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[1]

After dropping to a 13-month low earlier in the week, European futures saw a modest uplift on Tuesday as a cold spell continues engulfing the continent.

Yesterday, prices climbed amid signs that the cold spell across the continent will last a bit longer than previously anticipated. This supported contracts across the curve, with prices to continue rising on Wednesday as the cold weather forecasts are confirmed, particularly for Germany, reported Energi Danmark.

NBP saw a 1.3% uptick to USD 12.89/MMBtu, while TTF fell 9.7% to USD 13.44/MMBtu. The slide in USD/MMBtu terms was due to a strengthening in USD against GBP seen on Tuesday.

Reports suggest that Britain's National Grid Electricity System Operator (ESO) said two coal units at EDF's West Burton coal plant had been synchronised to the grid on Tuesday afternoon, following the notices issued on Monday that reserve power generation might be needed as a cold snap swept the nation. Contracting some coal plants to remain available is part of its tool box to help prevent power cuts.

Meanwhile, in France, strike action continued and the country's four LNG terminals are currently not operating, operators Fluxys and Elengy confirmed to Gas Matters Today.

In addition, wind power generation picked up in Europe over the past days, with Tuesday's share of wind energy in electricity demand at 20.1%, up from 10.8% the day before.

Meanwhile, Henry Hub continued ascending, with the front-month contract on Tuesday climbing 4.6% to USD 2.69/MMBtu. This comes as the US Energy Information Administration (EIA) in its new Short-Term Energy Outlook report forecast Henry Hub natural gas spot prices will drop from almost USD 5.0/MMBtu in January to around USD 3.0/MMBtu in 2023.

Crude oil slid by almost 4% on Tuesday after comments from US Federal Reserve Chair Jerome Powell stoked rate hike fears, the USD strengthened and top crude importer China issued weak data, Reuters reported.

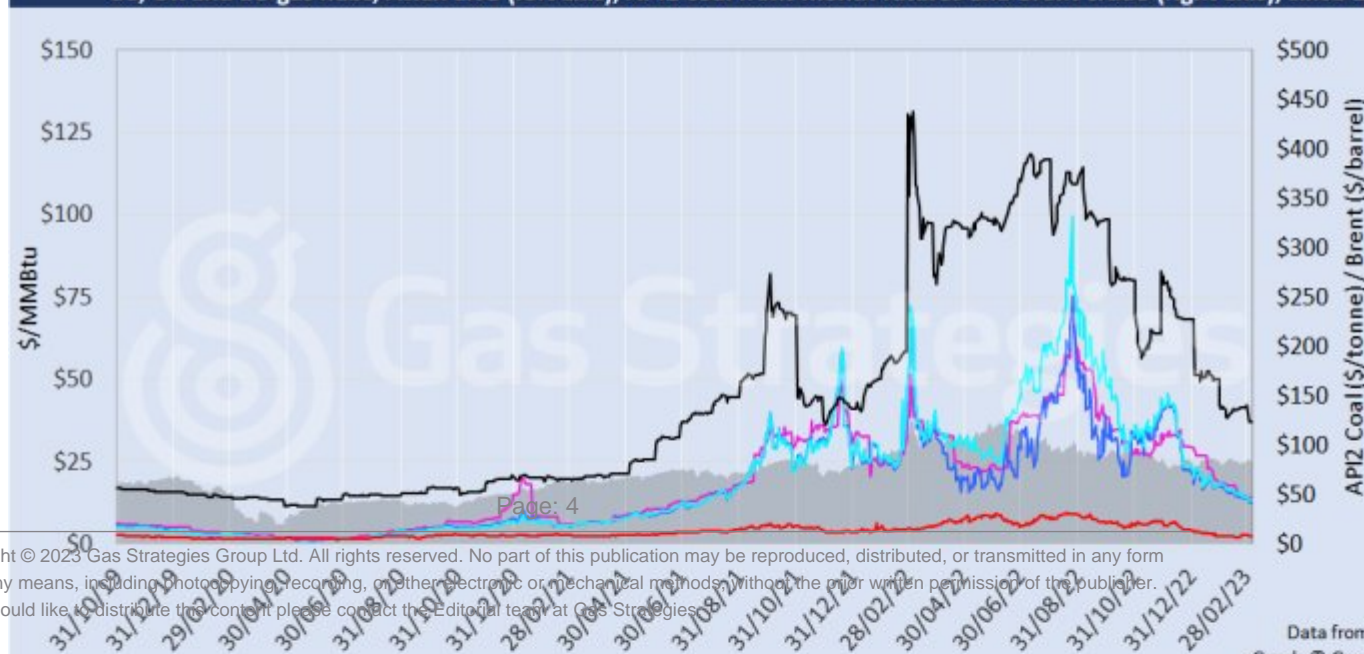
Brent crude futures dipped 3.4% to settle at USD 83.29, barrel, while the US WTI dropped by 3.6%, to close at USD 77.58/barrel.

Those were the biggest single day percentage declines for both contracts since 4 January.

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

Front-month futures/index	07/03/2023	06/03/2023	Daily +/- (\$)	Daily %
Henry Hub (\$/MMBtu)	2.69	2.57	0.12	4.6%
NBP (\$/MMBtu)	12.89	12.73	0.16	1.2%
NBP (€/th)	108.75	105.66	3.09	2.9%
Henry Hub-NBP spread	10.21	10.16	0.05	0.5%
TTF (\$/MMBtu)	13.44	14.88	-1.44	-9.7%
TTF (€/MWh)	43.37	42.15	1.22	2.9%
Henry Hub-TTF spread	10.75	12.31	-1.56	-12.7%
JKM (\$/MMBtu)	13.94	14.29	-0.35	-2.5%
TTF-JKM spread	0.50	-0.60	1.10	183.3%
Henry Hub-JKM spread	11.25	11.71	-0.46	-3.9%
Brent (\$/barrel)	83.29	86.18	-2.89	-3.3%
WTI (\$/barrel)	77.58	80.46	-2.88	-3.6%
Brent-WTI spread (\$/barrel)	5.71	5.72	-0.01	-0.2%
API2 Coal (\$/tonne)	124.65	123.65	1.00	0.8%
API2 Coal (\$/MMBtu)	4.99	4.95	0.04	0.8%
EU CO ₂ emissions allowances (€/tonne)	92.59	89.90	2.69	3.0%

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 2020



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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