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[1]

European gas prices saw little change in Thursday's session, with the TTF front-month contract still at its lowest level in the last year.

According to Energi Danmark, the market appears settled by the warm weather outlook for the beginning of May and the healthy supply picture in Europe.

TTF saw a 0.8% increase to 13.04/MMBtu, while NBP fell 0.5% to USD 11.90/MMBtu.

The European Commission reported that gas consumption in the EU fell 18% in the period August 2022-March 2023, therefore exceeding the 15% reduction target set out for the period. Data reveals that the majority of EU states reached the 15% reduction target, but in some countries energy consumption is not dominated by natural gas. Those countries include Finland (saved 55.7%), Lithuania (40.5%) and Sweden (37.2%).

In France, the government said the cap on electricity price hikes will stay in place beyond 2023 and likely be phased out over a two-year period.

The country's finance minister Bruno Le Maire was reported as saying by Reuters on Friday: "Electricity prices haven't returned to normal, so we will take a little more time to withdraw the price cap. I give us another two years until early 2025."

Meanwhile, the JKM remained relatively stable, 0.1% lower at USD 12.24/MMBtu, therefore leaving TTF

in a premium relative to the Asian LNG marker.

However, this might change, as the US Climate Prediction Centre last week increased the probability of El Niño weather conditions emerging between June and August to 75%. The phenomenon generally tends to bring warmer weather to Asia, therefore exacerbating the demand for air conditioning in the summer months.

In the US, Henry Hub's front-month contract saw a 1.2% increase to USD 2.25/MMBtu. This was led by weather forecasts showing cooler weather returning every few days or so through early May, which was cushioned by strong storage injections seen in EIA's weekly storage data.

Inventories for the week ending 14 April increased by 75 Bcf, coming in on the higher side of expectations.

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

Front-month futures/index	20/04/2023	19/04/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.25	2.22	0.03	
NBP (\$/MMBtu)	11.90	11.96	-0.06	
NBP (£p/th)	95.60	96.11	-0.51	
Henry Hub-NBP spread	9.65	9.74	-0.08	
TTF (\$/MMBtu)	13.04	12.94	0.11	
TTF (€/MWh)	40.57	40.30	0.27	
Henry Hub-TTF spread	10.79	10.72	0.08	
JKM (\$/MMBtu)	12.24	12.25	-0.01	
TTF-JKM spread	-0.81	-0.69	-0.12	
Henry Hub-JKM spread	9.99	10.02	-0.04	
Brent (\$/barrel)	81.10	83.12	-2.02	
WTI (\$/barrel)	78.20	80.07	-1.87	
Brent-WTI spread (\$/barrel)	2.90	3.05	-0.15	
API2 Coal (\$/tonne)	138.50	137.35	1.15	
API2 Coal (\$/MMBtu)	5.54	5.49	0.05	
EU CO ₂ emissions allowances (€/tonne)	89.54	92.00	-2.46	

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)



[2] 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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