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[1]

The European carbon price bounced back on Wednesday, lifted in part by European gas prices recovering yesterday.

The October-dated EUA contract closed 5.9% higher on Wednesday, erasing Tuesday's loss.

The carbon price was lifted by stronger gas prices, with TTF and NBP closing 4% and 3.6% higher on Wednesday. The UK gas benchmark closed at the equivalent of USD 32.32/MMBtu – USD 0.43/MMBtu higher than the Dutch marker.

The European gas benchmarks rallied on the back of strong gains by Asian LNG benchmark JKM – which closed 6.9% higher at USD 35.56/MMBtu.

As for coal, the API2 coal price continued to fall, closing 1.9% lower at USD 232.5/tonne.

Elsewhere, US gas benchmark Henry Hub continued to climb, closing 1.6% higher at USD 5.17/MMBtu.

As for crude, prices hit fresh multi-year highs amid another strong draw down on US oil storage. The US Energy Information Administration (EIA) reported on Wednesday that US crude stocks fell by 413,000 barrels last week. Analysts polled by Reuters had expected a 1.9 million barrel injection.

Storage levels at Cushing, Oklahoma – the largest oil storage site in the US – fell to a three-year low, the EIA reported. The strong draws will stoke fears over supply tightness as global crude demand continues

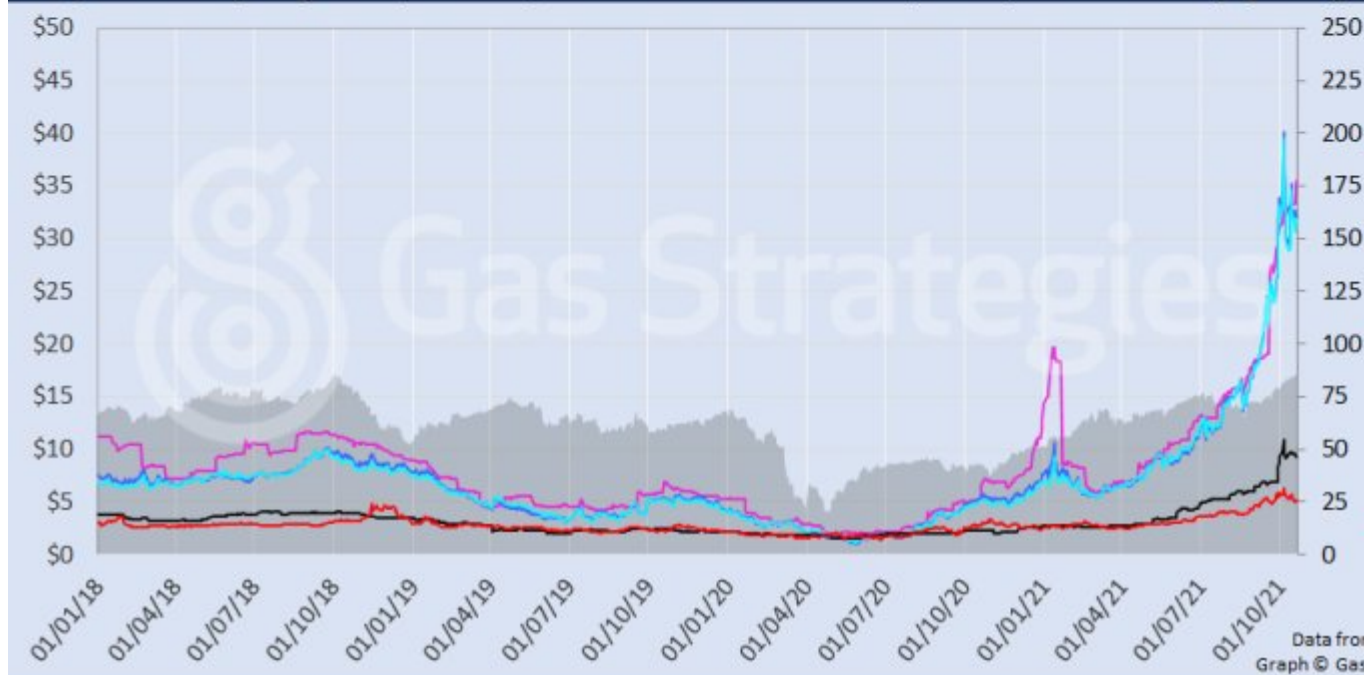
to recovery strongly from the Covid-19 pandemic.

Brent closed 0.9% higher at USD 85.82/barrel – its highest close since October 2018, with WTI closing 1.2% higher at USD 83.42/barrel – its highest close since 2014.

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

Front-month futures/index	20/10/2021	19/10/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.17	5.09	0.08	
NBP (\$/MMBtu)	32.32	31.19	1.13	
NBP (£p/th)	233.81	225.91	7.90	
Henry Hub-NBP spread	27.15	26.10	1.05	
TTF (\$/MMBtu)	31.89	30.66	1.23	
TTF (€/MWh)	93.45	89.93	3.52	
Henry Hub-TTF spread	26.72	25.57	1.15	
JKM (\$/MMBtu)	35.56	33.25	2.30	
TTF-JKM spread	3.66	2.59	1.07	
Henry Hub-JKM spread	30.39	28.17	2.22	
Brent (\$/barrel)	85.82	85.08	0.74	
WTI (\$/barrel)	83.42	82.44	0.98	
Brent-WTI spread (\$/barrel)	2.40	2.64	-0.24	
API2 Coal (\$/tonne)	232.50	237.00	-4.50	
API2 Coal (\$/MMBtu)	9.30	9.48	-0.18	
EU CO ₂ emissions allowances (€/tonne)	57.76	54.52	3.24	

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



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