

News : US gas futures set 14-year high as European gas prices surge to record highs

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- **NYMEX Henry Hub** last settled higher in 2008
- **Dutch TTF** reached all-time high on Aug. 15

US natural **gas** spot and futures prices climbed to fresh heights in Aug. 16 trading, with market watchers suggesting a potential domino effect on **US** prices from the record-high **European gas** prices.

The **NYMEX Henry Hub** prompt-month rose 60.10 cents to settle at \$9.329/MMBtu on Aug. 16, preliminary settlement data from the **CME** Group showed. The Aug. 16 rally just surpassed the previous 14-year high of \$9.322/MMBtu set on June 6. The prompt-month price last settled higher on Aug. 1, 2008.

The \$9/MMBtu mark has long been a key resistance point for **US gas** futures, with a prompt-month contract previously settling above \$9/MMBtu just twice in the last 14 years, both times in June.

The increases extended along the forward curve, with all contracts through February 2023 settling above \$9/MMBtu. The January 2023 contract climbed as high as \$9.577/MMBtu, with the December contract not far behind at \$9.508/MMBtu.

Cash prices for **gas** also surged in Aug. 16 trading for next-day flows, likely in response to the futures market. The rally in the cash market touched every region, regardless of local supply-demand fundamentals, with preliminary settlement data from S&P Global Commodity Insights showing most prices rose 50-90 cents on the day.

Cash **Henry Hub** rose 69.50 cents to settle at \$9.245/MMBtu, just shy of the multi-year record of \$9.46/MMBtu set on June 8.

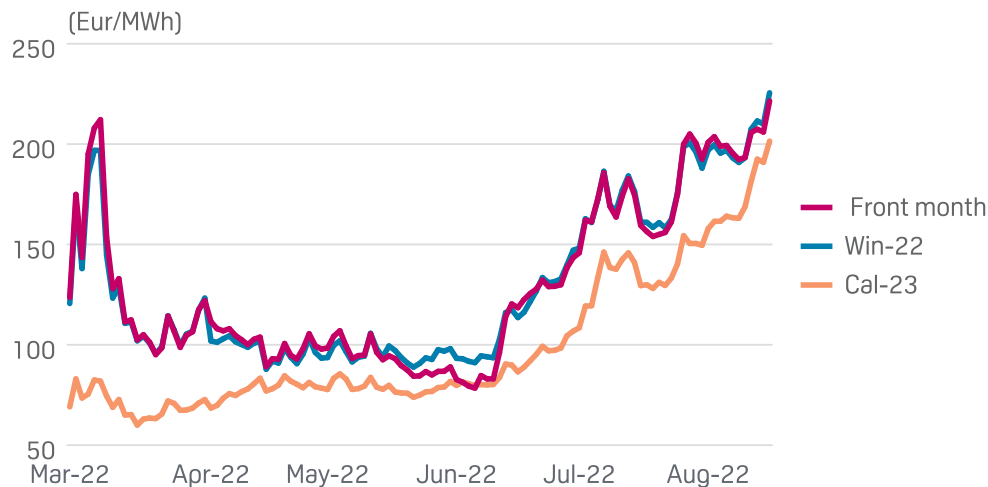
European gas crunch

With **US LNG feedgas** demand averaging 12 Bcf/d year to date, up from 10.5 Bcf/d from the same period in 2021, the **US** has more exposure to global market dynamics now than ever before.

"I think **Europe** is the big story here, more than anything domestic," Elaine Levin, president at brokerage Powerhouse, told S&P Global in a telephone interview. "Those prices are going through the roof and bringing everything with it."

The **European gas** benchmark **Dutch TTF** saw its front-month contract reach an all-time high of Eur221.475/MWh at its Aug. 15 close, passing the previous record set in March, pricing data from S&P Global showed.

DUTCH TTF REACHES RECORD HIGH PRICES



Source: S&P Global Commodity Insights

Gas supply concerns in **Europe** have fueled an unprecedented pricing rally in recent months as the region contends with lower **Russian** pipeline flows, falling domestic production, and the steep cost of **LNG** imports.

Recently, the **Dutch government** affirmed its plans to close its **Groningen gas** fields permanently, which will increase **Europe** 's dependence on **gas** imports.

Domestic fundamentals

US gas supply and demand fundamentals have loosened over the last week, suggesting that other drivers were behind the Aug. 16 spot and futures **gas** price rally.

On the demand side, Platts Analytics data showed that power sector demand for **gas** has weakened in recent days, as temperatures have cooled in the **US** Northeast and Midwest, which are major **gas** consuming regions. **Gas** -fired power demand averaged 41.7 Bcf/d over Aug. 10-16, down 13% from averaging 47.8 Bcf/d in the previous week of Aug. 3-9.

Cooling demand was poised to fall even further in the near term. The **US** National Weather Service's six- to 10-day and eight- to 14-day outlooks showed temperatures across the Midwest and Southeast falling to normal or below-normal ranges over the next two weeks.

On the supply side, **US gas** production also eased, data from Platts Analytics showed. Dry **gas** production fell around 1.1 Bcf on the day to 94.6 Bcf on Aug. 16.

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