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The extreme sensitivity of European natural gas prices to any change that might impact the region's supply-demand balance was underscored on Thursday when prices shot up, apparently in response to two consecutive days of storage withdrawals.

The price movements were out of all proportion to the gas volumes involved – so it was the change in the direction of flows that seemed to matter most.

Data from Gas Infrastructure Europe (GIE) showed the volume of gas in store edged down to 99.61% on Tuesday, and again to 99.57% on Wednesday, from 99.62% on Monday – a total fall of 0.05%.

The price movements were probably also influenced by expectations of a brief snap of colder and less windy weather forecast for this weekend in much of North-West Europe.

In Continental Europe, TTF front-month futures rose by 5.1%, from USD 14.38/MMBtu on Wednesday to close at USD 15.11/MMBtu on Thursday. The price dipped on Friday morning and by lunchtime in London was at around Wednesday's close.

In the UK, NBP was up 4.9%, from USD 14.28/MMBtu on Wednesday to USD 14.98/MMBtu on Thursday. Like TTF, the price had given up all the previous session's gains by Friday lunchtime.

European coal prices also trended upwards but much less dramatically than gas prices. API2 coal was up 1.6%, from USD 4.99/MMBtu on Wednesday to USD 5.07/MMBtu on Thursday.

In Asia, JKM extended its gentle decline, falling by 0.2%, from USD 17.29/MMBtu on Wednesday to USD 17.26/MMBtu on Thursday. The sharp rise in TTF meant the TTF-JKM spread fell by 26%, from USD 2.91/MMBtu to USD 2.15/MMBtu.

In the US, Henry Hub fell by 2.3%, from USD 3.11/MMBtu on Wednesday to USD 3.04/MMBtu on Thursday, on forecasts of mild weather and record output levels.

Crude oil prices staged a minor rally after recent falls, with Brent up 0.6%, to USD 80.01/barrel on Thursday from USD 79.54/barrel on Wednesday. WTI was up 0.5% up to USD 75.74/barrel from USD 75.33/barrel. Both Brent and WTI were up 1.6% on Thursday's close by lunchtime on Friday.

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

Front-month futures/index	09/11/2023	08/11/2023	Daily +/- (\$)	Daily +/-
Henry Hub (\$/MMBtu)	3.04	3.11	-0.07	
NBP (\$/MMBtu)	14.98	14.28	0.70	
NBP (£p/th)	122.06	116.12	5.94	
Henry Hub-NBP spread	11.94	11.17	0.77	
TTF (\$/MMBtu)	15.11	14.38	0.73	
TTF (€/MWh)	48.13	45.78	2.35	
Henry Hub-TTF spread	12.07	11.27	0.80	
JKM (\$/MMBtu)	17.26	17.29	-0.03	
TTF-JKM spread	2.15	2.91	-0.76	
Henry Hub-JKM spread	14.22	14.18	0.04	
Brent (\$/barrel)	80.01	79.54	0.47	
WTI (\$/barrel)	75.74	75.33	0.41	
Brent-WTI spread (\$/barrel)	4.27	4.21	0.06	
API2 Coal (\$/tonne)	126.65	124.70	1.95	
API2 Coal (\$/MMBtu)	5.07	4.99	0.08	
EU CO ₂ emissions allowances (€/tonne)	77.38	75.70	1.68	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 20



Data from ICE
Graph © Gas Strategies



Data from ICE
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[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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