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# Pricewatch | 15 May 2024 | Gas Matters Today

Tuesday saw muted price movements in natural gas markets across the globe, with US prices taking a pause from recent rallies, while month-ahead crude oil futures closed at their lowest levels in two months.

After Monday's jump of almost 6%, the front-month Henry Hub contract in the US eased by 1.6% to close at USD 2.34/MMBtu. The price resumed its upward trajectory on Wednesday, which could see a new high.

Dry gas output in the Lower 48 states remains subdued, with producer curbs in place because of recent low prices, while weather forecasts suggest strengthening demand in the near term. Thursday's storage data from the Energy Information Administration will be watched closely.

JKM stayed flat at USD 10.45/MMBtu, despite growing demand for air conditioning, and consequently LNG, in sweltering Asian economies experiencing heat waves, among them the Philippines and China.

In continental Europe, the June TTF contract edged up by 0.2%, from USD 9.35/MMBtu on Monday to USD 9.37/MMBtu on Tuesday, and drifted higher in Wednesday morning trading. Storage levels in the European Union continue to climb, with Gas Infrastructure Europe data indicating that facilities are now 65.5% full.

In the UK, NBP was up by 0.6%, from USD 8.96/MMBtu to USD 9.01/MMBtu, and on an upwards trajectory in early trading on Wednesday. UK storage is now 42.7% full and climbing rapidly.

Crude oil futures more than reversed their gains on Monday to reach their lowest levels since the middle of March, with Brent having briefly breached USD 90/barrel in the intervening period.

Brent fell by 1.2%, from USD 83.36/barrel on Monday to close at USD 82.38/barrel on Tuesday, while WTI was down 1.4%, from USD 79.12/barrel to USD 78.02/barrel. Prices continued to fall on Wednesday morning.

The International Energy Agency on Wednesday downgraded its forecast for oil demand growth in 2024. Its latest monthly market report, out today, predicts a rise of 1.1 million barrels/day (mb/d), 140 kb/d down on the forecast in April's report. The outlook for growth in 2025 remains at 1.2 mb/d.

"Benchmark oil prices corrected sharply lower over the course of April and early May, as concerns over the health of the global economy and oil demand fuelled a sell-off," says the agency. "Reports of progress towards a truce in Gaza also weighed on oil prices, although geopolitical tensions remain high."

## **OPEC+ meeting**

The IEA expects the health of global oil demand to be a key topic for discussion when OPEC+ ministers meet in Vienna on 1 June to thrash out production policy for the remainder of the year.

“Despite the recent weakness,” it says, “our current balances show the call on OPEC+ crude oil at around 42 mb/d in the second half of this year – roughly 700 kb/d above its April output.”

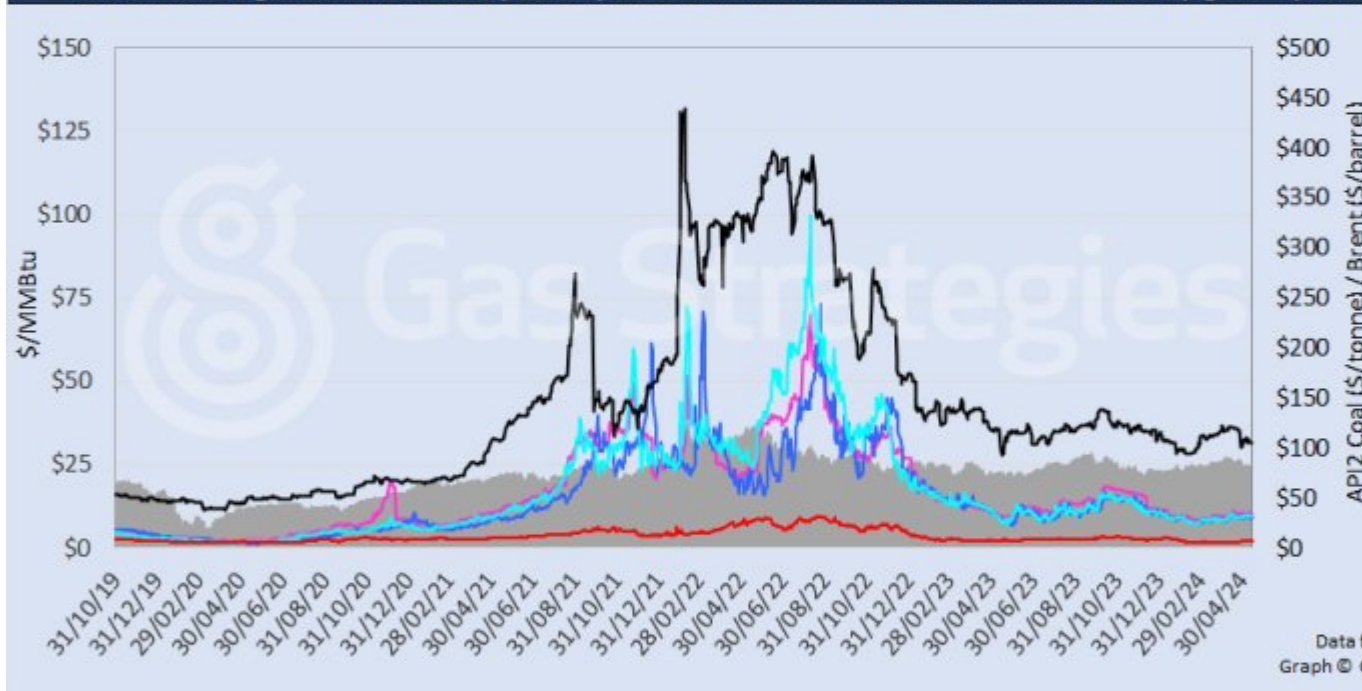
European coal prices fell yet again yesterday, with API2 down 0.3%, from USD 4.22/MMBtu on Monday to USD 4.21/MMBtu on Tuesday.

EU emissions allowances were up 0.6%, from EUR 68.12/tonne to EUR 68.53/tonne.

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

Front-month futures/index	14/05/2024	13/05/2024	Daily +/- (\$)	Daily
<b>Henry Hub (\$/MMBtu)</b>	2.34	2.38	-0.04	
<b>NBP (\$/MMBtu)</b>	9.01	8.96	0.05	
<b>NBP (£p/th)</b>	71.96	71.54	0.42	
<i>Henry Hub-NBP spread</i>	6.67	6.58	0.09	
<b>TTF (\$/MMBtu)</b>	9.37	9.35	0.02	
<b>TTF (€/MWh)</b>	29.67	29.58	0.09	
<i>Henry Hub-TTF spread</i>	7.07	6.97	0.06	
<b>JKM (\$/MMBtu)</b>	10.45	10.45	0.00	
<i>TTF-JKM spread</i>	1.08	1.10	-0.02	
<i>Henry Hub-JKM spread</i>	8.11	8.07	0.04	
<b>Brent (\$/barrel)</b>	82.38	83.36	-0.98	
<b>WTI (\$/barrel)</b>	78.02	79.12	-1.10	
<i>Brent-WTI spread (\$/barrel)</i>	4.36	4.24	0.12	
<b>API2 Coal (\$/tonne)</b>	105.20	105.50	-0.30	
<b>API2 Coal (\$/MMBtu)</b>	4.21	4.22	-0.01	
<b>EU CO<sub>2</sub> emissions allowances (€/tonne)</b>	68.53	68.12	0.41	

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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