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# Pricewatch | 18 March 2024 | Gas Matters Today

Natural gas prices diverged on Friday – the Ides of March – with US front-month returning to a steep decline after Thursday's brief reversal, while European futures continued to rally. In contrast, the Asian JKM price sat tight, with another muted rise.

The return to decline of US gas prices was down to the usual suspects: milder weather than normal for the time of year, surprisingly high inventories at the end of winter – way above the five-year maximum-minimum range – and strong supply, despite recent announcements by some producers that they intend to curb output.

Thursday's rally came after six consecutive declines and followed storage data that showed a surprise withdrawal rather than the expected early injection. On Friday, as traders digested that news, April Henry Hub closed down 4.9%, from USD 1.74/MMBtu on Thursday to USD 1.66/MMBtu – ending up back to where it closed on Wednesday.

The outage at Freeport LNG continues, with further repairs on one of the 5 mtpa liquefaction trains. Despite this, the April Henry Hub contract rallied on Monday, up more than 5% in morning trading.

In continental Europe, front-month TTF was up 3.8%, from USD 8.31/MMBtu on Thursday to USD 8.63/MMBtu on Friday, moving in tandem with the UK's NBP, which closed up 4.1% from USD 8.32/MMBtu to USD 8.67/MMBtu.

In their morning commentary, traders at Energi Danmark observed that: "The increases happen despite a lack of fundamental changes, which indicates that the market considers the current price level a floor, following the long-lasting downtrend over the previous several months."

The near straight-line decline that took place in European gas prices from October to February appears to have given way to a – still volatile – plateau. That said, prices continued to rally on Monday morning, confounding bearish fundamentals.

## **A mandate for Putin?**

In Russia, President Vladimir Putin claimed a landslide victory over the weekend in what one commentator dismissed as a "special electoral operation". It is significant in that Putin can now claim a mandate for his "special military operation" in Ukraine – a war which led to unprecedented disruption of European and global natural gas and other energy markets.

Thanks to warmer-than-usual weather, urgent policy actions, and burgeoning US LNG exports, Europe has now made it through two winters without facing a gas supply crisis, despite its loss of most of Russia's pipeline gas imports. High inventories put the continent in a good position to prepare for winter 2024/25.

In Asia, JKM continued its gentle rise of recent weeks, up 0.4%, from USD 8.49/MMBtu on Thursday to USD 8.52/MMBtu on Friday.

Crude oil prices remained at around highs last reached in October, with Brent down 0.1% to USD 85.34/barrel and WTI down 0.3% to USD 81.04/barrel.

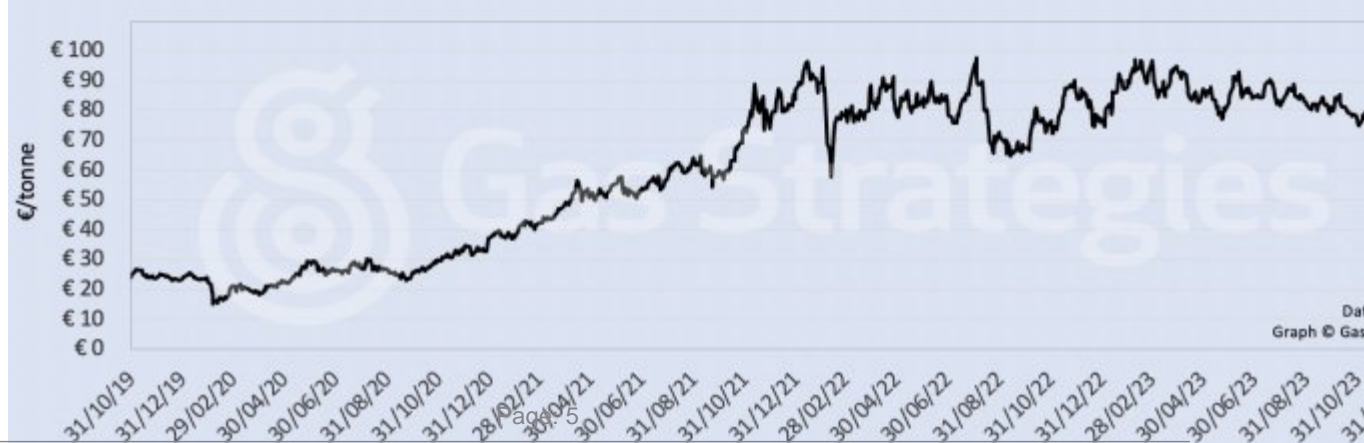
Front-month futures and indexes at last close with day-on-day changes:

Front-month futures/index	15/03/2024	14/03/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.66	1.74	-0.09	
NBP (\$/MMBtu)	8.67	8.32	0.34	
NBP (€/th)	68.01	65.27	2.74	
Henry Hub-NBP spread	7.01	6.58	0.43	
TTF (\$/MMBtu)	8.63	8.31	0.32	
TTF (€/MWh)	27.03	26.05	0.98	
Henry Hub-TTF spread	6.97	6.57	0.40	
JKM (\$/MMBtu)	8.52	8.49	0.03	
TTF-JKM spread	-0.10	0.18	-0.29	
Henry Hub-JKM spread	6.87	6.75	0.12	
Brent (\$/barrel)	85.34	85.42	-0.08	
WTI (\$/barrel)	81.04	81.26	-0.22	
Brent-WTI spread (\$/barrel)	4.30	4.16	0.14	
API2 Coal (\$/tonne)	112.35	112.25	0.10	
API2 Coal (\$/MMBtu)	4.49	4.49	0.00	
EU CO <sub>2</sub> emissions allowances (€/tonne)	57.57	56.68	0.89	

US, UK and EU gas hubs, Asian LNG (left axis), API2 coal front-month futures and Brent crude (right axis), since 2019



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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