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The short-term volatility exhibited by natural gas prices in recent days continued on Wednesday, with Tuesday's across-the-board gains reversing.

This suggests that sentiment rather than market fundamentals is currently the main driver.

In continental Europe, the Dutch TTF marker fell by 5.7% on Wednesday, from Tuesday's close of EUR 42.40/MWh (USD 13.38/MMBtu) to EUR 39.97/MWh (USD 12.64/MMBtu). In the UK, NBP was down by a similar percentage of 5.5% from 103.37 p/therm (USD 12.61/MMBtu) on Tuesday to 97.72 p/therm (USD 11.95/MMBtu).

EU leaders came together on Thursday for a two-day meeting of the European Council, with the main agenda items including the latest developments in Russia's war against Ukraine and energy security.

"On energy, our priority continues to be to guarantee security of supply at affordable prices," said Council President Charles Michel in his invitation letter to leaders. It will be an opportunity to discuss this week's proposal from the European Commission for a continuation of emergency legislation to voluntarily reduce gas demand by 15% for another 12 months to ensure that shortages are averted in winter 2023/24.

In an interview with the Financial Times, the head of Germany's Federal Network Agency, Klaus Müller, warned that companies and households would need to cut gas use further if Germany is to avoid a winter energy crunch, "without any Russian pipeline gas at all". Before the invasion of Ukraine, 55% of Germany's gas came from Russia. Storage in Germany is currently 64% full, much higher than a year ago.

In Asia, the JKM LNG marker fell by 7.4% on Wednesday, from USD 13.65/MMBtu on Tuesday to USD 12.64/MMBtu, leaving it at parity with TTF in dollar terms.

In the US, Henry Hub fell by 7.5% from USD 2.35/MMBtu on Wednesday to USD 2.17/MMBtu, despite forecasts of colder weather expected over the coming weekend and into next week and the continuing ramp-up of Freeport LNG.

The latest weekly natural gas storage report from the US Energy Information Administration shows that working gas in storage in the Lower 48 states on 17 March was an ample 1,900 Bcf, a net decrease of 72 Bcf from the previous week and within the five-year historical range.

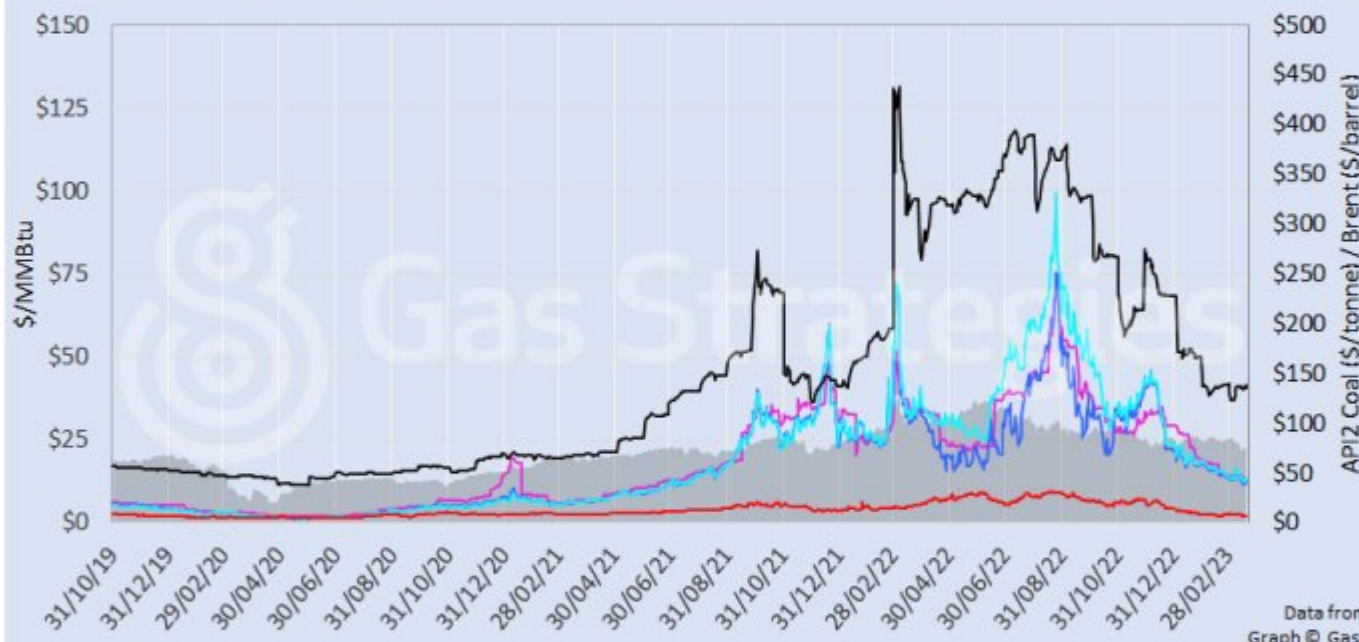
Stocks were 504 Bcf higher than a year ago and 351 Bcf above the five-year average of 1,549 Bcf. Most of the withdrawals were in the East and Midwest regions.

Oil prices rose again yesterday, with Brent up 1.8% from USD 75.32/barrel on Tuesday to USD 76.69/barrel, and WTI up 2.3% from USD 69.33/barrel to USD 70.90/barrel.

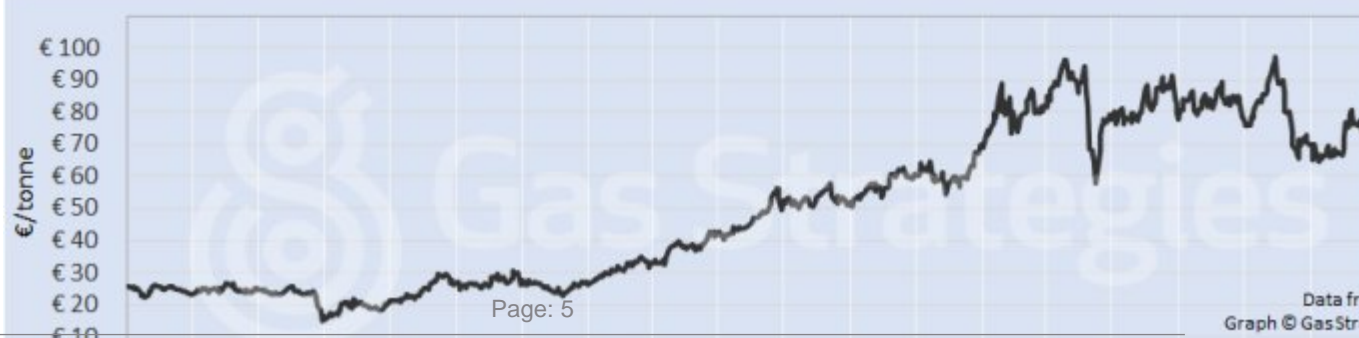
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	22/03/2023	21/03/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.17	2.35	-0.18	
NBP (\$/MMBtu)	11.95	12.61	-0.66	
NBP (£p/th)	97.72	103.37	-5.65	
Henry Hub-NBP spread	9.78	10.26	-0.48	
TTF (\$/MMBtu)	12.64	13.38	-0.74	
TTF (€/MWh)	39.97	42.40	-2.43	
Henry Hub-TTF spread	10.47	11.04	-0.56	
JKM (\$/MMBtu)	12.64	13.65	-1.01	
TTF-JKM spread	0.00	0.26	-0.26	
Henry Hub-JKM spread	10.47	11.30	-0.83	
Brent (\$/barrel)	76.69	75.32	1.37	
WTI (\$/barrel)	70.90	69.33	1.57	
Brent-WTI spread (\$/barrel)	5.79	5.99	-0.20	
API2 Coal (\$/tonne)	135.65	138.65	-3.00	
API2 Coal (\$/MMBtu)	5.43	5.55	-0.12	
EU CO <sub>2</sub> emissions allowances (€/tonne)	86.77	86.88	-0.11	

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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