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[1]

Natural gas prices on both sides of the Atlantic continued to fall on Monday, with UK benchmark NBP settling at its lowest level since August 2021.

The June-dated NBP and TTF contracts fell by 6.5% and 7.9% respectively on Monday, with the Dutch marker closing at its lowest level in USD/MMBtu terms since 25 February and the UK gas benchmark settling at its lowest level since 26 August last year.

Strong LNG and pipeline flows to Europe, coupled with falling demand, has applied downward pressure to European gas prices in recent days. In the UK, strong domestic production and brimming gas storage levels have also weighed on prices. The within-day NBP contract was trading at GBP(pence) 12/th (EUR 4/MWh / USD 1.5/MMBtu) on Tuesday morning amid the perfect storm of events.

Across the pond, Henry Hub recorded the largest loss on Monday in percentage terms, closing 12.6% lower at USD 7.03/MMBtu. The loss was pinned on signs of production recovering and a retreat in buying activity following profit taking on Friday.

US gas production for the week ending 5 May was 94.2 Bcf/d, up 0.1 Bcf/d week-on-week, according to data compiled by the US Energy Information Administration.

As for Asian LNG marker JKM, the front-month contract also fell, closing 3.6% lower at USD23.16/MMBtu.

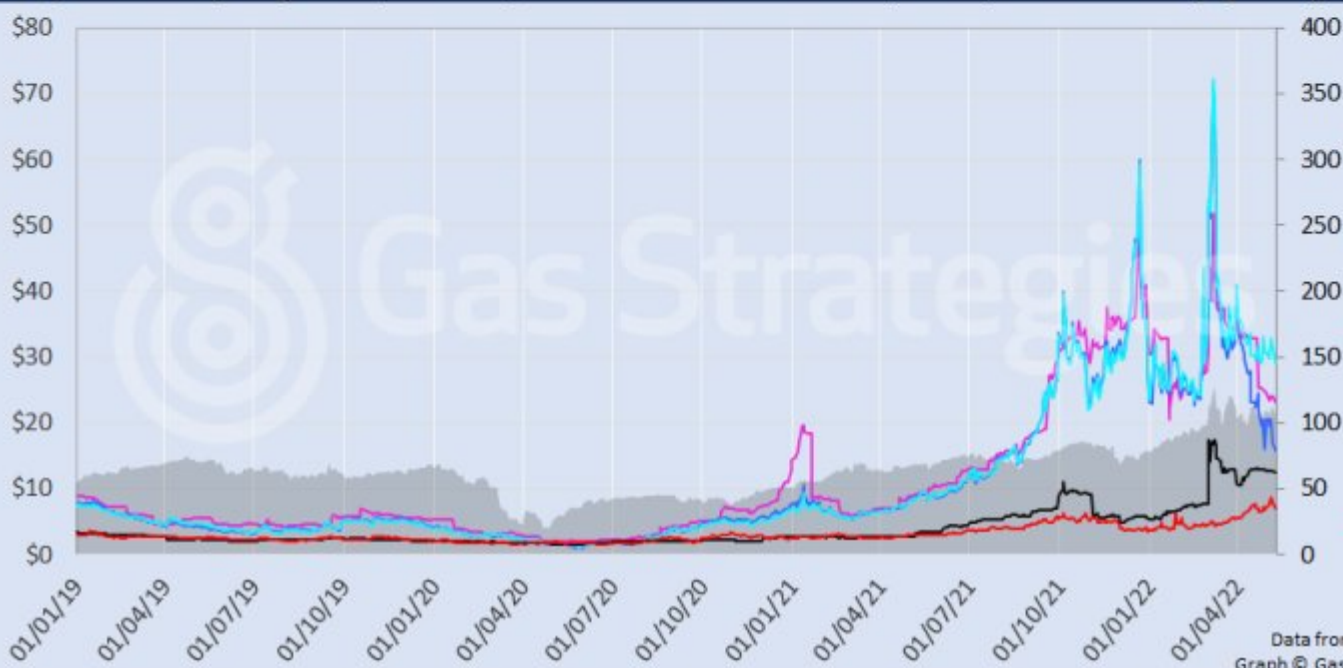
Crude prices fell back into the red on Monday, pushed lower by Covid lockdowns in China – stoking demand concerns – and the US dollar hitting a 20-year high.

The July-dated Brent contract closed 5.7% lower at USD 105.94/barrel, with the June-dated WTI contract closing 6.1% lower at USD 103.09/barrel.

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

Front-month futures/index	09/05/2022	06/05/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	7.03	8.04	-1.02	
NBP (\$/MMBtu)	15.88	16.98	-1.10	
NBP (£p/th)	128.71	137.50	-8.79	
Henry Hub-NBP spread	8.85	8.93	-0.08	
TTF (\$/MMBtu)	29.02	31.52	-2.50	
TTF (€/MWh)	93.79	101.71	-7.92	
Henry Hub-TTF spread	22.00	23.47	-1.48	
JKM (\$/MMBtu)	23.16	24.03	-0.88	
TTF-JKM spread	-5.87	-7.49	1.62	
Henry Hub-JKM spread	16.13	15.99	0.14	
Brent (\$/barrel)	105.94	112.39	-6.45	
WTI (\$/barrel)	103.09	109.77	-6.68	
Brent-WTI spread (\$/barrel)	2.85	2.62	0.23	
API2 Coal (\$/tonne)	310.85	319.00	-8.15	
API2 Coal (\$/MMBtu)	12.43	12.76	-0.33	
EU CO ₂ emissions allowances (€/tonne)	86.60	91.11	-4.51	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



[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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