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[1]

European gas prices continued to climb on Tuesday, hitting new record highs, as they continued to compete against a surging JKM.

The Dutch TTF front-month contract settled at USD 26.90/MMBtu, up 2.5% on the day, while the UK NBP closed at USD 26.45/MMBtu, or GBP 195.38/th.

Europe continued to deal with lower gas flows from Russia, while with the winter gas season, which traditionally begins on 1 October, just around the corner, gas storage on the continent remained disconcertingly low, with Gas Infrastructure Europe (GIE) data showing it just 74.3% full.

JKM closed at USD 29.35/MMBtu, gaining USD 0.16 day on day, though the Asian marker's premium over the TTF narrowed by 50 cents to USD 2.45/MMBtu. But the November-dated TTF and NBP contracts continue to lag behind the JKM, meaning European buyers may struggle to draw cargoes away from Asia in the coming months.

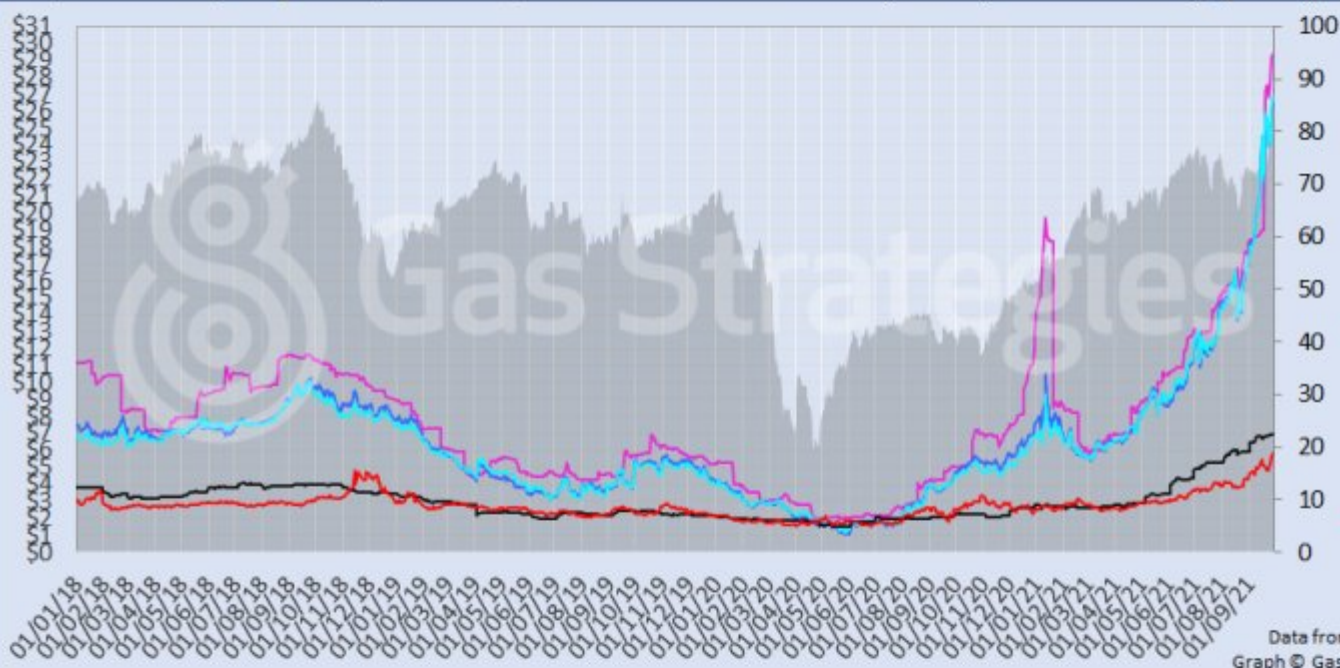
Strong LNG prices have reportedly led power plants in Asia to switch from natural gas to oil, which is expected to further support oil prices in Q4 '21, which have also seen strong gains in recent weeks on the back of supply concerns.

Though crude prices saw marginal losses on Tuesday, sentiment remained bullish on the back of the ongoing, post-lockdown economic recovery in many countries around the world, with Brent settling at USD 79.09/barrel.

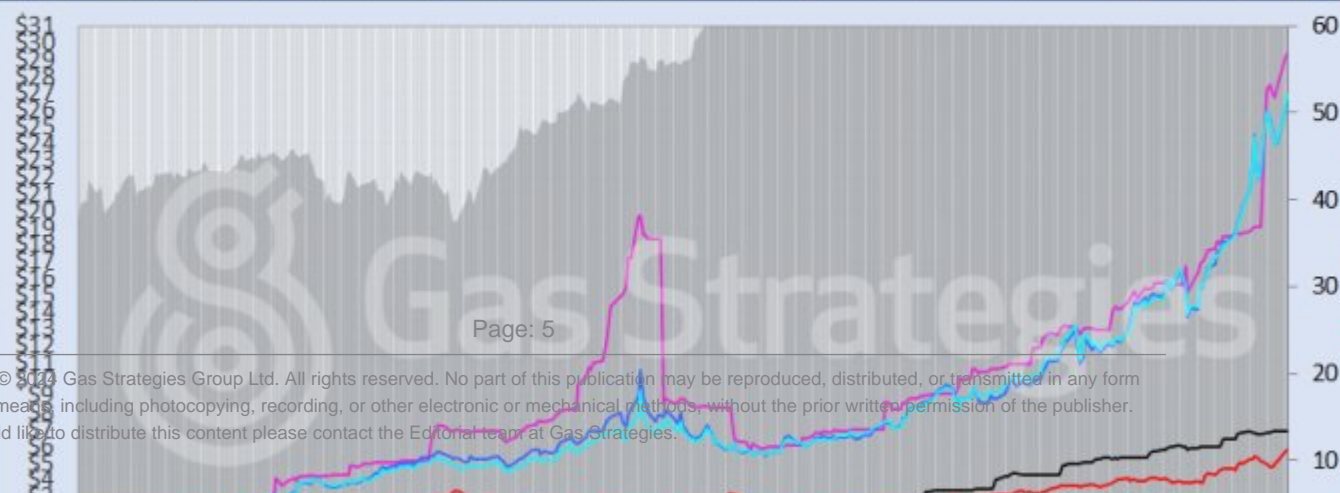
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	28/09/2021	27/09/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.84	5.71	0.14	
NBP (\$/MMBtu)	26.45	26.10	0.34	
NBP (£p/th)	195.38	190.38	5.00	
Henry Hub-NBP spread	20.60	20.40	0.21	
TTF (\$/MMBtu)	26.90	26.24	0.66	
TTF (€/MWh)	78.57	76.51	2.06	
Henry Hub-TTF spread	21.06	20.53	0.52	
JKM (\$/MMBtu)	29.35	29.20	0.16	
TTF-JKM spread	2.45	2.95	-0.50	
Henry Hub-JKM spread	23.51	23.49	0.02	
Brent (\$/barrel)	79.09	79.53	-0.44	
WTI (\$/barrel)	75.29	75.45	-0.16	
Brent-WTI spread (\$/barrel)	3.80	4.08	-0.28	
API2 Coal (\$/tonne)	173.04	173.04	0.00	
API2 Coal (\$/MMBtu)	6.92	6.92	0.00	
EU CO ₂ emissions allowances (€/tonne)	61.87	64.31	-2.44	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



[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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