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# Pricewatch | 22 April 2024 | Gas Matters Today

Natural gas prices remained volatile in Europe and Asia on Friday as markets digested the ramifications of Israel's calibrated response to Iran's direct attack the previous weekend. Prices ended the day down by between 3.5% and 4.7%. Gas prices in Europe opened below their Friday close on Monday morning.

Oil prices in contrast edged upwards after spiking overnight on Thursday when explosions were reported in the Iranian province of Isfahan. Both sides appear to have pulled back from the brink of all-out war.

## **READ Israel-Iran tensions leaving markets 'concerned' [1]**

With that matter seemingly put to bed, at least for now, the international spotlight returned to the wars in Gaza and Ukraine.

### **More arms and ammunition**

The weekend brought news of a political breakthrough in the US, where – after months of wrangling – the House of Representatives finally approved more than USD 60 billion of economic and military aid for Ukraine.

Passage through the Democrat-controlled Senate is anticipated soon, with military aid expected to reach the front line in Ukraine within weeks. It cannot come soon enough for troops demotivated by a lack of arms and ammunition.

In continental Europe, the May TTF contract closed down 4.3%, from USD 10.06/MMBtu on Thursday to USD 9.62/MMBtu on Friday, extending the sawtooth pattern around USD 10/MMBtu of recent days.

The price trajectory was identical in the UK, where NBP fell by 4.5%, from USD 10.09/MMBtu to USD 9.63/MMBtu.

In Asia, JKM fell by 3.5%, from USD 10.88/MMBtu on Thursday to USD 10.50/MMBtu on Friday, leaving the TTF-JKM spread little changed at USD 0.88/MMBtu.

The past week has seen a surge in the volatility of the JKM front-month contract since the May contract expired a week ago after week of stability. That is likely to be linked with concerns of a possible blockade of the Strait of Hormuz, through which all LNG exports from Qatar and the United Arab Emirates have to pass.

It will be interesting to see whether that volatility continues now that the threat of war between Iran and Israel has receded.

Natural gas prices in the US continued their recent run of stability, with front-month Henry Hub edging down 0.3%, from USD 1.76/MMBtu on Thursday to USD 1.75/MMBtu on Friday. The closing price has remained within a range of USD 1.69-1.77/ for over a week.

Crude oil closing prices remain below their recent highs – after the brief overnight spike on Thursday/Friday – with front-month Brent edging up by 0.2% from a close of USD 87.11/MMBtu on Thursday to close at USD 87.29/MMBtu on Friday. WTI was up 0.5%, from USD 82.73/MMBtu to USD 83.14/MMBtu.

European carbon prices moved in line with gas prices, with EU emissions allowances down 3.8% to EUR 66.99/tonne.

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

| Front-month futures/index                         | 19/04/2024 | 18/04/2024 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu)                              | 1.75       | 1.76       | 0.00           |       |
| NBP (\$/MMBtu)                                    | 9.63       | 10.09      | -0.46          |       |
| NBP (£p/th)                                       | 77.40      | 81.21      | -3.81          |       |
| Henry Hub-NBP spread                              | 7.88       | 8.33       | -0.45          |       |
| TTF (\$/MMBtu)                                    | 9.62       | 10.06      | -0.43          |       |
| TTF (€/MWh)                                       | 30.76      | 32.31      | -1.55          |       |
| Henry Hub-TTF spread                              | 7.87       | 8.30       | -0.43          |       |
| JKM (\$/MMBtu)                                    | 10.50      | 10.88      | -0.38          |       |
| TTF-JKM spread                                    | 0.88       | 0.82       | 0.05           |       |
| Henry Hub-JKM spread                              | 8.75       | 9.12       | -0.38          |       |
| Brent (\$/barrel)                                 | 87.29      | 87.11      | 0.18           |       |
| WTI (\$/barrel)                                   | 83.14      | 82.73      | 0.41           |       |
| Brent-WTI spread (\$/barrel)                      | 4.15       | 4.38       | -0.23          |       |
| API2 Coal (\$/tonne)                              | 120.00     | 120.35     | -0.35          |       |
| API2 Coal (\$/MMBtu)                              | 4.80       | 4.81       | -0.01          |       |
| EU CO <sub>2</sub> emissions allowances (€/tonne) | 66.99      | 69.65      | -2.66          |       |

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)



[2]

*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.*

*Photo: katjen/Shutterstock*

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

[INSERT CHART]

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