

30 April 2024

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Pricewatch | 15 Sep 2022 | Gas Matters Today
Publication date: 15 September 2022

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ISSN: 0964-8496

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[1]

Natural gas prices shot up across the board on Wednesday, as traders weighed if Europe's measures to contain the energy crisis will be enough to curb price rises.

The proposal to cap prices of imported gas has been scrapped as EU countries failed to reach consensus – at least for now. However, the EU have agreed to propose windfall taxes on energy companies' earnings, as well as a mandatory curb on power demand during peak hours. The measures will be discussed by representatives from the EU member states in a Council meeting on 30 September.

However, uncertainties on how the measures will be implemented remain. And the division between member states, which might impede the implementation, remains stark.

Dutch gas benchmark TTF saw prices soar 10% day on day on Wednesday, to USD 63.80/MMBtu, while UK marker NBP surged 12% to USD 47.20/MMBtu.

Across the pond, fears of a rail strike in the US, that could diminish coal supplies to power plants and consequently force generators to burn more gas, have pushed Henry Hub front-end futures to their two-week high, settling at USD 9.11/MMBtu.

On the other hand, TTF remained stable for a second day in a row, rising 0.1% to USD 53.08/MMBtu.

Crude oil futures rose on Wednesday, too, albeit at a much lower rate than gas, as the International Energy Agency (IEA) said it expects a rise in gas-to-oil switching on high prices this winter.

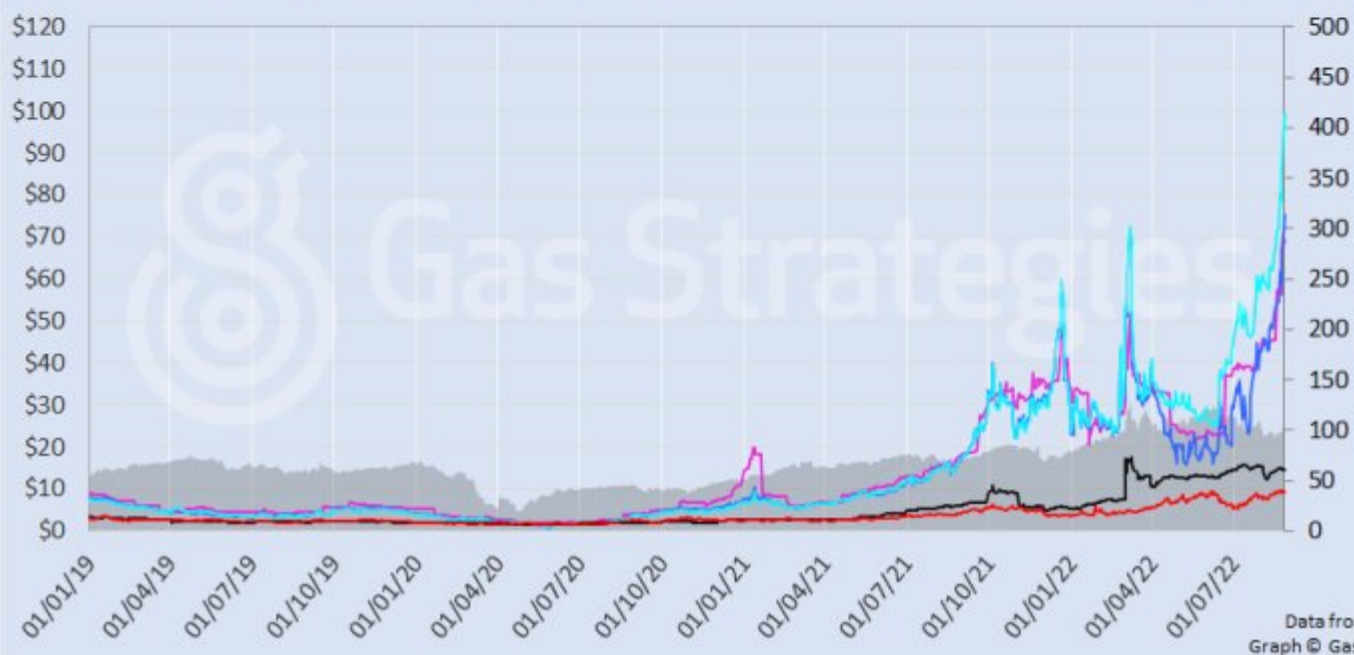
Brent crude futures settled up 1% on Wednesday, at USD 94.10/barrel, while US WTI Intermediate crude ended 1.3% higher at USD 88.48/barrel.

The IEA said it expects widespread switching from gas to oil for heating purposes, saying it will average 700,000 barrels per day in October 2022 to March 2023, which is double the level of a year ago.

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

Front-month futures/index	14/09/2022	13/09/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	9.11	8.28	0.83	
NBP (\$/MMBtu)	47.20	42.11	5.10	
NBP (£p/th)	408.20	365.25	42.95	
Henry Hub-NBP spread	38.09	33.82	4.27	
TTF (\$/MMBtu)	63.80	58.21	5.59	
TTF (€/MWh)	217.88	198.61	19.27	
Henry Hub-TTF spread	54.69	49.93	4.76	
JKM (\$/MMBtu)	53.08	53.04	0.04	
TTF-JKM spread	-10.73	-5.18	-5.55	
Henry Hub-JKM spread	43.96	44.75	-0.79	
Brent (\$/barrel)	94.10	93.17	0.93	
WTI (\$/barrel)	88.48	87.31	1.17	
Brent-WTI spread (\$/barrel)	5.62	5.86	-0.24	
API2 Coal (\$/tonne)	336.00	336.00	0.00	
API2 Coal (\$/MMBtu)	13.44	13.44	0.00	
EU CO ₂ emissions allowances (€/tonne)	72.14	69.75	2.39	

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



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



[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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