

26 April 2024

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Pricewatch | 22 Nov 2022 | Gas Matters Today
Publication date: 22 November 2022

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[1]

US natural gas futures surged on Monday on expectations of colder weather, concerns of a possible rail strike which is expected to disrupt coal deliveries, as well as clarity on the resumption of operations at Freeport LNG.

Henry Hub soared 7.5% to USD 6.78/MMBtu as stronger heating demand boosted prices. Worries of a possible rail strike which would disrupt coal deliveries and force power generators to burn more gas also lent support to prices. According to Reuters, workers at the largest US rail union voted against a tentative contract deal reached in September, raising the possibility of a year-end strike that could cause significant delays of shipments of fuel.

The jump in Henry Hub front-month futures contract was also facilitated by clarity on the restart of Freeport LNG. The firm has postponed the partial resumption of operations from November to mid-December – if regulators approve.

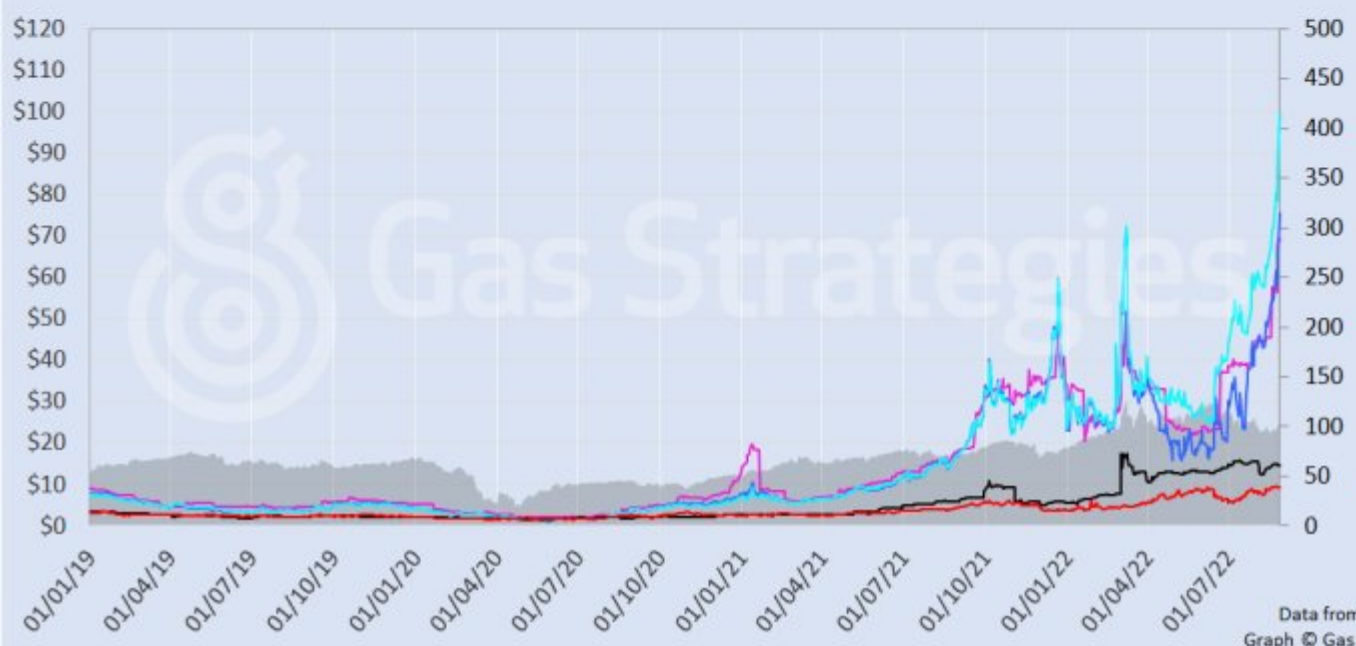
As a result, the JKM natural gas benchmark saw a 3.5% increase on Monday to USD 27.30/MMBtu.

Meanwhile, European natural gas futures saw declines on stronger wind generation. The UK marker slumped 6.6% day-on-day on Monday, to USD 31.69/MMBtu, while the Dutch benchmark TTF saw a more modest 2.6% decline to USD 34.83/MMBtu.

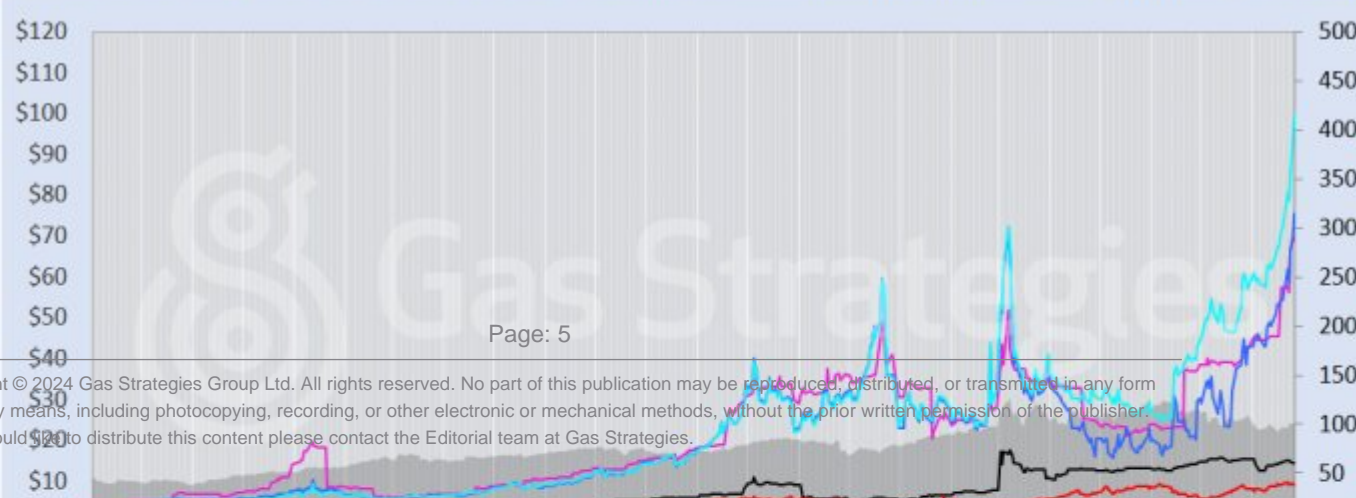
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	21/11/2022	18/11/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	6.78	6.30	0.47	
NBP (\$/MMBtu)	31.69	33.92	-2.23	
NBP (£p/th)	268.99	271.51	-2.52	
Henry Hub-NBP spread	24.91	27.62	-2.70	
TTF (\$/MMBtu)	34.83	35.76	-0.92	
TTF (€/MWh)	116.13	115.51	0.62	
Henry Hub-TTF spread	28.06	29.45	-1.40	
JKM (\$/MMBtu)	27.30	26.39	0.91	
TTF-JKM spread	-7.53	-9.37	1.84	
Henry Hub-JKM spread	20.52	20.08	0.44	
Brent (\$/barrel)	87.45	87.62	-0.17	
WTI (\$/barrel)	79.73	80.08	-0.35	
Brent-WTI spread (\$/barrel)	7.72	7.54	0.18	
API2 Coal (\$/tonne)	217.50	210.00	7.50	
API2 Coal (\$/MMBtu)	8.70	8.40	0.30	
EU CO ₂ emissions allowances (€/tonne)	74.49	72.36	2.13	

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



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



[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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