

9 December 2023

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Pricewatch | 17 November 2023 | Gas Matters Today
Publication date: 17 November 2023

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Energy prices fell across the board on Thursday, except for the JKM Asian LNG benchmark which remained flat.

Crude oil price fell sharply by almost 5% as concerns grew over demand trends in China, the US and the European Union. For now at least, the war-risk premium of the Israel-Hamas conflict in the Middle East has evaporated, with prices reaching their lowest levels since early July.

That said, the worsening humanitarian emergency in Gaza has alarmed governments and the conflict could yet spark a wider conflagration.

Energy commentator Daniel Yergin – author and vice chairman of S&P Global – on Thursday wrote: “A war in the Middle East typically sends oil prices soaring, since the region is home to about half of the world’s proven reserves. Not this time ... There are three reasons for this: the shale revolution, market psychology and a transformation in the politics of oil.”

He added: “That would change if the war were to spread, but Iran and China have a stake in keeping it contained.”

Brent was down 4.6%, from USD 81.18/barrel on Wednesday to USD 77.42/barrel on Thursday, while WTI fell by 4.9%, from USD 76.66/barrel to USD 72.90/barrel. Both benchmarks were trading higher on Friday morning, up by around 1.7% by lunchtime in London.

European natural gas futures extended their downwards trajectory as temperatures remained stubbornly

above seasonal norms, with storage levels consistently above 99%. There were several days of withdrawals this week but volumes were tiny.

In Continental Europe, TTF futures fell by 2.5%, from USD 14.96/MMBtu on Wednesday to USD 14.58/MMBtu on Thursday. The price continued its downwards trajectory on Friday morning.

In the UK, NBP was down 2.3%, from USD 14.69/MMBtu on Wednesday to USD 14.34/MMBtu on Thursday – and continuing its fall on Friday morning.

In Asia, JKM was flat, at USD 17.10/MMBtu, amid reports that North Asian buyers have such high inventories that they are looking to sell on cargoes for December. As European prices fell, the TTF-JKM spread widened by 18% to USD 2.52/MMBtu.

In the US, Henry Hub plunged by 4.0%, from USD 3.19/MMBtu on Wednesday to USD 3.06/MMBtu on Thursday, as the Energy Information Administration (EIA) released weekly storage data, having missed a week because of last week's systems upgrade.

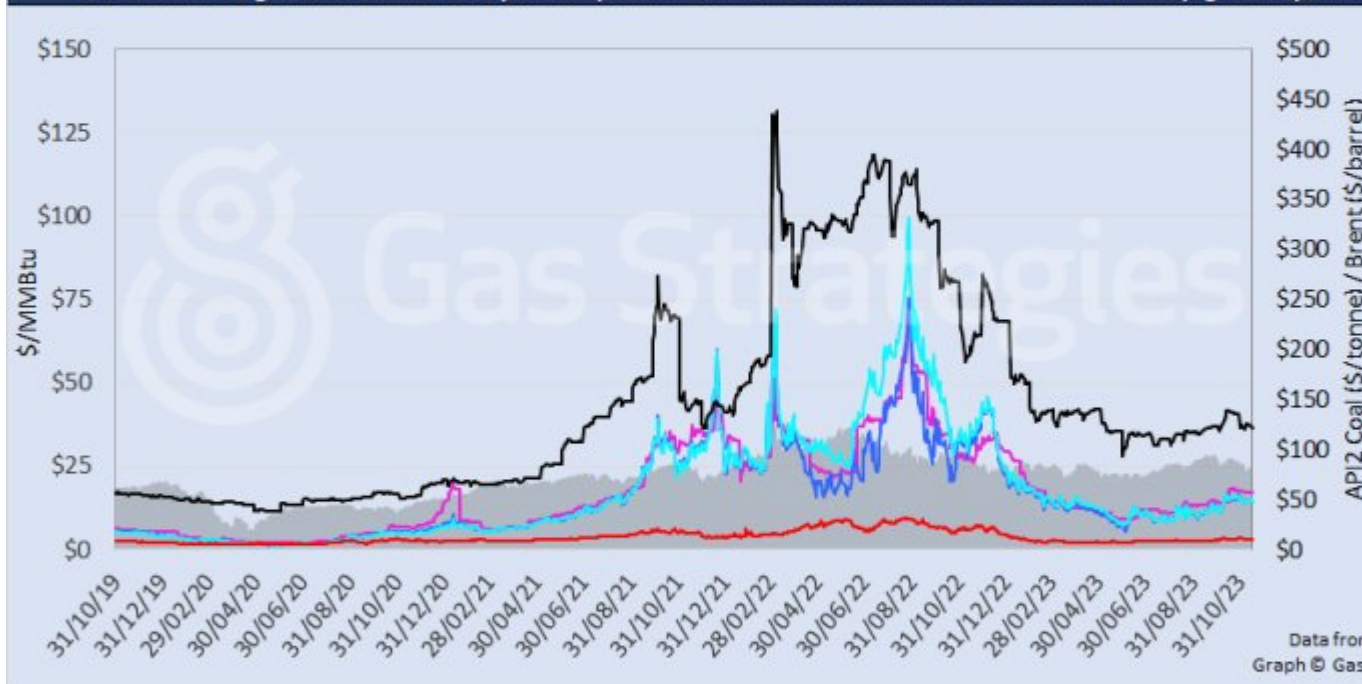
Estimated working gas in storage was 3,833 Bcf as of 10 November, up 60 Bcf from the previous week and within the five-year historical range. Stocks were 198 Bcf higher year-on-year and 203 Bcf above the five-year average of 3,638 Bcf.

The robust storage build meant the price continued to fall on Friday morning, breaching the USD3/MMBtu level to around USD 2.90/MMBtu.

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

| Front-month futures/index | 16/11/2023 | 15/11/2023 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 3.06 | 3.19 | -0.13 | |
| NBP (\$/MMBtu) | 14.34 | 14.69 | -0.34 | |
| NBP (£p/th) | 115.47 | 118.15 | -2.68 | |
| Henry Hub-NBP spread | 11.28 | 11.50 | -0.22 | |
| TTF (\$/MMBtu) | 14.58 | 14.96 | -0.38 | |
| TTF (€/MWh) | 45.85 | 47.04 | -1.19 | |
| Henry Hub-TTF spread | 11.52 | 11.77 | -0.25 | |
| JKM (\$/MMBtu) | 17.10 | 17.10 | 0.00 | |
| TTF-JKM spread | 2.52 | 2.14 | 0.38 | |
| Henry Hub-JKM spread | 14.04 | 13.91 | 0.13 | |
| Brent (\$/barrel) | 77.42 | 81.18 | -3.76 | |
| WTI (\$/barrel) | 72.90 | 76.66 | -3.76 | |
| Brent-WTI spread (\$/barrel) | 4.52 | 4.52 | 0.00 | |
| API2 Coal (\$/tonne) | 122.50 | 123.15 | -0.65 | |
| API2 Coal (\$/MMBtu) | 4.90 | 4.93 | -0.03 | |
| EU CO ₂ emissions allowances (€/tonne) | 77.01 | 79.74 | -2.73 | |

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



[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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