

27 April 2024

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Pricewatch | 04 May 2021 | Gas Matters Today  
Publication date: 04 May 2021

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[1]

The European carbon price hit a fresh record high on Monday, with the price rallying above EUR 50/tonne for the first time during trading on Tuesday amid strong demand from investors in the wake of the European Union agreeing stricter climate targets.

The May-dated contract on the EU ETS settled at a record EUR 49.31/tonne on Monday, with the benchmark December 2021 contract rallying above EUR 50/tonne for the first time ever during trading on Tuesday morning.

The recent rally has been pinned on Brussels setting stricter emissions targets to 2030, with demand from investors soaring as forecasts suggest prices will surge in the coming years.

The strengthening carbon price, coupled with low gas storage levels, has helped push gas prices in Europe to four-month highs.

The front-month TTF contract rallied by 2.5% on Monday to settle at the equivalent of USD 8.42/MMBtu. The month-ahead NBP price rallied by 0.6% to settle at the equivalent of USD 8.38/MMBtu.

Gas storage levels in Europe are currently 30% full – much lower than the same time last year when storage sites on the continent were 64% full, according to data compiled by Gas Infrastructure Europe (GIE).

The rally by the European gas markers has continued to push the Asian LNG marker JKM higher, with

JKM recording a marginal gain to settle at USD 8.91/MMBtu.

In the US, gas benchmark Henry Hub hit a three-month high, with the rally pinned on strong exports and robust domestic demand.

Crude prices rallied by over 1% as strong Chinese economic data and robust Covid-19 vaccination rates in the US suggest a bright outlook for oil demand in the world's two largest crude consumers.

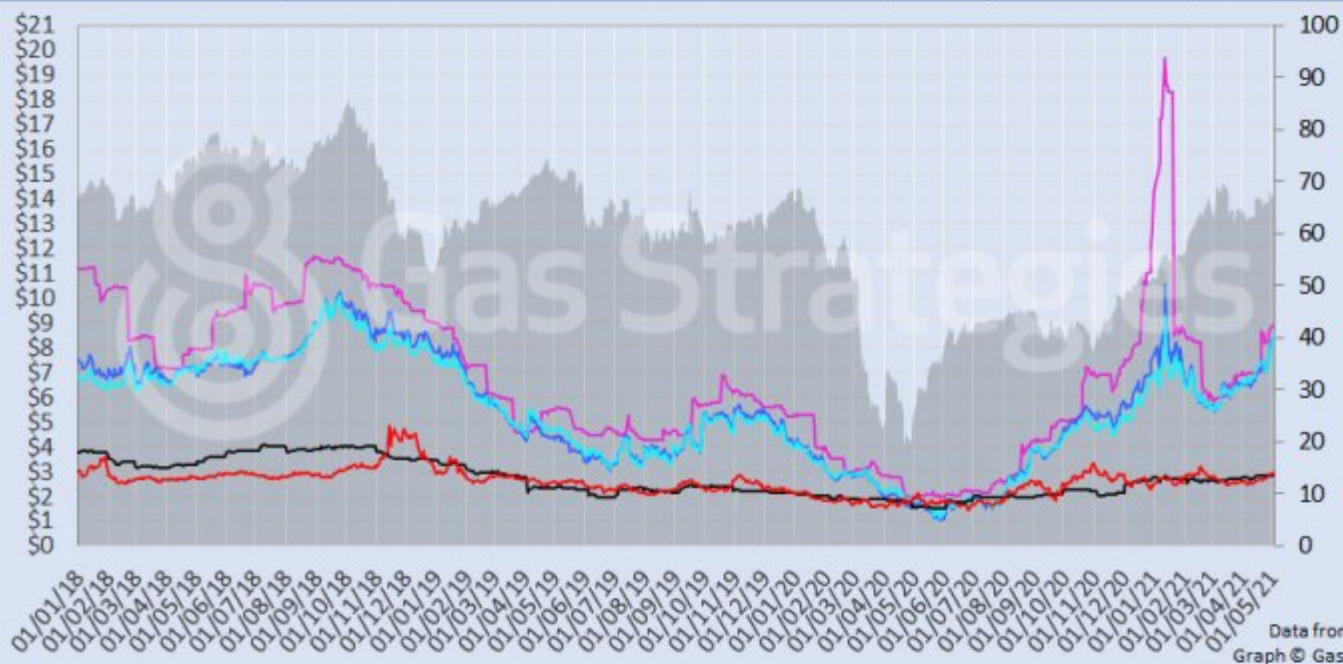
The front-month Brent contract returned to the USD 67/barrel range, with WTI returning to the USD 64/barrel range.

Despite an improving demand outlook in the world's two largest economies, demand concerns persist amid surging Covid-19 cases in other major economies – notably in India.

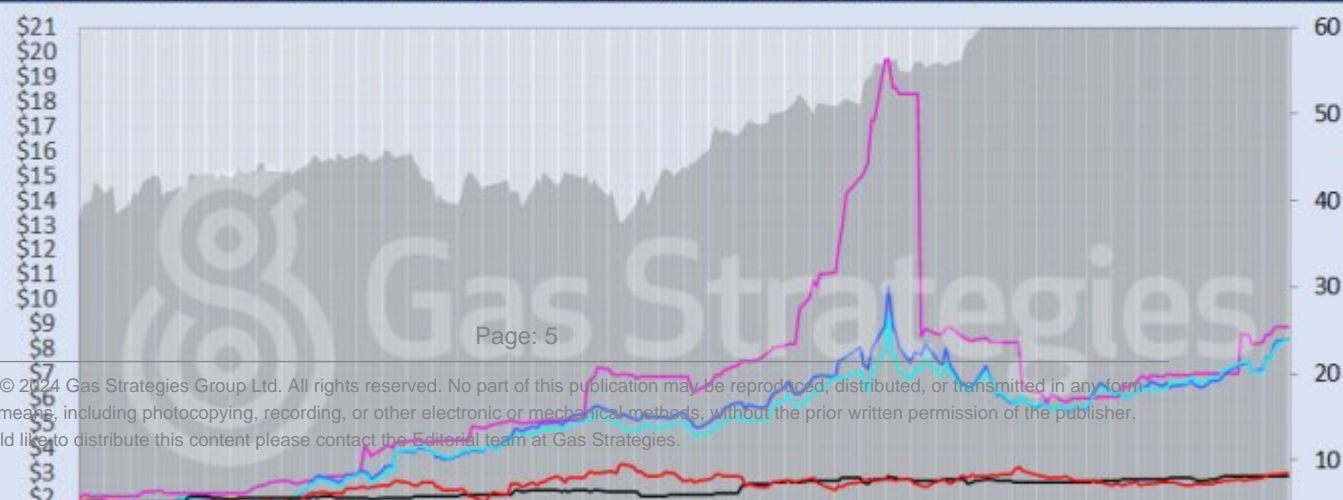
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	03/05/2021	30/04/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.97	2.93	0.04	
NBP (\$/MMBtu)	8.38	8.34	0.05	
NBP (£p/th)	60.24	60.24	0.00	
Henry Hub-NBP spread	5.42	5.40	0.01	
TTF (\$/MMBtu)	8.42	8.21	0.21	
TTF (€/MWh)	23.81	23.29	0.53	
Henry Hub-TTF spread	5.45	5.28	0.17	
JKM (\$/MMBtu)	8.91	8.90	0.01	
TTF-JKM spread	0.49	0.68	-0.20	
Henry Hub-JKM spread	5.94	5.96	-0.03	
Brent (\$/barrel)	67.56	66.76	0.80	
WTI (\$/barrel)	64.49	63.58	0.91	
Brent-WTI spread (\$/barrel)	3.07	3.67	-0.60	
API2 Coal (\$/tonne)	71.76	71.75	0.01	
API2 Coal (\$/MMBtu)	2.87	2.87	0.00	
EU CO <sub>2</sub> emissions allowances (€/tonne)	49.31	48.74	0.57	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



[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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