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[1]

European gas prices staged a recovery on Friday following a major plunge a day earlier, with supply concerns and stronger buying by market participants helping lift prices.

The front-month TTF and NBP contracts rallied by over 2.5% on Friday to close at the equivalent of USD 22.39/MMBtu.

The rally helped the European gas benchmarks claw back some of Thursday's losses, with the rally pinned on a flurry of buying by market participants and ongoing supply concerns ahead of winter.

Prices could rally further today after Gazprom booked minimal transport capacity via Poland in auctions held on Monday.

Of the 85 Mcm/d of capacity on offer via Poland, Gazprom booked 30 Mcm/d, one trade source told Gas Matters Today. The source said gas prices in Europe jumped by EUR 10/MWh compared to Friday's close following the auction results – with the result doing little to ease supply concerns ahead of winter.

The uptick in European gas prices also helped lift the European carbon price, which closed 0.3% higher at EUR 59.43/tonne.

Elsewhere, Asian LNG marker JKM remained unchanged as the October contract is about to expire. TTF and NBP's premium over JKM stood at USD 3.37/MMBtu on Friday, however looking further along the curve, the Asian LNG marker holds a premium over the European gas benchmarks. The current spreads

could mean Europe struggles to attract additional LNG this winter – a scenario which could lift prices higher.

On Friday the November-dated JKM contract settled at USD 25/MMBtu – approximately USD 1.8/MMBtu higher than the NBP and USD 2.5/MMBtu higher than the TTF November contracts.

In the US, Henry Hub continued to slide, closing 4.3% lower at USD 5.11/MMBtu. Forecasts for milder weather and an ongoing outage at Freeport LNG plant in Texas weighed on prices.

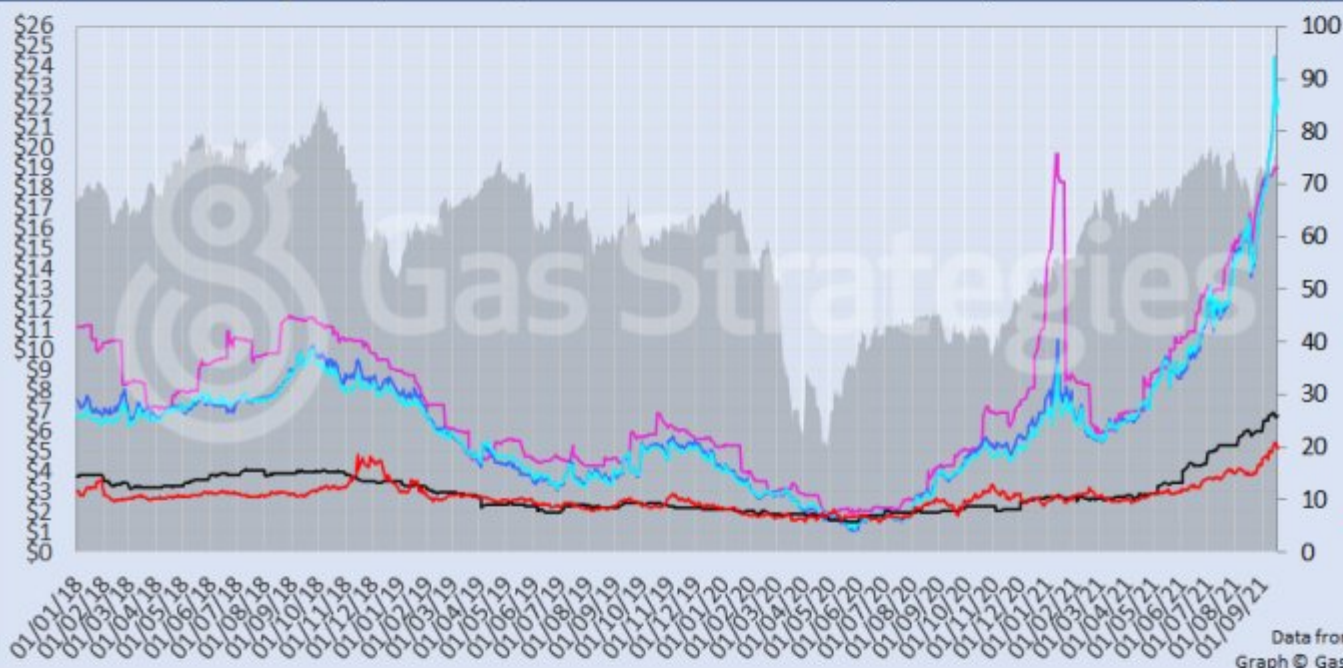
As for oil, prices fell slightly on Friday amid a strengthening US dollar and profit taking.

Brent closed 0.4% lower at USD 75.34/barrel, with WTI down 0.9% to close at USD 71.97/barrel.

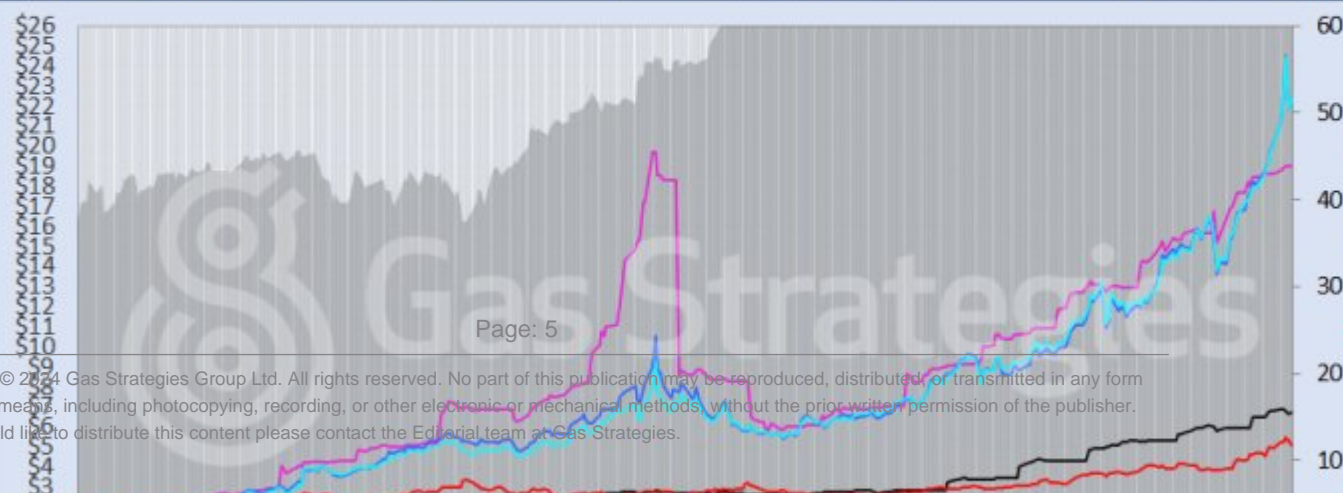
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	17/09/2021	16/09/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.11	5.34	-0.23	
NBP (\$/MMBtu)	22.39	21.83	0.56	
NBP (£p/th)	162.80	158.38	4.42	
Henry Hub-NBP spread	17.29	16.50	0.79	
TTF (\$/MMBtu)	22.39	21.81	0.58	
TTF (€/MWh)	65.10	63.25	1.85	
Henry Hub-TTF spread	17.28	16.47	0.81	
JKM (\$/MMBtu)	19.02	19.02	0.00	
TTF-JKM spread	-3.37	-2.79	-0.58	
Henry Hub-JKM spread	13.91	13.68	0.23	
Brent (\$/barrel)	75.34	75.67	-0.33	
WTI (\$/barrel)	71.97	72.61	-0.64	
Brent-WTI spread (\$/barrel)	3.37	3.06	0.31	
API2 Coal (\$/tonne)	168.75	167.20	1.55	
API2 Coal (\$/MMBtu)	6.75	6.69	0.06	
EU CO ₂ emissions allowances (€/tonne)	59.43	59.26	0.17	

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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