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After their brief rally either side of the weekend, natural gas prices in Europe and Asia resumed their downward trajectory on Tuesday, while US gas prices and crude prices continued to firm.

The relationship between gas prices in the three main consuming regions was a continuation of the convergence they have exhibited since the start of 2023.

However, the relief that gas customers are likely to be feeling in Europe could prove to be short-lived.

Analysts at Goldman Sachs grabbed plenty of headlines with a prediction on Tuesday that European gas prices could treble to over EUR 100/MWh by winter 2023-24 through a combination of winter weather risk and a relaxation of conservation efforts by households as prices return to more normal levels.

Goldman Sachs is not alone in its view, with some traders not ruling out the possibility that prices could rise as high as EUR 150/MWh.

For now, however, prices in Europe are at levels not seen since mid-2021, before Russia began limiting supplies to Europe, a strategy which it pursued for most of the second half of that year.

The Dutch TTF marker fell by 2.5% from Monday's close of EUR 36.87/MWh (USD 11.91/MMBtu) to EUR 35.95/MWh (USD 11.54/MMBtu).

In the UK, NBP fell by 1.3% from 83.35 p/therm (USD 10.53/MMBtu) on Monday to 82.23 p/therm (USD 10.38/MMBtu).

In Asia, the JKM LNG marker was down by 0.7% from USD 11.32/MMBtu on Monday to USD 11.24/MMBtu.

The International Energy Agency (IEA) has recently warned that the global gas balance in 2023 is “subject to an unusually wide range of uncertainties” with a key uncertainty being the pace of demand recovery in Asia, especially China and India.

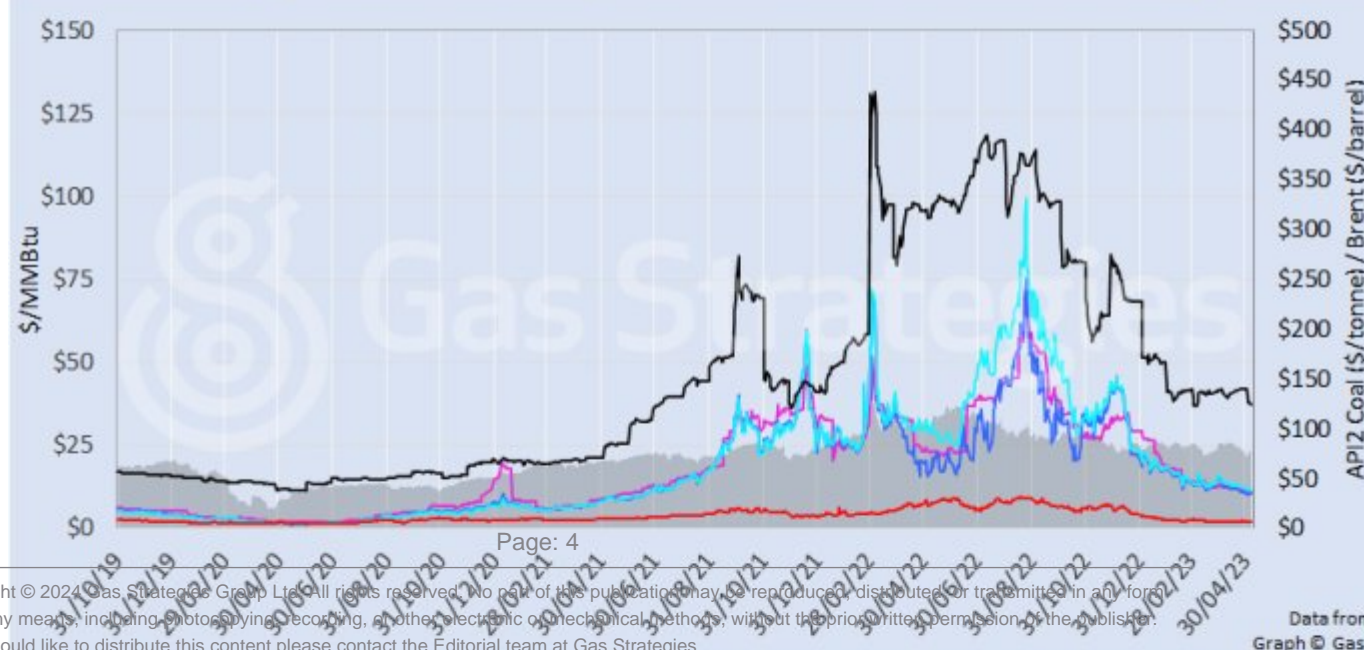
In the US, Henry Hub front-month futures rose by 1.3% from USD 2.24/MMBtu on Monday to USD 2.27/MMBtu.

Oil prices continued their rally after weeks of decline. Brent was up 0.6% from USD 77.01/barrel on Monday to USD 77.44/barrel. WTI was up 0.8% from USD 73.16/barrel on Monday to USD 73.71/barrel, which meant the Brent-WTI spread narrowed from USD 3.85/barrel to USD 3.73/barrel.

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

Front-month futures/index	09/05/2023	08/05/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.27	2.24	0.03	
NBP (\$/MMBtu)	10.38	10.53	-0.15	
NBP (£p/th)	82.23	83.35	-1.12	
Henry Hub-NBP spread	8.11	8.29	-0.18	
TTF (\$/MMBtu)	11.54	11.91	-0.37	
TTF (€/MWh)	35.95	36.87	-0.92	
Henry Hub-TTF spread	9.27	9.67	-0.40	
JKM (\$/MMBtu)	11.24	11.32	-0.07	
TTF-JKM spread	-0.30	-0.59	0.29	
Henry Hub-JKM spread	8.97	9.08	-0.10	
Brent (\$/barrel)	77.44	77.01	0.43	
WTI (\$/barrel)	73.71	73.16	0.55	
Brent-WTI spread (\$/barrel)	3.73	3.85	-0.12	
API2 Coal (\$/tonne)	125.25	126.85	-1.60	
API2 Coal (\$/MMBtu)	5.01	5.07	-0.06	
EU CO ₂ emissions allowances (€/tonne)	84.75	83.41	1.34	

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



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