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[1]

Oil prices diverged on Thursday, with the front-month WTI price settling at its highest since May 2019. The US crude marker rallied by 0.5% to settle at USD 63.53/barrel, with news of US Gulf Coast refineries restarting lifting WTI on Thursday.

The gains were not mirrored by Brent, with the front-month price falling by 0.2% to settle in the USD 66/barrel range. Brent slumped amid concerns that the recent price rally will prompt OPEC+ producers to boost output from April.

US benchmark Henry Hub continued to fall despite the US Energy Information Administration (EIA) reporting on Thursday that US gas storage fell by 338 Bcf in the week ending 19 February – marking the second largest weekly draw ever recorded on US storage.

The cold weather across the large parts of the country – namely the US Gulf Coast – was behind the major draw on gas storage, with gas production cuts across the US Lower 48 also aiding the draw down. The largest weekly draw on US gas storage was in the week ending 5 January, 2019, when 359 Bcf was withdrawn from inventories.

Despite the major draw on storage, the front-month Henry Hub price fell by 2.7% to close in the USD 2.7/MMBtu range, with forecasts of warmer weather across the US behind the slump on Thursday.

In Europe, gas prices returned to the red on Thursday. The month-ahead UK NBP price and the front-month Dutch TTF price both fell by ~2%. NBP settled at the equivalent of USD 5.68/MMBtu, with TTF

settling at the equivalent of USD 5.71/MMBtu.

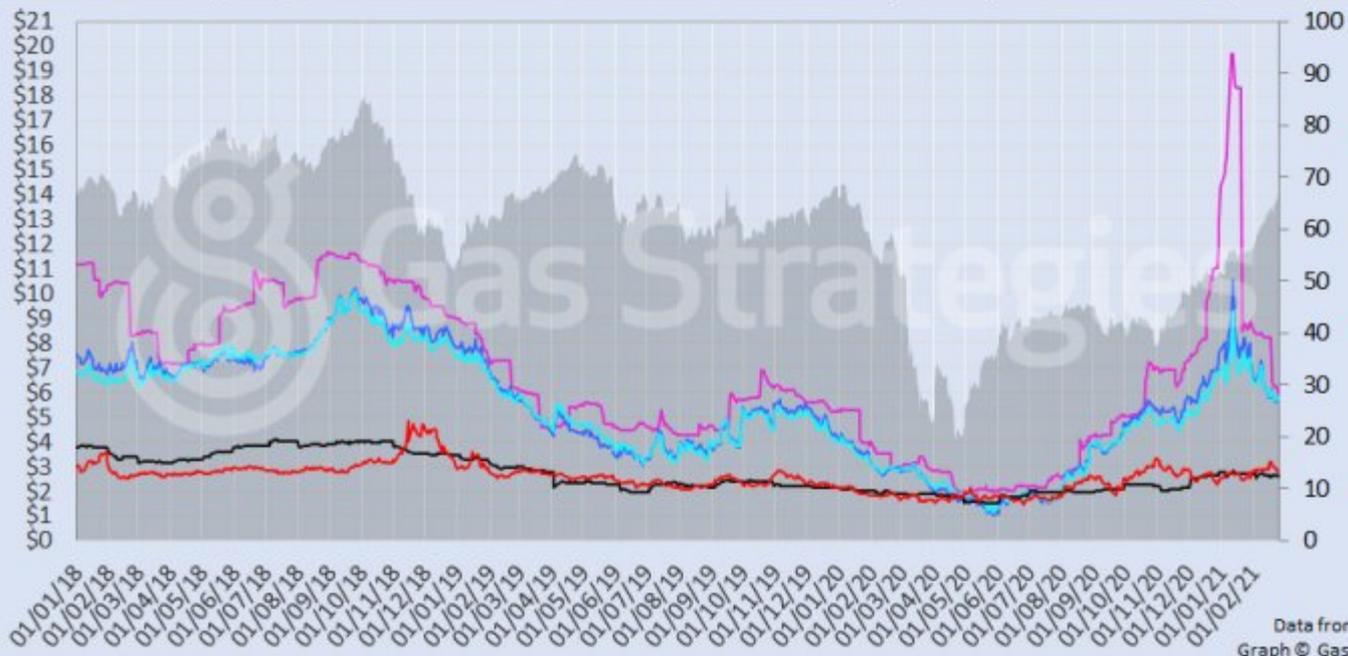
CME's JKM futures contract fell for a fifth straight day, with the price settling in the USD 5/MMBtu range for the first time since 19 October last year.

The European carbon price returned to the EUR 38/tonne range after recording a loss of 2.3% on Thursday.

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

| Front-month futures/index | 25/02/2021 | 24/02/2021 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 2.78 | 2.85 | -0.08 | |
| NBP (\$/MMBtu) | 5.68 | 5.81 | -0.12 | |
| NBP (£p/th) | 40.29 | 41.18 | -0.89 | |
| Henry Hub-NBP spread | 2.91 | 2.95 | -0.05 | |
| TTF (\$/MMBtu) | 5.71 | 5.83 | -0.12 | |
| TTF (€/MWh) | 15.94 | 16.38 | -0.45 | |
| Henry Hub-TTF spread | 2.93 | 2.97 | -0.04 | |
| JKM (\$/MMBtu) | 5.81 | 6.04 | -0.24 | |
| TTF-JKM spread | 0.09 | 0.21 | -0.12 | |
| Henry Hub-JKM spread | 3.03 | 3.19 | -0.16 | |
| Brent (\$/barrel) | 66.88 | 67.04 | -0.16 | |
| WTI (\$/barrel) | 63.53 | 63.22 | 0.31 | |
| Brent-WTI spread (\$/barrel) | 3.35 | 3.82 | -0.47 | |
| API2 Coal (\$/tonne) | 65.80 | 65.75 | 0.05 | |
| API2 Coal (\$/MMBtu) | 2.63 | 2.63 | 0.00 | |
| EU CO ₂ emissions allowances (€/tonne) | 38.20 | 39.09 | -0.89 | |

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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