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Brent crude closed at its highest level since the first half of October on Tuesday amid multiple bullish factors, not least geopolitical concerns heightened by the air strike on an Iranian embassy in Syria on Monday.

The price was last at this level in the immediate aftermath of the 7 October attack on Israelis by Hamas, which marked the start of a war that has now lasted almost six months.

Brent crude futures climbed 1.7%, from USD 87.42/barrel on Monday to USD 88.92/barrel on Tuesday and the price was up by almost another percentage point on Wednesday morning, close to USD 90/barrel.

WTI was also up 1.7%, from USD 83.71/barrel to USD 85.15/barrel, and rising along with Brent on Wednesday morning, heading towards USD 86/barrel.

Bullish factors include falling US inventories, new stimulus to the Chinese economy and escalating geopolitical concerns in the Middle East – not just the attack on the Iranian embassy in Damascus, blamed by Iran on Israel, but also a deadly Israeli attack on aid workers in Gaza.

The seven aid worker deaths have sparked international condemnation and could mark a turning point in the war. In the UK, there are calls for an end to arms sales to Israel.

European natural gas futures remained volatile, but the underlying trend is flat. Prices are back to where they were around a month ago, with the main driving factors – high storage levels and warming weather – priced in.

In continental Europe, TTF closed down 4.4%, from USD 8.68/MMBtu on Monday to USD 8.29/MMBtu on Tuesday. The trend on Wednesday was downwards by lunchtime in London.

In the UK, NBP fell by 4.9%, from USD 8.59/MMBtu on Monday to USD 8.17/MMBtu on Tuesday, with further downward movement on Wednesday.

The Asian JKM LNG price continues to remain rangebound, down 0.7%, from USD 9.54/MMBtu on Monday to USD 9.47/MMBtu on Tuesday. The price has remained within a range of USD 9.40-9.58/MMBtu for over a week. The TTF-JKM spread widened to USD 1.17/MMBtu.

In the US, Henry Hub continued its rally, with cooler weather forecast for the near term and production curb announcements starting to have an effect. Front-month Henry Hub was up 1.4%, from USD 1.84/MMBtu on Monday to USD 1.86/MMBtu on Tuesday.

Last week's Baltimore bridge accident in the US continued to influence coal prices in Europe, with API2 up another 2.2%, from USD 4.78/MMBtu on Monday to USD 4.89/MMBtu on Tuesday, another new high for 2024.

European carbon prices took their cue from falling gas prices, with EU emissions allowances down 5.1%, from EUR 60.20/tonne to EUR 57.15/tonne.

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

Front-month futures/index	02/04/2024	01/04/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.86	1.84	0.03	
NBP (\$/MMBtu)	8.17	8.59	-0.42	
NBP (£p/th)	64.68	68.05	-3.37	
Henry Hub-NBP spread	6.30	6.75	-0.45	
TTF (\$/MMBtu)	8.29	8.68	-0.39	
TTF (€/MWh)	26.20	27.34	-1.14	
Henry Hub-TTF spread	6.43	6.84	-0.41	
JKM (\$/MMBtu)	9.47	9.54	-0.07	
TTF-JKM spread	1.17	0.86	0.32	
Henry Hub-JKM spread	7.60	7.70	-0.10	
Brent (\$/barrel)	88.92	87.42	1.50	
WTI (\$/barrel)	85.15	83.71	1.44	
Brent-WTI spread (\$/barrel)	3.77	3.71	0.06	
API2 Coal (\$/tonne)	122.15	119.55	2.60	
API2 Coal (\$/MMBtu)	4.89	4.78	0.10	
EU CO ₂ emissions allowances (€/tonne)	57.15	60.20	-3.05	

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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