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European natural gas futures rose for the third consecutive session on Wednesday and are once again approaching a high for 2024. Factors exerting upward pressure include increasing inter-basin competition from Asia, the shutdown this week of the Wheatstone LNG export plant in Australia and cooler than normal weather in north-west Europe.

In continental Europe, the July TTF contract was up 2.6%, from USD 10.85/MMBtu on Tuesday to USD 11.14/MMBtu on Wednesday, and continuing to rise on Thursday morning.

In the UK, NBP was up 3.5% from USD 10.32/MMBtu to USD 10.68/MMBtu.

The rally in US natural gas futures ran out of steam amid reports that traders had shifted their attention to the start-up of a major new pipeline that will boost supply in eastern markets.

The 2 Bcf/d Mountain Valley Pipeline, which runs from West Virginia to Virginia, received start-up approval from the US Federal Energy Regulatory Commission this week. The USD 7.8 billion project has faced numerous regulatory and court obstacles since construction began six years ago but operation is now imminent. That said, full capacity is likely to take months to reach.

US sentiment was also impacted by comments from nation's biggest gas producer, EQT, that it is resuming some of the 1 Bcf/d of output that it cut in February because of rock-bottom prices.

The July Henry Hub contract nevertheless closed above USD 3/MMBtu – just – having fallen by 2.7%, from USD 3.13/MMBtu on Tuesday to USD 3.05/MMBtu on Wednesday.

In Asia, the JKM LNG benchmark continued its extended run of stability, edging up by just 0.2% to USD 12.03/MMBtu, despite the shutdown of Wheatstone LNG for repairs to its offshore platform.

The 8.9 mtpa plant is expected to be offline for weeks, according to operator Chevron. The outage will also affect supply to the local market in Australia.

Meanwhile, Chevron recently confirmed that the Gorgon LNG plant in Australia is back up to full output after recent outages.

Crude oil prices continued to rally, with Brent up 0.8% to USD 82.60/barrel and WTI also up 0.8% to USD 78.50/barrel.

Yesterday's petroleum status report from the US Energy Information Administration (EIA) showed a week-on-week increase of 3.7 million barrels in commercial crude oil inventories to 459.7 million barrels, 4% below the five-year average for this time of year.

The US Federal Reserve yesterday kept interest rates where they were, as expected, but markets were surprised at how conservative the Federal Open Market Committee remains about cuts in the future,

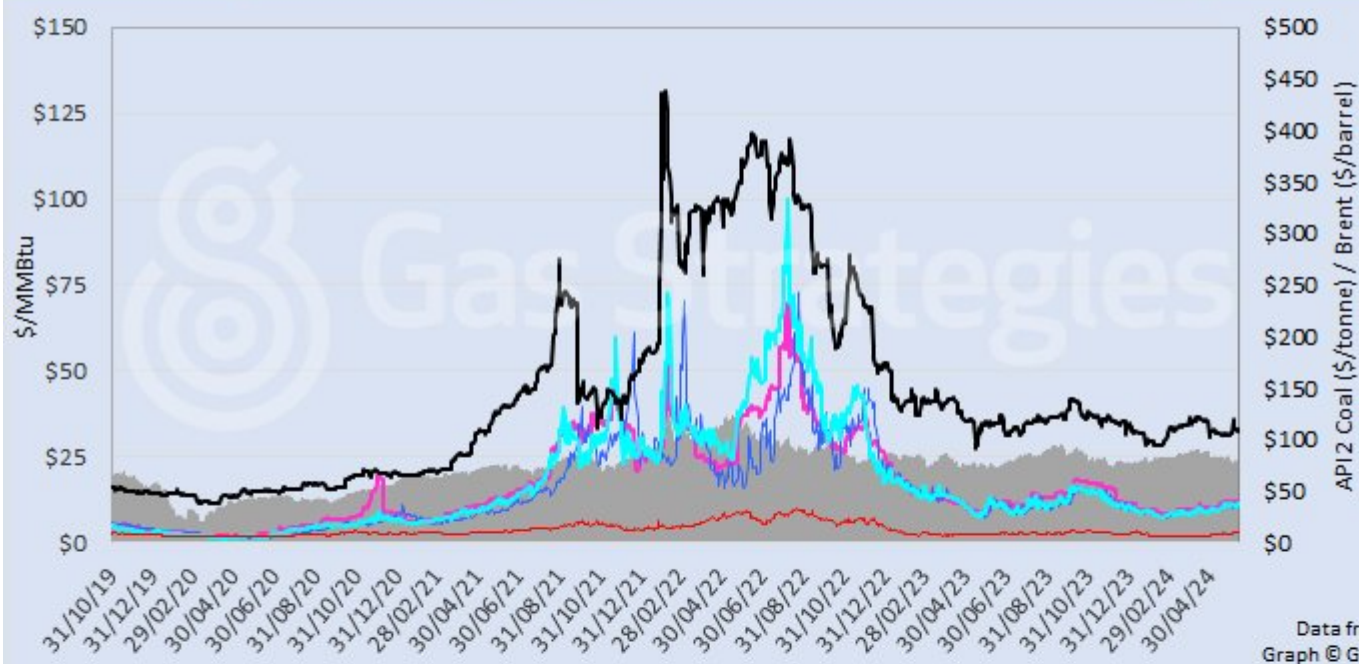
given yesterday's encouraging news on inflation and recent interest rate cuts in Europe and Canada.

The closely watched dot-plot – which shows officials' expectations of possible interest rate changes to come – suggests only one or at most two rate cuts later in the year. Seven officials expect one cut this year, eight expect two and four expect none. Previously, the dot-plot suggested there might be three.

In his usual post-announcement press conference, Chair Jerome Powell insisted that caution remained the watchword.

Front-month futures/index	12/06/2024	11/06/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.05	3.13	-0.08	
NBP (\$/MMBtu)	10.68	10.32	0.36	
NBP (£p/th)	83.87	81.08	2.79	
Henry Hub-NBP spread	7.63	7.19	0.45	
TTF (\$/MMBtu)	11.14	10.85	0.28	
TTF (€/MWh)	35.29	34.29	1.01	
Henry Hub-TTF spread	8.09	7.73	0.37	
JKM (\$/MMBtu)	12.03	12.00	0.03	
TTF-JKM spread	0.89	1.15	-0.25	
Henry Hub-JKM spread	8.99	8.87	0.11	
Brent (\$/barrel)	82.60	81.92	0.68	
WTI (\$/barrel)	78.50	77.90	0.60	
Brent-WTI spread (\$/barrel)	4.10	4.02	0.08	
API2 Coal (\$/tonne)	109.50	108.65	0.85	
API2 Coal (\$/MMBtu)	4.38	4.35	0.03	
EU CO ₂ emissions allowances (€/tonne)	69.29	69.18	0.11	

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]

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.

Got a question or comment about this story or other energy matters? Drop our editor, Penny Sukhraj, a line p.sukhraj@gasstrategies.com [2]



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