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Contents

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[1]

European gas prices rocketed to levels not seen since late 2018 on Tuesday amid expected prolonged colder weather and a tight LNG market. The front-month UK NBP surged by 17.7% to hit the equivalent of USD 10.56/MMBtu – marking a high not seen since late September 2018. The Dutch TTF marker settled at its highest since mid-November 2018 after surging by 18.2% to close at the equivalent of USD 9.32/MMBtu.

The Asian LNG bull run slowed on Tuesday as the price remained unchanged, with US gas benchmark Henry Hub showing marginal gains.

Crude oil prices hit an 11-month high on the back of a larger than expected draw on US crude inventories for the week ending 8 January. The American Petroleum Institute reported a draw of 5.8 million barrels – a level more than double the 2.26 million barrels that analysts had predicted.

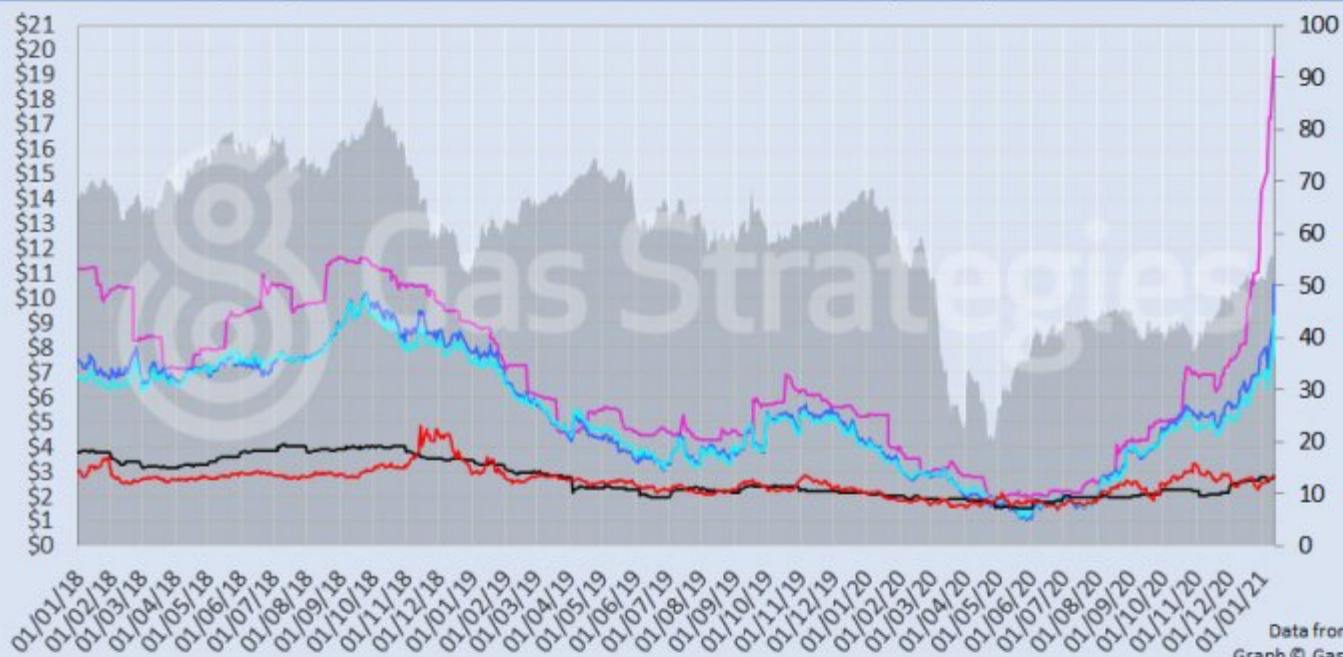
News of the inventory draw down, coupled with Saudi's voluntary production cuts saw the front-month Brent price hit USD 56.58/barrel and WTI close at USD 53.21/barrel.

As for coal, the month-ahead AP12 coal contract hit its highest level since March 2019 amid strong demand in Asia – with the northeast of the region gripped by a cold snap – and tight supply.

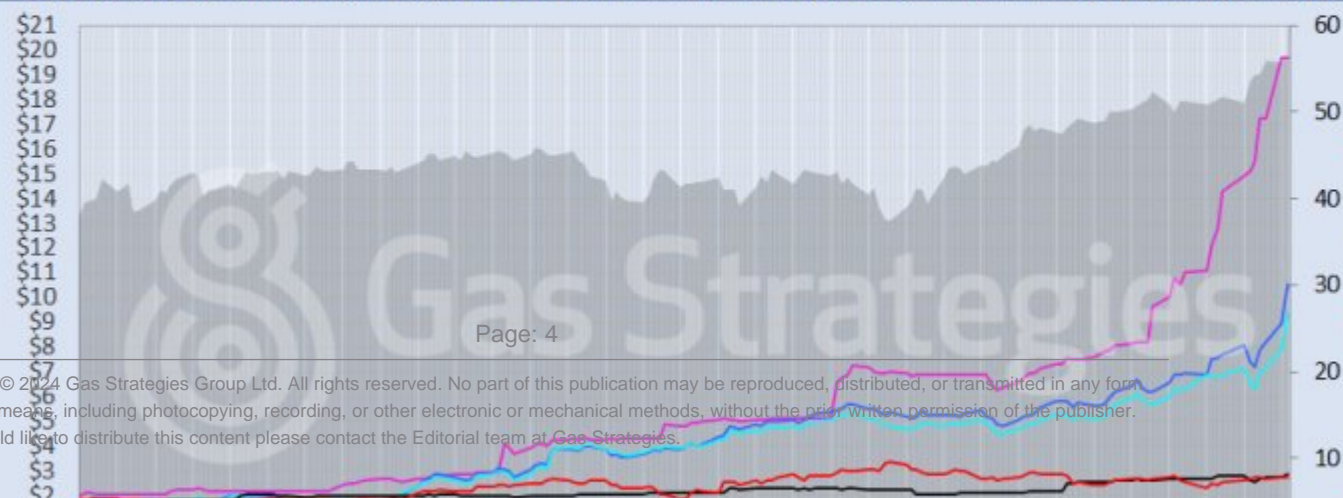
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	12/01/2021	11/01/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.75	2.75	0.01	
NBP (\$/MMBtu)	10.56	8.97	1.59	
NBP (£p/th)	77.43	66.30	11.13	
Henry Hub-NBP spread	7.80	6.22	1.58	
TTF (\$/MMBtu)	9.32	7.89	1.43	
TTF (€/MWh)	26.16	22.12	4.03	
Henry Hub-TTF spread	6.57	5.14	1.43	
JKM (\$/MMBtu)	19.70	19.70	0.00	
TTF-JKM spread	10.38	11.81	-1.43	
Henry Hub-JKM spread	16.95	16.95	-0.01	
Brent (\$/barrel)	56.58	55.66	0.92	
WTI (\$/barrel)	53.21	52.25	0.96	
Brent-WTI spread (\$/barrel)	3.37	3.41	-0.04	
API2 Coal (\$/tonne)	70.75	68.45	2.30	
API2 Coal (\$/MMBtu)	2.83	2.74	0.09	
EU CO ₂ emissions allowances (€/tonne)	34.54	34.42	0.12	

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 Jan 2018



[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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