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[1]

Oil prices rallied on Friday, however prices were down by 6% compared to the start of the week due to concerns over a recovery in crude demand.

Brent and WTI futures rallied by ~2% on Friday to claw back some of the loss recorded a day earlier, with the front-month Brent price closing in the USD 64/barrel range and WTI settling at USD 61.42/barrel. The rally was prompted by some market participants deeming Thursday's sell off overdone.

Despite the rally to end the week, both Brent and WTI were down ~6% compared to the start of the week due to concerns over a recovery in crude demand stalling. Over the weekend, Poland and Ukraine announced new lockdown measures, with France having imposed lockdown measures for the Paris region on Friday. Covid-19 cases are surging across Europe, raising concerns that international travel may not recover in time for the summer.

Whilst oil rallied, European gas prices fell further to end the week. The front-month UK NBP contract fell by 3.6% to settle in the USD 5/MMBtu range for the first time since 9 March. The month-ahead Dutch TTF contract fell by 2.9% to settle at the equivalent of USD 6.03/MMBtu.

The falling European carbon price – down 1% to settle in the EUR 41/tonne range – was behind the slump in gas prices in Europe.

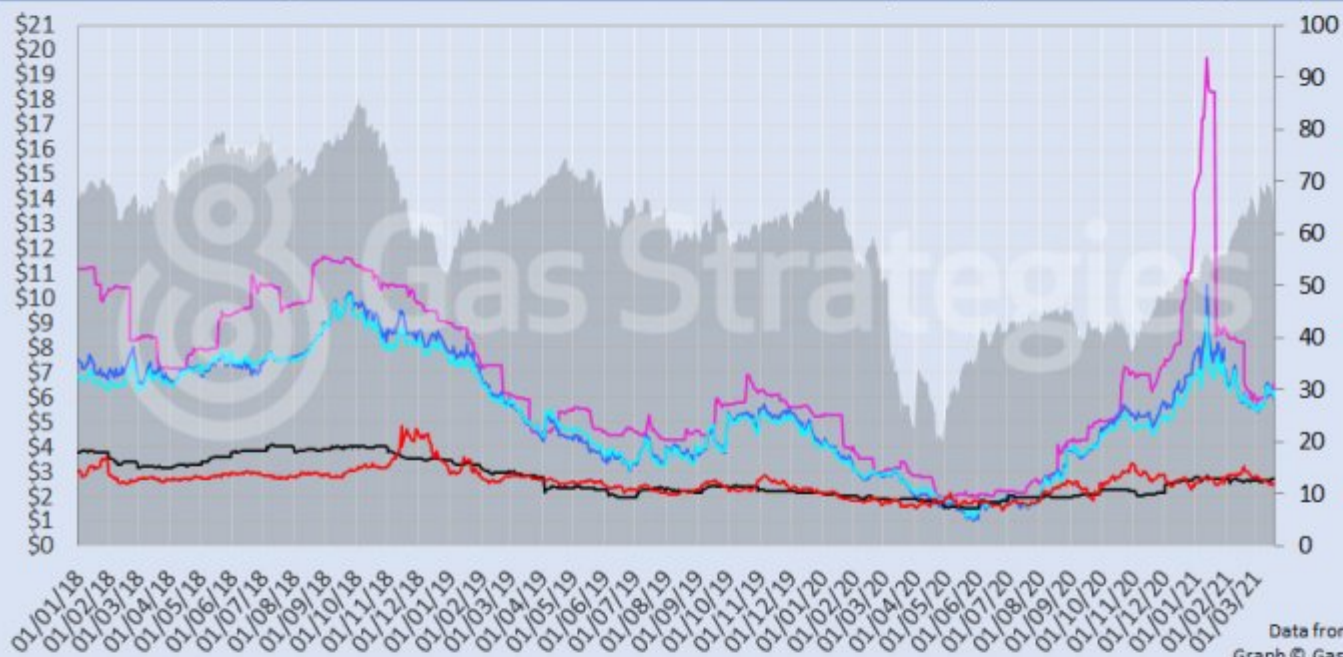
CME's JKM futures contract also fell, with the Asian LNG marker down 2.1% to settle at USD6.43/MMBtu.

In the US, gas benchmark Henry Hub rallied by 2.2% to settle at USD 2.54/MMBtu on Friday.

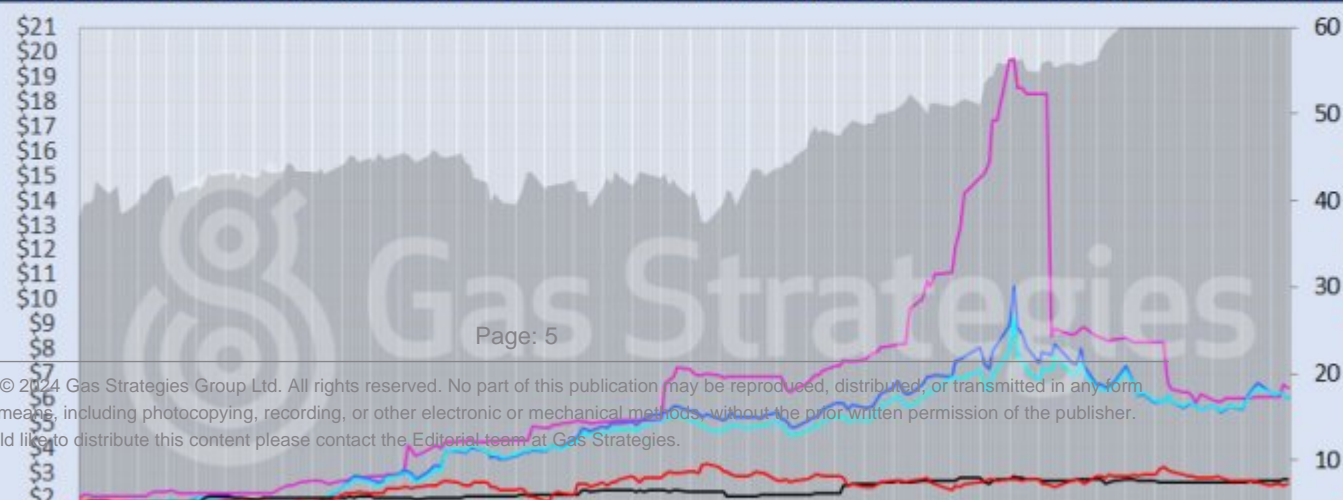
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	19/03/2021	18/03/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.54	2.48	0.05	
NBP (\$/MMBtu)	5.98	6.20	-0.22	
NBP (£p/th)	43.10	44.51	-1.41	
Henry Hub-NBP spread	3.44	3.72	-0.28	
TTF (\$/MMBtu)	6.03	6.21	-0.18	
TTF (€/MWh)	17.27	17.76	-0.50	
Henry Hub-TTF spread	3.49	3.73	-0.23	
JKM (\$/MMBtu)	6.43	6.57	-0.14	
TTF-JKM spread	0.40	0.36	0.04	
Henry Hub-JKM spread	3.89	4.08	-0.19	
Brent (\$/barrel)	64.53	63.28	1.25	
WTI (\$/barrel)	61.42	60.00	1.42	
Brent-WTI spread (\$/barrel)	3.11	3.28	-0.17	
API2 Coal (\$/tonne)	68.25	68.10	0.15	
API2 Coal (\$/MMBtu)	2.73	2.72	0.01	
EU CO ₂ emissions allowances (€/tonne)	41.84	42.28	-0.44	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 18/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 18/01/18



[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.



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