

25 January 2022

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Pricewatch | 15 Oct 2021 | Gas Matters Today  
Publication date: 15 October 2021

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[1]

European gas prices continued to soar on Thursday amid ongoing supply concerns, with the rally seeing TTF and NBP take a premium over Asian LNG marker JKM.

The November-dated TTF and NBP contracts rallied by over 9%, with the UK gas benchmark closing at the equivalent of USD 35.25/MMBtu – USD 0.54/MMBtu higher than the Dutch marker.

Ongoing uncertainty over the level of gas exports from Russia to Europe over the coming months has helped lift gas prices in Europe this week.

The rally saw TTF and NBP settle higher than JKM, which recorded a 0.6% gain to close at USD 33.31/MMBtu.

The rally helped push the European carbon price above EUR 60/tonne for the first time in five days.

In the US, Henry Hub rallied for a third consecutive day, closing 1.7% higher at USD 5.69/MMBtu. Forecasts for cooler weather and a lower than expected injection into US gas storage supported the US gas benchmark.

On Thursday the Energy Information Administration (EIA) reported that US gas storage levels increased by 81 Bcf for the week ending 8 October – lower than the 84-97 Bcf injection expected by analysts polled by Bloomberg.

As for crude, prices hit fresh multi-year highs on Thursday, supported by the latest International Energy Agency's latest oil market report (OMR). The Paris-based organisation said soaring gas prices could lead to crude demand in the power sector increasing by 500,000 barrels/d.

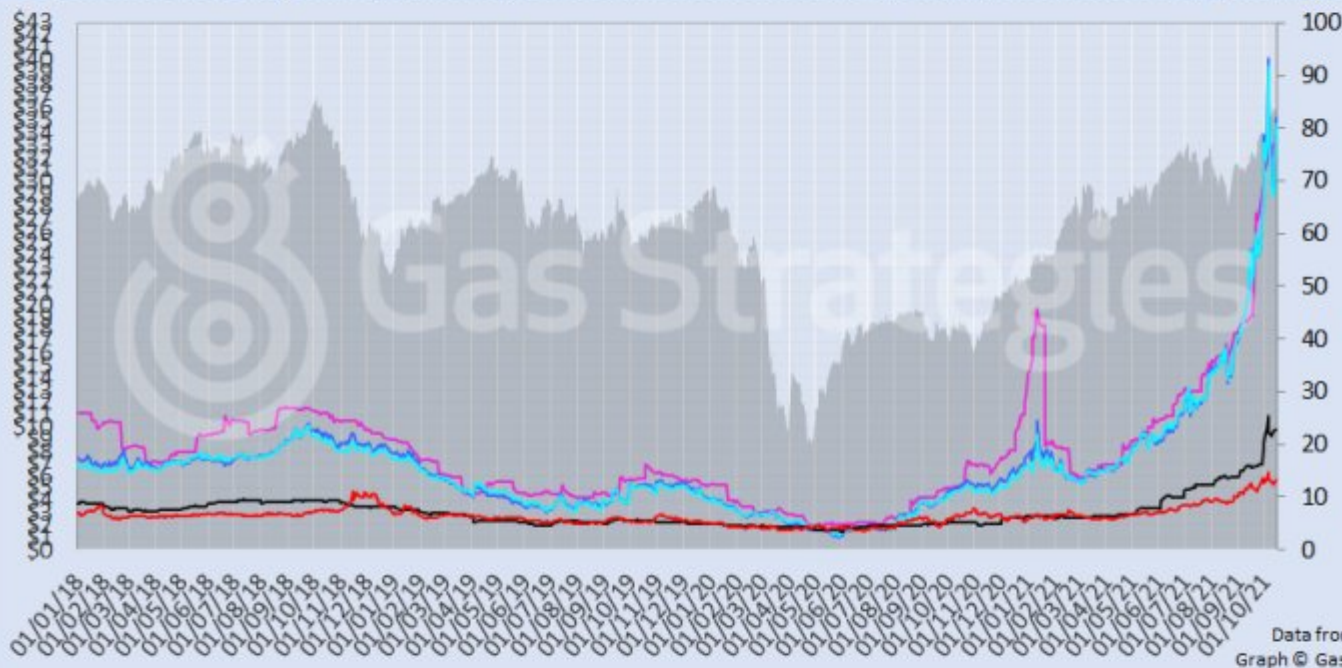
The IEA raised its 2021 oil demand forecast by 200,000 barrels/d compared to last month's OMR and expects demand to hit 96.3 million barrels/d this year. For 2022, the IEA raised its demand figure by 200,000 barrels/d and expects demand to hit 99.6 million barrels/d.

Brent and WTI closed ~1% higher on Thursday, with Brent settling at USD 84/barrel – its highest close since October 2018. WTI closed at USD 81.31/barrel – its highest close since late 2014.

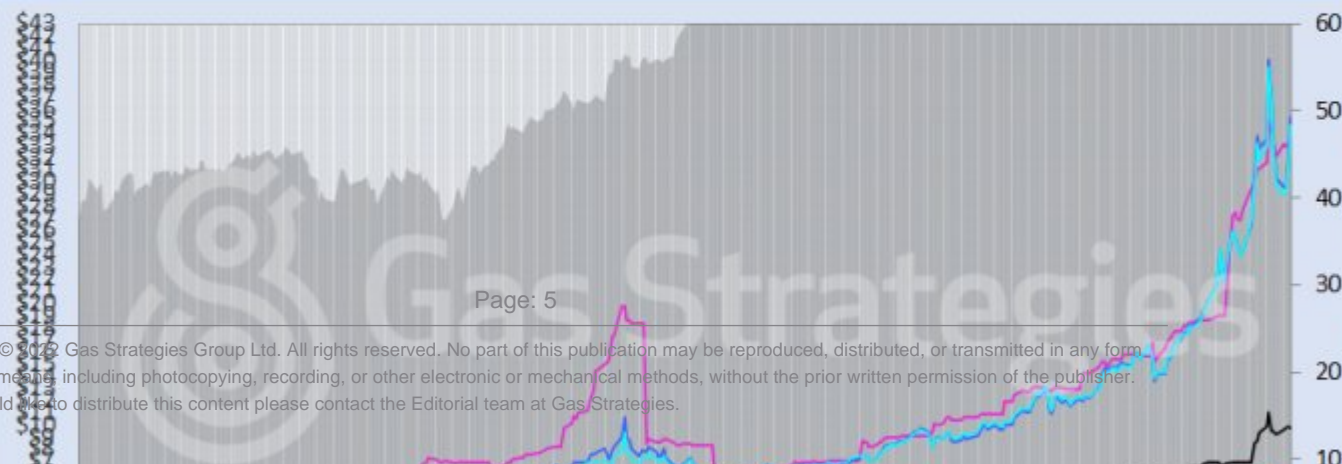
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	14/10/2021	13/10/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.69	5.59	0.10	
NBP (\$/MMBtu)	35.25	32.16	3.09	
NBP (£p/th)	257.61	235.75	21.86	
Henry Hub-NBP spread	29.57	26.57	2.99	
TTF (\$/MMBtu)	34.71	31.75	2.97	
TTF (€/MWh)	102.17	93.62	8.56	
Henry Hub-TTF spread	29.02	26.16	2.87	
JKM (\$/MMBtu)	33.31	33.11	0.20	
TTF-JKM spread	-1.41	1.36	-2.77	
Henry Hub-JKM spread	27.62	27.52	0.10	
Brent (\$/barrel)	84.00	83.18	0.82	
WTI (\$/barrel)	81.31	80.44	0.87	
Brent-WTI spread (\$/barrel)	2.69	2.74	-0.05	
API2 Coal (\$/tonne)	243.75	244.95	-1.20	
API2 Coal (\$/MMBtu)	9.75	9.80	-0.05	
EU CO <sub>2</sub> emissions allowances (€/tonne)	61.41	59.04	2.37	

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



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



[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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