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Wednesday was a day of minimal price movements in global energy markets with the startling exception of US natural gas prices, which rallied sharply while remaining well below USD 2/MMBtu.

Ahead of today's storage data from the Energy Information Administration (EIA), Henry Hub front-month futures rose by a whopping 12.5%, from USD 1.58/MMBtu on Tuesday to close at USD 1.77/MMBtu on Wednesday.

The rise came amid growing speculation that producers might begin curbing production and an announcement by Chesapeake Energy Corporation that it would cut capital expenditure this year and reduce output because of oversupply. The company is one of the largest producers in the Lower 48 states.

The outlook remains bearish, however, with mild weather expected to continue into March and the market anticipating today's EIA data to report a withdrawal well below the five-year average for the week ending 16 February. Production, meanwhile, remains close to record levels.

The Henry Hub front-month price has fallen steadily in recent weeks, from a high of USD 3.31/MMBtu in mid-January.

European natural gas futures were back on the way down after Tuesday's rally.

In Continental Europe, TTF fell by 0.7%, from USD 7.65/MMBtu on Tuesday to USD 7.60/MMBtu on Wednesday, with a discernible downward drift continuing into Thursday morning.

In the UK, NBP edged down by 0.2%, from USD 7.48/MMBtu to USD 7.47/MMBtu and, like TTF, was drifting downwards on Thursday.

In Asia, the JKM LNG price fell again, by 0.9%, from USD 8.37/MMBtu on Tuesday to USD 8.30/MMBtu on Wednesday, pushing the TTF-JKM spread down to USD 0.69/MMBtu.

Reports on Thursday morning suggest that Chinese buyers are showing growing interest in spot purchases, with prices at their lowest levels in over two years. The outlook for prices remains bearish as the end of the heating season heaves into view.

Crude oil prices remained stable, with Brent up 0.8%, from USD 82.34/barrel to USD 83.03/barrel, while WTI was down 0.3% to USD 77.91/barrel. Both were flat on Thursday morning.

International diplomatic moves continue to encourage a ceasefire in the war between Israel and Hamas in Gaza – which would see relative calm return to the volatile politics of the Middle East – but controversy abounds. There is widespread and growing alarm over Israel's intention to mount an offensive into the southern city of Rafah.

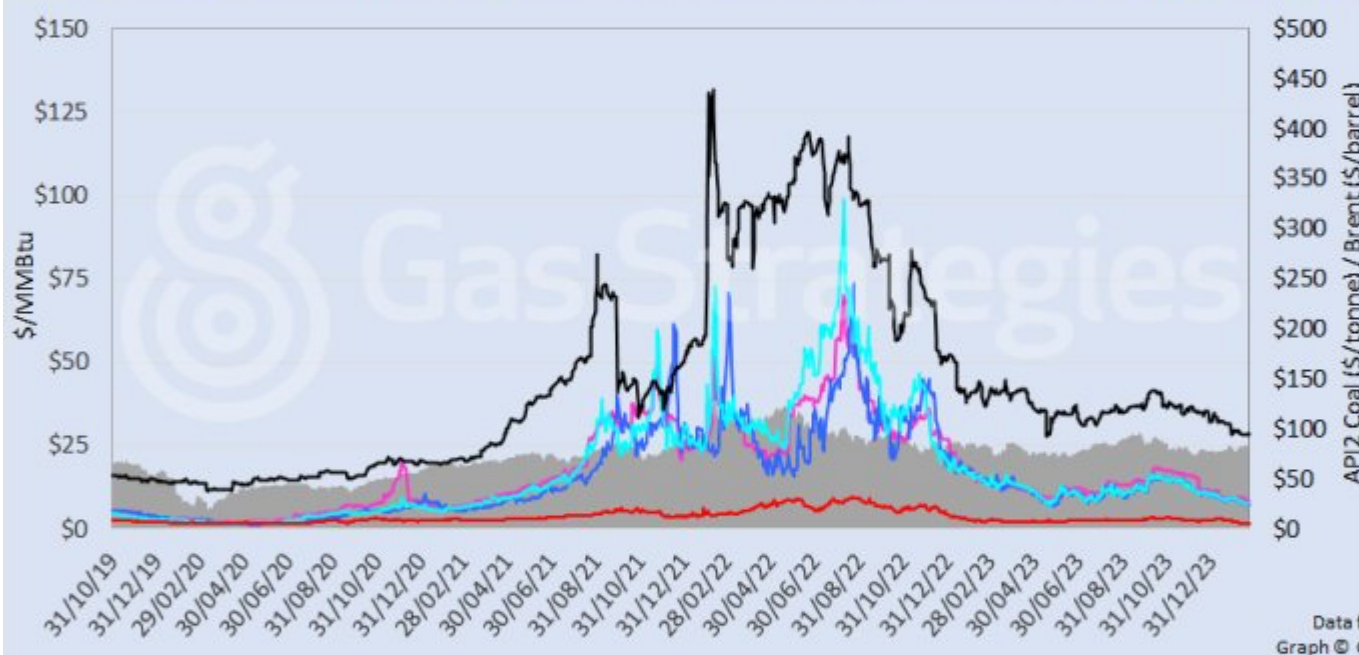
In the UK parliament, a debate into the issue descended into chaos, with the House of Commons Speaker, Lindsay Hoyle, facing calls to resign after not following conventions on which amendments to allow. Over 50 Conservative and Scottish National Party MPs have so far signed a motion of no confidence in Hoyle because of perceptions that he had intervened to help the opposition Labour Party.

Carbon prices rallied again on Wednesday after Monday's two-and-a-half year low, with EU emissions allowances closing up 0.5% at EUR 52.81/tonne.

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

Front-month futures/index	21/02/2024	20/02/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.77	1.58	0.20	
NBP (\$/MMBtu)	7.47	7.48	-0.01	
NBP (£p/th)	59.12	59.29	-0.17	
Henry Hub-NBP spread	5.70	5.91	-0.21	
TTF (\$/MMBtu)	7.60	7.65	-0.05	
TTF (€/MWh)	23.98	24.17	-0.19	
Henry Hub-TTF spread	5.83	6.08	-0.25	
JKM (\$/MMBtu)	8.30	8.37	-0.07	
TTF-JKM spread	0.69	0.72	-0.02	
Henry Hub-JKM spread	6.52	6.79	-0.27	
Brent (\$/barrel)	83.03	82.34	0.69	
WTI (\$/barrel)	77.91	78.18	-0.27	
Brent-WTI spread (\$/barrel)	5.12	4.16	0.96	
API2 Coal (\$/tonne)	95.25	94.55	0.70	
API2 Coal (\$/MMBtu)	3.78	3.78	0.01	
EU CO ₂ emissions allowances (€/tonne)	52.81	52.56	0.25	

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



EU carbon allowances (EUAs) on the Emissions Trading System (ETS)



[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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