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Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



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Energy prices fell across the board on Friday, with the steepest falls seen in US natural gas prices, down by more than 7%, and crude oil prices, down by around 2.5%. European gas prices continued their months-long slide.

The fall in crude oil prices takes them back towards the band they were trading within during December and January, after a fortnight of higher prices.

The Brent front-month futures contract fell by 2.5%, from USD 83.67/barrel on Thursday to USD 81.62/barrel on Friday, while WTI was down 2.7%, from USD 78.61/barrel to USD 76.49/barrel. Prices continued to edge down on Monday morning.

The downward trend comes as executives gather in London for the start of International Energy Week and amid anticipation of US inflation data this week, which should provide clues as to the trajectory of US interest rates.

In the US, front-month Henry Hub was down 7.4%, from USD 1.73/MMBtu on Thursday to USD 1.60/MMBtu on Friday – which, along with Thursday's 2.3% fall, cancels out almost all the 12.5% rise last Wednesday, when Chesapeake Energy said it would cut capex and reduce output because of oversupply.

The falls follow the publication on Thursday of storage data at the low end of market expectations and amid unusually mild weather for the time of year, which is forecast to continue for the coming week as meteorological winter ends on Friday.

European natural gas futures fell for the third consecutive session, extending the almost straight-line decline they have exhibited since last October, with prices at around levels seen in the spring of 2021.

In Continental Europe, TTF was down 1.2%, from USD 7.36/MMBtu on Thursday to USD 7.27/MMBtu on Friday.

In the UK, NBP was down 1.3%, from USD 7.25/MMBtu to USD 7.16/MMBtu.

Both were on an upward trend on Monday morning, but market fundamentals continue to look bearish for the remainder of the 2023/24 heating season.

In Asia, the JKM LNG price fell again – by 0.4% – from USD 8.16/MMBtu on Thursday to USD 8.13/MMBtu on Friday. The greater fall in TTF meant the TTF-JKM spread widened to USD 0.85/MMBtu.

Qatar announced on Sunday that it is launching another North Field expansion project which it expects to bring online before the end of the decade.

The 16 mtpa North Field West project, which will boost total export capacity to 142 mtpa, does not come as a complete surprise. Energy minister and head of QatarEnergy, Saad Sherida Al-Kaabi, has said on

several occasions that further LNG output expansion was anticipated.

The increase will not be enough to re-establish Qatari leadership of the global LNG market because so much new capacity is under construction in the US.

Declining gas prices in European continue to influence coal and carbon prices.

EU emissions allowances were down 1.0% at EUR 50.52/tonne, and could drop below EUR 50/tonne over the coming week, given the bearish outlook for gas, a level last seen almost three years ago.

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

Front-month futures/index	23/02/2024	22/02/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.60	1.73	-0.13	
NBP (\$/MMBtu)	7.16	7.25	-0.10	
NBP (£p/th)	56.46	57.30	-0.84	
Henry Hub-NBP spread	5.56	5.52	0.03	
TTF (\$/MMBtu)	7.27	7.36	-0.09	
TTF (€/MWh)	22.93	23.19	-0.26	
Henry Hub-TTF spread	5.67	5.63	0.04	
JKM (\$/MMBtu)	8.13	8.16	-0.03	
TTF-JKM spread	0.85	0.80	0.06	
Henry Hub-JKM spread	6.52	6.42	0.10	
Brent (\$/barrel)	81.62	83.67	-2.05	
WTI (\$/barrel)	76.49	78.61	-2.12	
Brent-WTI spread (\$/barrel)	5.13	5.06	0.07	
API2 Coal (\$/tonne)	95.55	95.70	-0.15	
API2 Coal (\$/MMBtu)	3.83	3.81	0.02	
EU CO ₂ emissions allowances (€/tonne)	50.52	51.03	-0.51	

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.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
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Registered company address: 10 St Bride Street, London, EC4A 4AD