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# Pricewatch | 7 February 2024 | Gas Matters Today

Tuesday saw minimal movements in global energy prices, except in the US where warmer-than-normal weather trumped forecasts for colder conditions later in the month, pushing Henry Hub futures to close just short of USD 2/MMBtu.

The March contract fell below that level intra-day before settling at USD 2.01/MMBtu, down 3.5% from USD 2.08/MMBtu on Monday, driven partly by expectations of a relatively low withdrawal from storage in data to be published tomorrow by the Energy Information Administration (EIA).

Meanwhile, the EIA's latest short-term energy outlook (STEO), released on Tuesday [1], forecasts that "mild weather for the remainder of Q1 '24 will keep the average Henry Hub spot price near USD 2.40/MMBtu during February and March".

The STEO cautions that volatility could return "if severely cold weather emerges, even for a short period." An Arctic blast in January [2] in the US led to spot prices rising sharply to USD 13.20/MMBtu, then falling to a monthly low of USD 2.15/MMBtu as milder weather returned.

The report quantifies the impact of the severe cold snap on US dry natural gas output, which fell from a monthly record of 106 Bcf/d in December to 102 Bcf/d in January. The forecast is for production to increase during February to reach 105 Bcf/d in March and stay at that level for the rest of 2024.

Because the year began with 13% more gas in storage than average over the past five years, US inventories remain above the five-year average. They are expected to end this winter heating season – November to March – at about 1,910 Bcf, 15% above the five-year average.

Meanwhile, controversy around President Joe Biden's moratorium on new LNG export project approvals continues to build, with opposition among Republicans and even some Democrats hardening. The first of two committee hearings this week in the House of Representatives took place [3] on Tuesday.

The pause, announced by the White House on 26 January, was implemented to give the US Department of Energy (DoE) time to assess the economic and environmental impacts of unfettered expansion of US LNG exports.

The US is now the world's largest LNG producer and its output, which stood at 59.99 mt in the first three quarters of 2023 [4], is expected to double by the end of this decade from projects already approved.

In continental Europe, TTF futures were up 1.1%, from USD 8.92/MMBtu on Monday to USD 9.01/MMBtu on Tuesday, while the UK NBP rose by 1.6%, from USD 8.69/MMBtu to USD 8.82/MMBtu.

In Asia, the JKM LNG price edged up 0.2%, from USD 9.46/MMBtu to USD 9.47/MMBtu.

European coal prices followed the lead set by gas, with API up 0.3%, from USD 3.93/MMBtu to USD 3.94/MMBtu.

Crude prices rose again but Brent remained within the USD 76-79/barrel range it has traded in for most of the past two months. It was up 0.8%, from USD 77.99/barrel to USD 78.59/barrel. WTI rose by 0.7% to USD 73.31/barrel.

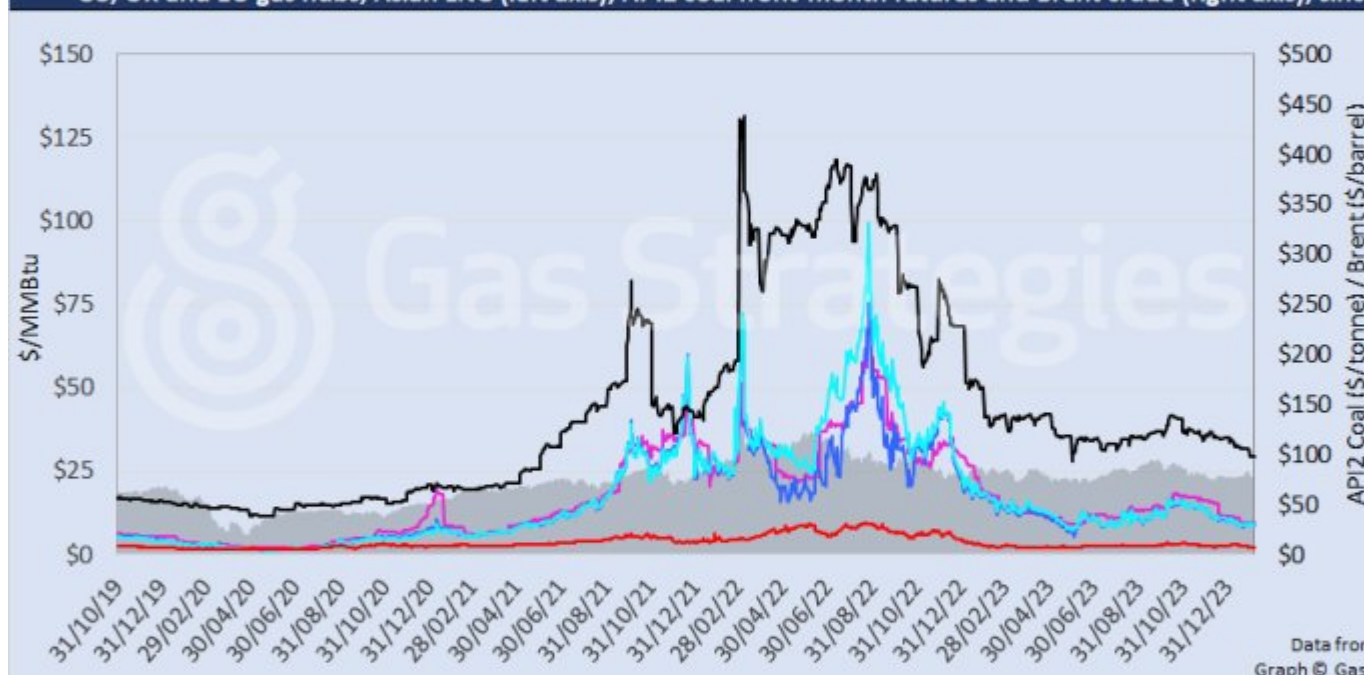
The EIA's STEO notes that the Brent crude spot price averaged USD 80/MMBtu in January "because of heightened uncertainty about global oil shipments as attacks to vessels in the Red Sea intensified."

Unless tensions in the Middle East escalate, the IEA expects prices will rise into the mid-USD 80/barrel range in coming months, with downward pressure later in the year as inventories build.

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

Front-month futures/index	2/6/2024	2/5/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.01	2.08	-0.07	
NBP (\$/MMBtu)	8.82	8.69	0.14	
NBP (£p/th)	70.09	69.33	0.76	
Henry Hub-NBP spread	6.81	6.60	0.21	
TTF (\$/MMBtu)	9.01	8.92	0.10	
TTF (€/MWh)	28.61	28.34	0.27	
Henry Hub-TTF spread	7.01	6.84	0.17	
JKM (\$/MMBtu)	9.47	9.46	0.02	
TTF-JKM spread	0.46	0.54	-0.08	
Henry Hub-JKM spread	7.46	7.37	0.09	
Brent (\$/barrel)	78.59	77.99	0.60	
WTI (\$/barrel)	73.31	72.78	0.53	
Brent-WTI spread (\$/barrel)	5.28	5.21	0.07	
API2 Coal (\$/tonne)	98.50	98.20	0.30	
API2 Coal (\$/MMBtu)	3.94	3.93	0.01	
EU CO <sub>2</sub> emissions allowances (€/tonne)	61.72	60.84	0.88	

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



[5]

*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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