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# Pricewatch | 9 May 2024 | Gas Matters Today

US natural gas prices ended their recent rally on Wednesday as prices fell in all three of the main gas-consuming regions worldwide.

The 0.9% fall from US 2.21/MMBtu on Tuesday to USD 2.19/MMBtu yesterday – after four consecutive rises – comes despite falling output as producers respond to recent rock-bottom prices. US natural gas production is now around 95 Bcf/d, down from over 100 Bcf/d earlier in the year.

In continental Europe, TTF recorded its second consecutive decline, down 1.4% from USD 9.80/MMBtu on Tuesday to USD 9.66/MMBtu on Wednesday, despite news of an extended LNG outage at the Gorgon plant in Australia.

In the UK, the June NBP contract fell by 1.4%, from USD 9.52/MMBtu to USD 9.39/MMBtu.

Despite significant day-to-day volatility, the underlying trend for front-month gas in Europe has been a gentle drift upwards from a low reached in the second half of February, after a winter of decline.

For much of 2023, TTF was oscillating around EUR 50/MWh in local currency, whereas in recent weeks it has been trading at around EUR 30/MWh, a 40% decline. NBP has followed suit, down from around 120p/therm to around 70 p/therm.

Storage levels in the European Union remain high for the time of year, with injections more or less matching withdrawals. Data from Gas Infrastructure Europe (GIE) shows facilities to be 62.8% full, up from 60.2% a month ago and 61% two months ago. Two years ago, in the midst of the global energy crisis, EU storage was just 26.6% full.

## **Biden warns Bibi**

Crude oil prices remained stable as US president Joe Biden warned the Israeli prime minister Benjamin Netanyahu that he was not prepared to continue supplying heavy armaments that might be used in a major assault on Gaza's southern city of Rafah.

The US last week paused an arms shipment because of growing concern that its weapons are resulting in the deaths of civilians in Gaza.

In a television interview yesterday, Biden said: "I have made it clear to Bibi and the war cabinet that they're not going to get our support if in fact they go into these population centres."

Brent edged up 0.5% to USD 83.58/barrel while WTI was up 0.8% to USD 78.99/barrel.

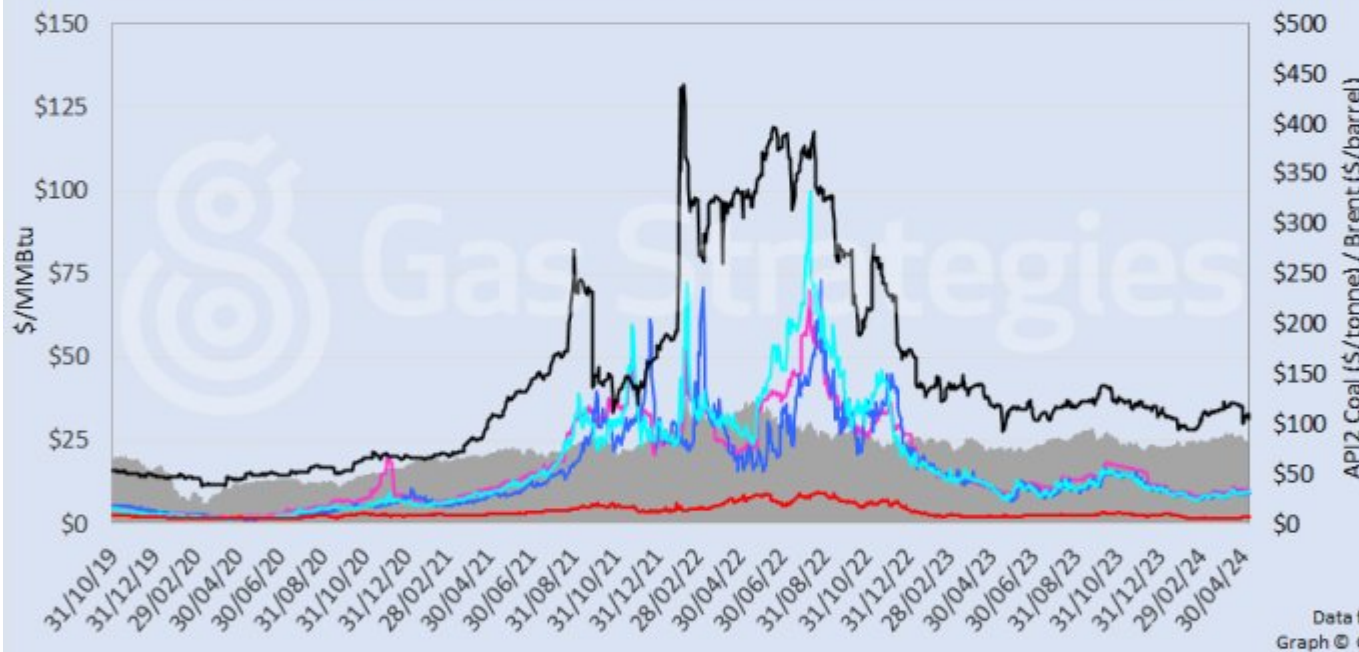
Since a substantial decline in the middle of last week from close to USD 90/barrel, month-ahead Brent has been trading in a narrow range of USD 82.96-83.67/barrel. Similarly, WTI has been in a band of USD 78.11-79.00/barrel.

Yesterday's weekly petroleum report from the US Energy Information Administration showed a week-on-week decrease of 1.4 million barrels in commercial crude inventories – in contrast to the 7.3 million barrel build that surprised the market in last week's report.

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

Front-month futures/index	08/05/2024	07/05/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.19	2.21	-0.02	
NBP (\$/MMBtu)	9.39	9.52	-0.13	
NBP (£p/th)	74.73	75.86	-1.13	
Henry Hub-NBP spread	7.20	7.31	-0.11	
TTF (\$/MMBtu)	9.66	9.80	-0.14	
TTF (€/MWh)	30.61	31.07	-0.46	
Henry Hub-TTF spread	7.47	7.59	-0.12	
JKM (\$/MMBtu)	10.46	10.50	-0.04	
TTF-JKM spread	0.80	0.70	0.10	
Henry Hub-JKM spread	8.27	8.29	-0.02	
Brent (\$/barrel)	83.58	83.16	0.42	
WTI (\$/barrel)	78.99	78.38	0.61	
Brent-WTI spread (\$/barrel)	4.59	4.78	-0.19	
API2 Coal (\$/tonne)	106.00	109.25	-3.25	
API2 Coal (\$/MMBtu)	4.24	4.37	-0.13	
EU CO <sub>2</sub> emissions allowances (€/tonne)	69.99	69.28	0.71	

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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