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[1]

European gas prices rebounded on Tuesday, hitting multi-year seasonal highs after Gazprom once again opted not to book any interruptible capacity through Ukraine in the latest auction held by Ukraine's TSO.

The front-month TTF and NBP contracts rallied by 2.7% and 3.2% respectively on Tuesday, with the European gas markers gaining after Gazprom decided not to book any interruptible gas pipeline capacity through Ukraine for July.

The move fuelled fears of a tight supply outlook for July, with Gazprom set to perform planned maintenance on its Nord Stream 1 and Yamal pipelines next month.

"Despite the growing demand in Europe, Gazprom has chosen once again not to book the available transit capacities such behavior, by a major market player, is a canary in a coal mine that Europe can't ignore," Sergiy Makogon, CEO of Gas TSO of Ukraine said on LinkedIn following the auction result.

"[E]urope will face a superficial market crunch as: Yamal pipeline will be suspended 6-10 July, Nord Stream 1 will be suspended 13-23 July... and we can expect a undersupply of 1-2bcm of gas," Makogon said.

"At Gas TSO of Ukraine, we've offered ~60 (mcm)/day of interruptible capacity for July that Gazprom chose not to book," Makogon added.

One trade source told Gas Matters Today that Tuesday's rally was a surprise given many expected

Gazprom not to book interruptible capacity and that such an action should have been priced in.

The rally helped push Asian LNG marker JKM higher, with the front-month contract rallying by 2.2% to close just under USD 13/MMBtu.

Whilst prices in Europe and Asia rebounded, US benchmark Henry Hub made it six days of gains, with the marker closing at USD 3.63/MMBtu – its highest close since December 2018. Henry Hub has been rallying on the back of lower production and strong demand, with domestic demand strengthening due to warm weather and pipeline and LNG exports booming.

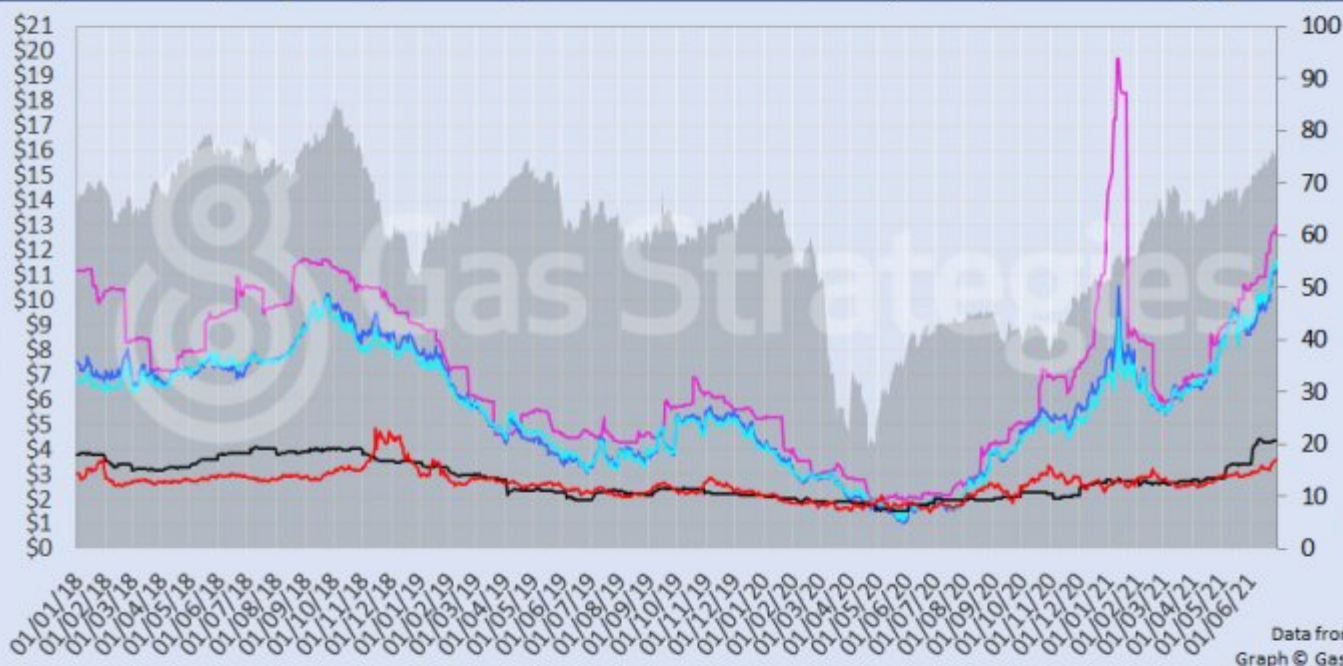
Crude prices recorded a minor recovery on Tuesday, with prices steadying amid growing expectations of a demand recovery during the remainder of the year, despite spiking Covid-19 cases – namely in Asia and Australia.

Brent and WTI closed 0.1% higher, with Brent remaining in the USD 74/barrel range and WTI in the USD 72/barrel range.

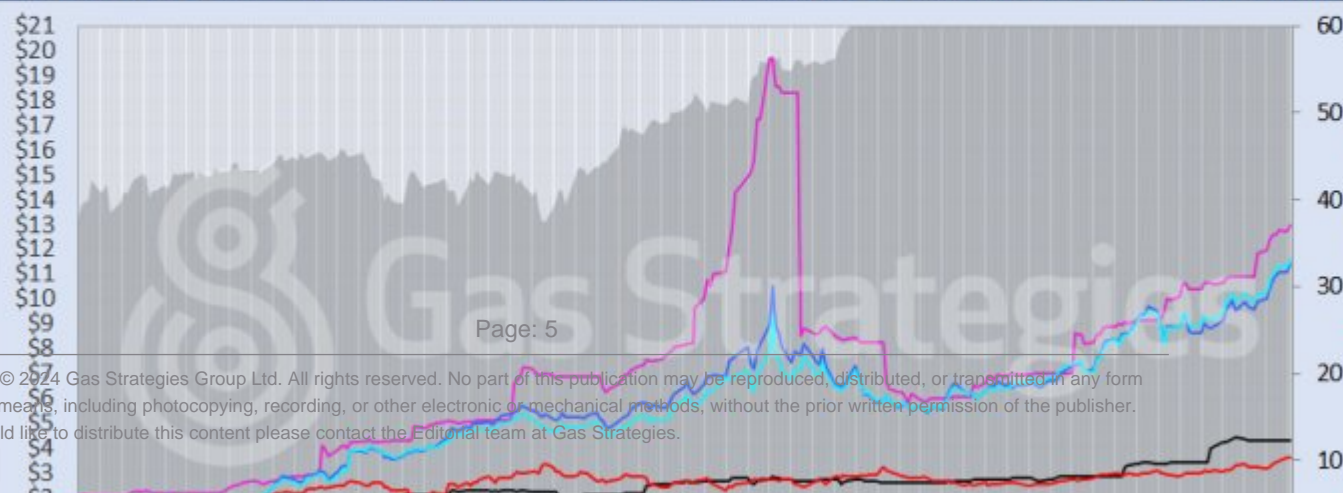
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

| Front-month futures/index | 29/06/2021 | 28/06/2021 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 3.63 | 3.62 | 0.01 | |
| NBP (\$/MMBtu) | 11.42 | 11.06 | 0.36 | |
| NBP (£p/th) | 82.45 | 79.60 | 2.85 | |
| Henry Hub-NBP spread | 7.79 | 7.44 | 0.34 | |
| TTF (\$/MMBtu) | 11.60 | 11.29 | 0.30 | |
| TTF (€/MWh) | 33.24 | 32.29 | 0.95 | |
| Henry Hub-TTF spread | 7.97 | 7.68 | 0.29 | |
| JKM (\$/MMBtu) | 12.98 | 12.70 | 0.28 | |
| TTF-JKM spread | 1.38 | 1.41 | -0.03 | |
| Henry Hub-JKM spread | 9.35 | 9.08 | 0.26 | |
| Brent (\$/barrel) | 74.76 | 74.68 | 0.08 | |
| WTI (\$/barrel) | 72.98 | 72.91 | 0.07 | |
| Brent-WTI spread (\$/barrel) | 1.78 | 1.77 | 0.01 | |
| API2 Coal (\$/tonne) | 108.39 | 108.39 | 0.00 | |
| API2 Coal (\$/MMBtu) | 4.34 | 4.34 | 0.00 | |
| EU CO ₂ emissions allowances (€/tonne) | 55.54 | 55.41 | 0.13 | |

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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