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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]

The European gas price bull run shows no sign of slowing, with Dutch gas benchmark TTF hitting EUR 100/MWh for the first time during trading on Friday morning. TTF and NBP settled at fresh record highs on Thursday, extending their premium over Asian LNG marker JKM.

The NBP front-month contract settled at the equivalent of USD 33.83/MMBtu yesterday – USD 0.66/MMBtu higher than Dutch marker TTF and USD 2.73/MMBtu higher than JKM.

European gas prices look set to hit fresh highs today as TTF hit an intraday high of EUR 100/MWh during trading on Friday morning.

Gazprom's decision to not book any capacity at the Mallnow entry point for Friday – during Thursday's daily auction – helped lift prices yesterday. The decision means pipeline flows from Russia into Europe are likely to fall today.

As for JKM, the marker closed 3.6% higher on Thursday. The Asian spot LNG marker is expected to rally further after Beijing on Thursday reportedly told the nation's state-owned energy firms to secure supplies of gas, coal and oil "at all costs". Additional buying by Chinese firms will most likely result in further price spikes in Europe and beyond.

Coal prices in Europe also surged on Thursday, with the API2 front-month contract settling 3.9% higher at USD 218.10/tonne.

The surging coal and gas prices in Europe failed to lift the European carbon price, which closed 1.8% lower at EUR 61.69/tonne.

In the US, Henry Hub stopped the rot after rallying by 7.1% to close at USD 5.87/MMBtu. Supply concerns in Europe and Asia are helping drive Henry Hub as strong prices in Europe and Asia are expected to drive US LNG demand.

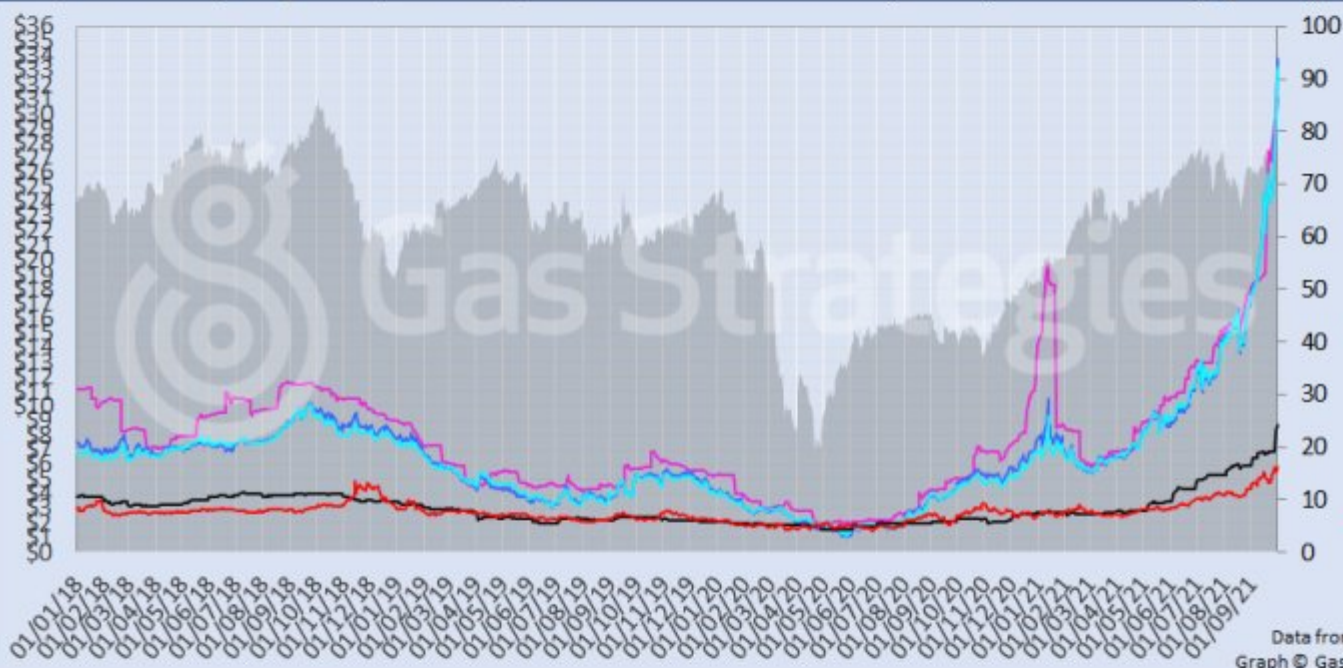
The supply concerns outweighed news of a strong build in US gas storage. The US Energy Information Administration (EIA) reported on Thursday that US gas storage levels increased by 88 Bcf last week. The injection lifted storage levels to 3,170 Bcf, however the figure is still below the five-year average of 3,383 Bcf.

Crude prices diverged on Thursday but remained stable. Brent fell by 0.2%, with WTI up 0.3%.

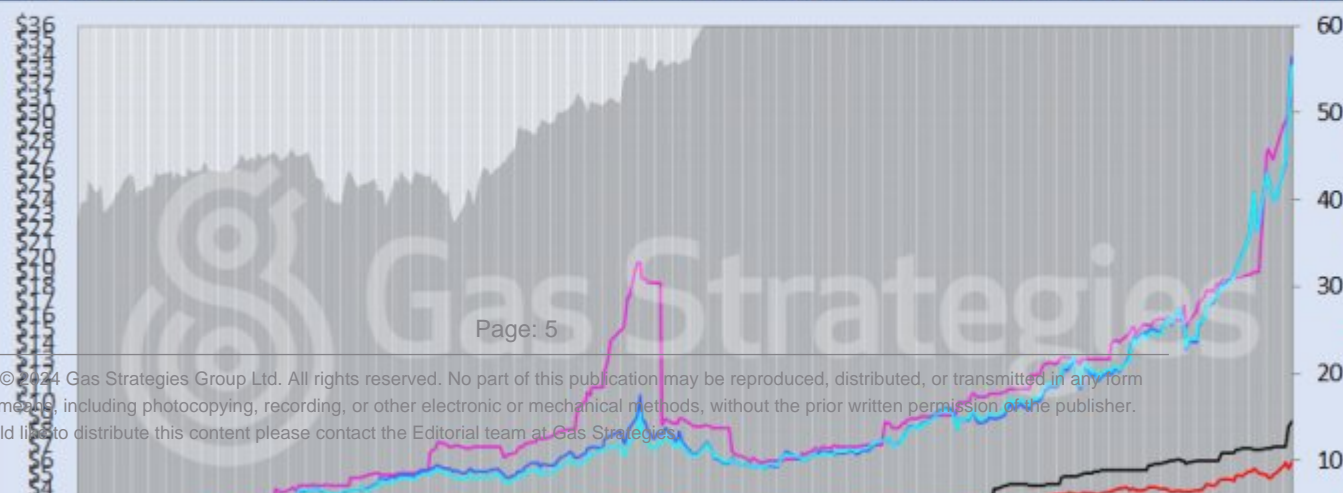
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	30/09/2021	29/09/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.87	5.48	0.39	
NBP (\$/MMBtu)	33.83	30.43	3.39	
NBP (£p/th)	251.18	226.50	24.68	
Henry Hub-NBP spread	27.96	24.96	3.00	
TTF (\$/MMBtu)	33.17	29.68	3.49	
TTF (€/MWh)	97.77	87.22	10.56	
Henry Hub-TTF spread	27.31	24.21	3.10	
JKM (\$/MMBtu)	31.10	30.01	1.09	
TTF-JKM spread	-2.08	0.32	-2.40	
Henry Hub-JKM spread	25.23	24.53	0.70	
Brent (\$/barrel)	78.52	78.64	-0.12	
WTI (\$/barrel)	75.03	74.83	0.20	
Brent-WTI spread (\$/barrel)	3.49	3.81	-0.32	
API2 Coal (\$/tonne)	218.10	210.00	8.10	
API2 Coal (\$/MMBtu)	8.72	8.40	0.32	
EU CO ₂ emissions allowances (€/tonne)	61.69	62.83	-1.14	

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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