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Natural gas prices in all three main consuming regions were up on Tuesday – notably in Europe, where prices are now a fifth higher than they were a fortnight ago and back to where they were a month ago.

In continental Europe, TTF front-month futures closed up 2.2%, from USD 8.55/MMBtu on Monday to USD 8.74/MMBtu on Tuesday. In the UK, NBP was up 2.1%, from USD 8.55/MMBtu to USD 8.73/MMBtu. After an initial fall on Wednesday, prices were back on an upwards trend.

The rally of the past two weeks marks a decisive end to the straight line downwards trend since October and is the result of several opposing factors.

Despite levels of storage remaining unusually high for the time of year, forecasts of cooler weather to come are driving demand expectations, as are rising coal prices because of tightening supply in global coal markets.

Some commentators also perceive a bullish effect on European prices from announced output curbs in the US, on the basis that most long-term US LNG export contracts are priced on the basis of Henry Hub gas.

Over the past two years, LNG imports have become a structural component of European supply, while the US has become the world's largest exporter.

In its morning price report, Energi Danmark says: "TTF futures contracts have increased to the highest level in around a month, partly because of colder weather forecasts for northern Europe and partly because of speculative traders closing short positions."

Commenting on coal, it adds that the "risk of lower exports from Russia at a time where demand is ramping up in Asia is enough to cause rising prices".

European coal prices yesterday continued their upward trend – and their correlation with gas prices – with API2 rising by 1.5%, from USD 4.44/MMBtu to USD 4.51/MMBtu. This means the price is up a fifth on the low of USD 3.75/MMBtu reached on 13 February.

Rising gas and coal prices in Europe are putting upwards pressure on carbon prices, with EU emissions allowances up 6.2%, from EUR 55.26/tonne on Monday to EUR 58.71/tonne on Tuesday.

In Asia, the JKM LNG price rose again, by another 0.5%, from USD 8.34/MMBtu on Monday to USD 8.38/MMBtu on Tuesday. The larger rise in TTF took the TTF-JKM spread further into negative territory, at minus USD 0.36/MMBtu, making Europe a more attractive market for LNG cargoes than Asia, subject to shipping costs.

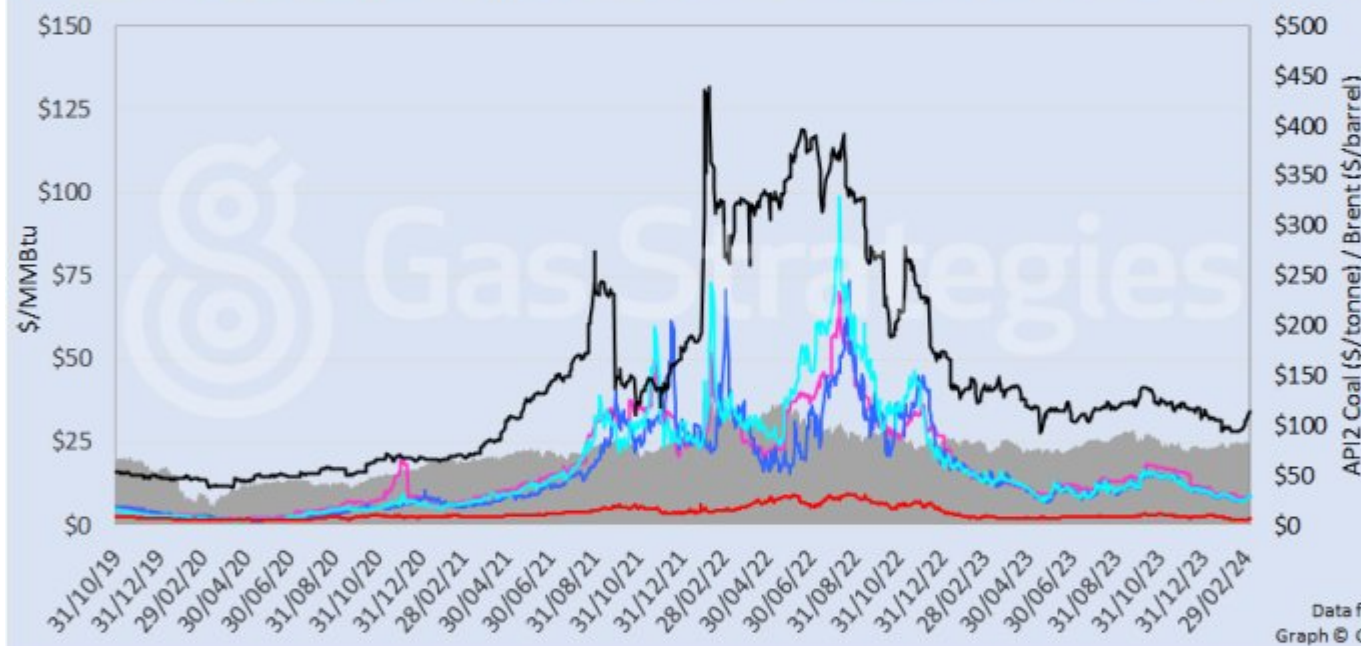
In the US, Henry Hub futures made a brief intra-day foray above USD 2/MMBtu on Tuesday, before settling up 2.1% at USD 1.96/MMBtu.

Crude oil futures fell again, with Brent down 0.9%, from USD 82.80/barrel on Monday to USD 82.04/barrel on Tuesday and WTI down 0.7%, from USD 78.74/barrel to USD 78.15/barrel.

Front-month futures and indexes at last close with day-on-day changes:

Front-month futures/index	05/03/2024	04/03/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.96	1.92	0.04	
NBP (\$/MMBtu)	8.73	8.55	0.18	
NBP (£p/th)	68.70	67.36	1.34	
Henry Hub-NBP spread	6.77	6.63	0.14	
TTF (\$/MMBtu)	8.74	8.55	0.19	
TTF (€/MWh)	27.47	26.89	0.58	
Henry Hub-TTF spread	6.78	6.64	0.15	
JKM (\$/MMBtu)	8.38	8.34	0.04	
TTF-JKM spread	-0.36	-0.21	-0.15	
Henry Hub-JKM spread	6.42	6.42	0.00	
Brent (\$/barrel)	82.04	82.80	-0.76	
WTI (\$/barrel)	78.15	78.74	-0.59	
Brent-WTI spread (\$/barrel)	3.89	4.06	-0.17	
API2 Coal (\$/tonne)	112.75	111.10	1.65	
API2 Coal (\$/MMBtu)	4.51	4.44	0.07	
EU CO ₂ emissions allowances (€/tonne)	58.71	55.26	3.45	

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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