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[1]

European gas prices continued to tank on Wednesday, pushed lower by the plummeting carbon price and weaker gas prices in Asia.

The front-month NBP and TTF contracts fell by over 8%, with the UK gas benchmark settling at the equivalent of USD 8.18/MMBtu – its lowest close since 29 April. Dutch marker TTF settled at USD 8.11/MMBtu – its lowest close since 4 May.

The collapse by the European gas markers has been pinned on the falling European carbon price, which recorded a loss of 6.3% on Wednesday to settle at EUR 49.65/tonne – its lowest close since 6 May. The price crash on the EU ETS has been driven by profit taking and some British utilities selling EUAs, with the maiden auction on the UK ETS held on Wednesday.

Weaker gas prices in Asia also pushed European gas lower, with TTF and NBP having taken a premium over JKM in recent days as competition for LNG cargoes heats up. The Asian LNG marker was up 3.7% on Wednesday as the front-month contract rolled over to July, however day-on-day the July contract fell by 5.2% to settle at USD 9.47/MMBtu.

In the US, gas benchmark Henry Hub continued to fall, settling in the USD 2.9/MMBtu range after recording a 1.6% loss. The loss may in part be due to weaker feed gas flows to the nation's LNG plants.

As for crude, the front-month Brent and WTI contracts continued to fall amid bearish demand-side news. Surging Covid-19 cases in Asia continue to weigh on the price of oil, with inflation fears in the US also

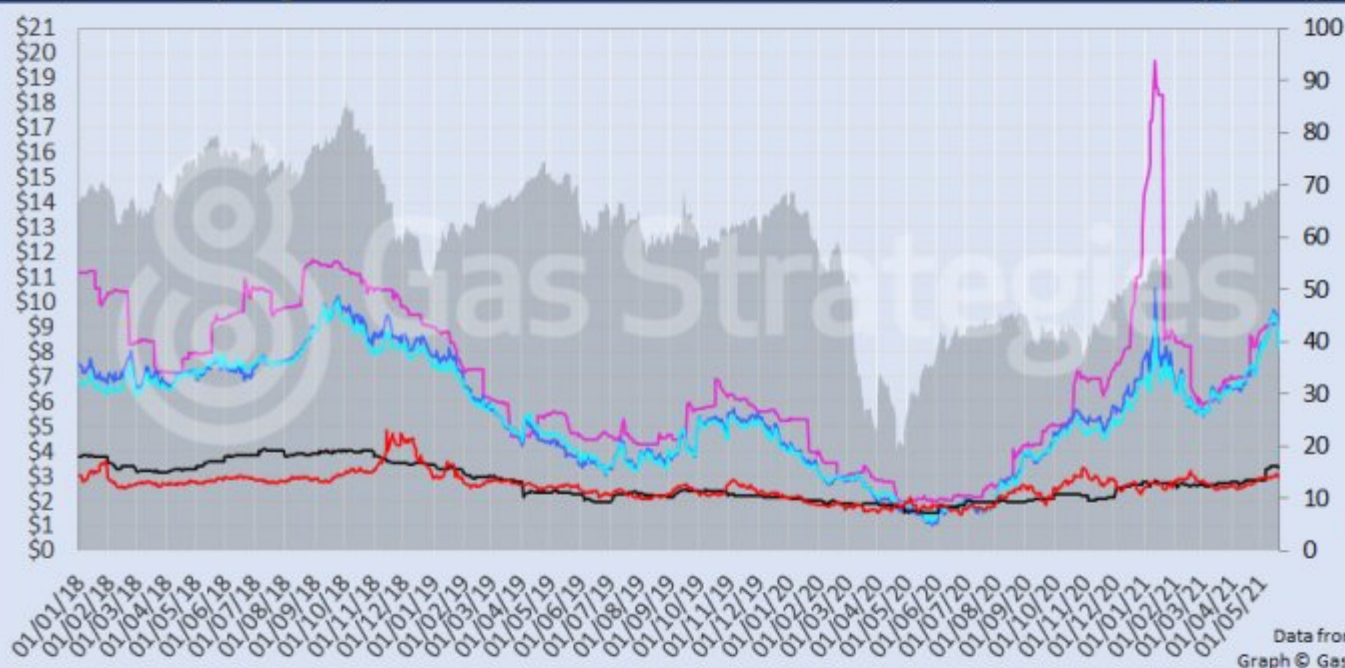
hitting the price of crude.

Brent and WTI fell by over USD 2/barrel on Wednesday to settle at USD 66.66/barrel and USD 63.35/barrel respectively.

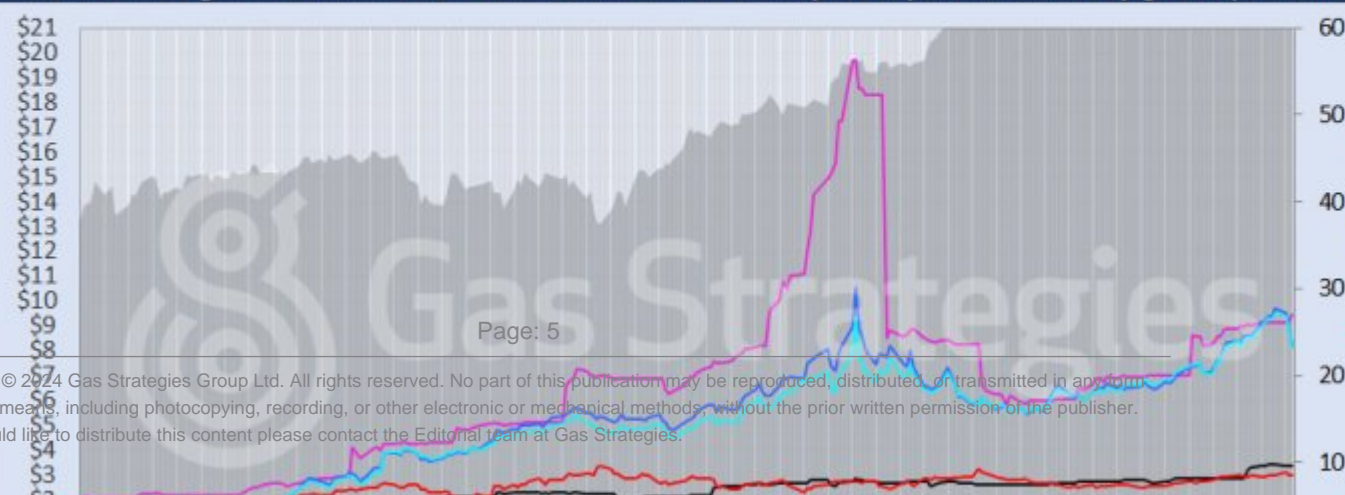
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	19/05/2021	18/05/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.96	3.01	-0.05	
NBP (\$/MMBtu)	8.18	8.96	-0.79	
NBP (£p/th)	57.73	63.20	-5.47	
Henry Hub-NBP spread	5.21	5.95	-0.74	
TTF (\$/MMBtu)	8.11	8.87	-0.76	
TTF (€/MWh)	22.66	24.81	-2.15	
Henry Hub-TTF spread	5.15	5.86	-0.71	
JKM (\$/MMBtu)	9.47	9.13	0.34	
TTF-JKM spread	1.36	0.26	1.10	
Henry Hub-JKM spread	6.51	6.12	0.39	
Brent (\$/barrel)	66.66	68.71	-2.05	
WTI (\$/barrel)	63.35	65.49	-2.14	
Brent-WTI spread (\$/barrel)	3.31	3.22	0.09	
API2 Coal (\$/tonne)	84.00	84.60	-0.60	
API2 Coal (\$/MMBtu)	3.36	3.38	-0.02	
EU CO ₂ emissions allowances (€/tonne)	49.56	52.92	-3.36	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



[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.



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