonne)	56.60	55.92	0.68	

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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