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Pricewatch | 7 May 2024 | Gas Matters Today

Crude oil prices remain close to recent lows despite a series of diplomatic and military developments in and around Gaza in the Middle East, seven months on from the Hamas attack on Israel on 7 October.

Israel has been bombarding the southern city of Rafah and has taken control of a key border crossing as it seemingly prepares for a ground offensive on the city, having warned some of the Palestinians sheltering there to leave by dropping leaflets. Meanwhile, a ceasefire and hostage/prisoner swap proposal agreed by Hamas has been rejected by the Israelis.

Israel is under growing pressure from its western allies to refrain from a ground offensive in Rafah and to allow more humanitarian aid into Gaza.

Front-month Brent was trading at around USD 83.60/barrel on Tuesday morning – close to where it was before the weekend and well below the USD 90-plus levels of last month, when Iran and Israel were squaring up to each other. WTI was at around USD 78.80/MMBtu.

Oil prices last week marked the start of May with a sharp downward movement on Wednesday amid growing hopes of a ceasefire in Gaza, the latest data on US oil inventories, which showed a build rather than a withdrawal, and US policy on interest rates.

US natural gas prices continue to strengthen, with front-month Henry Hub having moved decisively into USD 2-plus territory.

The June contract closed up 2.5% to USD 2.20/MMBtu on Monday, the third rise in succession, with supply being curtailed, flows to LNG export plants rising and forecasts of hot weather later this month. Production is currently at around 97.5 Bcf/d.

European gas prices are at their highest levels since mid-April.

In continental Europe, the June TTF contract closed up 4.3%, from USD 9.58/MMBtu on Friday to USD 10.00/MMBtu on Monday.

Monday was a public holiday in the UK, but month-ahead NBP opened sharply higher on Tuesday morning before sliding downwards, matching the trajectory of TTF, which had lost much of its gain in the previous session by late morning.

The outcome of the forthcoming general election in the UK is widely expected to be a landslide victory for the Labour Party, with the Conservatives licking their wounds after a drubbing in local and mayoral elections at the end of last week. The general election must be held before the end of January 2025 and a Labour victory would see major changes to energy and climate policy.

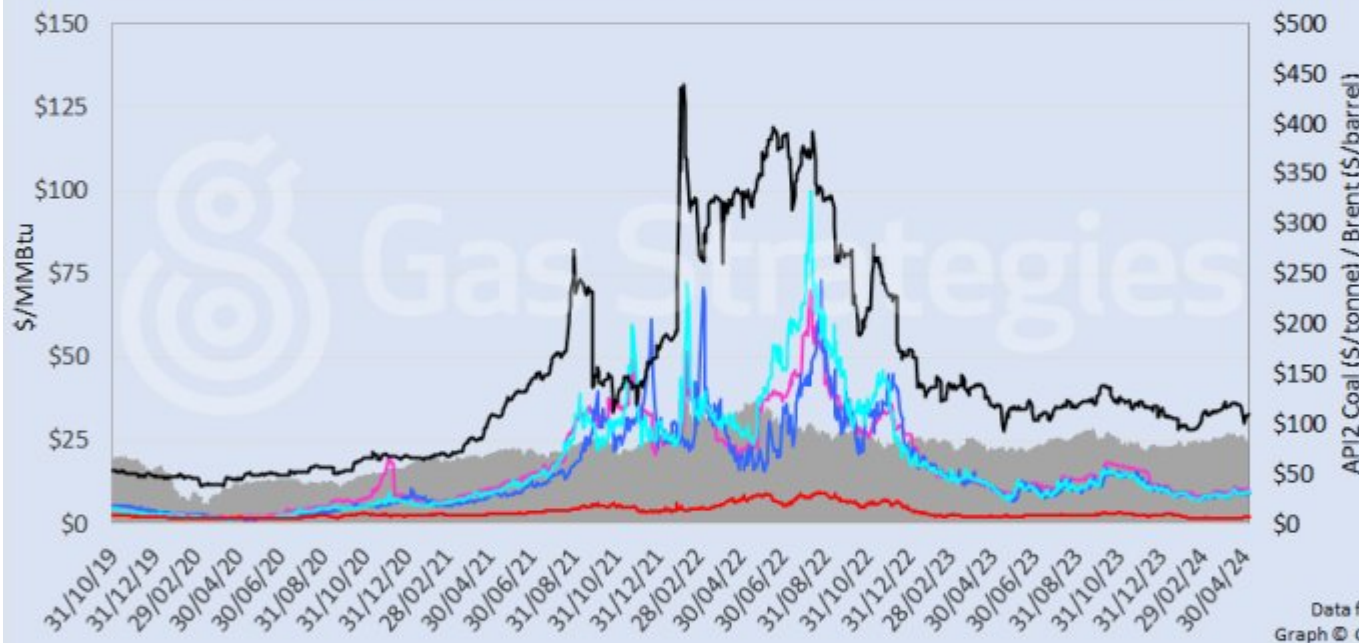
In Asia, JKM remains rangebound, still at USD 10.48/MMBtu, with the TTF-JKM spread down to USD 0.47/MMBtu.

European coal prices moved upwards in line with gas, with the API2 contract up 2.1%, from USD 4.29/MMBtu on Friday to close at USD 4.37/MMBtu on Monday.

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

Front-month futures/index	06/05/2024	03/05/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.20	2.14	0.05	
NBP (\$/MMBtu)	9.33	9.33	0.00	
NBP (£p/th)	74.47	74.47	0.00	
Henry Hub-NBP spread	7.14	7.19	-0.05	
TTF (\$/MMBtu)	10.00	9.58	0.41	
TTF (€/MWh)	31.80	30.53	1.27	
Henry Hub-TTF spread	7.80	7.44	0.36	
JKM (\$/MMBtu)	10.47	10.47	0.00	
TTF-JKM spread	-0.47	0.89	-0.41	
Henry Hub-JKM spread	8.28	8.33	-0.05	
Brent (\$/barrel)	83.33	82.96	0.37	
WTI (\$/barrel)	78.48	78.11	0.37	
Brent-WTI spread (\$/barrel)	4.85	4.85	0.00	
API2 Coal (\$/tonne)	109.35	107.15	2.20	
API2 Coal (\$/MMBtu)	4.37	4.29	0.09	
EU CO ₂ emissions allowances (€/tonne)	71.45	70.29	1.16	

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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