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Contents

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Natural gas prices in the three main regional markets rallied at the end of last week and into the start of this week, but the underlying trend in Europe and Asia continues to be downwards towards what some market observers have described as “a new normal”.

In Europe, storage inventories remain well above five-year averages, according to data from Gas Infrastructure Europe.

Expectations of a continuing fall in prices as the weather warms into summer – which begins next month – are prompting slower-than-usual buying activity. Consequently, storage levels are climbing only slowly, though there is little doubt that EU targets for later in the year will be easily achievable.

In continental Europe, the Dutch TTF marker was up 2.6% last Friday, from Thursday's close of EUR 35.65/MWh (USD 11.50/MMBtu) to EUR 36.57/MWh (USD 11.82/MMBtu). It rose again on Monday by 0.8% to EUR 36.87/MWh (USD 11.91/MMBtu). Suggestions that the price could crash to below EUR 10/MWh are likely to further inhibit buying activity in the short term.

In the UK, NBP rose by 3.5% from 80.51 p/therm (USD 10.13/MMBtu) on Thursday to 83.35 p/therm (USD 10.53/MMBtu).

In Asia, the JKM LNG marker edged up slightly from USD 11.31/MMBtu on Thursday to USD 11.32/MMBtu, with high inventories and the expectation of lower prices suppressing buying appetite.

In the US, Henry Hub front-month futures rose 1.9% from USD 2.10/MMBtu on Thursday to USD

2.14/MMBtu on Friday, and again by 4.7% to USD 2.24/MMBtu on Monday.

Oil prices staged a strong rally after weeks of decline as concerns over a recession in the US eased.

Brent was up 3.9% from USD 72.50/barrel on Thursday to USD 75.30/barrel on Friday, and again by 2.3% to USD 77.01/barrel on Monday. WTI followed suit, up 4.1% on Friday to USD 71.34/barrel and again by 2.6% to USD 73.16/barrel on Monday.

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

Front-month futures/index	08/05/2023	05/05/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.24	2.14	0.10	
NBP (\$/MMBtu)	10.53	10.54	-0.01	
NBP (£p/th)	83.35	83.35	0.00	
Henry Hub-NBP spread	8.29	8.40	-0.11	
TTF (\$/MMBtu)	11.91	11.82	0.09	
TTF (€/MWh)	36.87	36.57	0.30	
Henry Hub-TTF spread	9.67	9.68	-0.01	
JKM (\$/MMBtu)	11.32	11.32	0.00	
TTF-JKM spread	-0.59	-0.50	-0.09	
Henry Hub-JKM spread	9.08	9.18	-0.10	
Brent (\$/barrel)	77.01	75.30	1.71	
WTI (\$/barrel)	73.16	71.34	1.82	
Brent-WTI spread (\$/barrel)	3.85	3.96	-0.11	
API2 Coal (\$/tonne)	126.85	126.85	0.00	
API2 Coal (\$/MMBtu)	5.07	5.07	0.00	
EU CO ₂ emissions allowances (€/tonne)	83.41	84.69	-1.28	

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



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



[1]

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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