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[1]

European gas prices continued to dip on Monday, pushed lower by an improving outlook for the continent's gas storage levels.

The September-dated TTF and NBP contracts closed 1.3% and 4.7% lower respectively on Monday. The Dutch marker settled at the equivalent of USD 57.75/MMBtu, with NBP closing at USD 42.96/MMBtu.

The dip is partly due to an improving outlook for Europe's gas storage levels. One trade source told Gas Matters Today that Europe's storage levels – excluding Ukraine – should surpass 2021 highs in about 10 days' time, which the source said is "very early".

Europe's gas storage sites were 72.01% full as of 7 August, according to GIE data.

Maintenance work being carried out across the UK Continental Shelf (UKCS) should largely be wrapped up by the end of this week, meaning the supply picture for the UK is improving further.

While TTF and NBP have started to fall, prices could rally shortly amid news that Asian buyers are looking to step up spot LNG purchases ahead of winter.

Asian LNG marker JKM recorded a minor fall of 0.4% on Monday to settle at USD 44.47/MMBtu. Despite the loss, the TTF-JKM spread narrowed further – to USD 13.28/MMBtu – due to TTF recording a heavier loss.

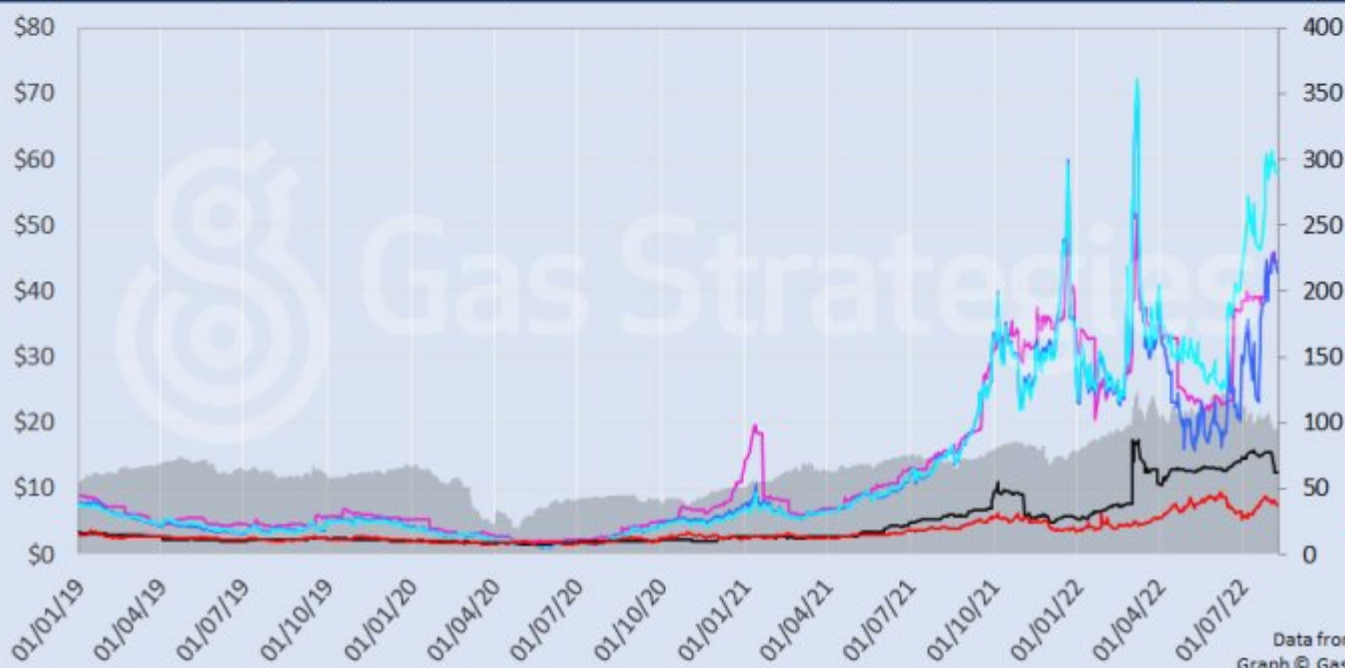
In the US, gas benchmark Henry Hub tumbled, closing 5.9% lower at USD 7.59/MMBtu. The dip was pinned on cooler weather, reducing demand for air conditioning, and domestic production nearing an all-time high of 98 Bcf/d. US dry gas production stood at 97.9 Bcf/d last week, up 0.9 Bcf/d week-on-week, according to the US Energy Information Administration (EIA).

As for crude, prices continued to recover, closing ~2% higher on Monday. The rally was pinned on promising economic data for both China and the US.

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

Front-month futures/index	08/08/2022	05/08/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	7.59	8.06	-0.48	
NBP (\$/MMBtu)	42.96	45.05	-2.10	
NBP (£p/th)	355.14	373.63	-18.49	
Henry Hub-NBP spread	35.37	36.99	-1.62	
TTF (\$/MMBtu)	57.75	58.51	-0.76	
TTF (€/MWh)	193.06	196.32	-3.26	
Henry Hub-TTF spread	50.16	50.44	-0.28	
JKM (\$/MMBtu)	44.47	44.66	-0.19	
TTF-JKM spread	-13.28	-13.85	0.57	
Henry Hub-JKM spread	36.88	36.60	0.29	
Brent (\$/barrel)	96.65	94.92	1.73	
WTI (\$/barrel)	90.76	89.01	1.75	
Brent-WTI spread (\$/barrel)	5.89	5.91	-0.02	
API2 Coal (\$/tonne)	313.50	313.65	-0.15	
API2 Coal (\$/MMBtu)	12.54	12.55	-0.01	
EU CO ₂ emissions allowances (€/tonne)	83.45	84.40	-0.95	

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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