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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
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
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[1]

US gas benchmark Henry Hub surged on Thursday to settle at its highest level since December 2018, with the marker lifted by weaker-than-expected injections into US gas storage last week and expectations of a hurricane hitting the US Gulf Coast in the coming days.

The front-month Henry Hub contract soared by 7.4% on Thursday to settle at USD 4.18/MMBtu, the marker's highest close since 11 December 2018.

The rally was pinned on weak gas storage data, with the US Energy Information Administration (EIA) reporting a gas injection of 29 Bcf for the week ending 20 August, with the volume much lower than the 40+ Bcf that some analysts had expected.

Prices were also lifted by Tropical Storm Ida, which formed in the Caribbean in recent days and is expected to become a hurricane in the coming days. The hurricane is expected to hit Louisiana on Sunday or Monday and could disrupt oil and gas production and processing, with several US Gulf of Mexico operators set to evacuate staff from offshore platforms in the coming days.

Across the pond, gas prices in Europe continued to tick higher, with NBP and TTF recorded gains of over 1% to settle at the equivalent of USD 15.78/MMBtu.

As for the European carbon price, it brushed off recent losses to rally by 0.6% and close at EUR 56.82/tonne.

CME's JKM futures contract made it five days of gains after rallying by 1.3% to close at USD 17.25/MMBtu.

Whilst Storm Ida lifted Henry Hub, the storm failed to lift crude prices, which fell on the back of rising Covid-19 cases globally and news that Mexico has begun restoring production after a fire at a Pemex-operated platform on Sunday.

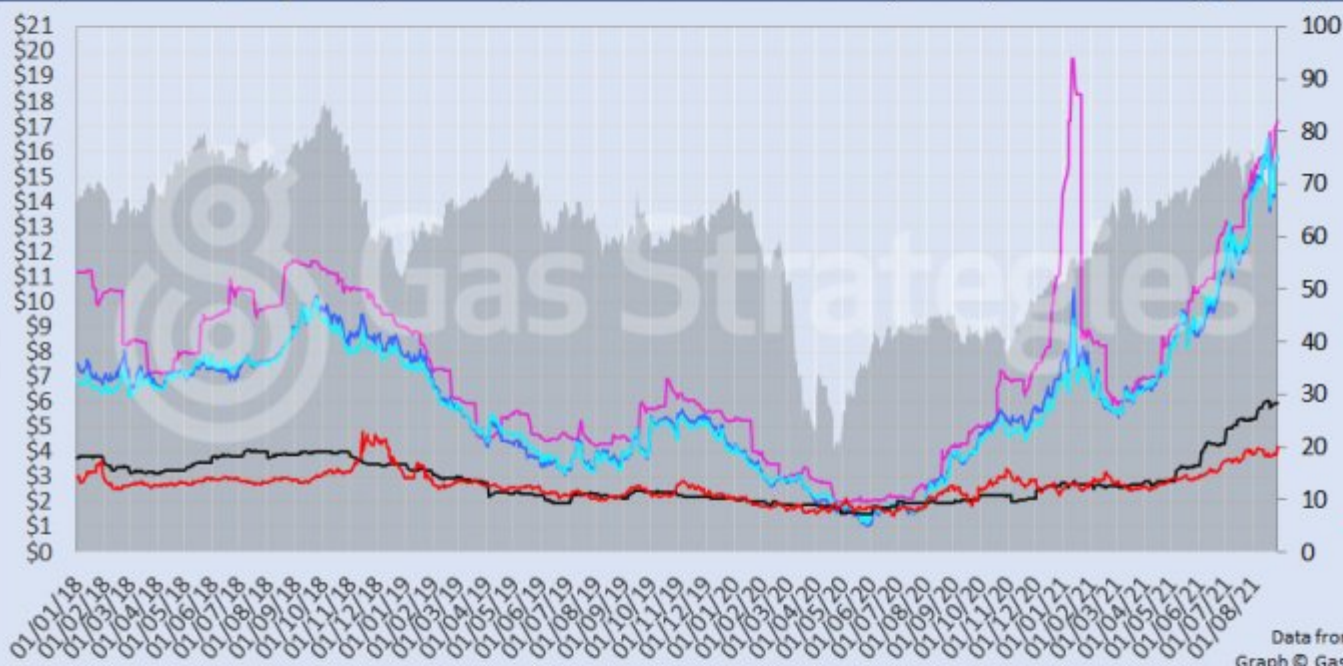
The incident on the platform located in the south of Gulf of Mexico shuttered more than 400,000 barrels/d of production. However, by Tuesday Mexico's state-owned energy firm Pemex reported that 71,000 barrels/d of production had returned with a further 110,000 barrels/d expected to return later this week.

Brent and WTI fell by ~1.5% on Thursday, with Brent slipping into the USD 71/barrel range and WTI settling in the USD 67/barrel range.

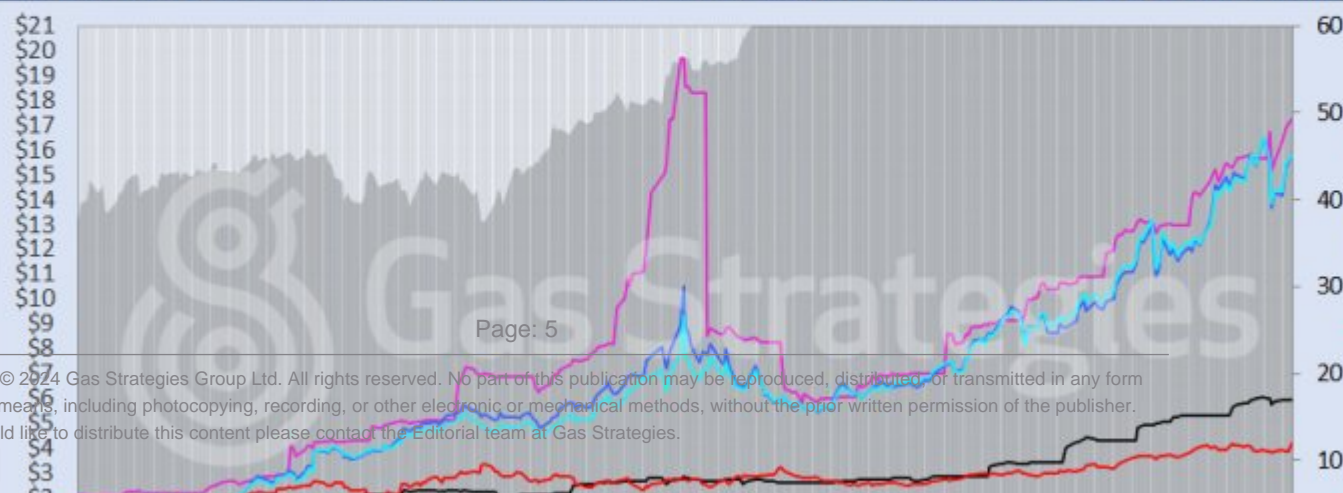
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	26/08/2021	25/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.18	3.90	0.29	
NBP (\$/MMBtu)	15.78	15.55	0.23	
NBP (£p/th)	115.10	113.33	1.77	
Henry Hub-NBP spread	11.60	11.66	-0.06	
TTF (\$/MMBtu)	15.78	15.61	0.17	
TTF (€/MWh)	45.79	45.29	0.50	
Henry Hub-TTF spread	11.60	11.71	-0.11	
JKM (\$/MMBtu)	17.25	17.03	0.22	
TTF-JKM spread	1.46	1.42	0.04	
Henry Hub-JKM spread	13.06	13.13	-0.07	
Brent (\$/barrel)	71.07	72.25	-1.18	
WTI (\$/barrel)	67.42	68.36	-0.94	
Brent-WTI spread (\$/barrel)	3.65	3.89	-0.24	
API2 Coal (\$/tonne)	149.00	148.90	0.10	
API2 Coal (\$/MMBtu)	5.96	5.96	0.00	
EU CO ₂ emissions allowances (€/tonne)	56.82	56.50	0.32	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 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



Alphatania Training

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



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+44 (0) 20 7332 9976
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