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[1]

European gas prices soared on Tuesday, lifted in part by some market participants opting to close positions before Wednesday's ruling by a German court regarding whether the Nord Stream 2 pipeline can be exempt from the EU's ownership and third party access rules.

The front-month NBP and TTF contracts recorded gains of 7.8% on Tuesday, with both gas benchmarks settling in the USD 15/MMBtu range for the first time in four days.

The rally was prompted in part by some market participants closing positions ahead of the ruling by the Dusseldorf Higher Regional Court on Wednesday. The German court ruled that the Gazprom-led NS2 pipeline is not exempt from the EU rules – a move which some market observers suggest could delay the start of pipeline project, which is 99% complete.

European gas prices were rallying on Wednesday morning following the court ruling, however prices started to fall as the market digested the news, with the decision widely expected.

The gas price rally helped lift the European carbon price, with the September-dated contract closing 2.4% higher at EUR 56.6/tonne.

Across the pond, US gas benchmark Henry Hub recorded a 1.2% loss to settle at USD 3.90/MMBtu. The loss was pinned on a dip in LNG exports.

As for CME's JKM futures contract, it continued to climb on Tuesday, closing 3.1% higher at USD

16.85/MMBtu.

Oil prices also continued to soar, lifted by a large production outage in Mexico and also by the US Food and Drug Administration issuing full approval for the Pfizer/BioNTech two-dose Covid-19 vaccine.

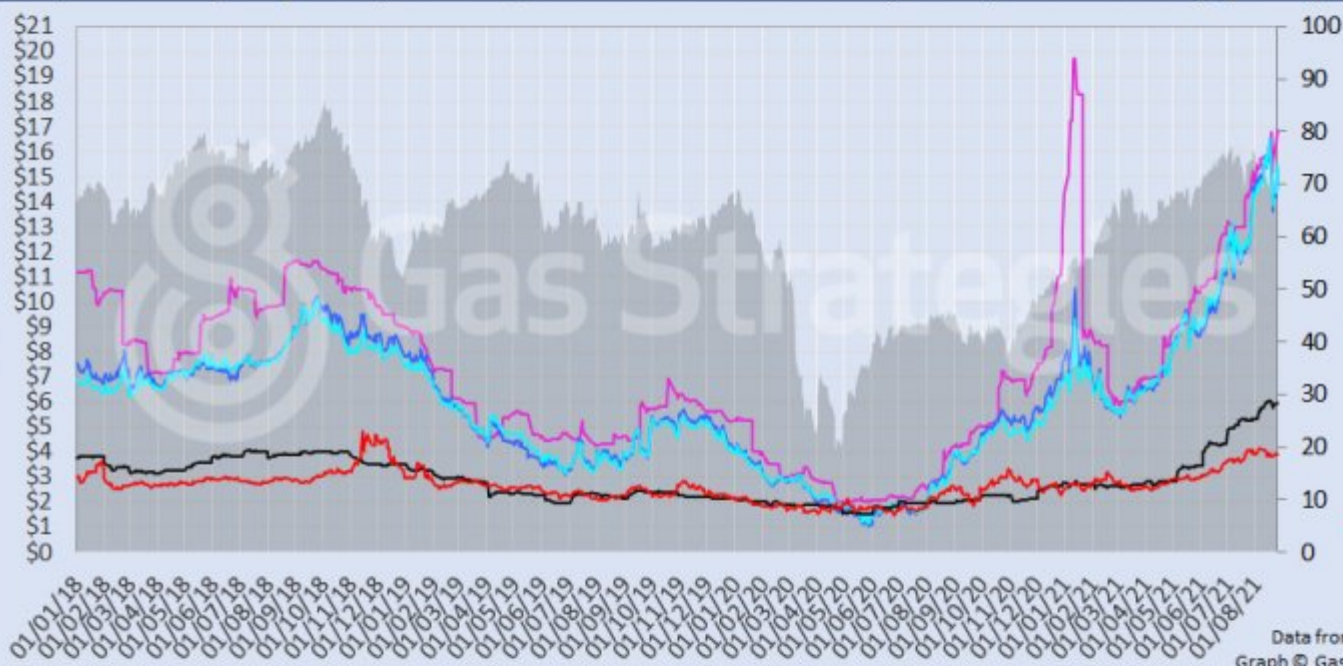
A fire at a Pemex-operated platform in the southern Gulf of Mexico on Sunday knocked out ~420,000 barrels/d of production capacity. It is unclear when production will restart.

The front-month Brent contract recorded a 3.3% gain to close at USD 71.05/barrel – the marker's highest close since 12 August. As for WTI, the US crude benchmark closed 2.9% higher at USD 67.54/barrel – its highest close since 16 August.

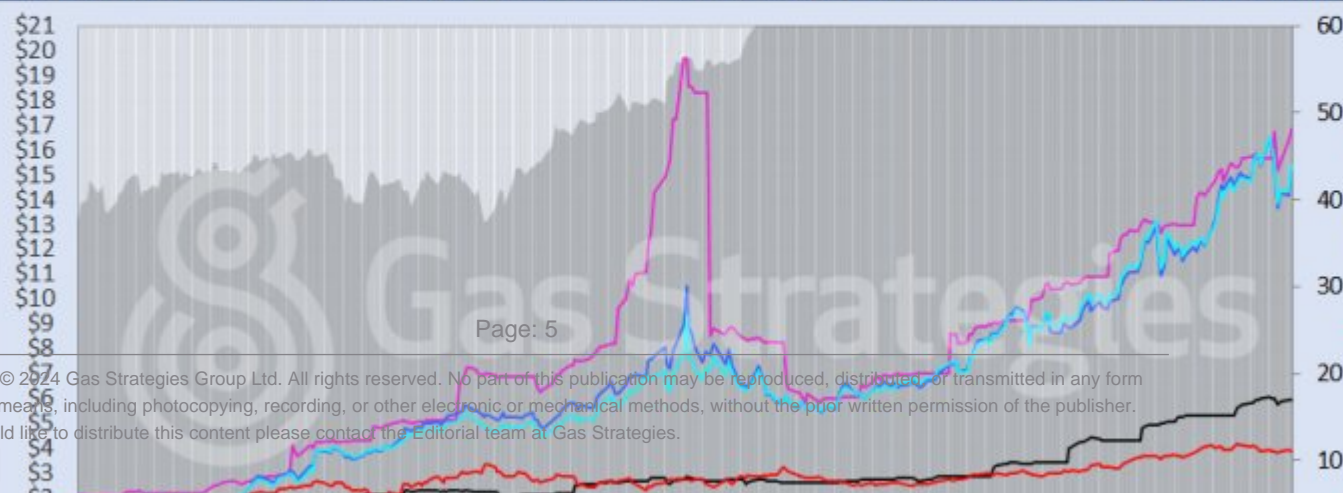
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	24/08/2021	23/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.90	3.95	-0.05	
NBP (\$/MMBtu)	15.26	14.16	1.11	
NBP (£p/th)	111.30	103.21	8.09	
Henry Hub-NBP spread	11.37	10.21	1.16	
TTF (\$/MMBtu)	15.45	14.33	1.11	
TTF (€/MWh)	44.87	41.68	3.19	
Henry Hub-TTF spread	11.55	10.39	1.16	
JKM (\$/MMBtu)	16.85	16.34	0.51	
TTF-JKM spread	1.40	2.01	-0.60	
Henry Hub-JKM spread	12.95	12.40	0.56	
Brent (\$/barrel)	71.05	68.75	2.30	
WTI (\$/barrel)	67.54	65.64	1.90	
Brent-WTI spread (\$/barrel)	3.51	3.11	0.40	
API2 Coal (\$/tonne)	149.00	148.35	0.65	
API2 Coal (\$/MMBtu)	5.96	5.93	0.03	
EU CO ₂ emissions allowances (€/tonne)	56.60	55.29	1.31	

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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