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Recent days-long rallies in the prices of European and US natural gas futures took a pause on Wednesday, along with coal and carbon prices in Europe, as mild weather and high inventories – the result of an exceptionally mild winter in the northern hemisphere – exerted downward pressures.

The EU's Copernicus weather and climate change service this week confirmed that last month was the warmest February on record globally – the ninth consecutive time that it has done so for the respective month of the year.

The global-average temperature for the past 12 months – March 2023 to February 2024 – is the highest on record, at 0.68°C above the 1991-2020 average and 1.56°C above the 1850-1900 pre-industrial average.

European temperatures last month were 3.3°C above the 1991-2020 average for February, with “much-above average temperatures experienced in central and eastern Europe”.

“The climate responds to the actual concentrations of greenhouse gases in the atmosphere,” said Carlo Buentempo, director of the Copernicus Climate Change Service, “so – unless we manage to stabilise those – we will inevitably face new global temperature records and their consequences.”

The International Energy Agency reported last week that global energy-related emissions of carbon dioxide continued to increase in 2023 – though at a lower rate than in 2022, thanks to the rapid growth of low/zero-carbon energy sources. Emissions were up 1.1% year-on-year.

In continental Europe, front-month natural gas futures fell by 2.9%, from USD 8.74/MMBtu on Tuesday to USD 8.49/MMBtu on Wednesday. It was only the second fall over the past fortnight. In the UK, NBP has been moving in lockstep with TTF, down 3.0% yesterday to USD 8.46/MMBtu.

Both TTF and NBP were hovering around their Tuesday closing prices on Wednesday morning.

In the US, front-month Henry Hub ended a run of three consecutive rises, falling by 1.4%, from USD 1.96/MMBtu on Tuesday to USD 1.93/MMBtu on Wednesday, ahead of weekly storage data to be published on Thursday. The market's expectation is for a low withdrawal of around 37 Bcf.

Meanwhile, production remains close to record levels, despite recent announcements of output curbs to come.

In Asia, the JKM LNG price bucked the downward trend elsewhere, rising by 0.4%, from USD 8.38/MMBtu on Tuesday to USD 8.42/MMBtu on Wednesday, close to parity with TTF.

European coal prices edged down, with API 2 falling by 0.1% to USD 4.50/tonne, while EU emissions allowances fell 2.2% to EUR 57.42/tonne.

Crude oil futures continue to trade in a narrow band, with Brent up 1.1%, from USD 82.04/barrel on Tuesday to USD 82.96/barrel on Wednesday. WTI was up 1.3% to USD 79.13/barrel.

Over the past month, Brent has been contained within a range of USD 81.60-83.68/barrel.

Front-month futures and indexes at last close with day-on-day changes:

Front-month futures/index	06/03/2024	05/03/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.93	1.96	-0.03	
NBP (\$/MMBtu)	8.46	8.73	-0.27	
NBP (£p/th)	66.47	68.70	-2.23	
Henry Hub-NBP spread	6.53	6.77	-0.24	
TTF (\$/MMBtu)	8.49	8.74	-0.25	
TTF (€/MWh)	26.57	27.47	-0.90	
Henry Hub-TTF spread	6.56	6.78	-0.22	
JKM (\$/MMBtu)	8.42	8.38	0.03	
TTF-JKM spread	-0.07	-0.36	0.29	
Henry Hub-JKM spread	6.49	6.42	0.06	
Brent (\$/barrel)	82.96	82.04	0.92	
WTI (\$/barrel)	79.13	78.15	0.98	
Brent-WTI spread (\$/barrel)	3.83	3.89	-0.06	
API2 Coal (\$/tonne)	112.60	112.75	-0.15	
API2 Coal (\$/MMBtu)	4.50	4.51	-0.01	
EU CO ₂ emissions allowances (€/tonne)	57.42	58.71	-1.29	

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)



[1] 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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