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Friday brought a bearish end to a week of volatility in natural gas futures in all three of the main gas-consuming regions around the globe, with Henry Hub, JKM, TTF and NBP all down on the previous day. Crude oil futures edged upwards but were on their way down again on Monday morning.

In the US, front-month Henry Hub closed at its lowest since late February, down 8.7% from a week before, in the wake of Thursday's storage data from the Energy Information Administration.

At one point, the May contract fell below USD 1.50/MMBtu before bouncing back on the day on which it expired to close at USD 1.61/MMBtu – caught in a lull between the winter heating season and the air conditioning load of summer, and raising the prospect of further output curbs on the part of producers concerned about rock-bottom prices.

In continental Europe, the May TTF contract – which expires today – erased Thursday's 3% gain, ending the day at the same closing price as Wednesday, USD 9.06/MMBtu. The trend on Monday morning was distinctly downwards.

In the UK, NBP was down 3.4%, from USD 9.27/MMBtu on Thursday to USD 8.96/MMBtu on Friday. Like TTF, the May NBP contract was moving downwards on Monday morning on its final day of trading.

A run of net withdrawals from European Union storage facilities, caused by cooler-than-normal weather in north-west Europe, ended on Wednesday with a modest injection to 61.6% full. In the UK, withdrawals continued, leaving storage at 40.6% full, down from 47.8% a week earlier.

UK storage capacity, which is relatively low as a proportion of peak demand, will rise significantly in the middle of next year when a new LNG storage tank is commissioned at the Isle of Grain import terminal east of London.

In Asia, JKM fell for the second consecutive day, down 1.0% from USD 10.43/MMBtu on Thursday to USD 10.33/MMBtu on Friday. The TTF-JKM spread widened from USD 1.09/MMBtu to USD 1.27/MMBtu.

While crude oil futures were up on Friday, with Brent close to USD 90/barrel, near-term pressures look bearish, amid signs that some kind of peace agreement may be reached in Gaza while the US Federal Reserve looks unlikely to cut interest rates soon, given the latest inflation data published on Friday.

Expectations are that rates will held where they are following Wednesday's meeting of the Federal Reserve, with some commentators questioning whether there will be any reductions in 2024.

Brent was up 0.6% on Friday, from USD 89.01/barrel to USD 89.50/barrel while WTI was up 0.3%, from USD 83.57/barrel to USD 83.85/barrel. Both were moving downwards on Monday morning because of concerns over near-term demand.

European coal prices moved downwards in line with gas, with API2 down by 0.5%, from USD

4.74/MMBtu on Thursday to USD 4.72/MMBtu on Friday.

European carbon prices joined the downward trend, with EU emissions allowances down 2.2% to EUR 65.16/tonne.

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

Front-month futures/index	26/04/2024	25/04/2024	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	1.61	1.64	-0.02	
NBP (\$/MMBtu)	8.96	9.27	-0.32	
NBP (£p/th)	71.87	74.49	-2.62	
Henry Hub-NBP spread	7.34	7.64	-0.29	
TTF (\$/MMBtu)	9.06	9.34	-0.28	
TTF (€/MWh)	28.89	29.77	-0.89	
Henry Hub-TTF spread	7.44	7.70	-0.26	
JKM (\$/MMBtu)	10.33	10.43	-0.11	
TTF-JKM spread	1.27	1.09	0.17	
Henry Hub-JKM spread	8.71	8.79	-0.08	
Brent (\$/barrel)	89.50	89.01	0.49	
WTI (\$/barrel)	83.85	83.57	0.28	
Brent-WTI spread (\$/barrel)	5.65	5.44	0.21	
API2 Coal (\$/tonne)	118.00	118.55	-0.55	
API2 Coal (\$/MMBtu)	4.72	4.74	-0.02	
EU CO ₂ emissions allowances (€/tonne)	65.16	66.60	-1.44	

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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