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[1]

Crude prices continued to soar on Wednesday, pushed higher by news of a larger than expected draw on US crude inventories last week.

The front-month Brent contract made it seven days of gains on Wednesday, with Brent settling at USD 74.39/barrel – its highest close since April 2019. As for WTI, the US crude benchmark recorded a marginal gain to close at USD 72.15/barrel – its highest close since October 2018.

Crude prices have been rallying on expectations of a recovery in global demand during the second half of the year. The US Energy Information Administration added to the bullish demand sentiment on Wednesday after reporting a 7.4 million barrels draw down on US oil storage for the week ending 11 June. The EIA also reported that refining utilisation in the US hit 92.6% last week, its highest since the Covid-19 pandemic.

With crude demand recovering, OPEC announced in late May that it expects demand to outstrip supply by the end of 2021.

Whilst oil prices rallied, gas prices in Europe continued to retreat. The front-month TTF and NBP contracts fell by 0.4%.

The decline in gas and coal prices in Europe – with the API2 contract dipping by 0.1% – dragged the European carbon price lower, with the front-month contract falling by 0.1% to settle at EUR 51.25/tonne.

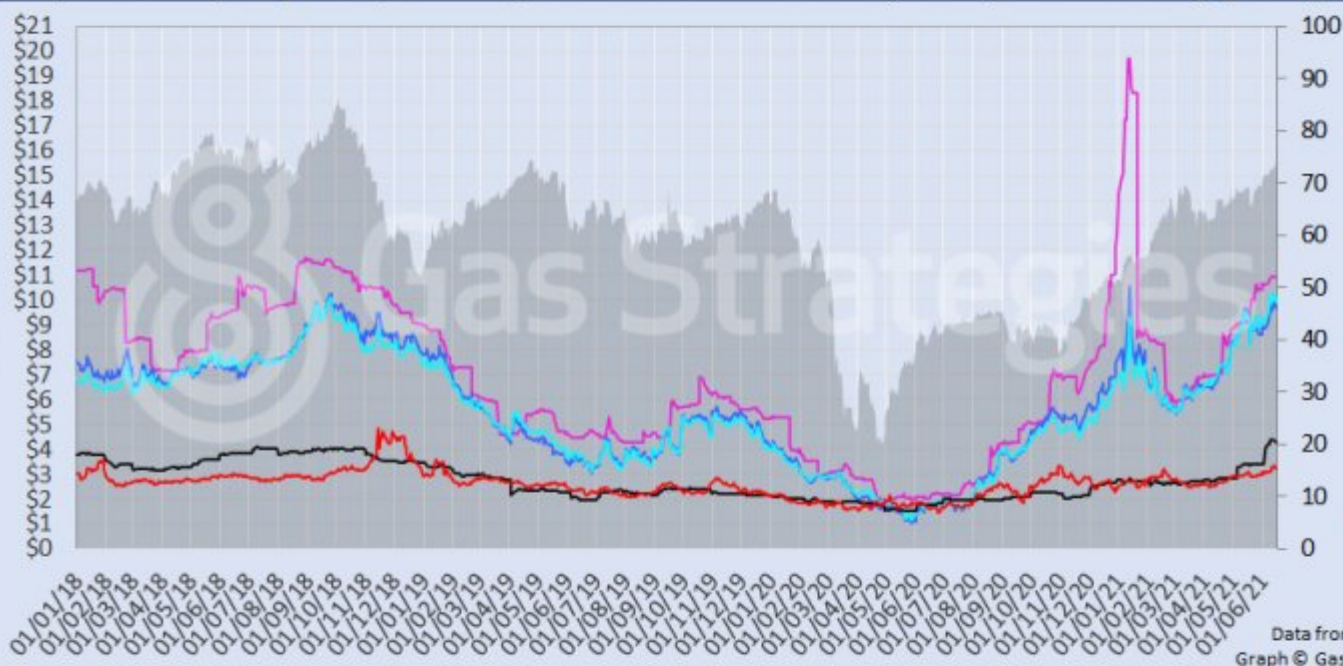
US gas benchmark Henry Hub bounced back on Wednesday, closing 0.3% higher at USD 3.25/MMBtu.

As for Asian LNG marker JKM, the front-month contract remained unchanged on Wednesday.

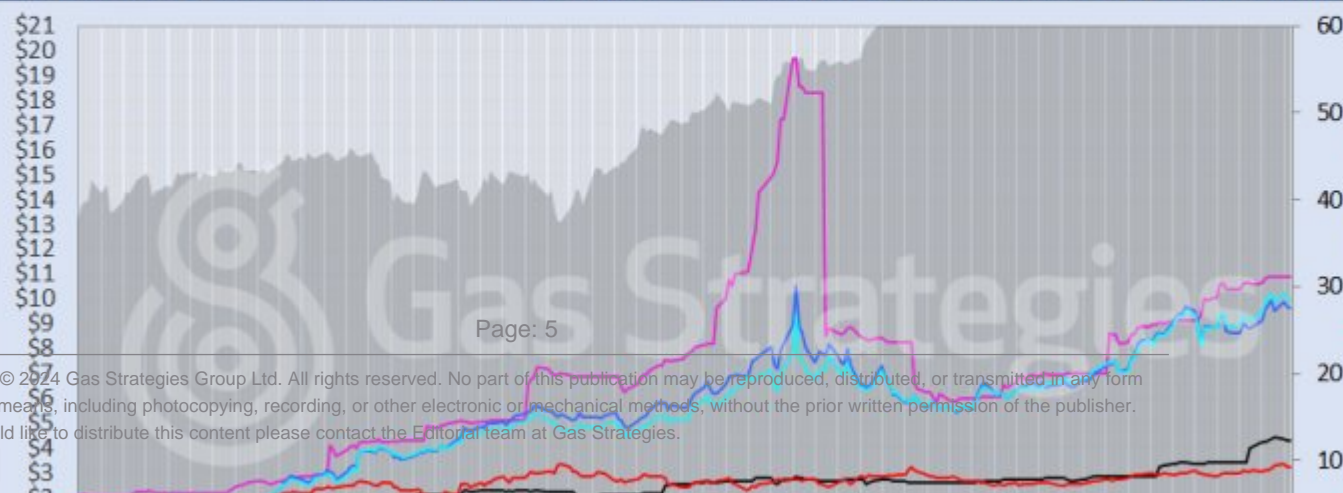
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	16/06/2021	15/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.25	3.24	0.01	
NBP (\$/MMBtu)	9.65	9.69	-0.04	
NBP (£p/th)	68.41	68.87	-0.46	
Henry Hub-NBP spread	6.40	6.45	-0.05	
TTF (\$/MMBtu)	9.95	9.99	-0.04	
TTF (€/MWh)	28.03	28.13	-0.10	
Henry Hub-TTF spread	6.70	6.75	-0.05	
JKM (\$/MMBtu)	10.92	10.92	0.00	
TTF-JKM spread	0.97	0.93	0.04	
Henry Hub-JKM spread	7.67	7.68	-0.01	
Brent (\$/barrel)	74.39	73.99	0.40	
WTI (\$/barrel)	72.15	72.12	0.03	
Brent-WTI spread (\$/barrel)	2.24	1.87	0.37	
API2 Coal (\$/tonne)	107.90	108.00	-0.10	
API2 Coal (\$/MMBtu)	4.32	4.32	0.00	
EU CO ₂ emissions allowances (€/tonne)	51.25	51.31	-0.06	

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.



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