

30 April 2024

Contents

Pricewatch | 05 May 2022 | Gas Matters Today
Publication date: 05 May 2022

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[1]

US natural gas benchmark Henry Hub continues to soar, with the front-month contract settling at its highest level since August 2008 amid sluggish gas production levels and strong domestic and export demand.

The June-dated Henry Hub contract closed 5.8% higher on Wednesday, with the contract settling at USD 8.42/MMBtu.

The US gas marker averaged USD 4.4/MMBtu from January through to 21 March – after which the gas benchmark started its rapid ascent.

Henry Hub averaged ~USD 5.5/MMBtu in late March, breached the USD 6/MMBtu mark in early April and then hit the USD 7/MMBtu mark in mid-April.

Concerns over production levels have heightened in recent days as forecasts suggest warmer weather for much of the Lower 48 in the coming days – driving cooling demand. Looking further ahead, reports suggest the US could be in for a hotter-than-average summer.

Running parallel to strengthening domestic gas demand – which is also being driven by low coal inventories in the US – LNG exports from the US are soaring, with the country's LNG plants taking nearly as much gas as the residential sector.

The majority of US LNG is headed to Europe as the EU looks to lower imports of Russian gas in

response to the invasion of Ukraine. Wednesday saw Brussels announce plans to phase out Russian oil supplies in the next six months, with the move helping push gas prices on both sides of the Atlantic higher as some market participants suggest the Kremlin may target gas supplies to Europe in retaliation.

Dutch marker TTF closed 4.5% higher to settle at the equivalent of USD 32.07/MMBtu, with NBP up 1.7% to close at the equivalent of USD 19.88/MMBtu.

As for Asian LNG marker JKM, the front-month contract settled 2.3% higher at USD 24.04/MMBtu.

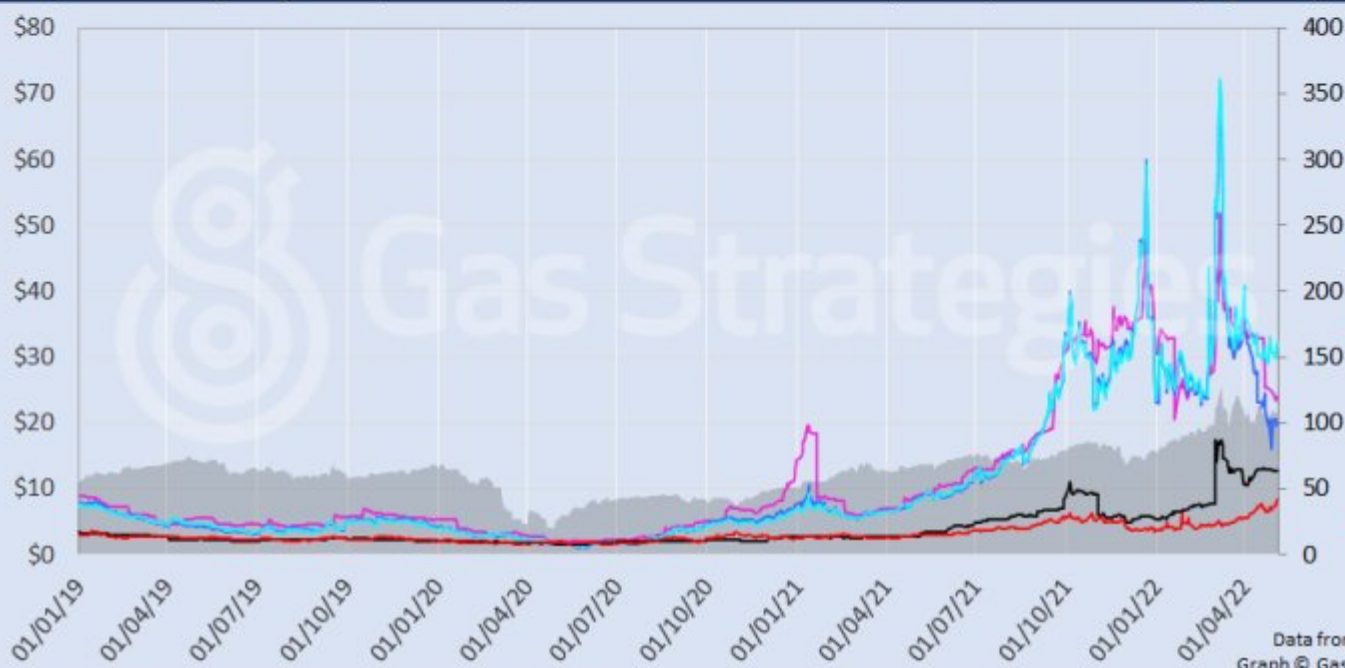
The EU's proposed ban on Russian crude pushed oil prices higher on Wednesday, with the move set to exacerbate an already tight market.

The July-dated Brent contract closed 4.9% higher at USD 110.14/barrel, with the June-dated WTI contract closing 5.3% higher at USD 107.81/barrel.

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

Front-month futures/index	04/05/2022	03/05/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.42	7.95	0.46	
NBP (\$/MMBtu)	19.88	19.54	0.34	
NBP (£p/th)	159.20	156.17	3.03	
Henry Hub-NBP spread	11.46	11.59	-0.12	
TTF (\$/MMBtu)	32.07	30.69	1.38	
TTF (€/MWh)	103.82	99.43	4.40	
Henry Hub-TTF spread	23.65	22.74	0.92	
JKM (\$/MMBtu)	24.04	23.50	0.54	
TTF-JKM spread	-8.03	-7.19	-0.84	
Henry Hub-JKM spread	15.63	15.55	0.08	
Brent (\$/barrel)	110.14	104.97	5.17	
WTI (\$/barrel)	107.81	102.41	5.40	
Brent-WTI spread (\$/barrel)	2.33	2.56	-0.23	
API2 Coal (\$/tonne)	319.26	319.26	0.00	
API2 Coal (\$/MMBtu)	12.77	12.77	0.00	
EU CO ₂ emissions allowances (€/tonne)	87.87	87.75	0.12	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



[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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