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[1]

European gas prices surged on Friday, with the rally continuing this week as the front-month Dutch TTF contract topped EUR 30/MWh for the first time since 2008 during trading on Monday morning.

The front-month TTF and NBP contracts settled ~3.5% higher on Friday, to settle at equivalent of USD 10.23/MMBtu and USD 9.92/MMBtu, respectively.

Prices picked up at the tail end of last week amid a tight supply outlook, with planned outages at LNG terminals in France and Netherlands limiting LNG imports. Pipeline exports from Norway have also been hit due to an unplanned outage at the Karsto gas processing plant, cutting flows to Europe by 19 MMcm/d through to 22 June, according to EnergyScan.

Prices continued to rally on Monday with the July-dated TTF contract trading above EUR 30/MWh in the morning – a level at which gas-fired power plants in Europe with average efficiency "start to become less competitive than coal-fired power plants with average efficiency at current EUA and coal price levels," according to EnergyScan.

The gas price rally helped lift European carbon price, which rallied by 1.9% to settle at EUR 51.81/tonne.

In the US, gas benchmark Henry Hub slipped by 1.2% but remained in the USD 3.2/MMBtu range.

As for Asian LNG marker JKM, the front-month contract rolled over into August, with strengthening prices in Europe helping to push the marker higher. JKM settled at USD 11.87/MMBtu on Friday, helping extend

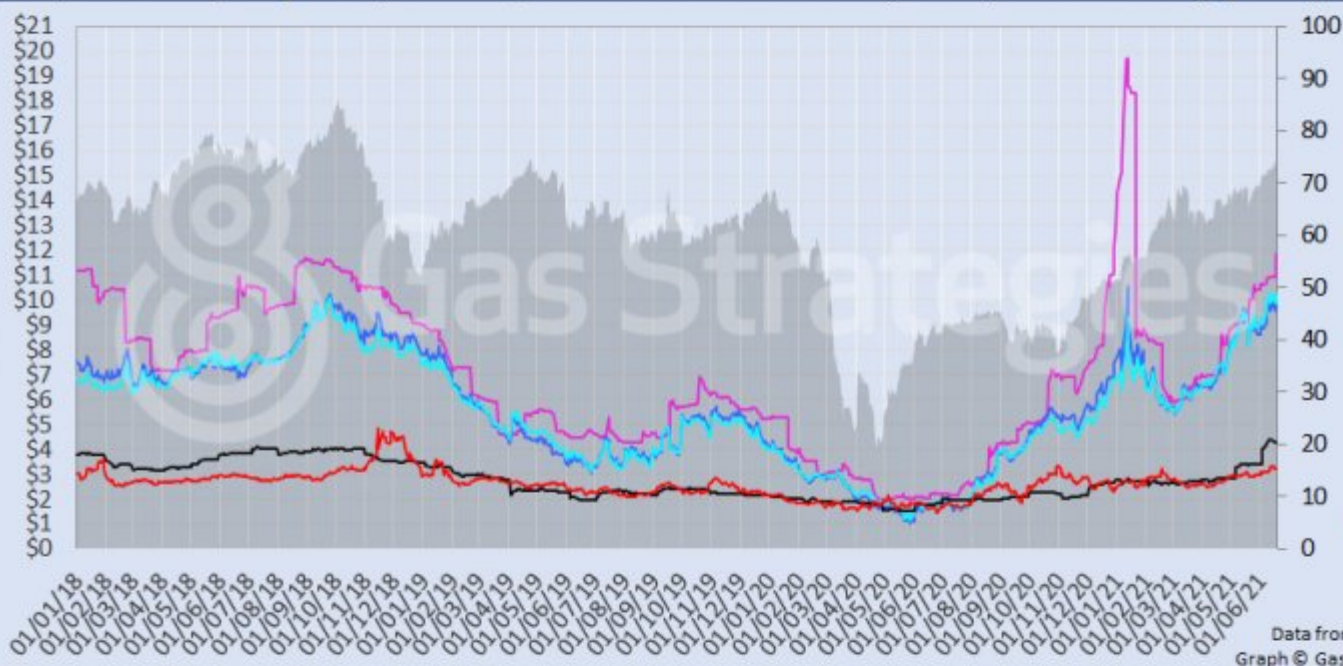
the Asian LNG marker's premium over TTF to USD 1.64/MMBtu.

Crude prices rebounded on Friday, with Brent rallying by 0.6% but remaining in the USD 73/barrel range, with WTI up 0.8% but remaining in the USD 71/barrel range.

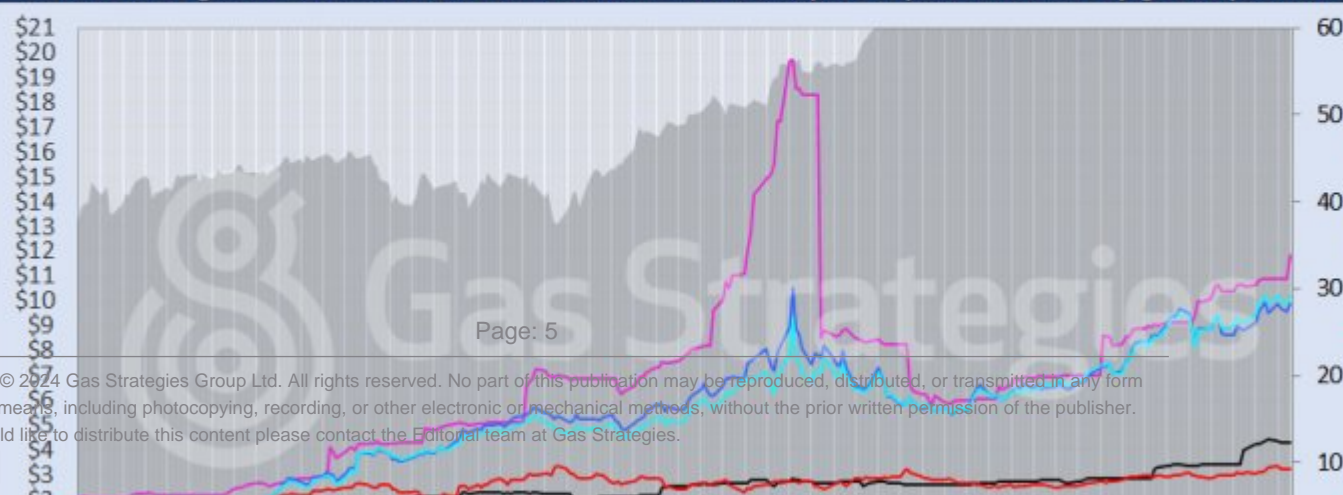
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	18/06/2021	17/06/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.22	3.25	-0.04	
NBP (\$/MMBtu)	9.92	9.58	0.34	
NBP (£p/th)	71.83	68.88	2.95	
Henry Hub-NBP spread	6.71	6.33	0.38	
TTF (\$/MMBtu)	10.23	9.88	0.35	
TTF (€/MWh)	29.40	28.31	1.09	
Henry Hub-TTF spread	7.02	6.63	0.39	
JKM (\$/MMBtu)	11.87	10.92	0.95	
TTF-JKM spread	1.64	1.04	0.60	
Henry Hub-JKM spread	8.66	7.67	0.98	
Brent (\$/barrel)	73.51	73.08	0.43	
WTI (\$/barrel)	71.64	71.04	0.60	
Brent-WTI spread (\$/barrel)	1.87	2.04	-0.17	
API2 Coal (\$/tonne)	107.75	107.80	-0.05	
API2 Coal (\$/MMBtu)	4.31	4.31	0.00	
EU CO ₂ emissions allowances (€/tonne)	51.81	50.82	0.99	

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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