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[1]

The European carbon price hit a record high on Monday, pushed higher by a curtailment of auctioned allowances coupled with strengthening energy markets.

The carbon price broke into the EUR 60/tonne barrier for the first time ever on Monday, with the September-dated EUA contract closing at EUR 60.72/tonne and the benchmark December 2021 EU Allowance futures contract closing at EUR 60.76/tonne to start the week.

Prices in August have been pushed higher by a reduction in supply of EUAs from government auctions.

The carbon price has also been supported by bullish energy markets, with European gas prices hitting a fresh seasonal high on Monday. The front-month TTF and NBP contracts – which rolled over to October on Monday – closed at USD 17.72/MMBtu and USD 16.87/MMBtu respectively to start the week.

Across the pond, US gas benchmark Henry Hub fell from a 32-month high on Friday, closing 1.5% lower at USD 4.31/MMBtu. Prices dipped on reports suggesting oil and gas operations along the US Gulf of Mexico were largely unscathed following Hurricane Ida which made landfall in Louisiana on Sunday as a Category 4 hurricane – the strongest storm to hit the Gulf Coast since Hurricane Katrina 16 years ago.

On Monday, the US Bureau of Safety and Environmental Enforcement (BSEE) said ~94% of US Gulf of Mexico oil and gas production remained shut-in. However GoM production accounts for ~5% of US gas supply and 17% of total oil supplies.

As for gas prices in Asia, CME's JKM futures contract made it seven days of gains after rallying by 0.1% to close at USD 17.72/MMBtu.

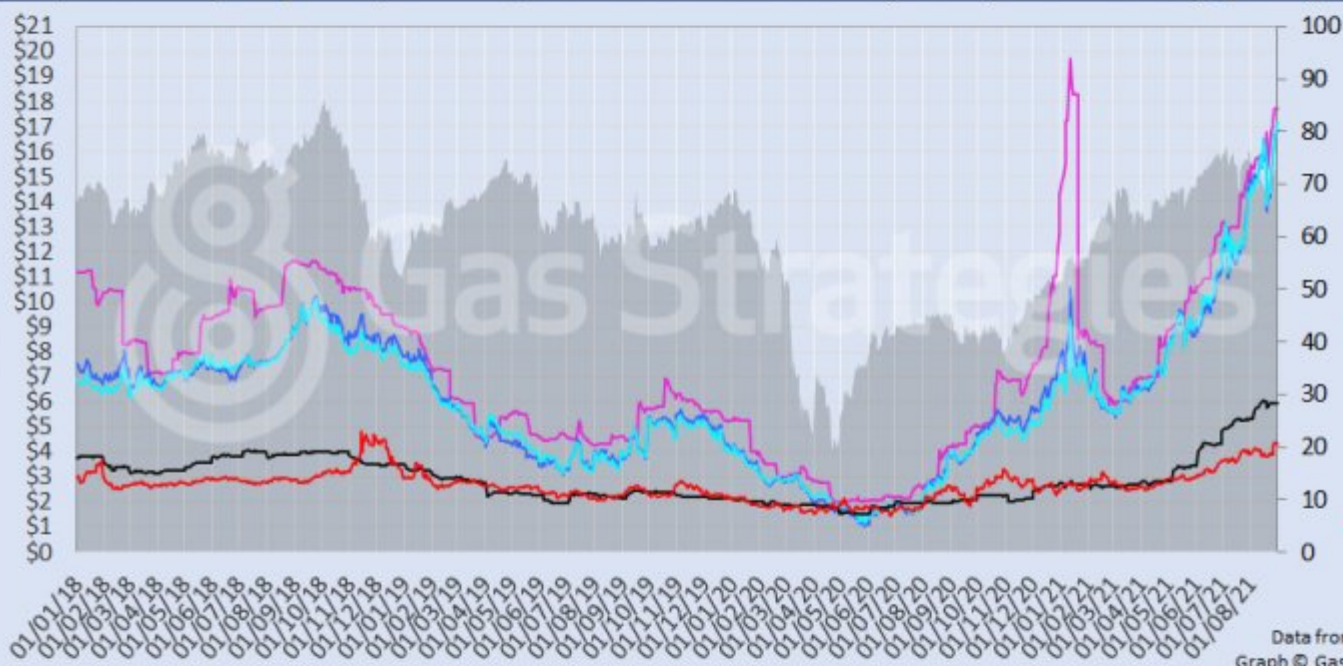
Crude prices rallied on Monday, pushed higher by potential supply tightness in the US caused by Hurricane Ida – which has shuttered Gulf Coast refineries and processing plants.

US oil benchmark WTI closed 0.7% higher at USD 69.21/barrel, with Brent up 1% to close at USD 73.41/barrel.

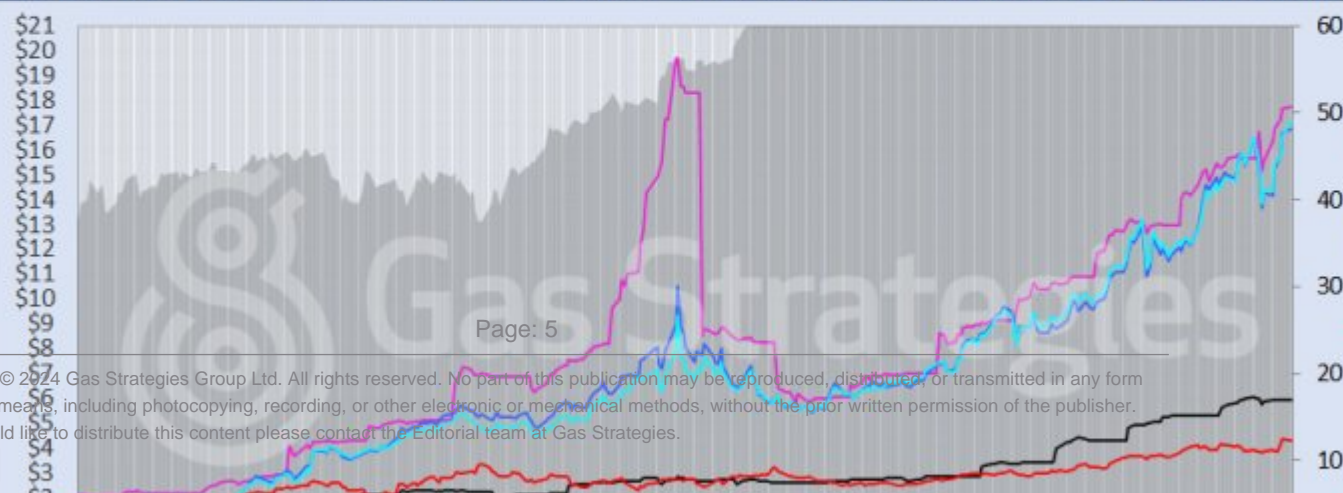
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

| Front-month futures/index                         | 30/08/2021 | 27/08/2021 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu)                              | 4.31       | 4.37       | -0.07          |       |
| NBP (\$/MMBtu)                                    | 16.87      | 16.65      | 0.21           |       |
| NBP (£p/th)                                       | 122.61     | 120.97     | 1.64           |       |
| Henry Hub-NBP spread                              | 12.56      | 12.28      | 0.28           |       |
| TTF (\$/MMBtu)                                    | 17.17      | 16.53      | 0.65           |       |
| TTF (€/MWh)                                       | 49.68      | 47.81      | 1.87           |       |
| Henry Hub-TTF spread                              | 12.87      | 12.16      | 0.71           |       |
| JKM (\$/MMBtu)                                    | 17.72      | 17.70      | 0.02           |       |
| TTF-JKM spread                                    | 0.55       | 1.17       | -0.63          |       |
| Henry Hub-JKM spread                              | 13.42      | 13.33      | 0.09           |       |
| Brent (\$/barrel)                                 | 73.41      | 72.70      | 0.71           |       |
| WTI (\$/barrel)                                   | 69.21      | 68.74      | 0.47           |       |
| Brent-WTI spread (\$/barrel)                      | 4.20       | 3.96       | 0.24           |       |
| API2 Coal (\$/tonne)                              | 148.83     | 148.85     | -0.02          |       |
| API2 Coal (\$/MMBtu)                              | 5.95       | 5.95       | 0.00           |       |
| EU CO <sub>2</sub> emissions allowances (€/tonne) | 60.72      | 58.96      | 1.76           |       |

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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