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# Pricewatch | 11 May 2021 | Gas Matters Today

The European carbon price continued to surge on Monday, hitting a fresh all-time high amid strengthening gas prices and growing investor interest.

The June-dated EUA contract closed at a record high of EUR 52.1/tonne to start the week, with the European carbon price having increased by ~EUR 2.80/tonne since the start of the month. As for the benchmark December 2021 contract, it closed at EUR 52.22/tonne on Monday.

The rally was primarily driven by strengthening commodity prices, namely European gas, with the front-month TTF and NBP contracts hitting four-month highs to start the week. NBP surged by 5.7% to settle at USD 9.06/MMBtu, with TTF rallying by 5.3% to close at USD 8.98/MMBtu.

The strengthening carbon price has helped push gas higher, with low gas storage levels in Europe also supporting the rally.

The rally by the European gas markers helped lift Asian LNG marker JKM, which settled 0.8% higher to close at USD 9.12/MMBtu. However, the stronger gains by the European markers saw JKM's premium over TTF and NBP cut to USD 0.14/MMBtu and USD 0.06/MMBtu respectively.

In the US, gas benchmark Henry Hub continues to yoyo, with the front-month contract falling by 0.9% on Monday to close at USD 2.93/MMBtu.

Strong carbon and gas has also helped lift the price of coal in Europe, with the AP12 price hitting its highest level since January 2019 on Monday. The front-month AP12 contract settled at the equivalent of USD 3.35/MMBtu.

Crude prices continued to cautiously rally on Monday, with support offered by an outage on the US' largest refined products pipeline system due to a cyberattack.

Colonial Pipeline, which shut its 5,500-mile long Texas-New Jersey pipeline – supplying 45% of all fuel consumed on America's East Coast – over the weekend due to the cyberattack.

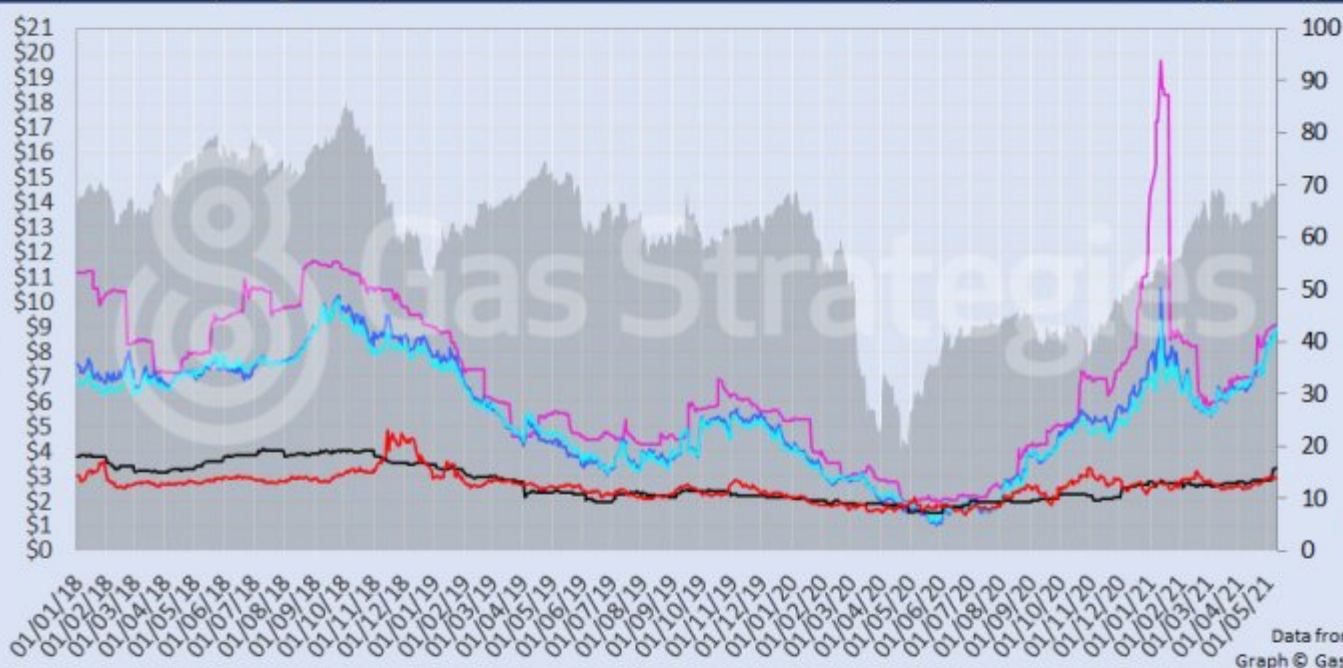
Colonial Pipeline announced on Monday that it expects the major fuels artery to return to service by the end of the week, meaning any price support to the crude benchmarks is expected to be short-lived.

The front-month Brent contract remained in the USD 68/barrel range after rallying by 0.1%, with WTI remaining in the USD 64/barrel range.

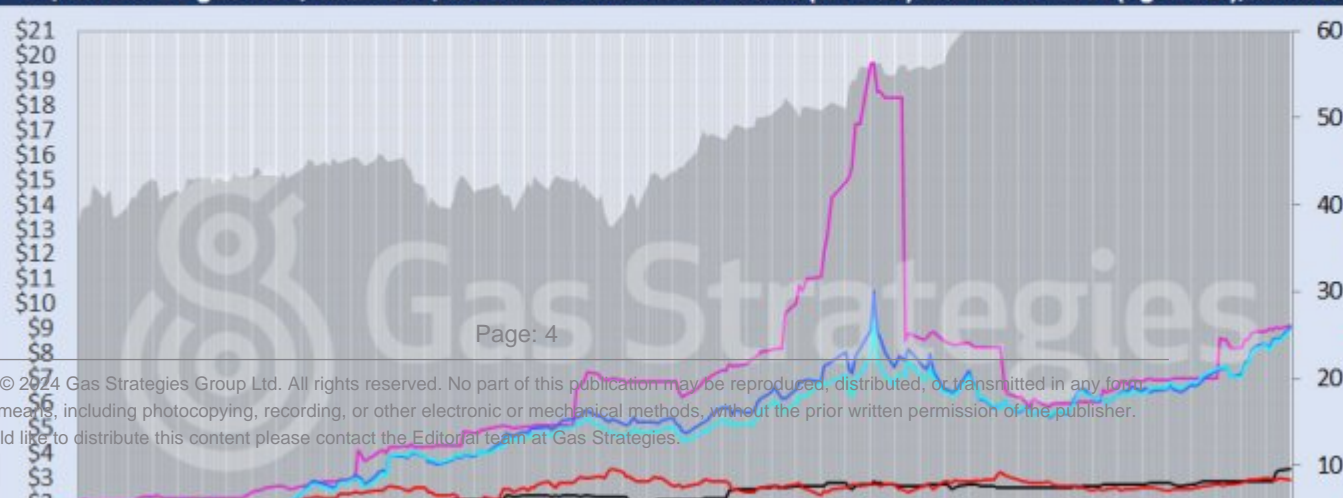
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	10/05/2021	07/05/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.93	2.96	-0.03	
NBP (\$/MMBtu)	9.06	8.57	0.49	
NBP (£p/th)	64.05	61.23	2.82	
Henry Hub-NBP spread	6.13	5.61	0.52	
TTF (\$/MMBtu)	8.98	8.53	0.45	
TTF (€/MWh)	25.19	23.94	1.25	
Henry Hub-TTF spread	6.05	5.58	0.48	
JKM (\$/MMBtu)	9.12	9.05	0.07	
TTF-JKM spread	0.14	0.51	-0.38	
Henry Hub-JKM spread	6.19	6.09	0.10	
Brent (\$/barrel)	68.32	68.28	0.04	
WTI (\$/barrel)	64.92	64.90	0.02	
Brent-WTI spread (\$/barrel)	3.40	3.38	0.02	
API2 Coal (\$/tonne)	83.85	82.40	1.45	
API2 Coal (\$/MMBtu)	3.35	3.30	0.06	
EU CO <sub>2</sub> emissions allowances (€/tonne)	52.10	50.33	1.77	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



[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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