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European gas prices bounced back on Wednesday, as wintry conditions were forecast to return in many parts of the continent, while gas storage levels remained well below average for this time of year.

The UK NBP front-month contract settled on 1 December at USD 32.54/MMBtu, a day-on-day increase of nearly a dollar, or 3.1%, while the Dutch TTF was up by USD 1.15, or 3.8%, to USD 31.76/MMBtu.

Temperatures in north-west Europe were set to drop again on Thursday, with 5 degrees Celsius predicted for London and Amsterdam and 4 degrees Celsius in Berlin, while even colder conditions were anticipated for Friday and the weekend.

The first day of December found Europe's total storage just 68.05% full, compared to 87% full a year earlier, sustaining concerns surrounding the continent's supply of gas being able to meet demand this winter.

Conversely, the Asian JKM LNG marker fell slightly on Wednesday, by 6 cents to USD 35.89/MMBtu, while Henry Hub shed 31 cents to USD 4.26/MMBtu. With the exception of 1 November, when it settled just under this level, JKM has remained above USD 30/MMBtu since 29 September, as competition for cargoes between Europe and east Asia persists. The JKM's premium over the TTF stood at USD 4.13/MMBtu on Wednesday.

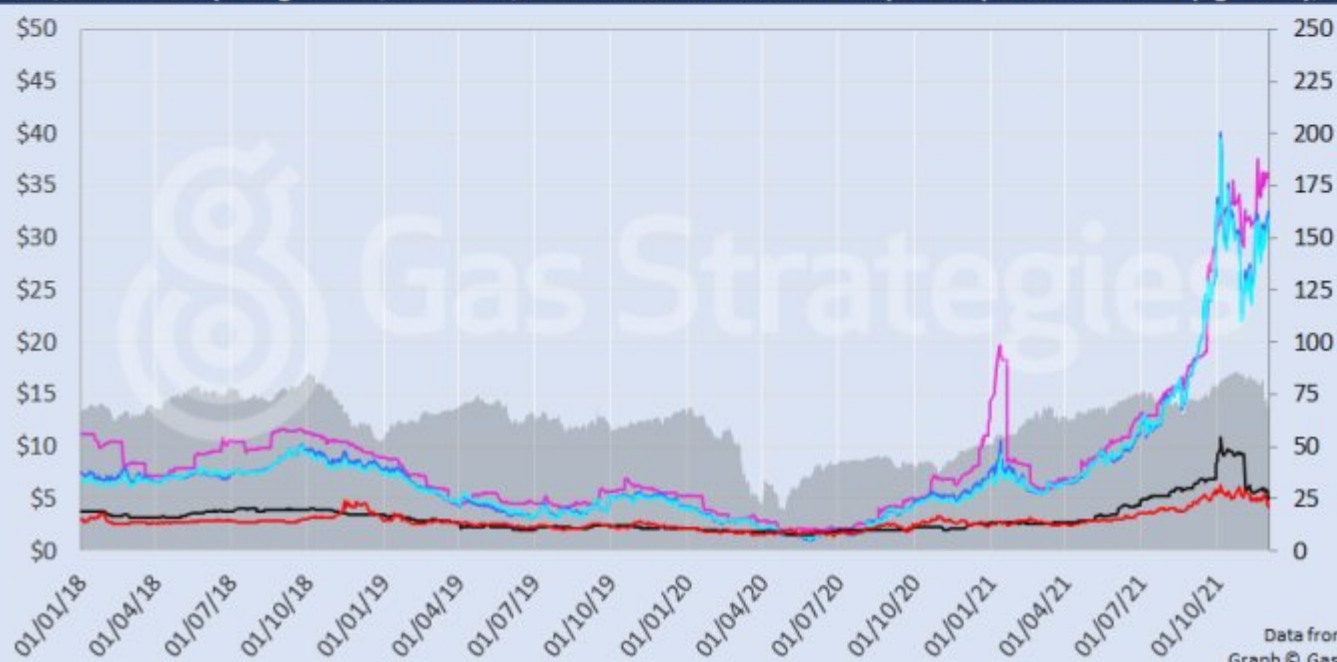
Meanwhile, crude prices posted marginal losses, with Brent settling at USD 68.87/barrel, down 36 cents on the day, and WTI at USD 65.57/barrel, a loss of 61 cents.

Bearish trading was influenced at the start of the week by fears resurfacing over depressed energy demand due to the spread of Omicron variant of Covid-19, but sentiment could turn bullish again if an OPEC+ meeting on Thursday decides, as expected by some market commentators, to restrain oil supply in the new year.

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

Front-month futures/index	01/12/2021	30/11/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.26	4.57	-0.31	
NBP (\$/MMBtu)	32.54	31.57	0.97	
NBP (€/th)	244.53	238.31	6.22	
Henry Hub-NBP spread	28.28	27.00	1.28	
TTF (\$/MMBtu)	31.76	30.61	1.15	
TTF (€/MWh)	95.68	92.51	3.16	
Henry Hub-TTF spread	27.50	26.04	1.46	
JKM (\$/MMBtu)	35.89	35.95	-0.06	
TTF-JKM spread	4.13	5.34	-1.21	
Henry Hub-JKM spread	31.63	31.38	0.25	
Brent (\$/barrel)	68.87	69.23	-0.36	
WTI (\$/barrel)	65.57	66.18	-0.61	
Brent-WTI spread (\$/barrel)	3.30	3.05	0.25	
API2 Coal (\$/tonne)	125.15	148.45	-23.30	
API2 Coal (\$/MMBtu)	5.01	5.94	-0.93	
EU CO ₂ emissions allowances (€/tonne)	76.81	75.37	1.44	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



[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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