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[1]

US natural gas benchmark Henry Hub crashed by almost 10% yesterday to settle at USD 2.507/MMBtu on milder weather forecasts and an unexpected build on storage levels, which extinguished any remaining bullish sentiment inspired by record-breaking US LNG exports from the Lower 48 states. The January-dated CME HH contract is now trading below the February contract, which yesterday closed at USD 2.515/MMBtu, indicating that traders are discounting the possibility of a winter rally.

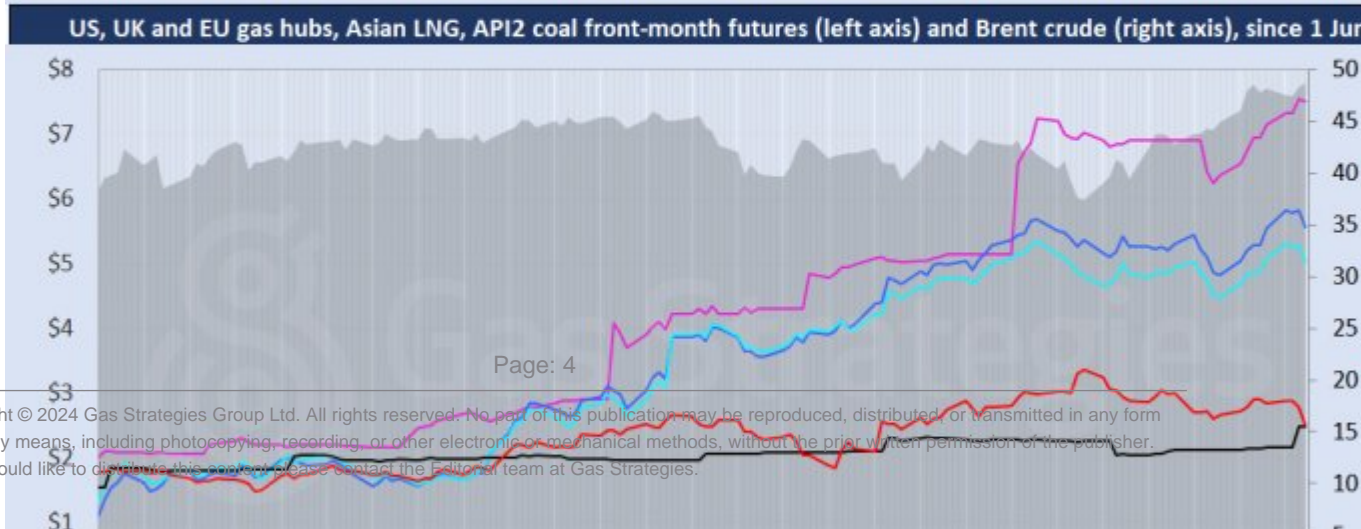
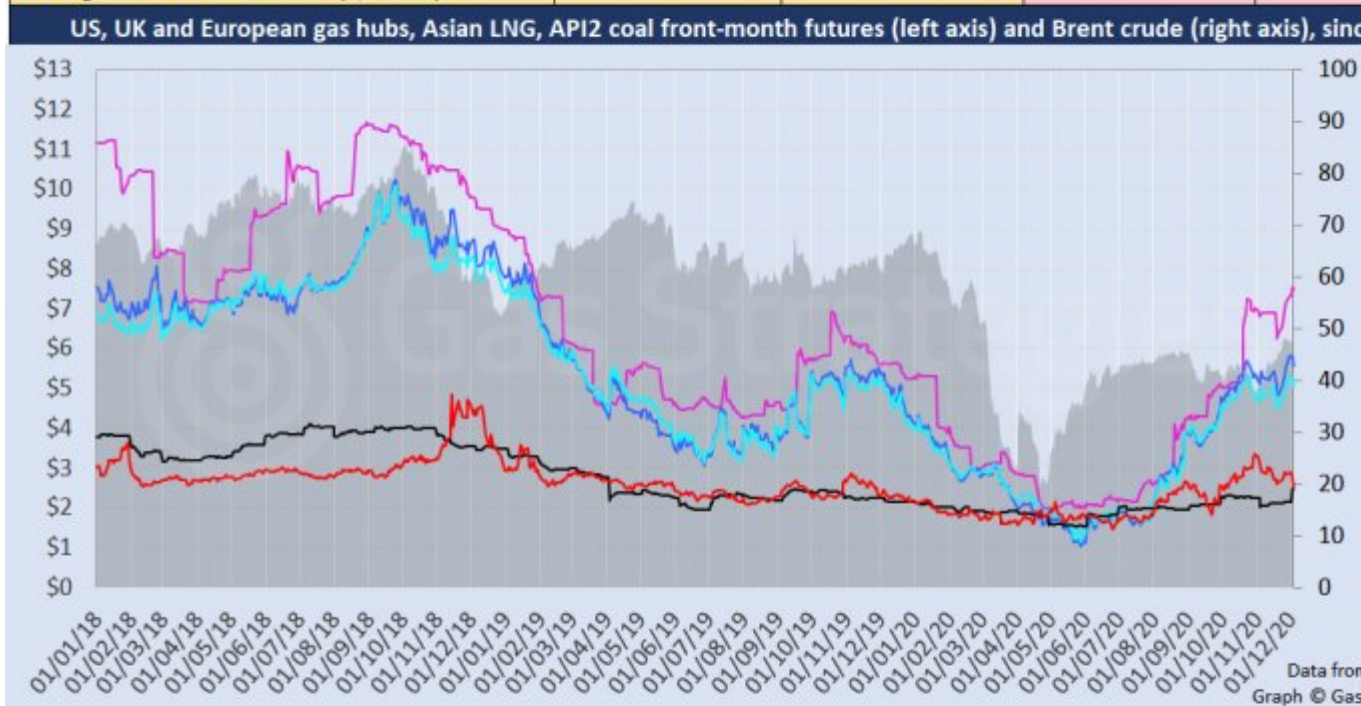
The HH collapse seemed to weigh on European gas hubs too, as cheaper feedgas for US LNG exports should be reflected in wholesale prices in LNG importing countries. UK NBP and Dutch TTF fell by 5.5% and 5.1% to settle at the equivalent of USD 5.56/MMBtu and USD 5.04/MMBtu, respectively. CME's JKM futures contract also fell by 0.7% to USD 7.50/MMBtu, bringing to an end a two-week rally.

Crude oil prices rose after OPEC+ members finally agreed to a cautious increase in global supplies in January, which should mitigate the risk of oversupply before Covid-19 travel restrictions are eased by the rollout of vaccines throughout 2021. Brent and WTI gained 1% and 0.8% to settle at USD 48.71/barrel and USD 45.64/barrel, respectively, and both were trading around 1.3% higher on Friday.

The EU carbon price yesterday fell off its 10-week high, with the front-month carbon allowance (EUA) contract losing 1.9% to close at exactly EUR 29/tonne.

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

| Front-month futures/index                         | 03/12/2020 | 02/12/2020 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu)                              | 2.51       | 2.78       | -0.27          |       |
| NBP (\$/MMBtu)                                    | 5.56       | 5.82       | -0.26          |       |
| NBP (£p/th)                                       | 41.20      | 43.62      | -2.42          |       |
| Henry Hub-NBP spread                              | 3.05       | 3.04       | 0.01           |       |
| TTF (\$/MMBtu)                                    | 5.04       | 5.28       | -0.25          |       |
| TTF (€/MWh)                                       | 14.14      | 14.91      | -0.76          |       |
| Henry Hub-TTF spread                              | 2.53       | 2.50       | 0.03           |       |
| JKM (\$/MMBtu)                                    | 7.50       | 7.55       | -0.05          |       |
| TTF-JKM spread                                    | 2.46       | 2.27       | 0.20           |       |
| Henry Hub-JKM spread                              | 4.99       | 4.77       | 0.22           |       |
| Brent (\$/barrel)                                 | 48.71      | 48.25      | 0.46           |       |
| WTI (\$/barrel)                                   | 45.64      | 45.28      | 0.36           |       |
| Brent-WTI spread (\$/barrel)                      | 3.07       | 2.97       | 0.10           |       |
| API2 Coal (\$/tonne)                              | 61.80      | 62.00      | -0.20          |       |
| API2 Coal (\$/MMBtu)                              | 2.47       | 2.48       | -0.01          |       |
| EU CO <sub>2</sub> emissions allowances (€/tonne) | 29.00      | 29.55      | -0.55          |       |



[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 reserved.*



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