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[1]

Crude prices plunged to a three-week low to start the week, with rising Covid-19 cases in Asia – namely China – raising concerns over oil demand.

The front-month Brent and WTI contracts tumbled by over 2% on Monday, with the international crude benchmark settling at USD 69.04/barrel – its lowest close since 20 July. As for WTI, it closed at USD 66.48/barrel.

Demand concerns linked to spiralling Covid-19 cases in China and the US continue to weigh on oil prices. Goldman Sachs, JPMorgan and Morgan Stanley all slashed their economic growth forecasts for China at the start of the week due to export growth slowing in July and due to concerns over rising Covid cases in the country.

European and US gas prices mirrored crude, with the front-month TTF and NBP contracts falling by 0.9% on Monday. NBP settled at the equivalent of USD 14.86/MMBtu, but maintained its premium over TTF, which fell from a record high on Friday to settle at USD 14.73/MMBtu on Monday.

The UK marker has been falling due to an improving supply outlook amid UK North Sea gas production picking up after maintenance.

As for TTF, the marker has recently been rallying on strong demand – which has increased in part due to low wind output – and tight supply, with a fire at Gazprom's Ugengoy gas condensate processing facility on Thursday last week lifting prices higher.

It is unclear when flows from Russia will fully return, with the fire on Thursday knocking out ~25% of gas production in Russia, one trade source told Gas Matters Today. Prices could bounce back later this week.

The fall by the gas markers weighed on the European carbon price, which fell 0.1% to settle at EUR 56.55/tonne.

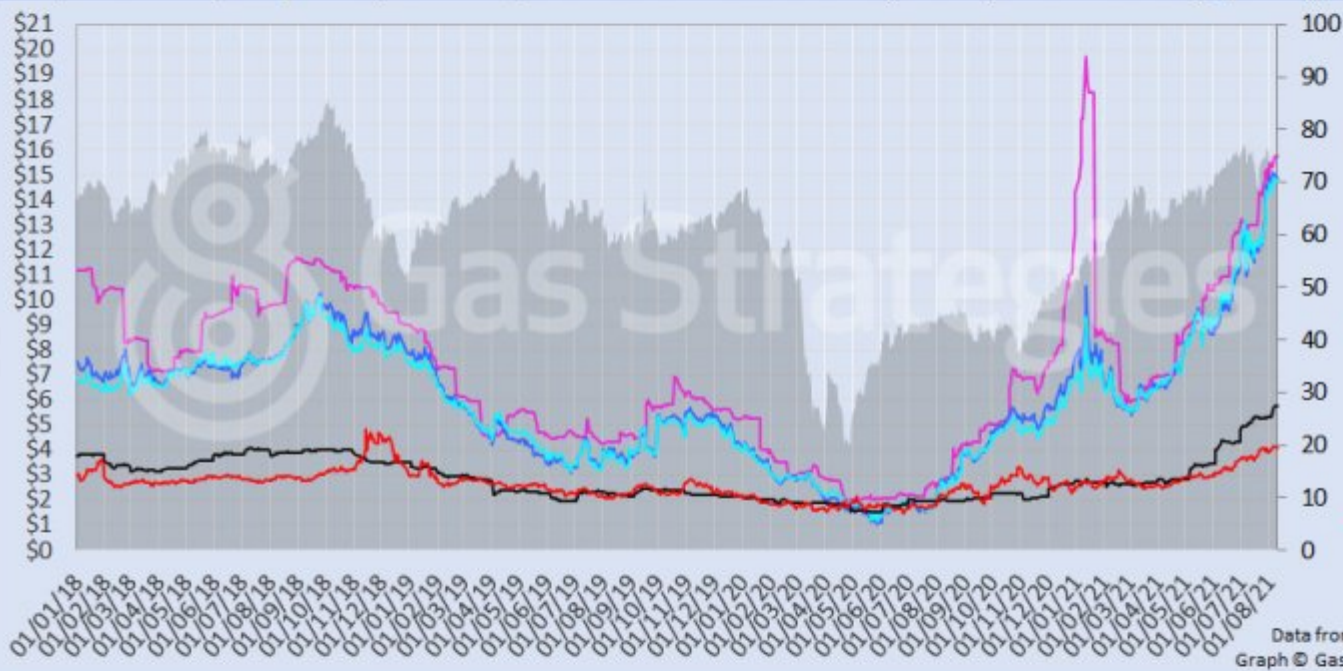
As for US gas benchmark Henry Hub, the front-month contract fell by 1.9% on Monday amid forecasts for cooler weather and lower feed gas volumes to US LNG plants due to planned maintenance.

Whilst gas prices in the US and Europe fell, Asian LNG marker JKM continued to climb, closing 0.4% higher on Monday to settle at USD 15.76/MMBtu.

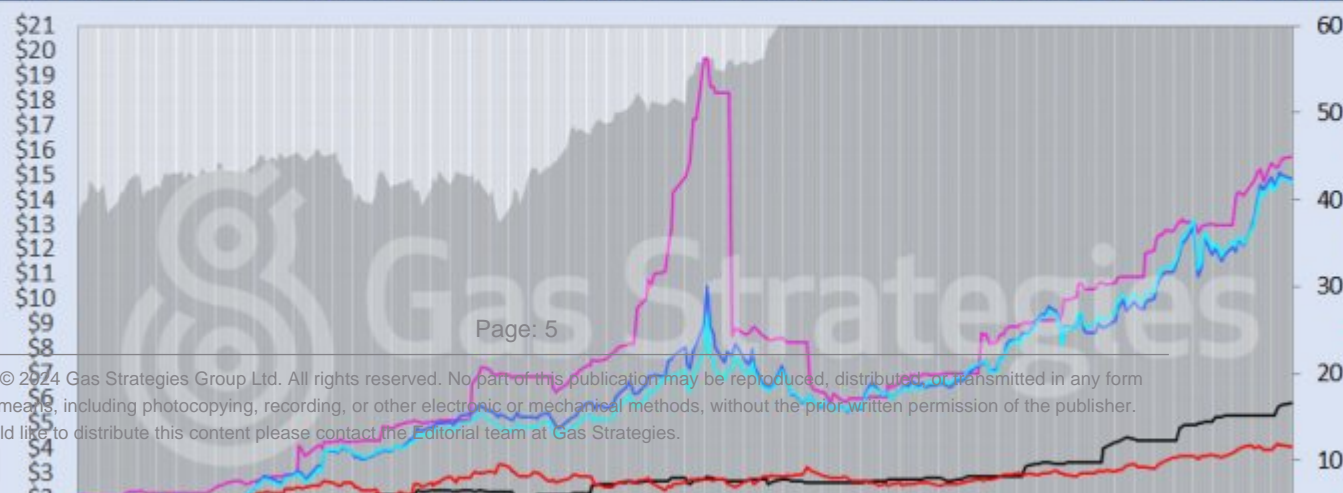
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	09/08/2021	06/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.06	4.14	-0.08	
NBP (\$/MMBtu)	14.86	14.99	-0.13	
NBP (£p/th)	107.28	108.04	-0.76	
Henry Hub-NBP spread	10.80	10.85	-0.05	
TTF (\$/MMBtu)	14.73	14.86	-0.13	
TTF (€/MWh)	42.79	43.12	-0.33	
Henry Hub-TTF spread	10.67	10.72	-0.05	
JKM (\$/MMBtu)	15.76	15.70	0.06	
TTF-JKM spread	1.03	0.84	0.19	
Henry Hub-JKM spread	11.70	11.56	0.14	
Brent (\$/barrel)	69.04	70.70	-1.66	
WTI (\$/barrel)	66.48	68.28	-1.80	
Brent-WTI spread (\$/barrel)	2.56	2.42	0.14	
API2 Coal (\$/tonne)	144.70	143.75	0.95	
API2 Coal (\$/MMBtu)	5.79	5.75	0.04	
EU CO <sub>2</sub> emissions allowances (€/tonne)	56.55	56.60	-0.05	

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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