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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



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European gas prices fell for a second day Wednesday, as tight pipeline supplies eased and more LNG volumes reportedly reached Europe, but remained at record levels as concerns over a supply crunch in coming months persisted.

The Dutch TTF front-month contract settled at USD 15.57/MMBtu, down by USD 0.55/MMBtu, or 3.4%, day on day. With JKM gaining USD 1.12/MMBtu to settle at USD 16.77/MMBtu, this meant that the LNG marker was once again at a premium over the TTF at a spread of USD 1.20/MMBtu.

With gas demand in Japan and South Korea competing with record European gas prices, the JKM is now getting close to levels last seen during its January 2021 price spike, when it averaged USD 17.7/MMBtu in the first 20 days of the month, before dropping to USD 8.48/MMBtu on 21 January. It did not settle above the USD 10/MMBtu mark again until 20 May.

The UK NBP front-month contract also recorded a day-on-day loss, of USD 0.68/MMBtu, to settle at USD 15.34/MMBtu.

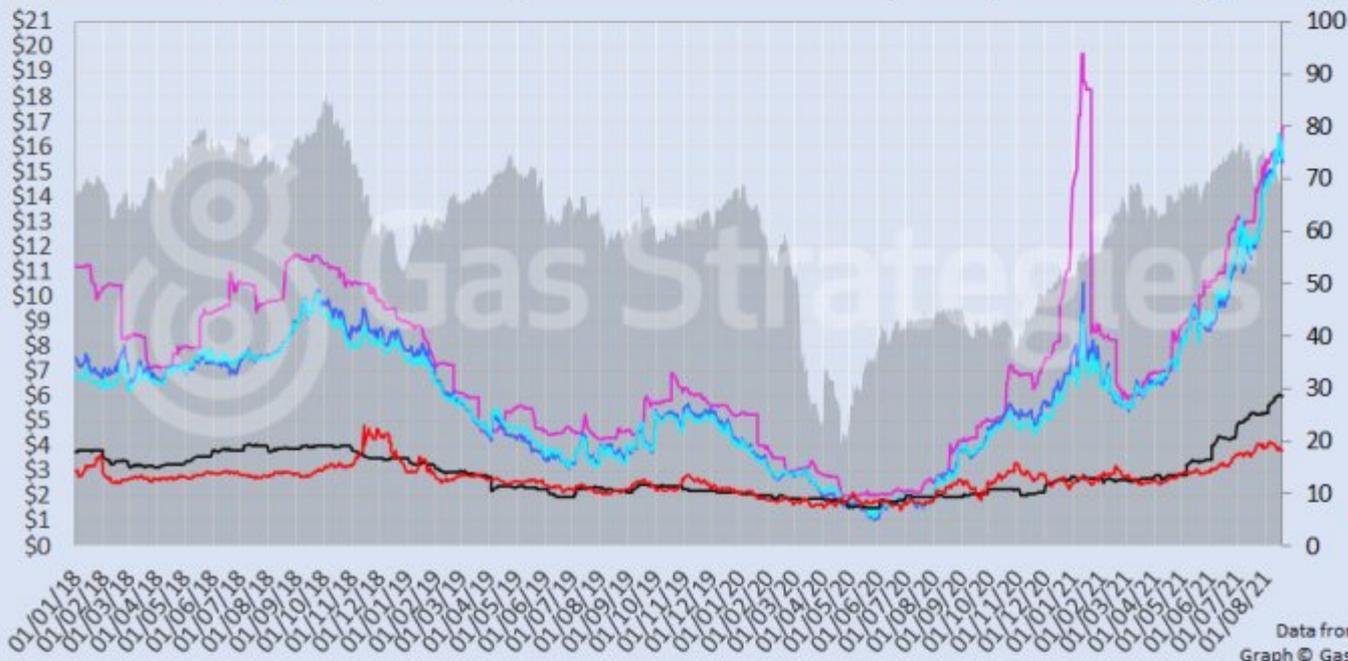
Despite the slight decline in prices, Europe's gas markets remained concerned over tight supplies in the next few months, especially from Russia, with Gazprom blaming reduced gas flows from Russia to Europe on higher domestic demand.

On the crude front, prices also continued to fall, on the back of concerns over the spread of the Covid-19 Delta variant on demand, especially in countries with low vaccination rates. Brent settled at USD 68.23/barrel on Wednesday, down by 80 cents on the day, while WTI settled at USD 65.46/barrel, down by USD 1.13/MMBtu from Tuesday.

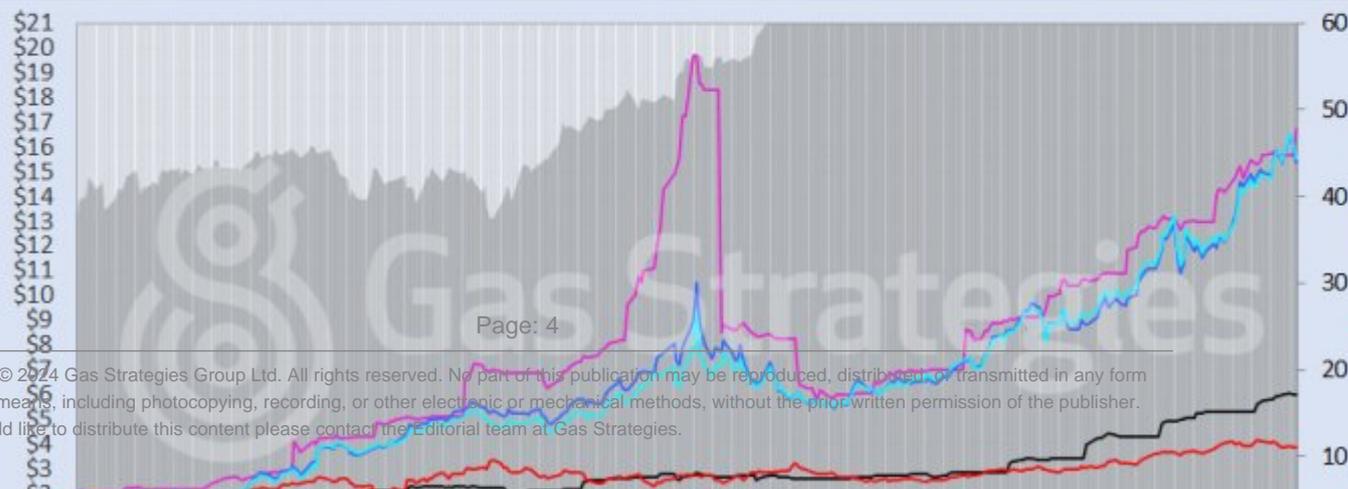
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	18/08/2021	17/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.85	3.84	0.01	
NBP (\$/MMBtu)	15.34	16.03	-0.68	
NBP (£p/th)	111.61	116.65	-5.04	
Henry Hub-NBP spread	11.49	12.19	-0.70	
TTF (\$/MMBtu)	15.57	16.12	-0.55	
TTF (€/MWh)	45.39	46.95	-1.56	
Henry Hub-TTF spread	11.71	12.28	-0.57	
JKM (\$/MMBtu)	16.77	15.66	1.12	
TTF-JKM spread	1.20	-0.46	1.67	
Henry Hub-JKM spread	12.92	11.82	1.10	
Brent (\$/barrel)	68.23	69.03	-0.80	
WTI (\$/barrel)	65.46	66.59	-1.13	
Brent-WTI spread (\$/barrel)	2.77	2.44	0.33	
API2 Coal (\$/tonne)	150.15	150.05	0.10	
API2 Coal (\$/MMBtu)	6.01	6.00	0.00	
EU CO ₂ emissions allowances (€/tonne)	57.07	57.17	-0.10	

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.

**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