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[1]

Energy markets experienced extreme volatility on Wednesday, with European gas prices surging by over 30% during morning trading and then plummeting to close over 7% lower day-on-day.

European gas benchmarks raced to record intraday highs on Wednesday morning, with the November-dated NBP contract hitting GBP(pence) 404.38/th and the front-month TTF price surging to EUR 161/MWh.

Prices then plummeted after Russia's president Vladimir Putin said Russia was ready to step in and stabilise the energy market. Notably, Putin did not say exactly how Russia would help alleviate record high gas and power prices in Europe, however some market observers interpreted his remarks as meaning Gazprom may step up gas supplies to its largest importer of gas.

Putin's words helped alleviate the European gas price bull run, with NBP and TTF closing over 7% lower on Wednesday to settle at the equivalent of USD 37.09/MMBtu and USD 36.6/MMBtu, respectively.

Gas prices in Europe could start to soar again in the short-term given Russia is yet to announce a concrete plan on how it will stabilise the market.

The price plunge in Europe weighed on gas prices in Asia and the US and also hit the European carbon price – which fell by 8.7% to settle below EUR 60/tonne for the first time since 17 September.

In the US, Henry Hub fell 10.1% to close at USD 5.68/MMBtu. As for JKM, the Asian LNG marker fell by

2.9% to close at USD 34.05/MMBtu.

European coal prices also plunged on Wednesday, with the API2 contract falling 13.4% to close at USD 237.15/tonne.

Crude prices fell from multi-year highs after the US Energy Information Administration (EIA) reported an unexpected increase in US crude storage.

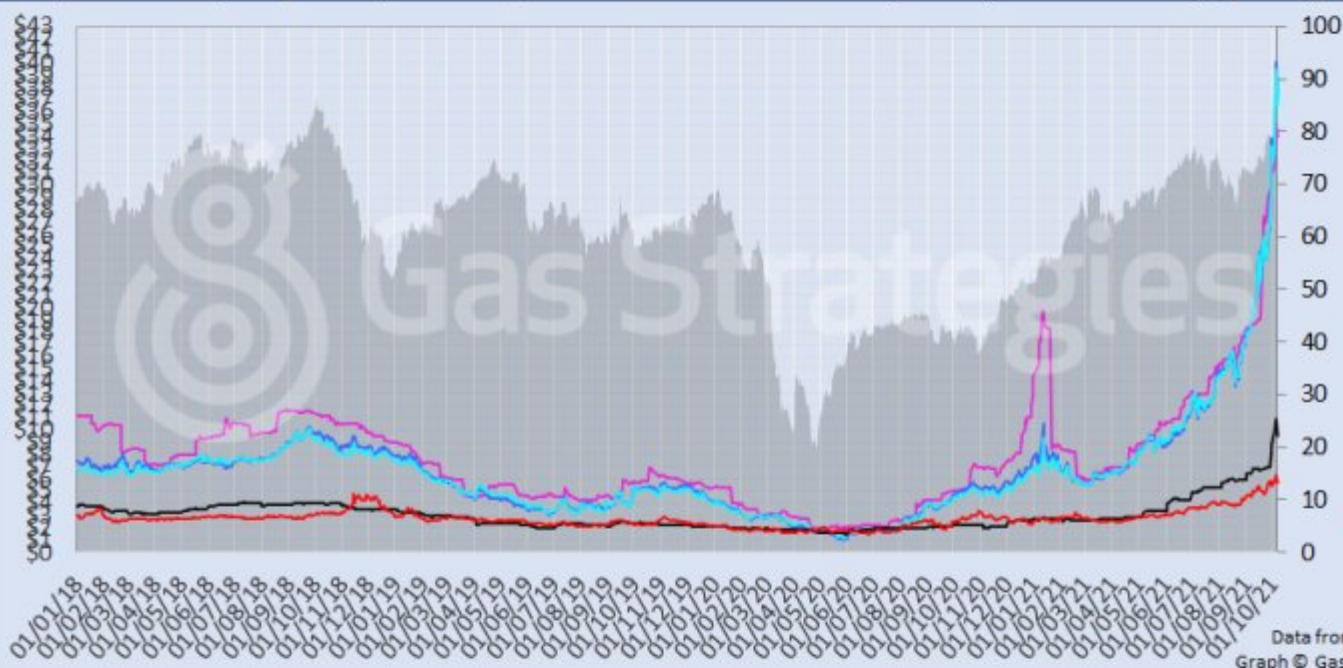
Oil inventories in the US increased by 2.3 million barrels last week, with market participants having expected a draw down of ~418,000 barrels, according to Reuters.

Brent and WTI closed nearly 2% lower, with the US crude marker closing at USD 77.43/barrel and the international oil benchmark settling at USD 81.08/barrel.

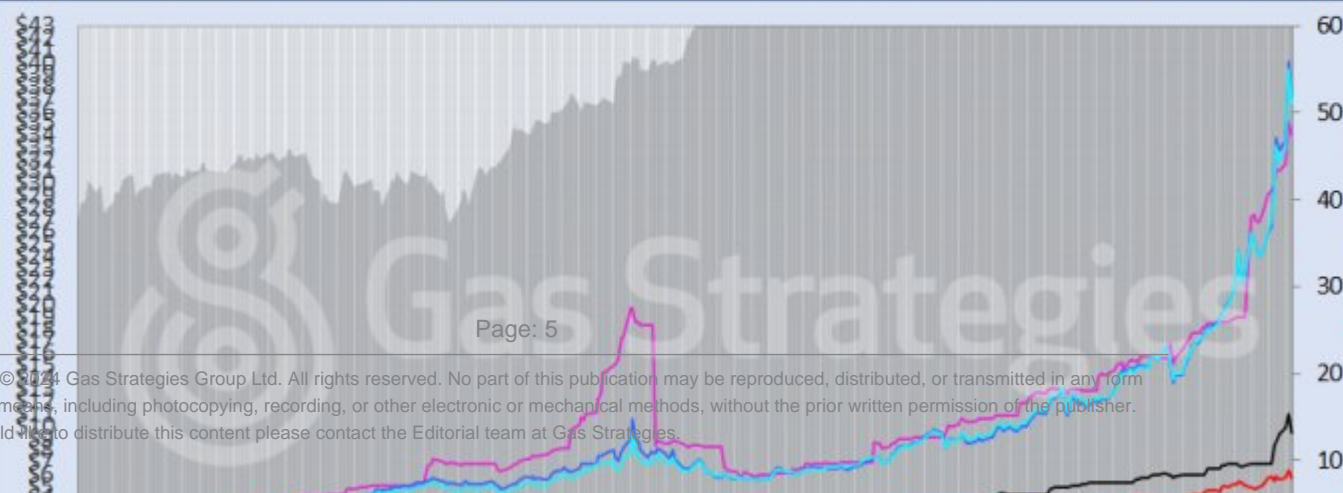
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	06/10/2021	05/10/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.68	6.31	-0.64	
NBP (\$/MMBtu)	37.09	40.09	-2.99	
NBP (£p/th)	273.45	293.91	-20.46	
Henry Hub-NBP spread	31.42	33.77	-2.36	
TTF (\$/MMBtu)	36.60	39.48	-2.87	
TTF (€/MWh)	108.19	116.02	-7.83	
Henry Hub-TTF spread	30.93	33.16	-2.24	
JKM (\$/MMBtu)	34.05	35.07	-1.02	
TTF-JKM spread	-2.55	-4.41	1.86	
Henry Hub-JKM spread	28.38	28.75	-0.38	
Brent (\$/barrel)	81.08	82.56	-1.48	
WTI (\$/barrel)	77.43	78.93	-1.50	
Brent-WTI spread (\$/barrel)	3.65	3.63	0.02	
API2 Coal (\$/tonne)	237.15	274.00	-36.85	
API2 Coal (\$/MMBtu)	9.49	10.96	-1.47	
EU CO ₂ emissions allowances (€/tonne)	59.04	64.67	-5.63	

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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