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European natural gas futures rose sharply on Monday amid reports of production issues in Norway and forecasts of cooler-than-expected weather, reaching levels not seen for a fortnight.

In continental Europe, the May TTF contract was up 4.9%, from USD 8.45/MMBtu on Friday to USD 8.86/MMBtu on Monday. It was the third consecutive rise in the closing price and the price remained on an upward trajectory on Tuesday morning.

In the UK, NBP rose by 5.4% to close at USD 8.81/MMBtu, up from USD 8.36/MMBtu on Friday. This too was the third consecutive increase and, like TTF, NBP was rising again in trading on Tuesday morning.

Despite the rises, front-month prices remain within the range they have been trading in recent weeks, after hitting a low in the second half of February, which ended the downward trend that began in October.

The underlying trend remains flat despite day-to-day volatility, with little apparent impact from geopolitical issues in the Middle East, which appear to have been affecting crude oil prices much more.

Another record hot month

In what has become a regular ritual over the past year, the European Union's Copernicus weather and climate change service today confirmed that last month was the warmest March on record globally – the tenth consecutive time that it has done so for the respective month of the year.

Climate scientists are reported to be increasingly concerned that global heating may be happening more quickly than their models predict.

"March 2024 continues the sequence of climate records toppling for both air temperature and ocean surface temperatures," said deputy director Samantha Burgess.

"The global average temperature is the highest on record, with the past 12 months being 1.58°C above pre-industrial levels. Stopping further warming requires rapid reductions in greenhouse gas emissions."

So far, however, short-term trends have yet to breach the 1.5°C stretch target in the Paris climate agreement. The 30-year warming trend suggests that global heating in February of this year had reached 1.27°C. If this trend continues, the Paris target will be breached in 2033.

In Asia, the JKM LNG price remained range-bound, rising by just 0.3% to USD 9.58/MMBtu, staying pretty much in the middle of the range over the past fortnight. This saw the TTF-JKM spread fall from USD 1.10/MMBtu on Friday to USD 0.71/MMBtu on Monday.

In the US, front-month Henry Hub rose by 3.3%, from USD 1.79/MMBtu on Friday to USD 1.84/MMBtu on Monday – a day when millions of people in North America witnessed the spectacle of a total solar eclipse.

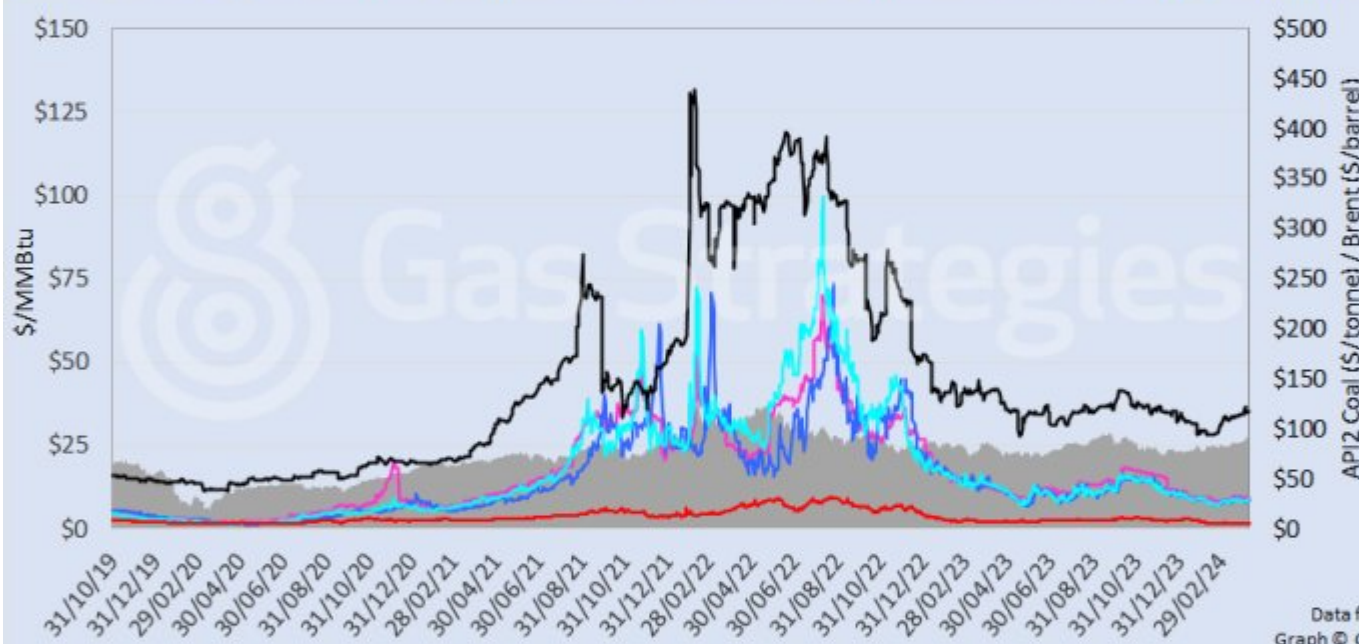
Crude oil prices fell amid hopes that talks in Cairo might lead to a ceasefire in Gaza. Developments on Tuesday have diminished those hopes, with Israeli prime minister Benjamin Netanyahu announcing that a date has been set for an offensive on the southern city of Rafah.

Brent crude fell by 0.9%, from USD 91.17/barrel on Friday to USD 90.38/barrel on Monday, while WTI was down 0.6%, from USD 86.91/barrel to USD 86.43/barrel. Prices were edging upwards on Tuesday morning.

Front-month futures and indexes at last close with day-on-day changes:

Front-month futures/index	08/04/2024	05/04/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.84	1.79	0.06	
NBP (\$/MMBtu)	8.81	8.36	0.45	
NBP (£p/th)	69.71	66.08	3.63	
Henry Hub-NBP spread	6.97	6.58	0.39	
TTF (\$/MMBtu)	8.86	8.45	0.41	
TTF (€/MWh)	27.91	26.61	1.30	
Henry Hub-TTF spread	7.02	6.66	0.36	
JKM (\$/MMBtu)	9.58	9.55	0.03	
TTF-JKM spread	0.71	1.10	-0.38	
Henry Hub-JKM spread	7.73	7.76	-0.03	
Brent (\$/barrel)	90.38	91.17	-0.79	
WTI (\$/barrel)	86.43	86.91	-0.48	
Brent-WTI spread (\$/barrel)	3.95	4.26	-0.31	
API2 Coal (\$/tonne)	118.00	117.90	0.10	
API2 Coal (\$/MMBtu)	4.72	4.72	0.00	
EU CO ₂ emissions allowances (€/tonne)	61.88	58.99	2.89	

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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