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European natural gas futures moved closer to their highest levels in 2024 as bullish factors – including cool weather – combined to outweigh comfortable levels of storage for the time of year. Lingering concerns about the fate of Russian exports through Austria and the Wheatstone LNG outage in Australia are impacting sentiment.

In continental Europe, the July TTF contract was up 1.0%, from USD 11.14/MMBtu on Wednesday to USD 11.24/MMBtu on Thursday but was retreating in early trading on Friday. In the UK, NBP rose by 0.6%, from USD 10.68/MMBtu to USD 10.74/MMBtu and moving in tandem with TTF on Friday.

Over the past five months discernible upward trends have emerged – underlying what continue to be volatile trajectories – but price levels remain way below where they were at the start of last winter.

The straight-line decline that began in October 2023 bottomed out in February, following which prices have been on a shallower straight-line rise but with considerable day-to-day volatility because of heightened sensitivities to any new developments that might affect supply.

A tight correlation between the TTF and NBP trajectories underscores the strong physical connections between the two markets.

In the US, Henry Hub fell for a second consecutive session, closing below USD 3/MMBtu.

A 2.8% fall took the July contract to USD 2.96/MMBtu, as the Energy Information Administration (EIA) released its weekly gas storage report, showing an inventory build in line with expectations but growing production levels. Output is back up to 100 Bcf/d.

The EIA estimated working gas in storage at 2,974 Bcf as of 7 June, up 74 Bcf from the previous week and above the five-year historical range. Stocks were 364 Bcf higher year-on-year and 573 Bcf above the five-year average of 2,401 Bcf for this time of year.

The gap with the five-year average continues to narrow. It currently stands at 24%, down from 25% last week and 26.5% the week before. In mid-April it was 36%.

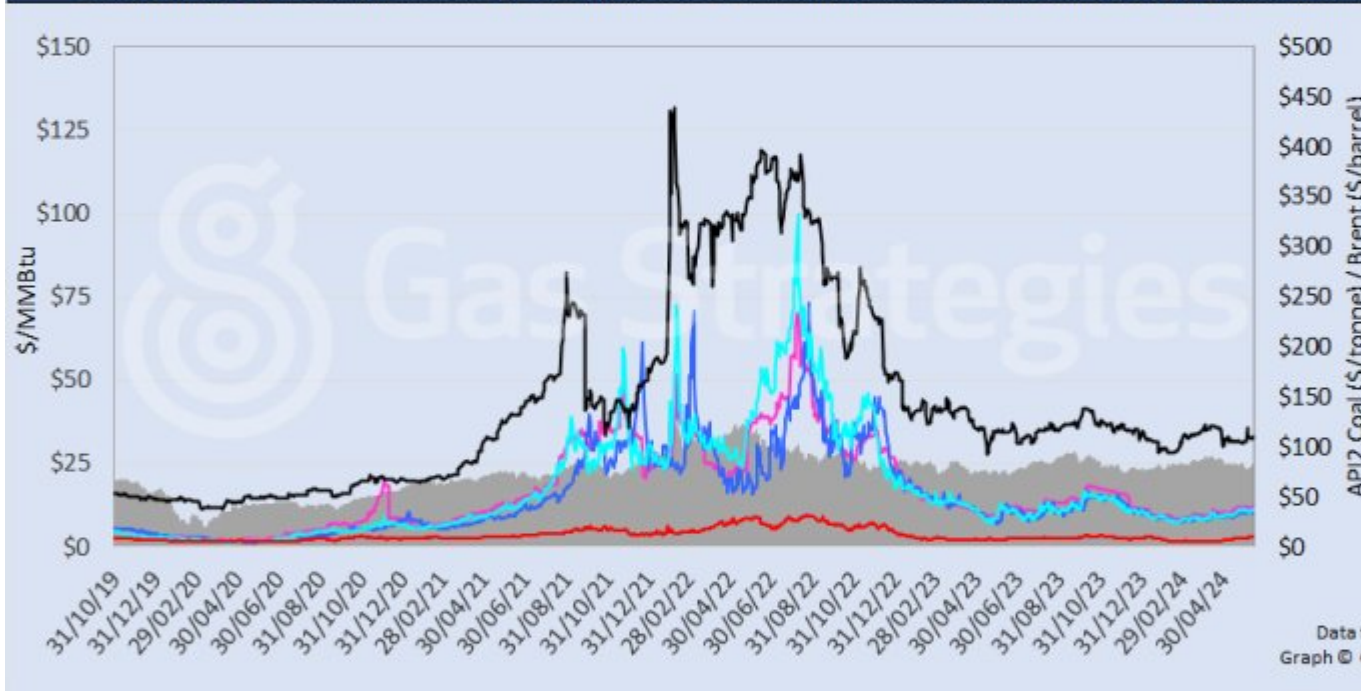
In Asia, the JKM LNG benchmark continued to edge upwards, closing up 0.5% to USD 12.10/MMBtu. The sharper rise in European prices has seen the TTF-JKM spread fall back to USD 0.85/MMBtu.

Crude oil prices continued their recent rally, with Brent up 0.2% to USD 82.75/barrel and WTI up 0.2% to USD 78.62/barrel. Brent is now 6.7% higher than the low of USD 77.52/barrel that it fell to in the wake of the OPEC+ meeting at the start of the month.

European coal's loose correlation with natural gas continued, with API2 up 1.1%, from USD 4.38/MMBtu on Wednesday to USD 4.43/MMBtu on Thursday.

Front-month futures/index	13/06/2024	12/06/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.96	3.05	-0.09	
NBP (\$/MMBtu)	10.74	10.68	0.06	
NBP (£p/th)	84.30	83.87	0.43	
Henry Hub-NBP spread	7.78	7.63	0.15	
TTF (\$/MMBtu)	11.24	11.14	0.11	
TTF (€/MWh)	35.72	35.29	0.43	
Henry Hub-TTF spread	8.29	8.09	0.20	
JKM (\$/MMBtu)	12.10	12.03	0.07	
TTF-JKM spread	0.85	0.89	-0.04	
Henry Hub-JKM spread	9.14	8.99	0.15	
Brent (\$/barrel)	82.75	82.60	0.15	
WTI (\$/barrel)	78.62	78.50	0.12	
Brent-WTI spread (\$/barrel)	4.13	4.10	0.03	
API2 Coal (\$/tonne)	110.70	109.50	1.20	
API2 Coal (\$/MMBtu)	4.43	4.38	0.05	
EU CO ₂ emissions allowances (€/tonne)	69.27	69.29	-0.02	

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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