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[1]

The European gas price bull run stalled on Friday as prices fell for the first time in six days. However, prices look set to bounce back on Monday as pipeline flows from Russia fell over the weekend – as cold weather rolled in across Europe.

The front-month TTF and NBP contracts dipped by over 4% on Friday, with the UK gas benchmark settling at the equivalent of USD 45.75/MMBtu – USD 0.5/MMBtu higher than the Dutch marker.

Prices fell amid a lower-than-expected slump in flows from Russia. However, supplies from Russia – via the Yamal pipeline – fell further over the weekend, helping lift gas prices on Monday morning. European gas inventories, which are currently ~60%, could fall below 50% full by the end of the year, according to reports – suggesting Europe's gas storage sites could be at a record low by the end of winter.

While European gas prices dipped, prices in Asia remained unchanged. The January-dated JKM contracted remained at USD 35.87/MMBtu as the contract is set to expire. Prices in Asia have also held steady as inventories are well stocked across the region. One trade source told Gas Matters Today that at least three LNG cargoes are being diverted from Asia to Europe.

In the US, Henry Hub ended the week on a loss, falling 2% to close at USD 3.69/MMBtu.

The European carbon price took a major hit, falling by 13.6% on Friday amid profit taking by market participants. The December-dated contract settled at EUR 73.28/tonne – its lowest close since 26 November.

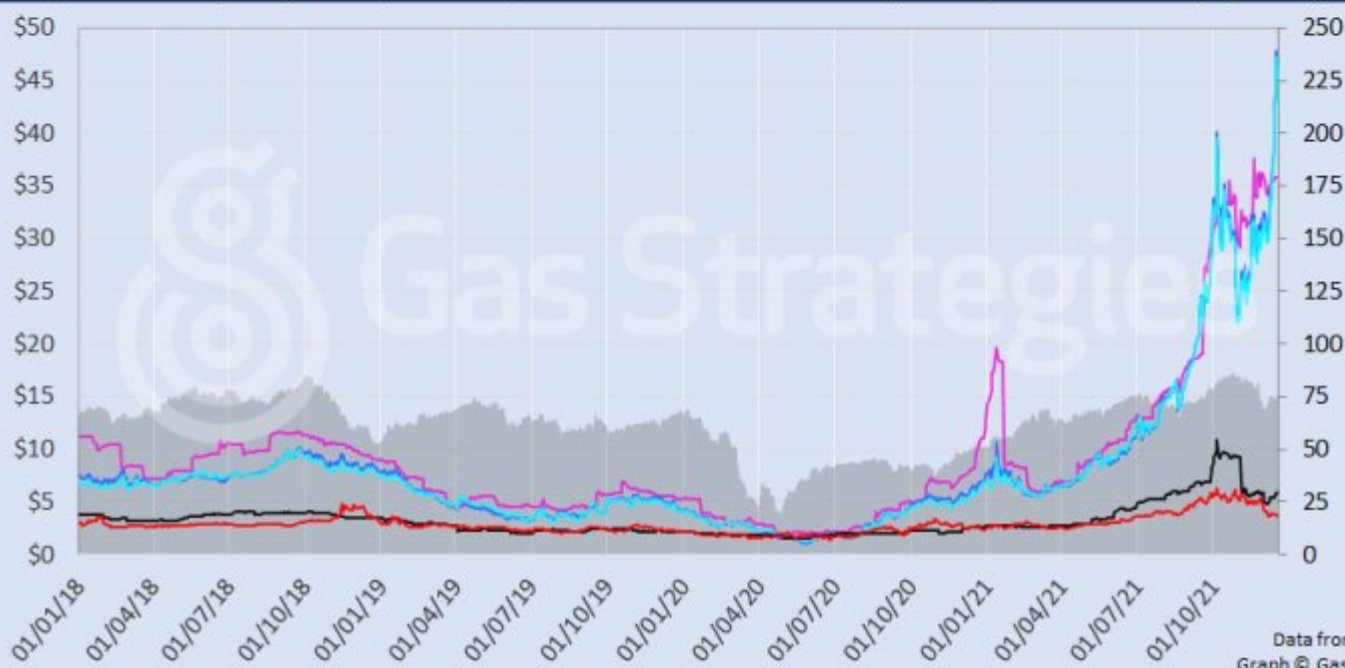
As for crude, prices dropped amid concerns that rising Omicron cases could dent oil demand.

Brent closed 2% lower at USD 73.52/barrel, with WTI down 2.1% at 70.86/barrel.

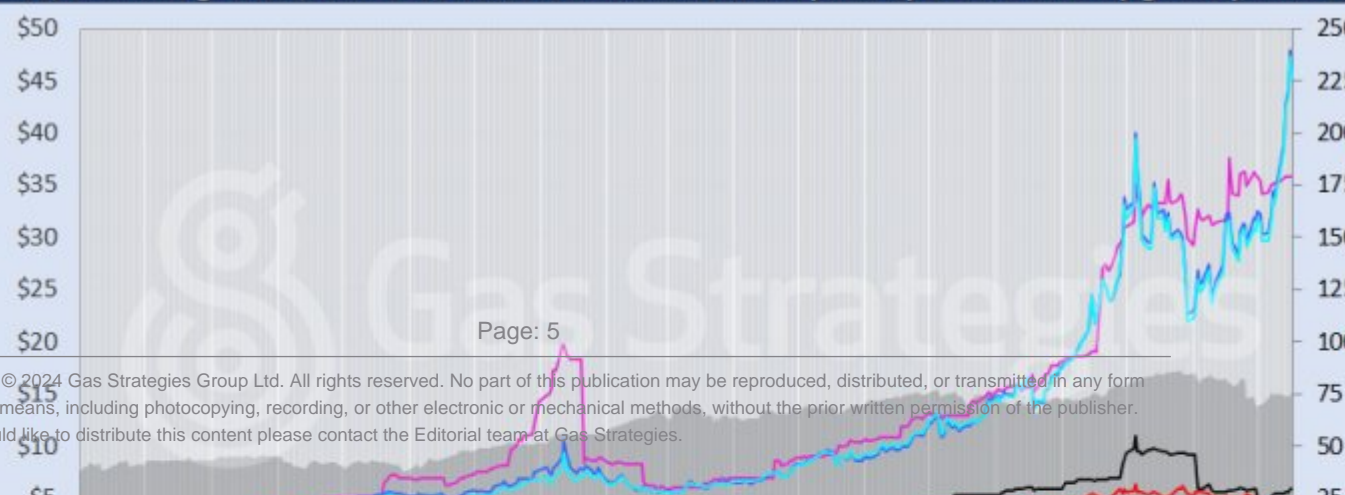
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	17/12/2021	16/12/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.69	3.77	-0.08	
NBP (\$/MMBtu)	45.75	47.89	-2.14	
NBP (£p/th)	344.90	359.48	-14.58	
Henry Hub-NBP spread	42.06	44.12	-2.06	
TTF (\$/MMBtu)	45.25	47.31	-2.07	
TTF (€/MWh)	136.91	142.77	-5.85	
Henry Hub-TTF spread	41.56	43.55	-1.99	
JKM (\$/MMBtu)	35.87	35.87	0.00	
TTF-JKM spread	-9.38	-11.44	2.07	
Henry Hub-JKM spread	32.18	32.10	0.08	
Brent (\$/barrel)	73.52	75.02	-1.50	
WTI (\$/barrel)	70.86	72.38	-1.52	
Brent-WTI spread (\$/barrel)	2.66	2.64	0.02	
API2 Coal (\$/tonne)	146.00	147.25	-1.25	
API2 Coal (\$/MMBtu)	5.84	5.89	-0.05	
EU CO ₂ emissions allowances (€/tonne)	73.28	84.77	-11.49	

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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