

26 April 2024

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Pricewatch | 11 Jan 2022 | Gas Matters Today
Publication date: 11 January 2022

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[1]

European gas prices slumped to a five-day low on Monday, despite a drop in flows from Norway and continued concerns over Europe's gas storage levels.

The February-dated NBP and TTF contracts fell by 4.3% to start the week, with the UK marker closing at the equivalent of USD 27.93/MMBtu and the Dutch marker closing at USD 28.09/MMBtu.

The fall came despite pipeline flows from Norway falling to 341 Mcm/d, down from 348 Mcm/d on Friday, according to EnergyScan.

Higher LNG imports into Europe over the first week of January have weighed on gas prices, however concerns persists over Europe's gas storage levels.

On Monday, Italian gas storage operator Stogit updated its storage data for the period of 1 December 2021 to 8 January 2022, with levels revised lower. The downward revision means Europe's gas storage sites are now 51.6% full – two percentage points lower than originally thought.

The slumping gas prices weighed on the European carbon price, which closed 6.2% lower at EUR 79.74/tonne – its lowest close since 30 December, 2021.

Asian LNG marker JKM extended its losing streak, closing 2% lower at USD 33.27/MMBtu. The losses by the European markers saw JKM extend its premium over TTF to USD 5.18/MMBtu.

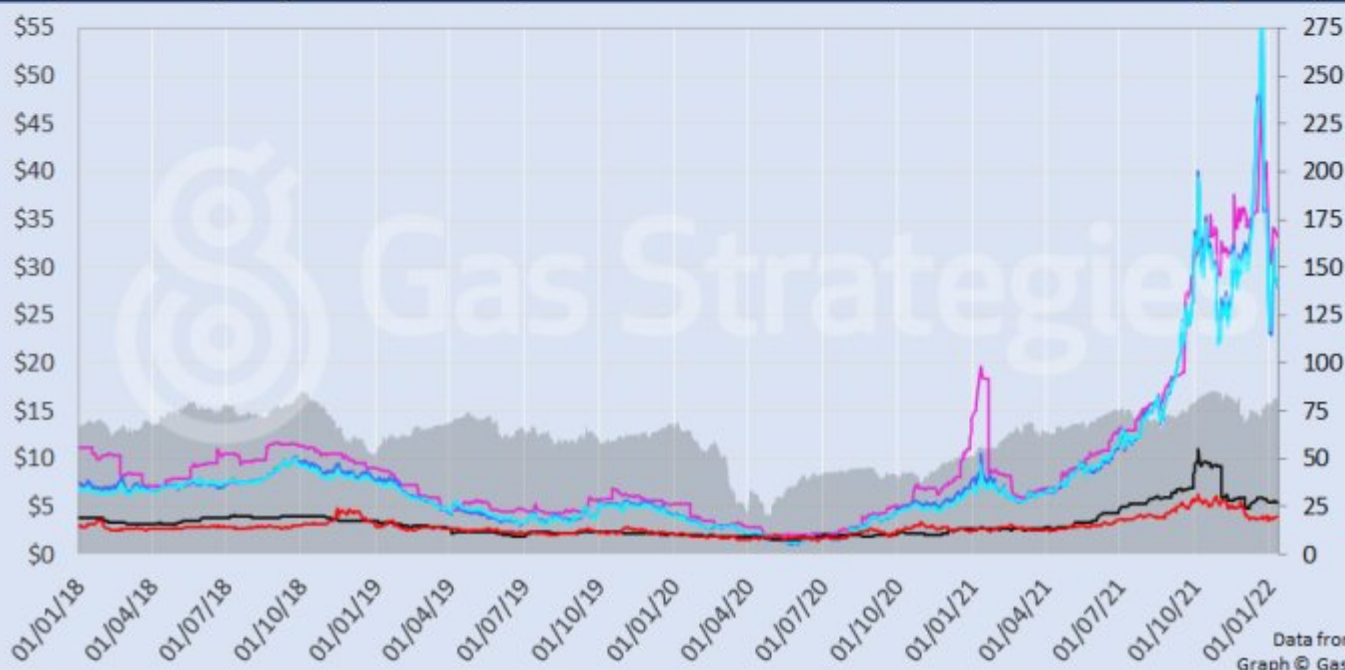
US gas benchmark Henry Hub returned to the USD 4/MMBtu range for the first time since 29 December 2021 after rallying by 4.2% on Monday. Forecasts for colder weather have helped lift Henry Hub in recent days.

As for crude, Brent and WTI continued to fall on Monday amid concerns rising Omicron case could hit oil demand. Brent closed 1.1% lower at USD 80.87/barrel, with WTI settling 0.8% lower at USD 78.23/barrel.

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

Front-month futures/index	10/01/2022	07/01/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.08	3.92	0.16	
NBP (\$/MMBtu)	27.93	29.19	-1.26	
NBP (£p/th)	205.88	214.96	-9.08	
Henry Hub-NBP spread	23.86	25.28	-1.42	
TTF (\$/MMBtu)	28.09	29.35	-1.26	
TTF (€/MWh)	84.61	88.17	-3.57	
Henry Hub-TTF spread	24.01	25.43	-1.42	
JKM (\$/MMBtu)	33.27	33.95	-0.69	
TTF-JKM spread	5.18	4.60	0.57	
Henry Hub-JKM spread	29.19	30.03	-0.85	
Brent (\$/barrel)	80.87	81.75	-0.88	
WTI (\$/barrel)	78.23	78.90	-0.67	
Brent-WTI spread (\$/barrel)	2.64	2.85	-0.21	
API2 Coal (\$/tonne)	138.75	138.50	0.25	
API2 Coal (\$/MMBtu)	5.55	5.54	0.01	
EU CO ₂ emissions allowances (€/tonne)	79.74	85.01	-5.27	

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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