

25 April 2024

Contents

Pricewatch | 03 Jun 2021 | Gas Matters Today
Publication date: 03 June 2021

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



Pricewatch | 03 Jun 2021 | Gas Matters Today

Get the inside line. Take a free trial of Gas Strategies Information Services:

- Full access to Gas Matters, Gas Matters Today & LNG Business Review
- Access to our fully searchable archives containing
- Daily, weekly and monthly newsletters bringing the latest news and features to your inbox
- Gas Strategies iOS app

Free trial code GS21

Complimentary access

[1]

Oil prices closed at their highest level in over two years on Wednesday, with the rally aided by data showing a larger-than-expected draw on US crude inventories last week.

The front-month Brent contract closed at USD 71.35/barrel on Wednesday – its highest close since May 2019. US crude benchmark WTI rallied by 1.6% to close at USD 68.83/barrel – its highest close since October 2018.

Prices were lifted by the American Petroleum Institute reporting on Tuesday that US oil inventories fell by 5.36 million barrels for the week ending 28 May. Analysts had reportedly expected US crude storage to fall by ~2.1 million barrels last week.

The fall in US crude inventories adds to growing bullish sentiment over a recovery in oil demand, with oil prices having recently rallied on expectations of strong demand from North America and Europe this summer as Covid-19 related travel restrictions are lifted.

Prices rallied on Tuesday after the Organization of the Petroleum Exporting Countries (OPEC) and its allies, collectively known as OPEC+, agreed to maintain plans to ease production cuts – signalling an improving demand outlook.

The crude cartel expects oil demand to exceed supply in H2'21, with OPEC forecasting that by the end of the year demand will be just under 100 million barrels/d and supply will total 97.5 million barrels/d.

Gas prices failed to mirror the crude price rally, with prices in Europe falling after strong gains on Tuesday.

The front-month TTF and NBP contracts fell by 1.2% and 1.7% respectively, with the UK gas benchmark settling below USD 9/MMBtu.

The weaker European gas prices dragged on the European carbon price, which fell 1.9% to settle in the EUR 51/tonne range, and also weighed on Asian LNG marker JKM, which fell by 0.2%.

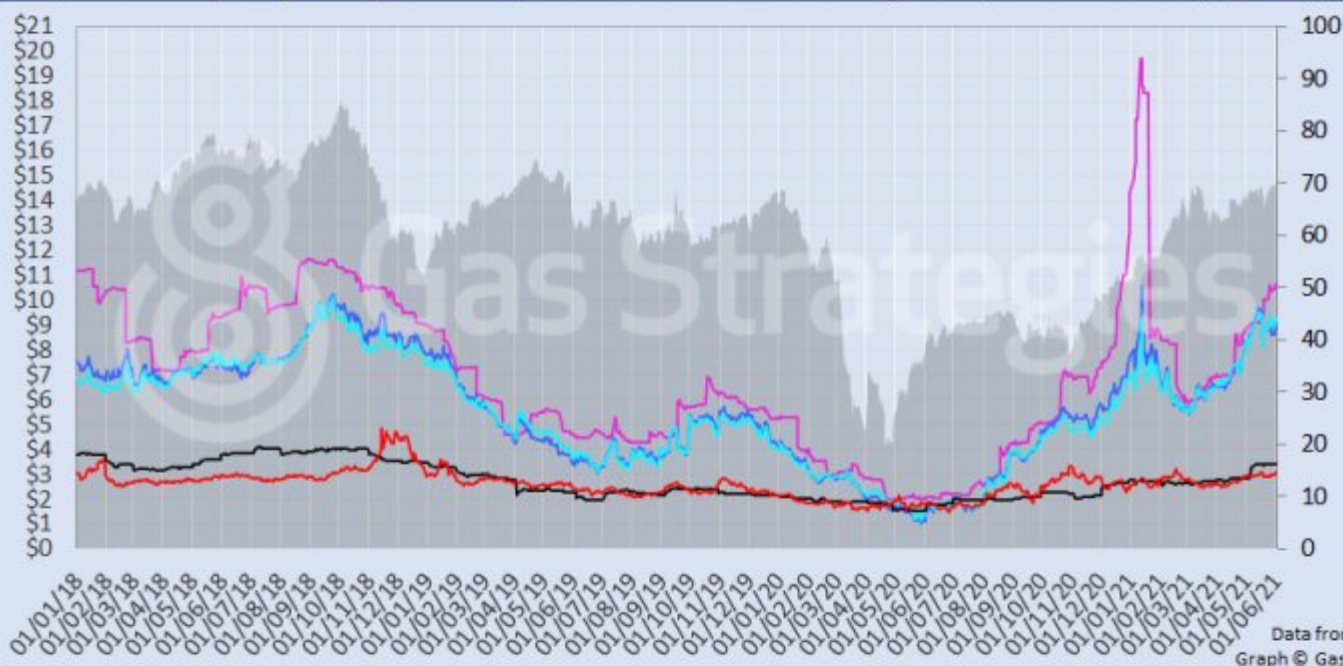
Earlier in the week, European gas prices rallied on tight supply, with pipeline imports remaining weak and several LNG plants currently out of action.

In the US, gas benchmark Henry Hub fell by 0.9% but remained in the USD 3/MMBtu range. Henry Hub has been rallying on expectations of warmer weather, which is expected to drive demand for air conditioning.

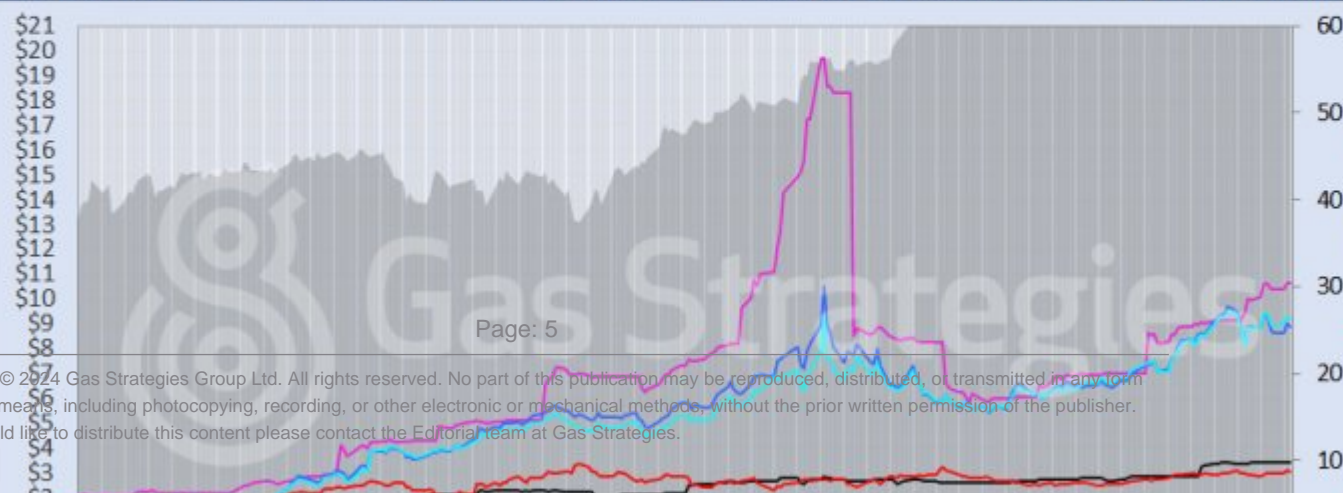
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	02/06/2021	01/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.08	3.10	-0.03	
NBP (\$/MMBtu)	8.88	9.04	-0.16	
NBP (£p/th)	62.63	63.77	-1.14	
Henry Hub-NBP spread	5.80	5.93	-0.13	
TTF (\$/MMBtu)	9.21	9.32	-0.11	
TTF (€/MWh)	25.72	25.98	-0.25	
Henry Hub-TTF spread	6.13	6.22	-0.08	
JKM (\$/MMBtu)	10.63	10.65	-0.03	
TTF-JKM spread	1.42	1.33	0.09	
Henry Hub-JKM spread	7.55	7.55	0.00	
Brent (\$/barrel)	71.35	70.25	1.10	
WTI (\$/barrel)	68.83	67.72	1.11	
Brent-WTI spread (\$/barrel)	2.52	2.53	-0.01	
API2 Coal (\$/tonne)	86.09	86.09	0.00	
API2 Coal (\$/MMBtu)	3.44	3.44	0.00	
EU CO ₂ emissions allowances (€/tonne)	51.32	52.32	-1.00	

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



[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.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com

Copyright © 2024 Gas StrategiesGroup Ltd.

Gas Strategies Group Limited is a company registered in England and Wales under company number 2225820.

Gas Strategies is the trading name of Gas Strategies Group Limited.

Registered company address: 10 St Bride Street, London, EC4A 4AD