

2 May 2024

Contents

Pricewatch | 26 May 2023 | Gas Matters Today
Publication date: 26 May 2023

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



Pricewatch | 26 May 2023 | Gas Matters Today

Get the inside line. Take a free trial of Gas Strategies Information Services:

- Full access to Gas Matters, Gas Matters Today & LNG Business Review
- Access to our fully searchable archives containing
- Daily, weekly and monthly newsletters bringing the latest news and features to your inbox
- Gas Strategies iOS app

Free trial code **GS22**

Complimentary access

[1]

Natural gas prices were in freefall on Thursday with European values dipping to their lowest levels in over two years.

Gas prices in Europe were down amid high filling indicators in storage facilities, record high inflows of LNG and warm weather.

TTF dropped 8.7% to USD 8.00/MMBtu and NBP plunged by a steeper 9.3% to USD 7.22/MMBtu – both to their lowest level since April 2019.

On Thursday, the European Commission announced that the EU is no longer dependent on Russian energy supplies, having been able to quickly find alternative exporters such as LNG, as well as reducing consumption and accelerating the clean energy roll-out.

However, analysts at ANZ Bank said in a research note that although they estimate that Europe will get through another winter without any significant disruptions to energy supply, the situation should be viewed with caution.

“We estimate Germany, and the broader region, could experience gas shortages next winter if demand is not reduced by another 15%,” ANZ said.

Energi Danmark said in its latest morning report:

“At some point, we will reach a level so low that it will cause LNG suppliers to send their gas to other places instead of Europe, which will lead to the end of the price falls, but when we reach that point is still difficult to say. Until then, we expect the downtrend to continue,”

Meanwhile, JKM saw a 2.4% decline to USD 9.35/MMBtu. Reports suggest that developing countries from Asia to Latin America have been benefitting from the LNG price slump over the past few weeks, helping replace more polluting fuels while easing cost pressures on the economy.

Together with lower natural gas prices, coal has been seeing its lowest price levels in over two years, with the front-month API2 coal contract settling at USD 118.5/tonne. In addition, the 2024 contract dropped below USD 100/tonne for the first time in one and a half years, closing the day at USD 98.35/tonne.

“As long as gas continues the steady decline, coal will likely follow, as demand is weak and stock levels high across the continent,” Energi Danmark said.

In the US, Henry Hub's front-month contract declined for the fourth time in a row, down 3.8% to USD 2.31/MMBtu.

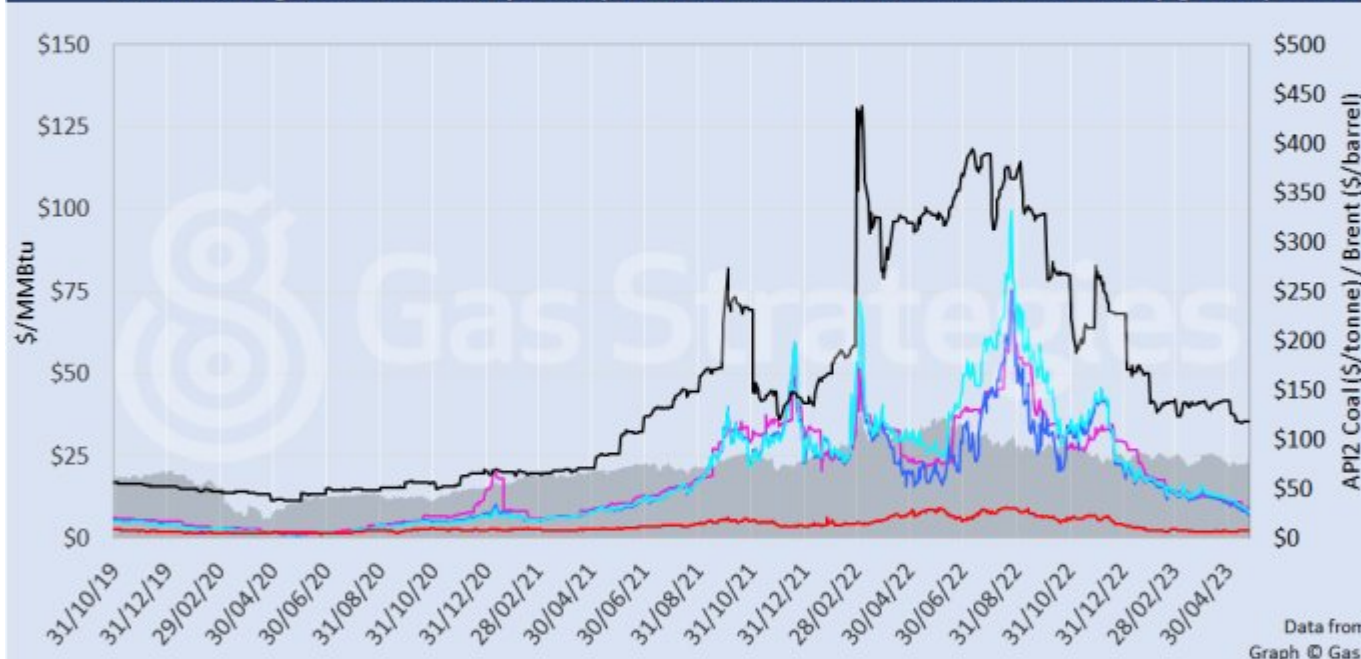
This came after the EIA report indicated that working gas in storage increased by 96 Bcf in the week ending 19 May, compared to analyst consensus of over 100 Bcf. The injection was on par with the five-year average and has resulted in lowering of the front-month Henry Hub contract.

Crude settled lower on Thursday as Russian Deputy Prime Minister Alexander Novak played down the prospect of further OPEC+ production cuts at its meeting next week. Brent settled 2.7% lower at USD 76.26/barrel, and WTI fell by 3.4% to USD 71.83/MMBtu.

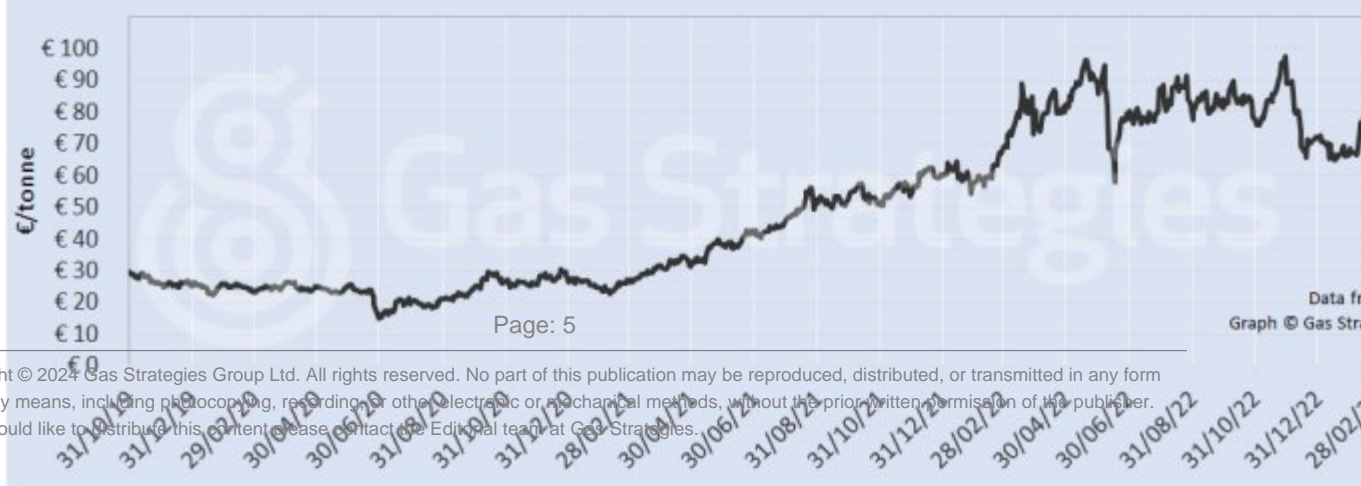
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	25/05/2023	24/05/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.31	2.40	-0.09	
NBP (\$/MMBtu)	7.22	7.96	-0.74	
NBP (£p/th)	58.58	64.37	-5.79	
Henry Hub-NBP spread	4.91	5.56	-0.65	
TTF (\$/MMBtu)	8.00	8.76	-0.76	
TTF (€/MWh)	25.45	27.79	-2.33	
Henry Hub-TTF spread	5.69	6.36	-0.67	
JKM (\$/MMBtu)	9.35	9.58	-0.23	
TTF-JKM spread	1.35	0.82	0.53	
Henry Hub-JKM spread	7.04	7.18	-0.14	
Brent (\$/barrel)	76.26	78.36	-2.10	
WTI (\$/barrel)	71.83	74.34	-2.51	
Brent-WTI spread (\$/barrel)	4.43	4.02	0.41	
API2 Coal (\$/tonne)	118.50	118.65	-0.15	
API2 Coal (\$/MMBtu)	4.74	4.75	-0.01	
EU CO ₂ emissions allowances (€/tonne)	81.23	83.35	-2.12	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 2



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.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com