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Crude oil and natural gas prices spiked overnight as reports emerged of explosions near the Iranian city of Isfahan as Israel retaliated for last weekend's attack by Iran. However, there was a rapid return to around Thursday's closing prices as the scale of Israel's response appeared limited, with Iran downplaying the impacts of the attack.

In the run-up to the attack, energy markets remained in the grip of volatility yesterday, with most prices rising after Wednesday's universal slump. European gas futures were back into triple-digit territory – just.

In continental Europe, the May TTF futures contract closed up 3.2%, from USD 9.74/MMBtu on Wednesday to USD 10.06/MMBtu on Thursday. The price opened significantly higher on Friday morning but was soon back down to around Thursday's close.

In the UK, NBP was up 3.7%, from USD 9.73/MMBtu to USD 10.09/MMBtu, and on a similar trajectory to TTF on Friday morning.

In Asia, the JKM price rose by 1.3%, from USD 10.75/MMBtu on Wednesday to USD 10.88/MMBtu on Thursday, narrowing the TTF-JKM spread to USD 0.82/MMBtu.

Crude oil prices spiked on first reports of the explosions near Isfahan, with Brent briefly above USD 90/barrel, but the spike was short-lived and Brent was back down to around USD 87.60/barrel on Friday morning.

WTI did much the same, spiking to over USD 86/barrel overnight but soon returning to around USD 82.30/barrel.

The attack on a military base near Isfahan came on the birthday of Iran's Supreme leader, Ayatollah Ali Khamenei, with military analysts observing that the Natanz nuclear enrichment plant is in the province of Isfahan. Israel's intention is believed to have been to send a message to Iran about what it is capable of rather than to inflict immediate widespread damage.

The Reuters news agency reported on Friday morning that Tehran had played down the attack, adding that it did not plan to retaliate, raising hopes that the prospect of a regional war in the Middle East is receding.

In the US, Henry Hub front-month was up 2.6%, from USD 1.71/MMBtu on Wednesday to USD 1.76/MMBtu on Thursday, as the latest storage data aligned with expectations and forecasts predicted colder weather ahead.

In yesterday's weekly storage report, the Energy Information Administration estimated working gas in storage at 2,333 Bcf as of 12 April, up 50 Bcf from the previous week and above the five-year historical range. Stocks were 424 Bcf higher year-on-year and 622 Bcf – or 36% – above the five-year average of

1,711 Bcf for this time of year.

Storage in the Lower 48 states remains outside the five-year maximum-minimum range, though the gap continues to close.

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

Front-month futures/index	18/04/2024	17/04/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.76	1.71	0.04	
NBP (\$/MMBtu)	10.09	9.73	0.36	
NBP (£p/th)	81.21	78.15	3.06	
Henry Hub-NBP spread	8.33	8.01	0.32	
TTF (\$/MMBtu)	10.06	9.74	0.31	
TTF (€/MWh)	32.31	31.29	1.02	
Henry Hub-TTF spread	8.30	8.03	0.27	
JKM (\$/MMBtu)	10.88	10.75	0.14	
TTF-JKM spread	0.82	1.00	-0.18	
Henry Hub-JKM spread	9.12	9.03	0.09	
Brent (\$/barrel)	87.11	87.29	-0.18	
WTI (\$/barrel)	82.73	82.69	0.04	
Brent-WTI spread (\$/barrel)	4.38	4.60	-0.22	
API2 Coal (\$/tonne)	120.35	120.35	0.00	
API2 Coal (\$/MMBtu)	4.81	4.81	0.00	
EU CO ₂ emissions allowances (€/tonne)	69.65	68.14	1.51	

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.



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