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European natural gas futures rose strongly on Monday after a bearish start to the day – taking coal and carbon prices with them. However, the rally was short-lived, with both TTF and NBP back on a downward trend on Tuesday morning.

In its morning report on Tuesday, Energi Danmark attributed Monday's turnaround to “bullish technical signals” but added that “as long as the fundamental situation does not change, there is still room for further losses”.

The rally was well within the range of “noise” in the almost straight-line decline that European gas futures have exhibited since October – so a continuation of the underlying downward trend looks likely, especially given the situation on Tuesday morning.

In Continental Europe, TTF rose by 5.0%, from USD 7.27/MMBtu on Friday to close at USD 7.63/MMBtu on Monday.

In the UK, NBP was up 5.1%, from USD 7.16/MMBtu to USD 7.52/MMBtu.

In Asia, the JKM LNG price rallied for the first time in over a week, moving up 2.2%, from USD 8.13/MMBtu on Friday to USD 8.30/MMBtu on Monday. The TTF-JKM spread narrowed to USD 0.67/MMBtu.

Woodside sees LNG demand rising

In an interview on Bloomberg TV, the CEO of Australia's Woodside Energy, Meg O'Neill, said she expected global LNG demand to rise by 50% over the coming decade and that Australia's biggest LNG exporter was therefore considering further expansions.

“For a while we've been describing our strategy as one that's focused on thriving through the energy transition,” she said.

“When we look at the world's demand for LNG – and we look at how the nations in Asia, in particular, are going to manage that challenge of reliable, secure and lower-carbon energy – we see a very bright future for LNG.”

O'Neill shrugged off the failure of the attempted merger with Santos: “We weren't able to get the deal over the line and that's fine because we've got great assets in our portfolio today and we will continue to work to bring those ideas to fruition.”

She added that she expected the Scarborough project to start up in 2026 and that it would be “more cost-effective to an Asian customer than US LNG”.

Asked about the US moratorium on new LNG export project approvals, she replied:

“When the rules change at the drop of a hat, without consultation, that’s a concerning signal for the market.”

US natural gas prices recovered around half of Friday’s 7.4% fall, with Henry Hub up 3.5% from USD 1.60/MMBtu to USD 1.66/MMBtu.

Crude oil prices reversed their bearish start to the day, with Brent closing up 1.1%, from USD 81.62/barrel on Friday to USD 82.53/barrel on Monday, and WTI up 1.4%, from USD 76.49/barrel to USD 77.58/barrel. Prices were edging down again on Tuesday morning.

European coal rallied along with gas, with API2 up 3.5% to USD 3.95/MMBtu, while EU emissions allowances rose by 3.3% to EUR 52.21/tonne.

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

Front-month futures/index	26/02/2024	23/02/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.66	1.60	0.06	
NBP (\$/MMBtu)	7.52	7.16	0.36	
NBP (£p/th)	59.30	56.46	2.84	
Henry Hub-NBP spread	5.86	5.56	0.31	
TTF (\$/MMBtu)	7.63	7.27	0.36	
TTF (€/MWh)	24.01	22.93	1.08	
Henry Hub-TTF spread	5.98	5.67	0.31	
JKM (\$/MMBtu)	8.30	8.13	0.18	
TTF-JKM spread	0.67	0.85	-0.19	
Henry Hub-JKM spread	6.64	6.52	0.12	
Brent (\$/barrel)	82.53	81.62	0.91	
WTI (\$/barrel)	77.58	76.49	1.09	
Brent-WTI spread (\$/barrel)	4.95	5.13	-0.18	
API2 Coal (\$/tonne)	98.85	95.55	3.30	
API2 Coal (\$/MMBtu)	3.95	3.82	0.13	
EU CO ₂ emissions allowances (€/tonne)	52.21	50.52	1.69	

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)



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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