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[1]

Monday's onset of spring marked steep falls in natural gas prices in Europe, Asia and North America, adding to the growing weight of evidence that the gas price crisis of the past 20 or so months is coming to a close – at least until next winter.

The main gas price markers fell by between 7% and 9%, after a week in which European prices fell by a fifth. Oil prices moved in the opposite direction, firming by around 1%.

In continental Europe, the Dutch TTF marker fell 8.2% on Monday, from Friday's close of EUR 42.86/MWh (USD 13.37/MMBtu) to EUR 39.33/MWh (USD 12.36/MMBtu), the lowest level since July 2021. In the UK, NBP was down 9.3% from 103.97 p/therm (USD 12.62/MMBtu) on Friday to 94.28 p/therm (USD 11.55/MMBtu).

"Natural gas prices have fallen by a stunning 87% since their peak in late August 2022," said Andrew Ryder, Senior Strategist at Schroder Investment Management.

"The prospect of a gas crisis in Europe, while now slimmer, has not been totally vanquished though. Storage ahead of the 2022/23 winter was filled prior to the cessation of most supply from Russia. This will not be as straightforward this summer, though the starting position of storage levels is likely to be better."

Factors currently exerting downward pressure on European prices include high storage levels, forecasts of warmer weather, policy announcements regarding measures to mitigate the loss of Russian pipeline

gas, lessening concern over French nuclear reactors, and the prospect of an end to industrial action at French LNG import terminals.

Falling gas prices along with high carbon prices are expected to result in coal-to-gas switching in electricity generation over coming months, especially in Germany. The gap between clean spark spreads and clean dark spreads – the profit margins of producing electricity after taking fuel and carbon costs into account – has narrowed considerably in recent weeks.

In Asia, the JKM LNG marker joined the general gas decline, having remained relatively stable over the past week. It fell 7.1% on Monday, from USD 14.17/MMBtu on Friday to USD 13.16/MMBtu. The TTF-JKM spread remained at USD 0.80/MMBtu.

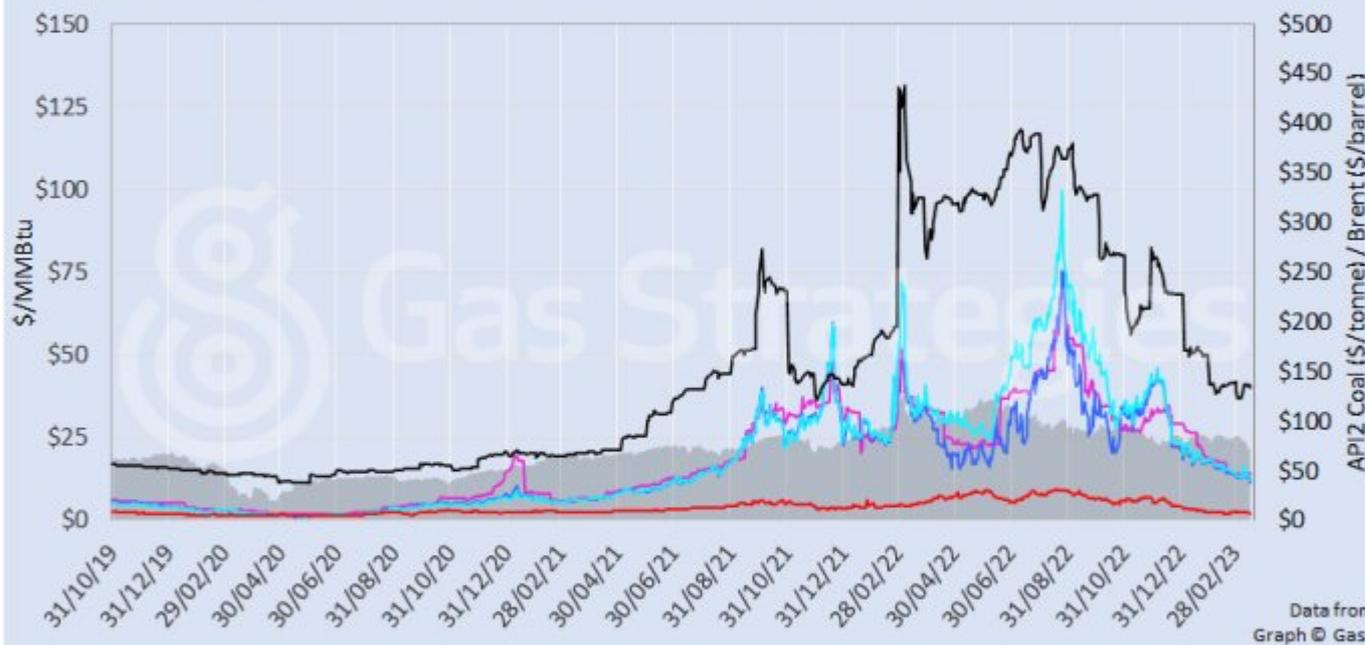
In the US, Henry Hub was down 4.9% from USD 2.34/MMBtu on Friday to USD 2.22/MMBtu, with demand weakening because of warming weather, ample supplies and the impact of the banking crisis on commodity sentiment.

Oil prices rose yesterday, with Brent up 1.1% from USD 72.97/barrel on Friday to USD 73.79/barrel on Friday, and WTI up 1.3% from USD 66.74/barrel to USD 67.64/barrel.

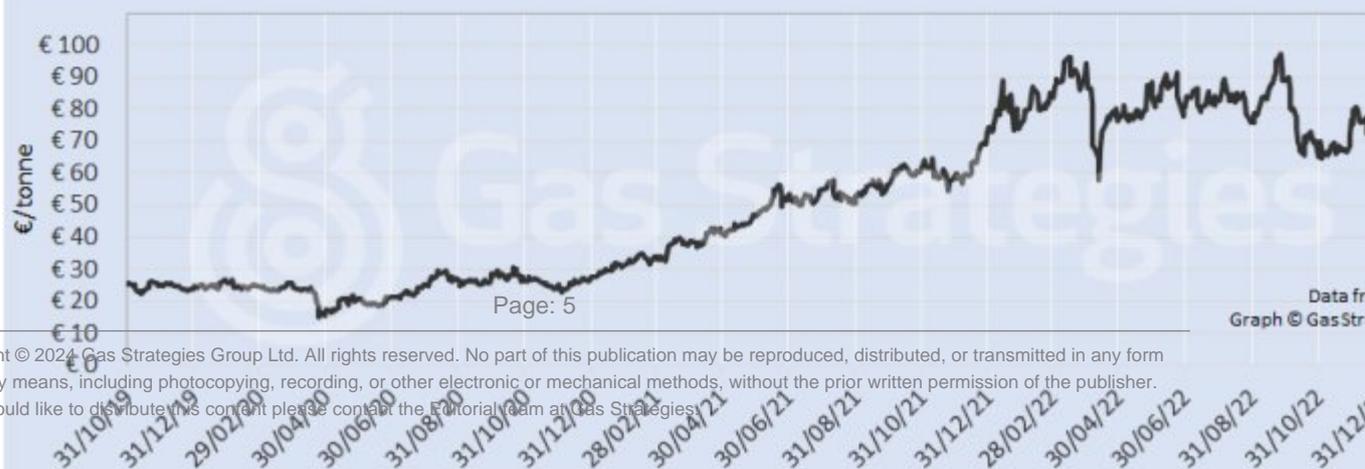
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	20/03/2023	17/03/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.22	2.34	-0.12	
NBP (\$/MMBtu)	11.55	12.62	-1.07	
NBP (£p/th)	94.28	103.97	-9.69	
Henry Hub-NBP spread	9.33	10.28	-0.95	
TTF (\$/MMBtu)	12.36	13.37	-1.02	
TTF (€/MWh)	39.33	42.86	-3.53	
Henry Hub-TTF spread	10.13	11.03	-0.90	
JKM (\$/MMBtu)	13.16	14.17	-1.01	
TTF-JKM spread	0.80	0.80	0.00	
Henry Hub-JKM spread	10.93	11.83	-0.90	
Brent (\$/barrel)	73.79	72.97	0.82	
WTI (\$/barrel)	67.64	66.74	0.90	
Brent-WTI spread (\$/barrel)	6.15	6.23	-0.08	
API2 Coal (\$/tonne)	133.85	135.00	-1.15	
API2 Coal (\$/MMBtu)	5.35	5.40	-0.05	
EU CO ₂ emissions allowances (€/tonne)	85.11	84.58	0.53	

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



EU carbon allowances (EUAs) on the Emissions Trading System (ETS)



[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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