

23 April 2024

Contents

Pricewatch | 13 Oct 2020 | Gas Matters Today
Publication date: 13 October 2020

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[1]

US gas benchmark Henry Hub extended its gains yesterday, with the front month contract rising 5.1% to hit USD 2.88/MMBtu, its highest closing price since 5 March 2019. The spike was driven by strong resumption in US LNG exports post-Hurricane Delta and forecasts of cooler weather driving heating demand in the early winter months.

The benchmark US Gulf Coast gas price is still trading at a steep discount to European hubs NBP and TTF, which rose marginally in Monday's session. CME's November-dated JKM futures contract was unchanged at USD 5.14/MMBtu, its highest settled price since 20 January 2020.

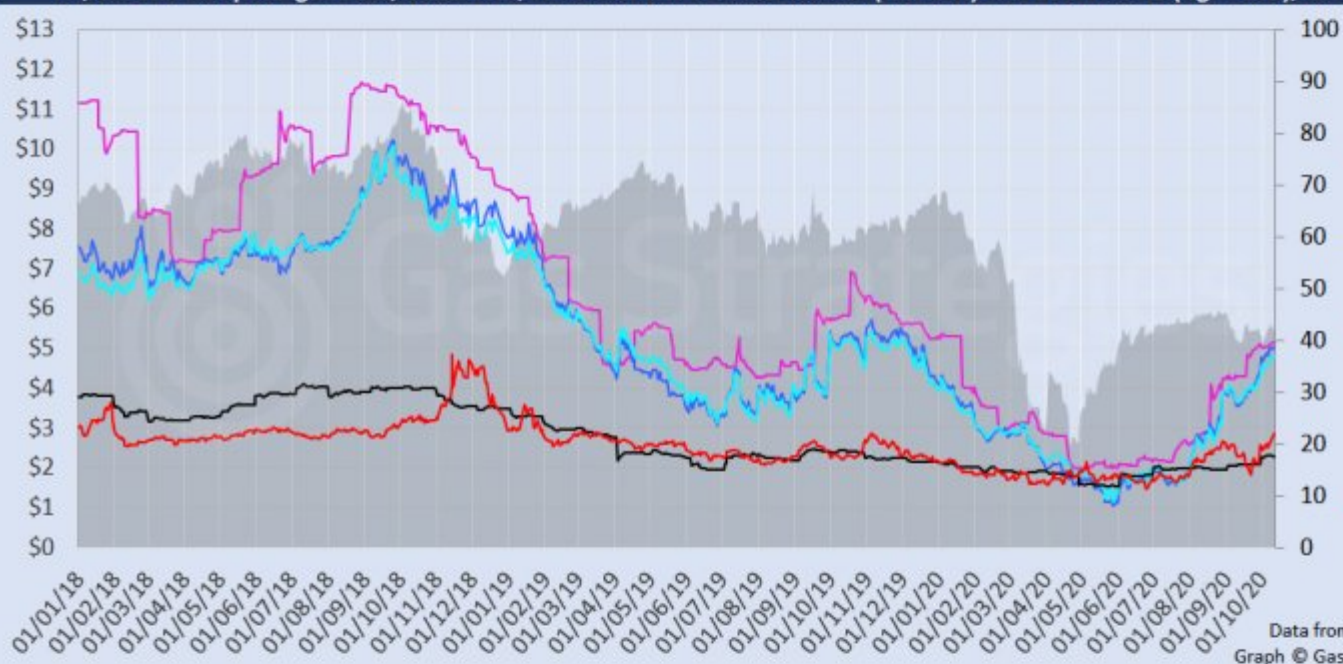
Crude oil prices fell further on Monday on lingering concerns around oversupply and fragile demand in the face of surging Covid-19 infections. Brent closed the session down 2.6% at USD 41.72/barrel and WTI fell 2.9% to USD 39.43/barrel. However, both month-ahead contracts were trading up by around 1.6% on Tuesday morning.

The European carbon price stemmed losses on Monday, as month-ahead ETS allowance (EUA) futures gained 0.6% to close at EUR 25.87/tonne.

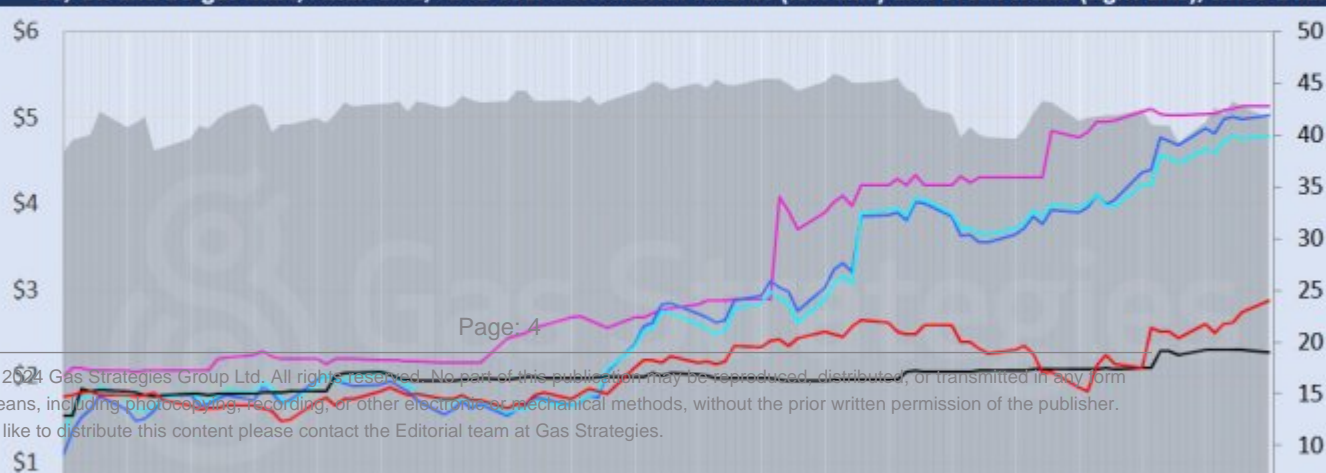
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

| Front-month futures/index | 12/10/2020 | 09/10/2020 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 2.88 | 2.74 | 0.14 | |
| NBP (\$/MMBtu) | 5.03 | 4.98 | 0.05 | |
| NBP (£p/th) | 38.52 | 38.30 | 0.22 | |
| Henry Hub-NBP spread | 2.15 | 2.24 | -0.09 | |
| TTF (\$/MMBtu) | 4.79 | 4.76 | 0.02 | |
| TTF (€/MWh) | 13.84 | 13.75 | 0.08 | |
| Henry Hub-TTF spread | 1.91 | 2.02 | -0.12 | |
| JKM (\$/MMBtu) | 5.14 | 5.14 | 0.00 | |
| TTF-JKM spread | 0.35 | 0.37 | -0.02 | |
| Henry Hub-JKM spread | 2.25 | 2.39 | -0.14 | |
| Brent (\$/barrel) | 41.72 | 42.85 | -1.13 | |
| WTI (\$/barrel) | 39.43 | 40.60 | -1.17 | |
| Brent-WTI spread (\$/barrel) | 2.29 | 2.25 | 0.04 | |
| API2 Coal (\$/tonne) | 56.85 | 57.60 | -0.75 | |
| API2 Coal (\$/MMBtu) | 2.27 | 2.30 | -0.03 | |
| EU CO ₂ emissions allowances (€/tonne) | 25.87 | 25.71 | 0.16 | |

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jun



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jun



[2]

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 reserved.



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