

25 April 2024

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Pricewatch | 06 Dec 2021 | Gas Matters Today
Publication date: 06 December 2021

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European gas prices fell back on Friday, as the weather forecast for the weekend and following week was expected to fluctuate between cold and milder conditions, but prices remained at very strong levels as Europe continues to deal with low storage and supply concerns and competition with Asia for LNG cargoes persists.

The front-month Dutch TTF contract fell by USD 1.78/MMBtu on the day to USD 29.65/MMBtu, while the UK NBP was down by nearly two dollars to USD 30.29/MMBtu. Despite these losses, both contracts remained bullish compared to a year earlier, with the TTF for example settling at USD 5.56/MMBtu on 3 December 2020.

Gas storage remained low for this time of year in Europe, with Gas Infrastructure Europe (GIE) data showing the continent's total at 66.7% full at the end of the week, compared to 84.9% full a year earlier, with withdrawals in recent weeks picking up due to wintry conditions in many parts of north-west, central and northern Europe.

Meanwhile, the JKM Asian LNG market also fell on Friday, by USD 1.13/MMBtu to USD 34.19/MMBtu, but its premium over the TTF widened by 65 cents to USD 4.54/MMBtu.

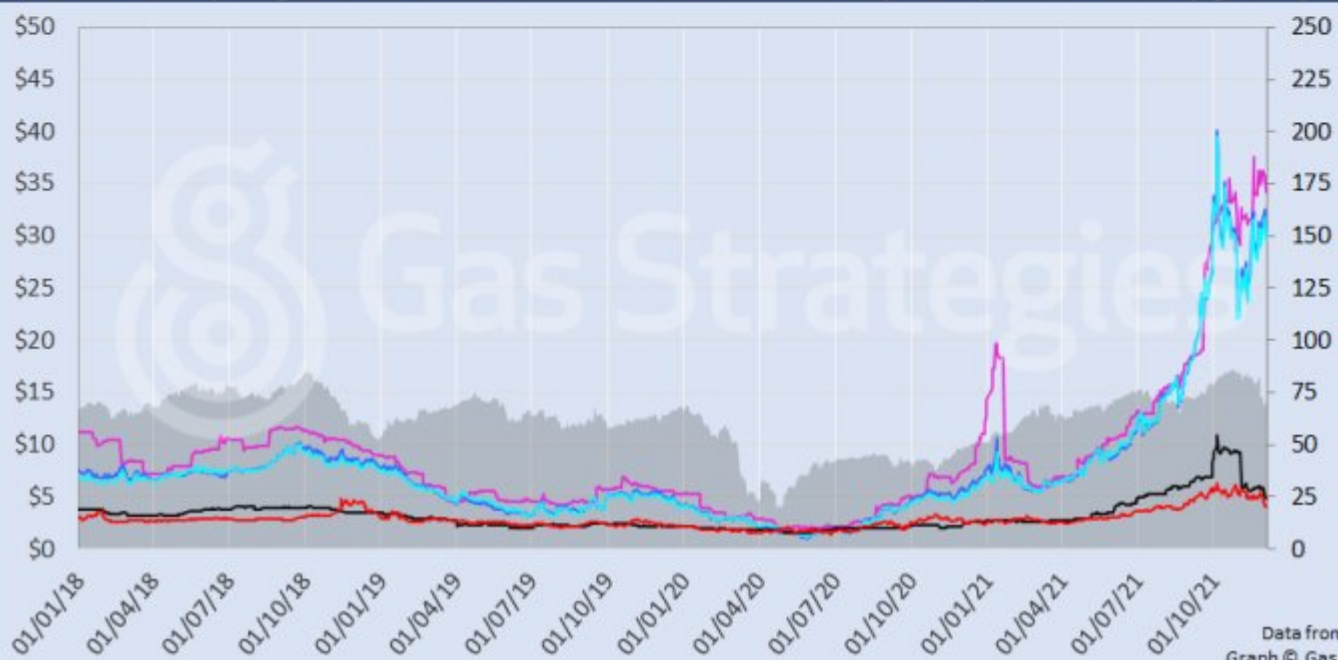
In the US, Henry Hub was stable, gaining just 8 cents on the day to close the week at USD 4.13/MMBtu, as seasonal demand for heating had yet to pick up, but also remained stronger than a year earlier, having settled at USD 2.78/MMBtu on the same day in 2020.

On the crude front, prices were rangebound, with Brent gaining 21 cents to USD 69.88/barrel and the WTI shedding 24 cents to USD 66.26/barrel, as concerns over the emergence of the Covid-19 Omicron variant were counterbalanced by OPEC+ shrugging off these concerns for the time being.

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

Front-month futures/index	03/12/2021	02/12/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.13	4.06	0.08	
NBP (\$/MMBtu)	30.29	32.22	-1.93	
NBP (€/th)	228.90	242.09	-13.19	
Henry Hub-NBP spread	26.15	28.16	-2.01	
TTF (\$/MMBtu)	29.65	31.43	-1.78	
TTF (€/MWh)	89.48	94.83	-5.35	
Henry Hub-TTF spread	25.52	27.38	-1.86	
JKM (\$/MMBtu)	34.19	35.32	-1.13	
TTF-JKM spread	4.54	3.89	0.65	
Henry Hub-JKM spread	30.06	31.26	-1.21	
Brent (\$/barrel)	69.88	69.67	0.21	
WTI (\$/barrel)	66.26	66.50	-0.24	
Brent-WTI spread (\$/barrel)	3.62	3.17	0.45	
API2 Coal (\$/tonne)	121.00	124.25	-3.25	
API2 Coal (\$/MMBtu)	4.84	4.97	-0.13	
EU CO ₂ emissions allowances (€/tonne)	78.25	79.86	-1.61	

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



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



[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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