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Price movements on global energy markets were muted on Friday, with natural gas futures rising in Europe and Asia but falling in the US. Oil was down by just over a percentage point but still rangebound.

In the US, Henry hub front-month futures fell by 0.7%, from USD 1.82/MMBtu on Thursday to USD 1.81/MMBtu on Friday, with storage high, demand tepid and announced production curbs yet to exert a persistent upwards influence.

It was the third consecutive fall since prices approached – and briefly exceeded – USD 2/MMBtu last week.

Lost winter

Friday brought confirmation from the National Oceanic and Atmospheric Administration (NOAA) that the US has just seen its warmest winter on record. The contiguous US experienced an average temperature of 37.6°F (3.1°C), 5.4°F above average, during the three months of meteorological winter – December to February.

Ice coverage across the Great Lakes reached a historic low of 2.7% on 11 February – the lowest amount of ice coverage in mid-February on record.

The news comes in the wake of last week's announcement by the EU's Copernicus weather and climate change service that last month was the warmest February on record globally – the ninth consecutive time for the respective month of the year.

Parity party

In continental Europe, TTF closed up 1.5%, from USD 8.34/MMBtu on Thursday to USD 8.46/MMBtu on Friday, while NBP was up 1.2%, from USD 8.36/MMBtu also to USD 8.46/MMBtu, putting the two benchmarks on parity. Both were moving downwards on Monday morning.

Joining the parity party was the Asian JKM LNG price, which also closed at USD 8.46/MMBtu on Friday.

Relatively low natural gas prices in spot markets have been attracting buyers in China, Bangladesh and South America, with several tenders issued recently.

Moreover, the wide gulf between gas and oil prices is giving LNG buyers with oil-indexed contracts an incentive to minimise their purchases under these contracts – to the extent that they can – and to make up the difference with cheaper spot cargoes.

Crude oil futures remain in dynamic equilibrium, as economic concerns offset geopolitical worries.

Brent crude was down 1.1% on Friday, from USD 82.96/barrel on Thursday to USD 82.08/barrel, while

WTI fell by 1.2%, from USD 78.93/barrel to USD 78.01/barrel. Prices were down by another half percentage point on Monday by lunchtime in London.

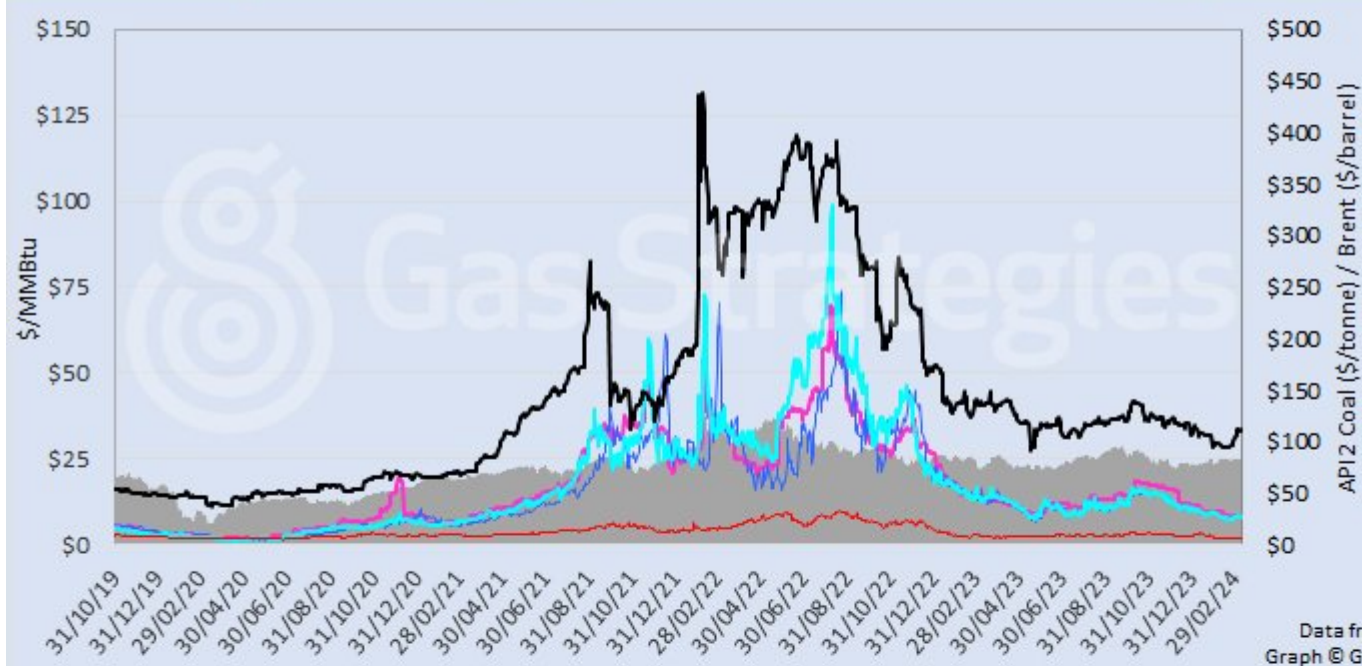
European coal prices moved in line with gas prices, with API2 up 0.5%, from USD 4.42/MMBtu on Thursday to USD 4.44/MMBtu on Friday.

Carbon prices bucked the trend, with EU allowances down 1.3% to EUR 56.58/tonne.

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

Front-month futures/index	08/03/2024	07/03/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.81	1.82	-0.01	
NBP (\$/MMBtu)	8.46	8.36	0.10	
NBP (£p/th)	65.79	65.30	0.49	
Henry Hub-NBP spread	6.65	6.55	0.11	
TTF (\$/MMBtu)	8.46	8.34	0.12	
TTF (€/MWh)	26.39	25.99	0.40	
Henry Hub-TTF spread	6.66	6.52	0.13	
JKM (\$/MMBtu)	8.46	8.40	0.06	
TTF-JKM spread	0.00	0.06	-0.06	
Henry Hub-JKM spread	6.66	6.58	0.07	
Brent (\$/barrel)	82.08	82.96	-0.88	
WTI (\$/barrel)	78.01	78.93	-0.92	
Brent-WTI spread (\$/barrel)	4.07	4.03	0.04	
API2 Coal (\$/tonne)	111.00	110.50	0.50	
API2 Coal (\$/MMBtu)	4.44	4.42	0.02	
EU CO ₂ emissions allowances (€/tonne)	56.58	57.32	-0.74	

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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