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US natural gas futures soared on Monday to close at their highest level since late January, following a remarkable run of rallies that has taken the month-ahead Henry Hub price to nearly 50% above where it was just over a fortnight ago. Gas prices in other markets fell but only moderately, well within typical day-to-day fluctuations.

The June Henry Hub contract was up 5.7%, from USD 2.25/MMBtu on Friday to USD 2.38/MMBtu on Monday. In the final week of April the price hit a low of USD 1.61/MMBtu.

Factors driving the price up include output curbs by some producers in response to recent rock-bottom prices, a moderating storage surplus, near-term weather forecasts and anticipation of hot summer temperatures ahead.

Hot weather in the northern hemisphere is also having an impact on Asian countries, with China now joining the nations of South-East Asia in experiencing a heatwave that is driving up demand for air conditioning and consequently LNG.

So far, however, the near-term impact on gas markets has been limited, given high inventories and comfortable supply.

In Asia, month-ahead JKM continues to trade in a narrow range, constrained to within a band of USD 10.21-10.53/MMBtu for almost a month. On Monday it edged down 0.2% to USD 10.45/MMBtu, with the TTF-JKM spread rising to USD 1.10/MMBtu.

In continental Europe, where storage levels are building, the June TTF contract fell by 1.2%, from USD 9.46/MMBtu on Friday to USD 9.35/MMBtu on Monday, the second consecutive decline.

Data from Gas Infrastructure Europe (GIE) shows European Union storage facilities to be 65.2% full, which compares with 38.6% two years ago.

In the UK, NBP was down 1.7%, from USD 9.12/MMBtu to USD 8.96/MMBtu. Both NBP and TTF were little changed in trading on Tuesday morning.

Crude oil futures moved up from recent lows, with Brent rising by 0.7% to USD 83.36/MMBtu and WTI rising by 1.1% to USD 79.12/MMBtu. Positive economic news from China and the US is counterbalanced by ebbing expectations of interest rate cuts by central banks, notably the Federal Reserve in the US.

European coal prices fell again yesterday, with API2 down 1.3% from USD 4.28/MMBtu on Friday to USD 4.22/MMBtu.

EU emissions allowances were down 2.9%, from EUR 70.19/tonne on Friday to EUR 68.12/tonne yesterday. Traders at Energi Danmark expect the price to pivot around EUR 70/tonne in the near term.

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

Front-month futures/index	13/05/2024	10/05/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.38	2.25	0.13	
NBP (\$/MMBtu)	8.96	9.12	-0.16	
NBP (£p/th)	71.54	72.96	-1.42	
Henry Hub-NBP spread	6.58	6.87	-0.29	
TTF (\$/MMBtu)	9.35	9.46	-0.11	
TTF (€/MWh)	29.58	30.03	-0.45	
Henry Hub-TTF spread	6.97	7.21	-0.24	
JKM (\$/MMBtu)	10.45	10.48	-0.03	
TTF-JKM spread	1.10	1.02	0.09	
Henry Hub-JKM spread	8.07	8.22	-0.15	
Brent (\$/barrel)	83.36	82.79	0.57	
WTI (\$/barrel)	79.12	78.26	0.86	
Brent-WTI spread (\$/barrel)	4.24	4.53	-0.29	
API2 Coal (\$/tonne)	105.50	106.90	-1.40	
API2 Coal (\$/MMBtu)	4.22	4.28	-0.06	
EU CO ₂ emissions allowances (€/tonne)	68.12	70.19	-2.07	

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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