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[1]

European gas prices continue to yo-yo, with TTF and NBP falling on Thursday to erase all the gains from Wednesday's session.

The front-month TTF and NBP contracts fell by over 5% on Thursday, with the UK gas benchmark closing at the equivalent of USD 30.58/MMBtu – USD 0.4/MMBtu higher than the Dutch marker.

Forecasts for mild weather and increasing wind power generation across Europe has helped tame European gas prices this week.

The softening JKM price has also weighed on European gas prices. The Asian LNG marker fell by 5.9% on Thursday, pushed lower by the China's government ordering the nation's coal mines to operate at full capacity. Beijing also approved new mines and called on major production hubs in the north of the country to lower prices. The measures should help lift domestic coal supply, which in turn could hit China's LNG demand.

The slumping gas and coal prices in Europe failed to push the carbon price lower. The front-month EUA contract closed 0.3% higher at EUR 57.95/tonne.

In the US, Henry Hub closed 1.1% lower at USD 5.12/MMBtu. Mild weather and a strong build in US gas storage weighed on the US gas benchmark.

On Thursday, the US Energy Information Administration (EIA) reported a 92 Bcf injection into US gas

inventories for the week ending 15 October. Gas storage levels in the Lower 48 now stand at 3,461 Bcf, 4.2% lower than the five-year average.

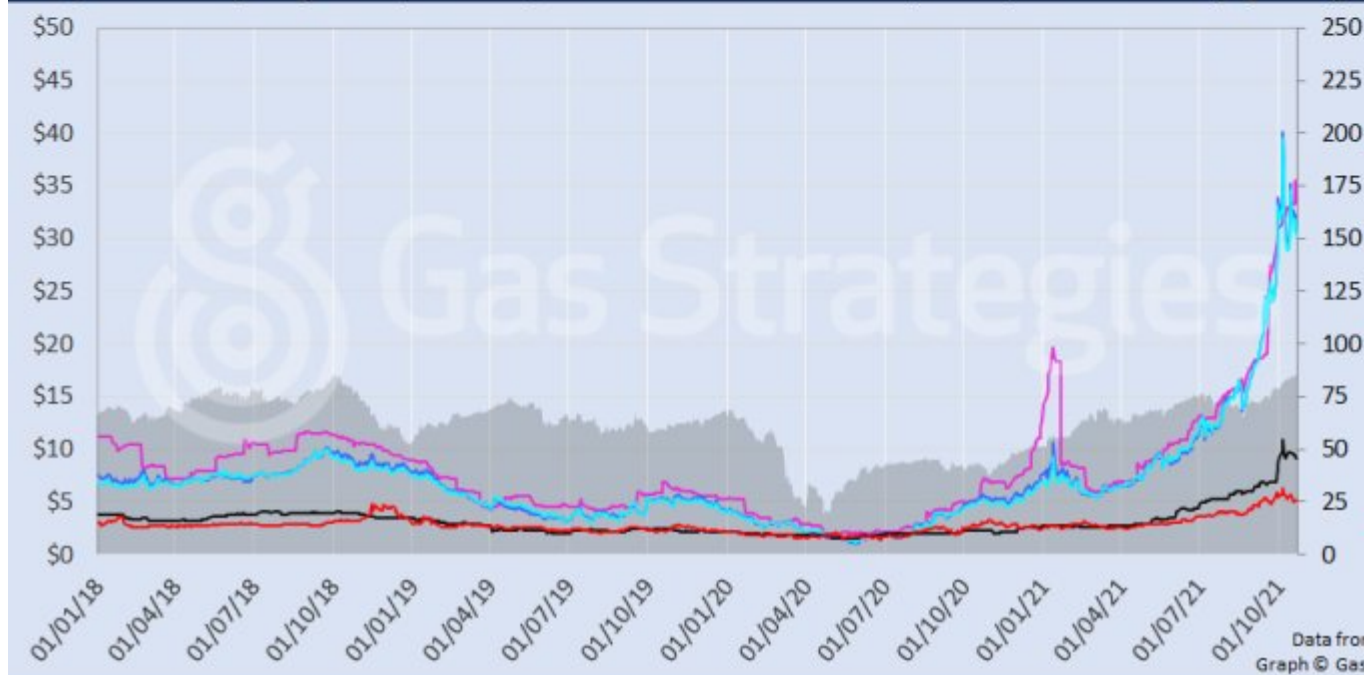
As for crude, prices fell by over 1% on Thursday. The drop in coal and gas prices weighed on oil prices – which were also pushed lower by the US National Oceanic and Atmospheric Administration’s latest forecast suggesting that US will experience a warmer than average winter. A mild winter will lower demand for heating oil.

Brent closed at USD 84.61/barrel, with WTI closing at USD 82.50/barrel.

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

Front-month futures/index	21/10/2021	20/10/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.12	5.17	-0.05	
NBP (\$/MMBtu)	30.58	32.32	-1.74	
NBP (£p/th)	221.40	233.81	-12.41	
Henry Hub-NBP spread	25.46	27.15	-1.68	
TTF (\$/MMBtu)	30.18	31.89	-1.71	
TTF (€/MWh)	88.46	93.45	-4.99	
Henry Hub-TTF spread	25.07	26.72	-1.65	
JKM (\$/MMBtu)	33.46	35.56	-2.10	
TTF-JKM spread	3.27	3.66	-0.39	
Henry Hub-JKM spread	28.34	30.39	-2.05	
Brent (\$/barrel)	84.61	85.82	-1.21	
WTI (\$/barrel)	82.50	83.42	-0.92	
Brent-WTI spread (\$/barrel)	2.11	2.40	-0.29	
API2 Coal (\$/tonne)	228.50	232.50	-4.00	
API2 Coal (\$/MMBtu)	9.14	9.30	-0.16	
EU CO ₂ emissions allowances (€/tonne)	57.95	57.76	0.19	

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 2021



[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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