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[1]

The Asian LNG spot price continued rising yesterday after a barn-storming bull run over the Christmas and New Year break, propelled by ongoing frenzied winter buying amid reports that a spot cargo changed hands for more than USD 20/MMBtu – reportedly the highest on record for the Platts JKM benchmark. CME’s JKM futures contract, a financial hedging instrument against JKM, yesterday rose 4.4% to USD 14.93/MMBtu having already gained 36% between Christmas Eve and New Year’s Eve.

European gas hubs are following suit on forecasts of imminent colder winter temperatures, with month-ahead UK NBP gaining 5.4% yesterday to settle at the equivalent of USD 8.06/MMBtu and Dutch TTF rising by 3.8% to USD 7.13/MMBtu. NBP has not traded above USD 8/MMBtu since January 2019.

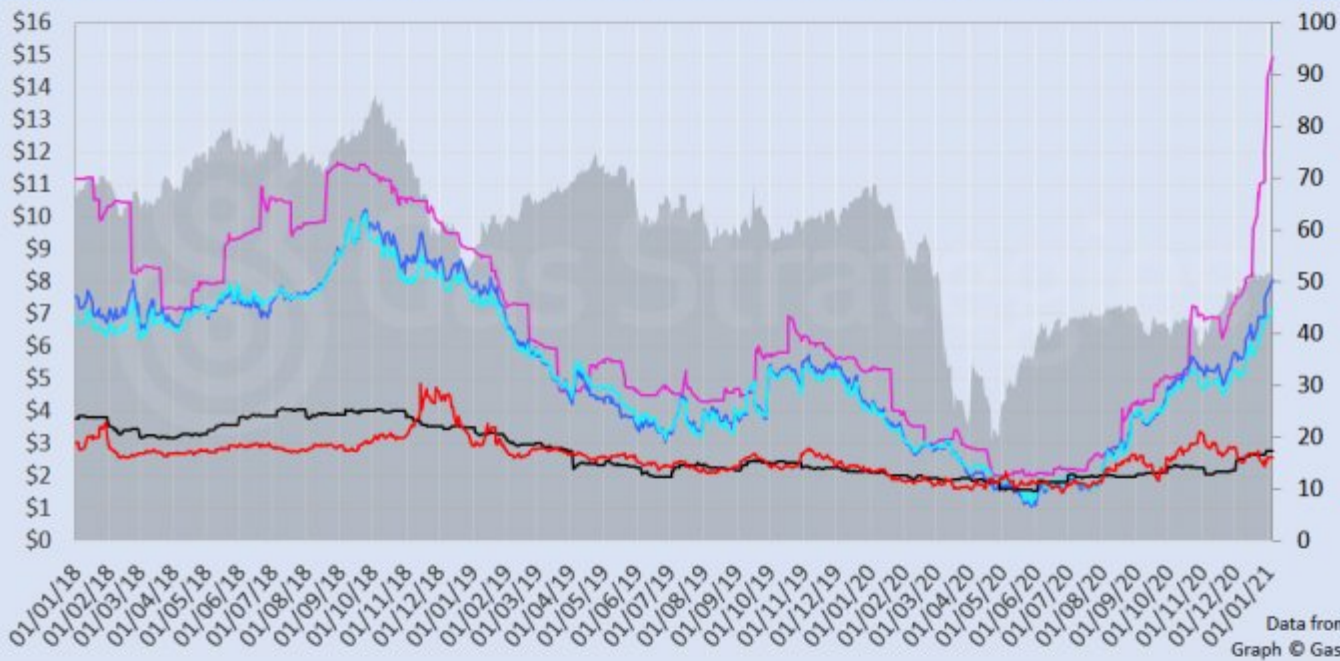
Oil prices softened yesterday amid ongoing splits in the OPEC+ alliance over production cuts, with Brent edging closer to the critical USD 50/barrel threshold and WTI dropping below USD 48/barrel. However, both were trading up by more than 1% on Tuesday morning.

The European carbon price surged to a fresh all-time high yesterday of EUR 33.56/tonne, surpassing the previous record of EUR 33.29/tonne achieved on 28 December. The start of the new ten-year trading phase yesterday was characterised by renewed speculative buying, spurred by the EU’s recent decision to target at least 55% emissions reductions on 1990 levels by 2030.

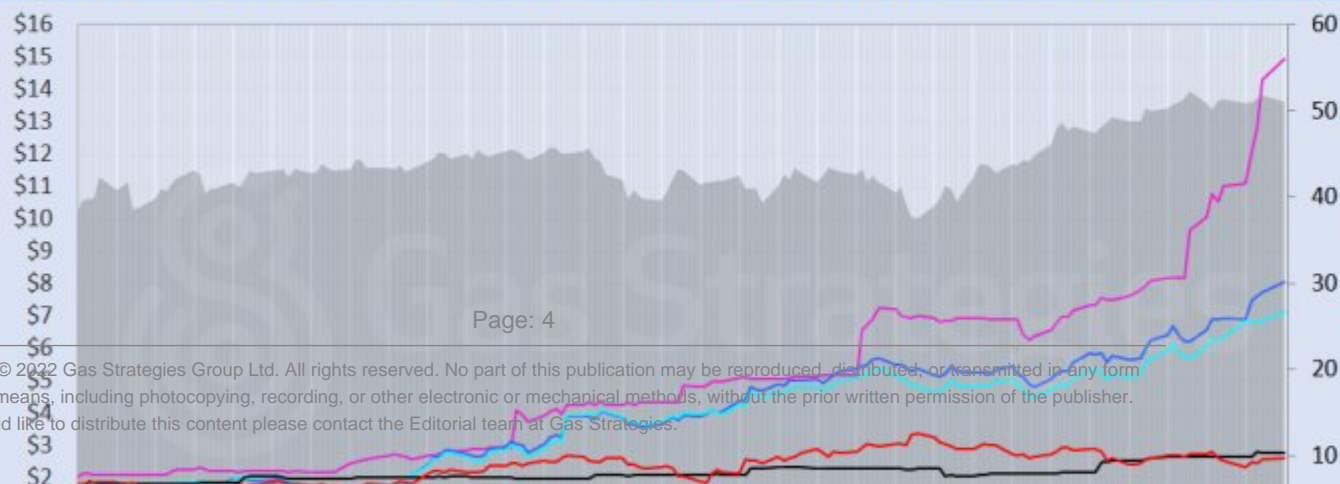
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	04/01/2021	31/12/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.58	2.55	0.03	
NBP (\$/MMBtu)	8.06	7.61	0.45	
NBP (£p/th)	59.45	56.40	3.05	
<i>Henry Hub-NBP spread</i>	<i>5.48</i>	<i>5.06</i>	<i>0.41</i>	
TTF (\$/MMBtu)	7.13	6.81	0.32	
TTF (€/MWh)	19.84	19.12	0.72	
<i>Henry Hub-TTF spread</i>	<i>4.55</i>	<i>4.26</i>	<i>0.28</i>	
JKM (\$/MMBtu)	14.93	14.30	0.63	
<i>TTF-JKM spread</i>	<i>7.80</i>	<i>7.49</i>	<i>0.31</i>	
<i>Henry Hub-JKM spread</i>	<i>12.35</i>	<i>11.75</i>	<i>0.60</i>	
Brent (\$/barrel)	51.09	51.80	-0.71	
WTI (\$/barrel)	47.62	48.52	-0.90	
<i>Brent-WTI spread (\$/barrel)</i>	<i>3.47</i>	<i>3.28</i>	<i>0.19</i>	
API2 Coal (\$/tonne)	69.35	69.25	0.10	
API2 Coal (\$/MMBtu)	2.77	2.77	0.00	
EU CO₂ emissions allowances (€/tonne)	33.56	32.57	0.99	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jun 2020



[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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