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Natural gas prices presented a mixed picture on Thursday, with prices in Europe and Asia continuing their volatile week, once again swinging strongly upwards after Wednesday's falls, while US prices stabilised.

Crude prices ended their streak of gains, falling by about 1% after US Energy Secretary Jennifer Granholm said it may take several years to refill the country's Strategic Petroleum Reserve (SPR). In the US, Henry Hub front-month futures fell by a whisker from USD 2.17/MMBtu on Wednesday to USD 2.15/MMBtu. The latest natural gas update from the US Energy Information Administration (EIA), published on Thursday, showed that consumption was at its lowest level for five years in January and February – which helps to explain why prices have been so low in recent weeks.

Consumption averaged 104.4 Bcf in January, 10% lower than in January 2022 and 5% lower than the five-year (2018–2022) average for January. The average in February was 103.0 Bcf/d, 6% lower than in February 2022 and 3% lower than the five-year average for February.

Consumption in the residential and commercial sectors was 18% lower in January and 12% lower in February than in the same months in 2022 because of above-average temperatures. Fewer heating degree days (HDDs) at the beginning of 2023 led to lower gas consumption in the residential and commercial sectors in the Midwest and Northeast, where natural gas accounts for the highest percentage of heating fuel.

Consumption in electricity generation was 23% higher in the first two months of this year than in January and February 2022 and 33% higher than the five-year average for the two months combined.

Gas deliveries to the Freeport LNG export terminal averaged 655 MMcf/d in the week ending Wednesday, 205 MMcf/d above last week's average and 36% of the terminal's full feed gas capacity. However, gas deliveries to the LNG export sector overall were down 0.2 Bcf/d on last week, averaging 13.0 Bcf/d.

In continental Europe, the Dutch TTF marker was up 8.0% on Thursday, from Wednesday's close of EUR 39.97/MWh (USD 12.64/MMBtu) to EUR 43.19/MWh (USD 13.78/MMBtu). In the UK, NBP rose by 9.0% from 97.72 p/therm (USD 11.95/MMBtu) on Wednesday to 106.54 p/therm (USD 13.13/MMBtu).

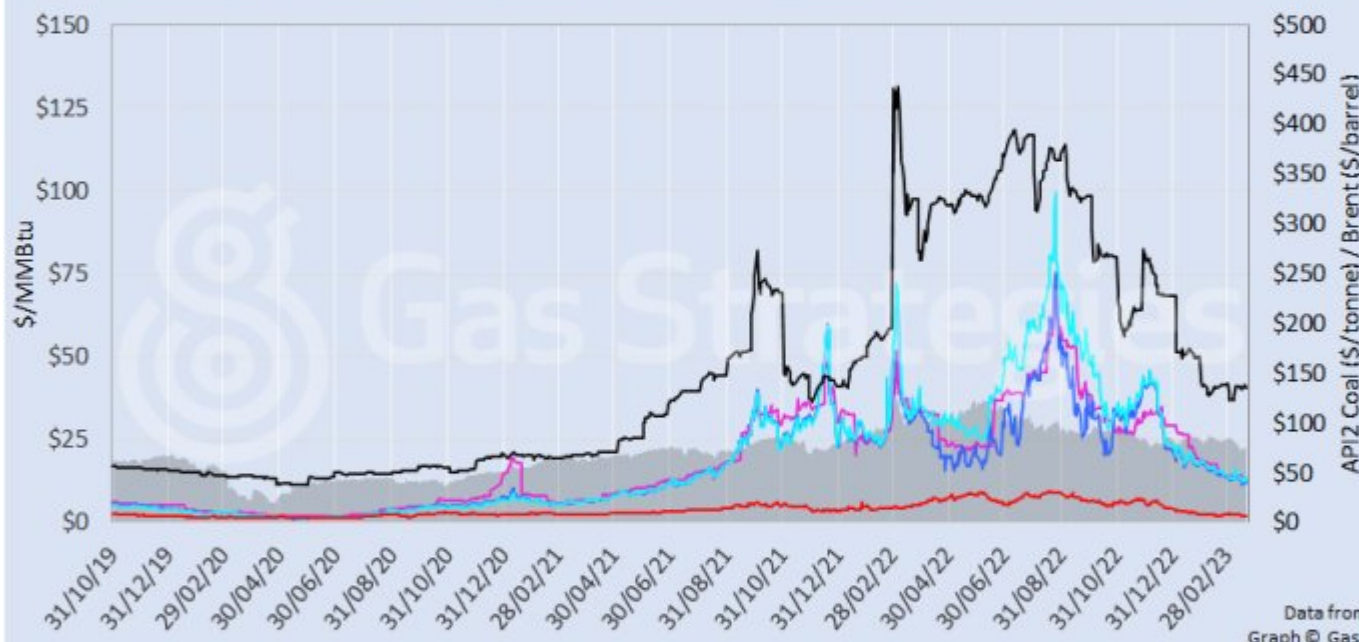
In Asia, the JKM LNG marker rose by 5.6% on Thursday, from USD 12.64/MMBtu on Wednesday to USD 13.35/MMBtu, meaning that European prices were higher, with the TTF-JKM spread at USD -0.43/MMBtu.

Oil prices ended this week's run of gains yesterday, with Brent down 1.0% from USD 76.69/barrel on Wednesday to USD 75.91/barrel, and WTI down 1.3% from USD 70.90/barrel to USD 69.96/barrel.

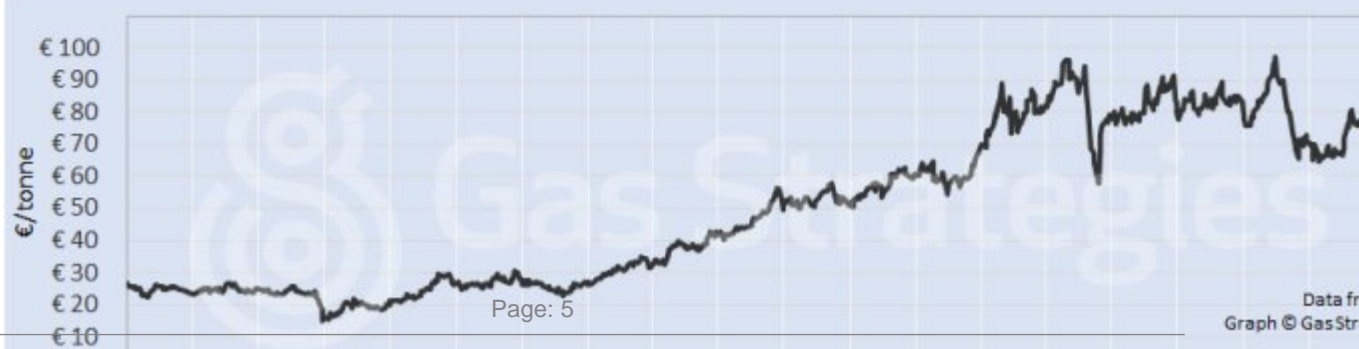
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	23/03/2023	22/03/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.15	2.17	-0.02	
NBP (\$/MMBtu)	13.13	11.95	1.18	
NBP (£p/th)	106.54	97.72	8.82	
Henry Hub-NBP spread	10.97	9.78	1.19	
TTF (\$/MMBtu)	13.78	12.64	1.14	
TTF (€/MWh)	43.19	39.97	3.21	
Henry Hub-TTF spread	11.63	10.17	1.16	
JKM (\$/MMBtu)	13.35	12.64	0.71	
TTF-JKM spread	-0.43	0.00	-0.43	
Henry Hub-JKM spread	11.20	10.47	0.73	
Brent (\$/barrel)	75.91	76.69	-0.78	
WTI (\$/barrel)	69.96	70.90	-0.94	
Brent-WTI spread (\$/barrel)	5.95	5.79	0.16	
API2 Coal (\$/tonne)	135.65	135.65	0.00	
API2 Coal (\$/MMBtu)	5.43	5.43	0.00	
EU CO ₂ emissions allowances (€/tonne)	89.69	86.77	2.92	

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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