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[1]

Natural gas futures slid even lower on Monday as slow industrial demand and high US LNG supplies continued working in favour of the EU's ambitious gas storage targets.

The Royal Bank of Canada (RBC) said in its Global Gas & LNG Strategy last week that US LNG flows remain robust which is allowing Europe to quickly fill up storage amid a period of low demand from the Asian buyers' club.

It added: "All said, we expect near-term pressure on spot gas, but expect time spreads to widen as winter pricing remains relatively firm."

According to Gas Infrastructure Europe (GIE), gas storage in Europe was 66% full as of 21 May. And at this pace, RBC said it expects the storage to be 90% full in late July-early August.

But in the short-term and pricewise, Energi Danmark said that the most recent weather forecasts point towards a warm start to the summer in Europe, and extended outages in the French nuclear sector adds to the upside.

Meanwhile, TTF on Monday settled 1.7% lower at USD 9.41/MMBtu, and NBP slid by a further 3.2% to USD 8.24/MMBtu, with the latter now at the same price levels as in April 2021.

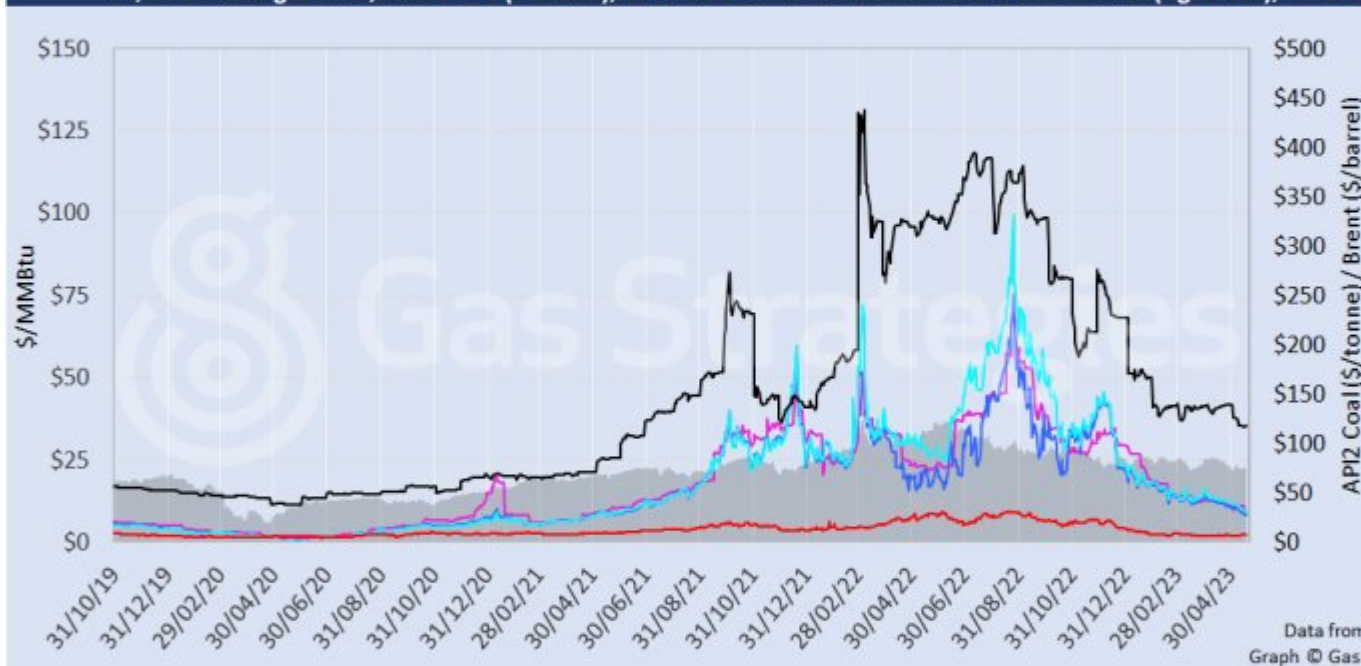
In the US, the Henry Hub plunged 7.2% on Monday to USD 2.4/MMBtu, erasing most of the gains seen last week. According to Natural Gas Intelligence, this was due to "light weather demand and lofty

production” despite maintenance events that have curtailed output as of lately.

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

Front-month futures/index	22/05/2023	19/05/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.40	2.59	-0.19	
NBP (\$/MMBtu)	8.24	8.52	-0.27	
NBP (£p/th)	66.36	68.36	-2.00	
Henry Hub-NBP spread	5.84	5.93	-0.09	
TTF (\$/MMBtu)	9.41	9.57	-0.16	
TTF (€/MWh)	29.71	30.18	-0.47	
Henry Hub-TTF spread	7.01	6.98	0.03	
JKM (\$/MMBtu)	9.76	9.84	-0.08	
TTF-JKM spread	0.35	0.27	0.07	
Henry Hub-JKM spread	7.36	7.26	0.10	
Brent (\$/barrel)	75.99	75.58	0.41	
WTI (\$/barrel)	72.05	71.69	0.36	
Brent-WTI spread (\$/barrel)	3.94	3.89	0.05	
API2 Coal (\$/tonne)	119.00	118.40	0.60	
API2 Coal (\$/MMBtu)	4.76	4.74	0.02	
EU CO ₂ emissions allowances (€/tonne)	85.65	87.79	-2.14	

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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