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[1]

Natural gas prices tracked downwards on Tuesday, on strong winds in parts of Europe and reported buyer-led drops in flows to Europe from Russia via both Turkey and Ukraine.

Russian daily gas deliveries via the Sudzha entry point through Ukraine to Europe have been at 35.5 MMcm/day in the past five days, down from more than 40 MMcm/day in the past few months. Reports have suggested that the trend is demand-led, as Europe has been seeing milder winter temperatures, therefore reducing the demand for the use of gas for heating.

Gazprom's total gas supplies to Europe, together with Turkstream flows, have stood at 52 MMcm/day. This time in 2019, Russian daily supply were averaging ~500 Mcm/day.

According to WindEurope, the share of wind energy in electricity demand in the UK on Tuesday stood at 43%, therefore lifting the weight off natural gas prices. A strong share of wind in electricity was also observed in Denmark (69%), Germany (45%) and Austria (38%).

TTF dropped by 6.4% to USD 21.92/MMBtu day on day, while NBP saw a 3.9% fall to USD 21.53/MMBtu.

Henry Hub also weakened, and the front-month contract was down 6.9% to USD 3.64/MMBtu. The weakness is expected to persist as natural gas demand is on track to hit a record low in January on the back of warm weather patterns.

Meanwhile, in the January issue of its short-term outlook, the US Energy Information Administration

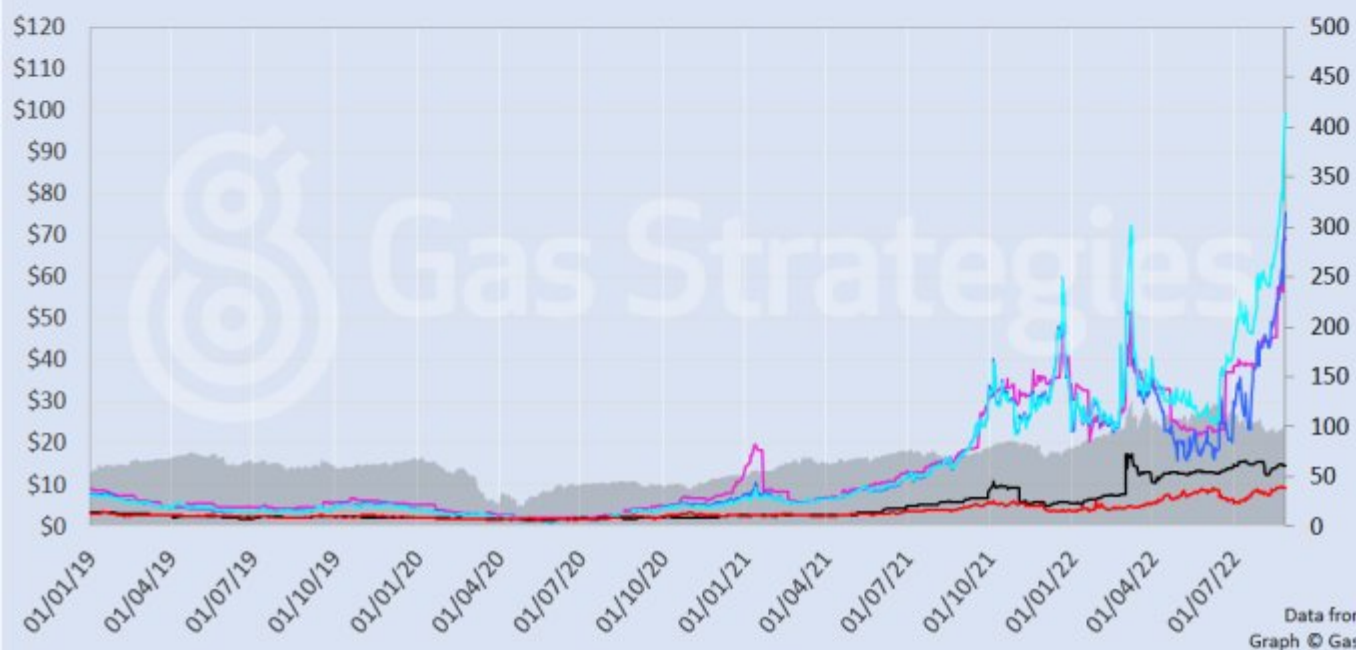
scaled back its near-term natural gas price forecast. It now expects Henry Hub spot prices to average USD 4.90/MMBtu in 2023, and USD 4.80/MMBtu in 2024, down from the previous month's estimates of USD 5.43/MMBtu in 2023.

"Increases in US natural gas production, relatively flat LNG exports, and declining domestic consumption in the electric power and industrial sectors will limit upward pressure on prices in 2023," according to the forecast.

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

Front-month futures/index	10/01/2023	09/01/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.64	3.91	-0.27	
NBP (\$/MMBtu)	21.53	22.41	-0.87	
NBP (£p/th)	171.30	183.64	-12.34	
Henry Hub-NBP spread	17.90	18.50	-0.60	
TTF (\$/MMBtu)	21.92	23.43	-1.51	
TTF (€/MWh)	70.07	74.30	-4.23	
Henry Hub-TTF spread	18.28	19.52	-1.24	
JKM (\$/MMBtu)	27.06	27.12	-0.05	
TTF-JKM spread	5.14	3.69	1.45	
Henry Hub-JKM spread	23.42	23.21	0.22	
Brent (\$/barrel)	80.10	79.65	0.45	
WTI (\$/barrel)	75.12	74.63	0.49	
Brent-WTI spread (\$/barrel)	4.98	5.02	-0.04	
API2 Coal (\$/tonne)	171.00	171.15	-0.15	
API2 Coal (\$/MMBtu)	6.84	6.85	-0.01	
EU CO ₂ emissions allowances (€/tonne)	77.75	78.75	-1.00	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Sep



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Sep



[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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