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[1]

Natural gas prices were in the red on Tuesday, with European front-month contracts falling to their lowest levels in 18 months, and US prices plunging to their lowest since September 2020. Meanwhile, European carbon permit prices briefly traded at EUR 100/tonne yesterday.

The TTF price slipped 3% down to USD 15.15/MMBtu, and NBP saw a 2.5% fall to USD 14.54/MMBtu – both now at their lowest since July 2021. This happened despite the weather forecasts indicating cooler weather conditions this week.

Energi Danmark commented: “Once the winter is over, Europe will start re-filling their gas storages from a comfortable level and it therefore seems likely that we will start next winter in a comfortable situation as well despite the absence of Russian gas.”

In addition, latest data from the EU suggests that the bloc's consumption of natural gas has dropped by 19.3% in the period August 2022-January 2023, compared with the five-year average consumption for the same months.

Meanwhile, EU carbon permit prices approached record levels on Tuesday, with the contracts briefly trading at EUR 100/tonne before settling at EUR 97.08/tonne for the day. Warmer weather have helped ease the energy crisis and improved the region's economic outlook, thus raising the prospects of higher activity and industrial firms' demand for permits.

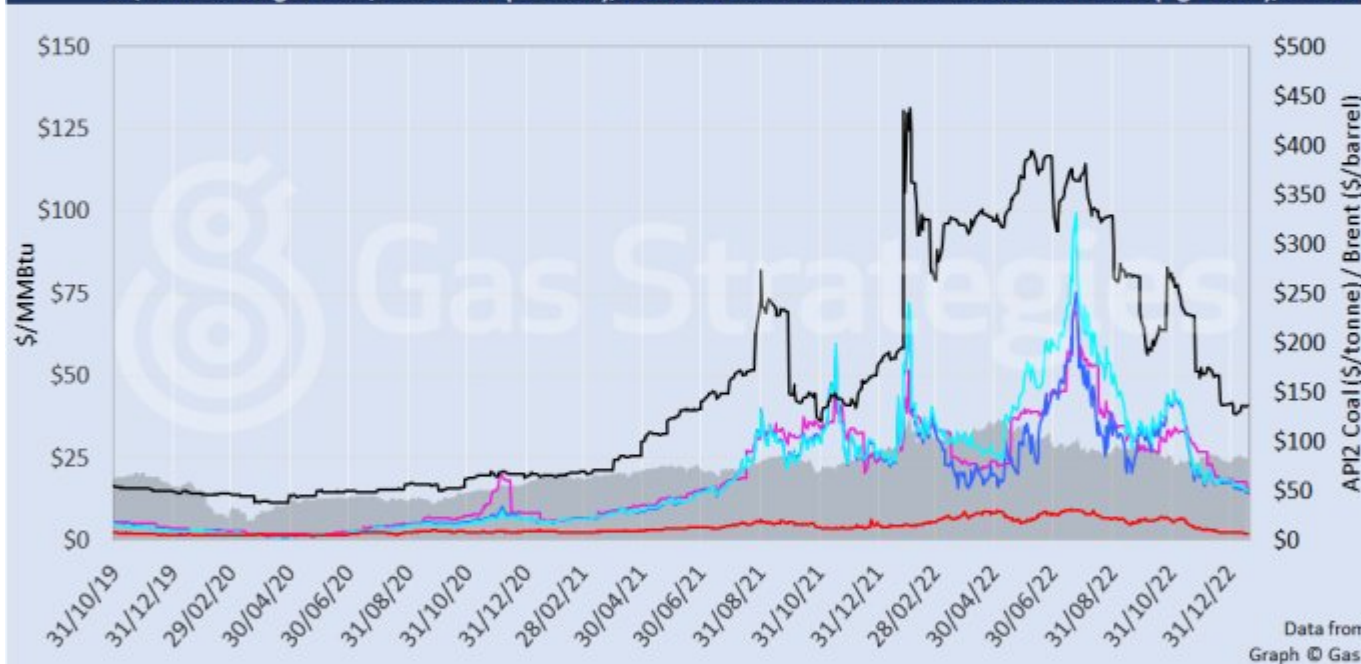
The US has come back to trading after observing President's Day on Monday, witnessing more losses, as Henry Hub dropped by 9% to USD 2.07/MMBtu, its lowest level since the Covid-19 pandemic.

The latest announcement of FERC greenlighting the restart of two units at the Freeport LNG export plant has seen JKM prices come back alive after a week of flatness, with the Asian LNG marker seeing a 20% drop to USD 14.3/MMBtu.

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

Front-month futures/index	21/02/2023	20/02/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.07	2.28	-0.20	
NBP (\$/MMBtu)	14.54	14.91	-0.37	
NBP (£p/th)	120.06	123.90	-3.84	
Henry Hub-NBP spread	12.47	12.64	-0.17	
TTF (\$/MMBtu)	15.16	15.62	-0.46	
TTF (€/MWh)	48.54	49.87	-1.33	
Henry Hub-TTF spread	13.09	13.35	-0.26	
JKM (\$/MMBtu)	14.30	17.88	-3.58	
TTF-JKM spread	-0.86	2.26	-3.12	
Henry Hub-JKM spread	12.23	15.61	-3.38	
Brent (\$/barrel)	83.05	84.07	-1.02	
WTI (\$/barrel)	76.16	77.29	-1.13	
Brent-WTI spread (\$/barrel)	6.89	6.78	0.11	
API2 Coal (\$/tonne)	136.65	135.65	1.00	
API2 Coal (\$/MMBtu)	5.47	5.43	0.04	
EU CO ₂ emissions allowances (€/tonne)	97.08	95.16	1.92	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 2019



EU carbon allowances (EUAs) on the Emissions Trading System (ETS)



[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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