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# Pricewatch | 20 May 2024 | Gas Matters Today

The seemingly inexorable rise of US natural gas prices remained the big energy price story as last week came to a close.

Front-month Henry Hub soared on Friday by another 5.3% to USD 2.63/MMBtu, the highest month-ahead close since the last week of January and 63% up on a low of USD 1.61/MMBtu reached just over three weeks ago.

The rise is being driven by a perfect storm of factors: robust domestic demand, higher supply to LNG export plants with Freeport LNG back up and running, subdued production because of curbs implemented by some producers in response to low prices, and a gradually shrinking inventory surplus.

European gas prices mounted their own sustained rally.

In continental Europe, the June TTF contract closed higher for the fourth consecutive session, up by 2.3% from USD 9.59/MMBtu on Thursday to USD 9.82/MMBtu on Friday. It was close to USD 10/MMBtu on Monday morning in what looks like another bullish day.

In the UK, NBP was up by 2.6%, from USD 9.20/MMBtu to USD 9.43/MMBtu and climbing higher on Monday morning.

Data from Gas Infrastructure Europe shows storage levels in European Union facilities now at 66.8% full, with UK storage at 41.6%.

In Asia, the JKM price remained flat at USD 11.05/MMBtu, leading to the TTF-JKM spread narrowing from USD 1.45/MMBtu to USD 1.23/MMBtu.

Oil prices were up by around 1% on Friday, with Brent at USD 83.98/barrel and WTI at USD 80.06/barrel.

Prices were little changed on Monday morning amid reports that Iran's president and foreign minister had both died in a helicopter crash in the mountainous north-west region of the country. There is no evidence so far of foul play and Israel has explicitly denied any involvement.

The death of President Ebrahim Raisi is not expected to lead to immediate significant political change in Iran, given that power is mainly in the hands of the Supreme Leader, Ayatollah Ali Khamenei. It does, however, raise the question of who will succeed 85-year-old Khamenei, given that Raisi was a prime contender.

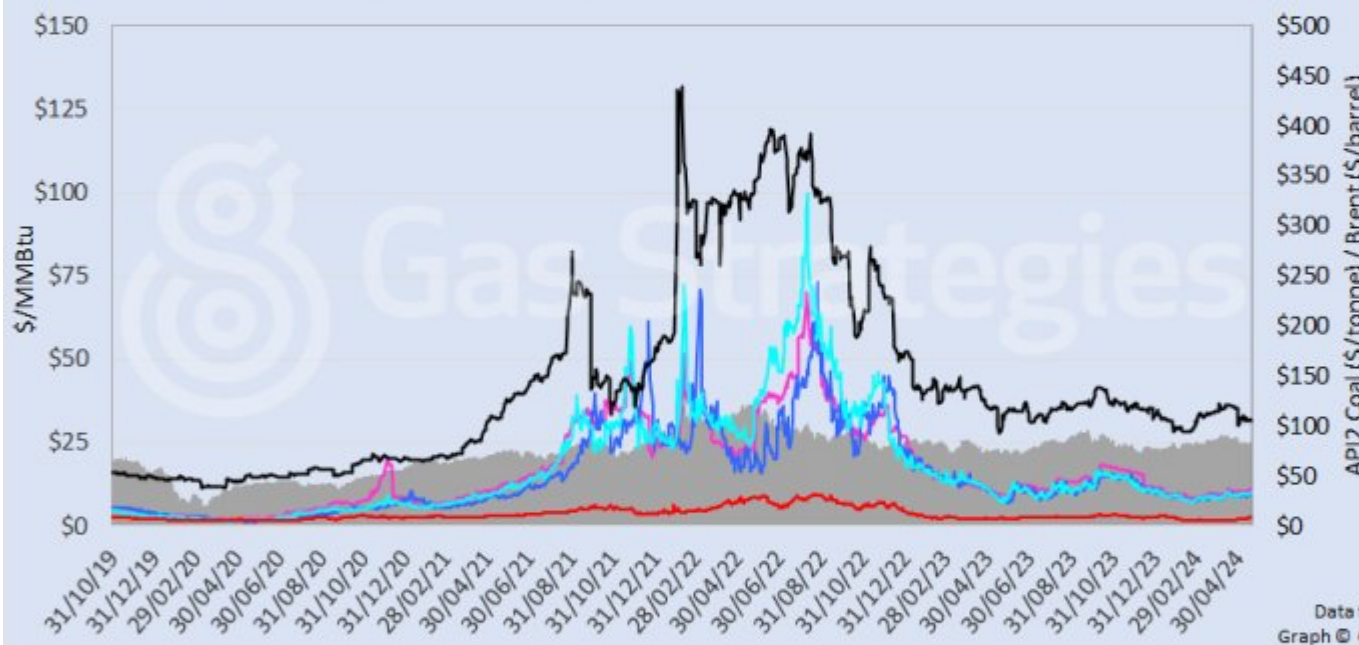
European coal prices fell by 1.4%, contrary to the rise in gas prices, from USD 4.26/MMBtu on Thursday to USD 4.20/MMBtu on Friday.

Carbon prices edged upwards in Europe, with EU emissions allowances up 0.9% to EUR 69.00/tonne, as prices continue to pivot around EUR 70/tonne.

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

Front-month futures/index	17/05/2024	16/05/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.63	2.50	0.13	
NBP (\$/MMBtu)	9.43	9.20	0.24	
NBP (£p/th)	74.36	73.03	1.33	
Henry Hub-NBP spread	6.81	6.70	0.11	
TTF (\$/MMBtu)	9.82	9.59	0.22	
TTF (€/MWh)	30.77	30.25	0.52	
Henry Hub-TTF spread	7.19	7.10	0.09	
JKM (\$/MMBtu)	11.05	11.05	0.00	
TTF-JKM spread	1.23	1.45	-0.22	
Henry Hub-JKM spread	8.42	8.55	-0.13	
Brent (\$/barrel)	83.98	83.27	0.71	
WTI (\$/barrel)	80.06	79.23	0.83	
Brent-WTI spread (\$/barrel)	3.92	4.04	-0.12	
API2 Coal (\$/tonne)	105.00	106.45	-1.45	
API2 Coal (\$/MMBtu)	4.20	4.26	-0.06	
EU CO <sub>2</sub> emissions allowances (€/tonne)	69.00	68.41	0.59	

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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