

25 May 2024

Contents

Pricewatch | 04 Oct 2021 | Gas Matters Today
Publication date: 04 October 2021

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[1]

European gas prices slumped for the first time in six days on Friday after rocketing during morning trading.

The NBP front-month contract fell by 3.2% to settle at the equivalent of USD 32.73/MMBtu – USD 0.91/MMBtu higher than Dutch marker TTF, which fell by 4.2% at the end of last week.

Prices had surged during trading on Friday morning, with TTF hitting an intraday high of EUR 100/MWh. Lower pipeline volumes from Russia into Europe supported the price spike, however lower flows were expected after Gazprom opted not to book any capacity via the Mallnow entry point during Thursday's daily capacity auction.

The losses saw TTF and NBP's premium over JKM reduced, with the Asian LNG marker recording a minor loss to close at USD 31.07/MMBtu. The NBP-JKM spread stood at USD 1.66/MMBtu on Friday, with TTF's premium over the Asian LNG marker standing at USD 0.75/MMBtu.

Whilst gas prices tanked, coal prices in Europe surged, with the API2 front-month contract settling 7.1% higher at USD 233.60/tonne.

The surging coal helped lift the European carbon price, which closed 0.5% higher at EUR 61.99/tonne.

In the US, Henry Hub erased some of the gains from Thursday after falling by 4.2% on Friday to close at USD 5.62/MMBtu. The fall was pinned on forecasts for mild weather and an improving gas storage

outlook – a further 88 Bcf of gas was injected into US inventories for the week ending 24 September, according to the US Energy Information Administration (EIA).

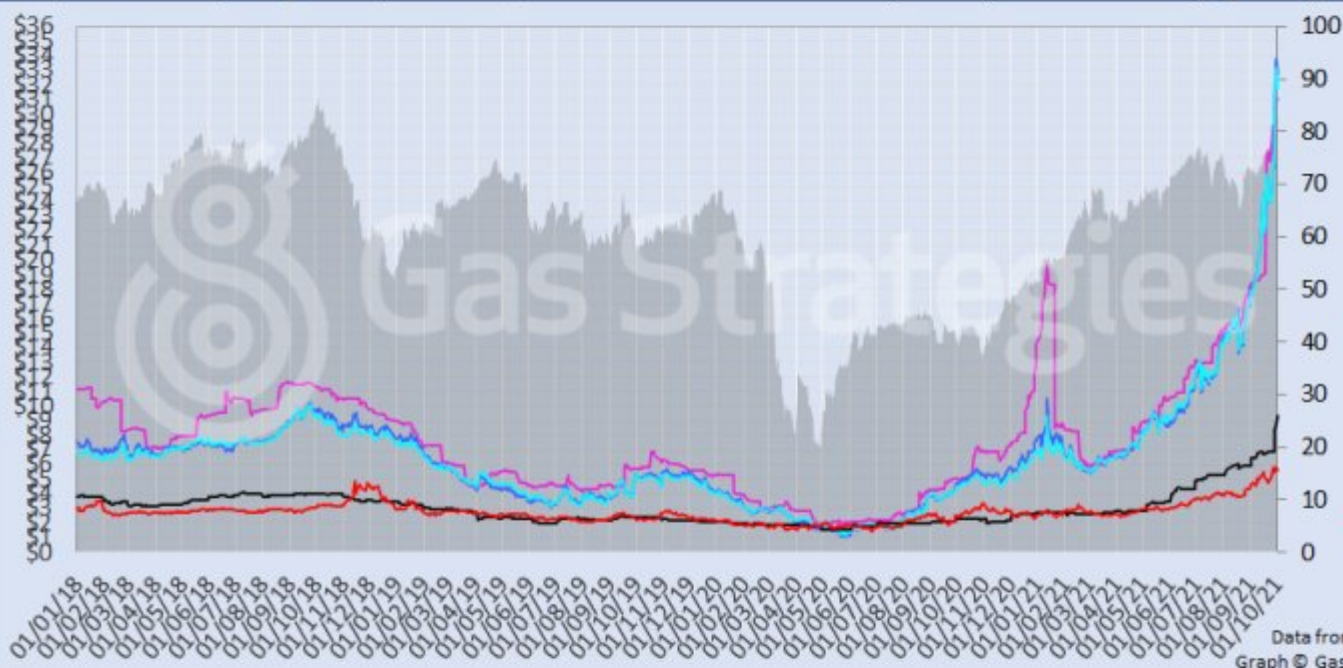
Crude prices recorded a ~1% gain to end the week, pushed higher by reports suggesting OPEC+ may stick to production quotas when the cartel meets on Monday. The Biden administration has previously called on OPEC to boost production in a bid to prevent prices rising further.

Record gas prices are also aiding crude prices, with power producers in South Asia – notable in Pakistan and Bangladesh – and the Middle East reportedly starting to switch from gas to fuel oil.

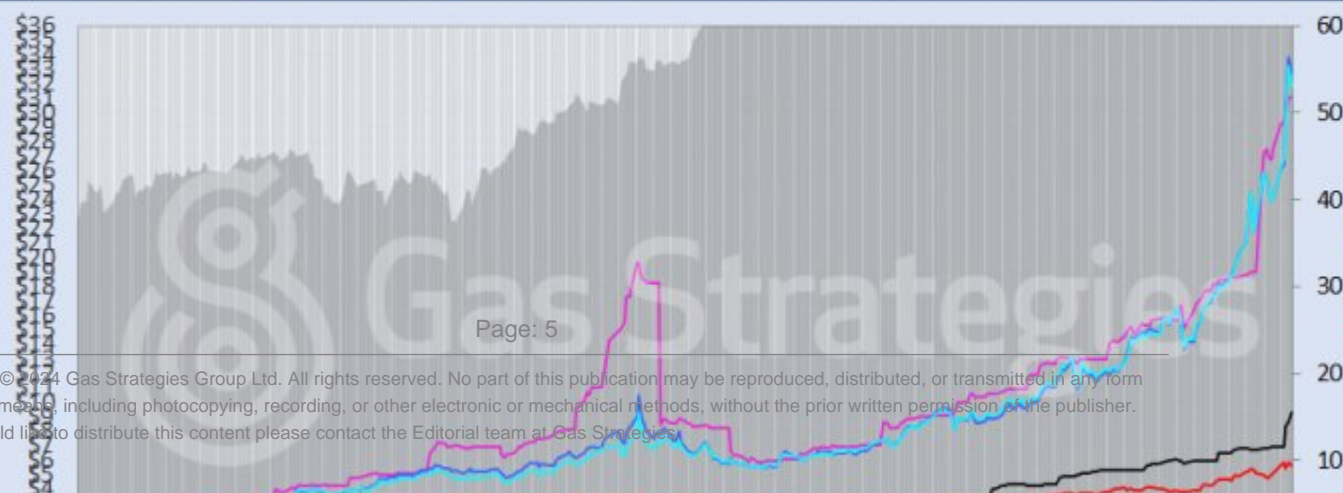
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	01/10/2021	30/09/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.62	5.87	-0.25	
NBP (\$/MMBtu)	32.73	33.83	-1.10	
NBP (£p/th)	241.26	251.18	-9.92	
Henry Hub-NBP spread	27.11	27.96	-0.85	
TTF (\$/MMBtu)	31.82	33.17	-1.35	
TTF (€/MWh)	93.63	97.77	-4.15	
Henry Hub-TTF spread	26.20	27.31	-1.11	
JKM (\$/MMBtu)	31.07	31.10	-0.02	
TTF-JKM spread	-0.75	-2.08	1.33	
Henry Hub-JKM spread	25.45	25.23	0.22	
Brent (\$/barrel)	79.28	78.52	0.76	
WTI (\$/barrel)	75.88	75.03	0.85	
Brent-WTI spread (\$/barrel)	3.40	3.49	-0.09	
API2 Coal (\$/tonne)	233.60	218.10	15.50	
API2 Coal (\$/MMBtu)	9.34	8.72	0.62	
EU CO ₂ emissions allowances (€/tonne)	61.99	61.69	0.30	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/10/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/10/18



[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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