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[1]

European prices plunged on Thursday on continuing bearish fundamentals determined by strong stocks, mild weather and stronger renewable power generation.

The market is finding a lower limit after a seven-week streak of declines, the longest in six years driven by stable supply, mild weather and stronger renewable generation.

NBP saw a 7.5% plunge to USD 8.42/MMBtu, breaking yet another multi-year record, falling to its lowest since May 2021.

Meanwhile, TTF lost 7.2% and settled at USD 9.41/MMBtu, falling below the USD 10/MMBtu mark for the first time since June 2021.

WindEurope reported that Thursday's wind generation rose to 20.7% of total electricity generation, and Gas Infrastructure Europe (GIE) revealed that gas storages on the continent were almost 65% full as of 17 May.

Meanwhile, JKM saw its biggest dip in a month as the front-month contract fell 12.1% to USD 9.72/MMBtu. The LNG market has been plummeting as a mild northern hemisphere winter left utilities with ample stockpiles – a complete reversal from last year's energy shortage that triggered a record-breaking rally.

In the US, Henry Hub climbed sharply on Thursday, up 10% to USD 2.59/MMBtu, as the US Energy

Information Administration (EIA) reported a smaller-than-expected weekly rise in domestic natural-gas supplies.

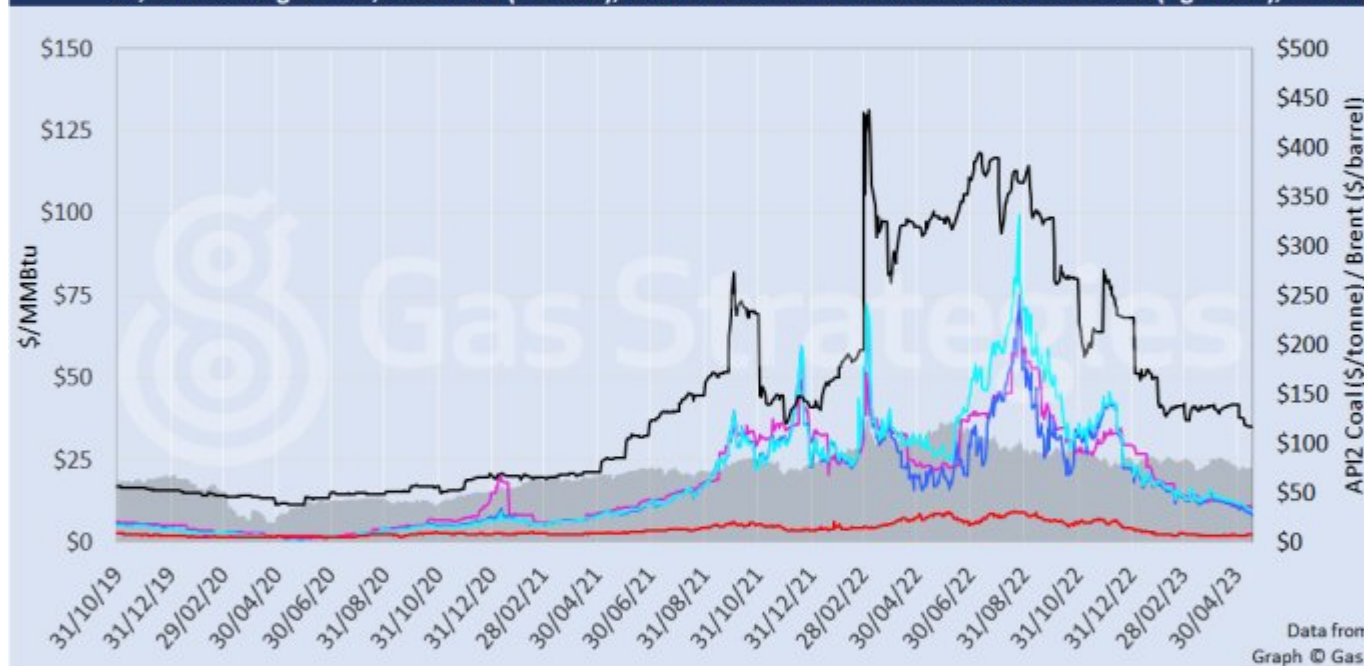
Inventories rose by 99 Bcf for the week ended 12 May against analysts' forecast of a 106-110 Bcf injection.

Crude reversed the growing price trend by seeing declines, as the US reported solid economic data, which spurred the dollar to reach a two-month high. Brent settled at USD75.86/barrel and WTI was at USD 71.86/barrel.

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

Front-month futures/index	18/05/2023	17/05/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.59	2.37	0.23	
NBP (\$/MMBtu)	8.42	9.10	-0.68	
NBP (£p/th)	67.78	72.95	-5.17	
Henry Hub-NBP spread	5.83	6.73	-0.91	
TTF (\$/MMBtu)	9.41	10.14	-0.73	
TTF (€/MWh)	29.79	31.95	-2.17	
Henry Hub-TTF spread	6.81	7.78	-0.96	
JKM (\$/MMBtu)	9.72	11.05	-1.33	
TTF-JKM spread	0.31	0.91	-0.60	
Henry Hub-JKM spread	7.12	8.68	-1.56	
Brent (\$/barrel)	75.86	76.96	-1.10	
WTI (\$/barrel)	71.86	72.83	-0.97	
Brent-WTI spread (\$/barrel)	4.00	4.13	-0.13	
API2 Coal (\$/tonne)	117.60	117.85	-0.25	
API2 Coal (\$/MMBtu)	4.70	4.71	-0.01	
EU CO ₂ emissions allowances (€/tonne)	87.76	86.12	1.64	

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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