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[1]

European gas prices hit record highs on Monday, with prices soaring amid ongoing supply concerns and expectations of colder weather.

The front-month TTF and NBP contracts settled at record highs to start the week, with the UK gas benchmark settling at the equivalent of USD 38.97/MMBtu – USD 0.54/MMBtu higher than the Dutch marker.

Prices have been lifted by several bullish factors, including ongoing supply concerns, depleting gas storage levels and forecasts for colder weather.

Gas inventories in Europe are currently ~62% full, a level approximately 17% lower than the five-year average for the second week of December.

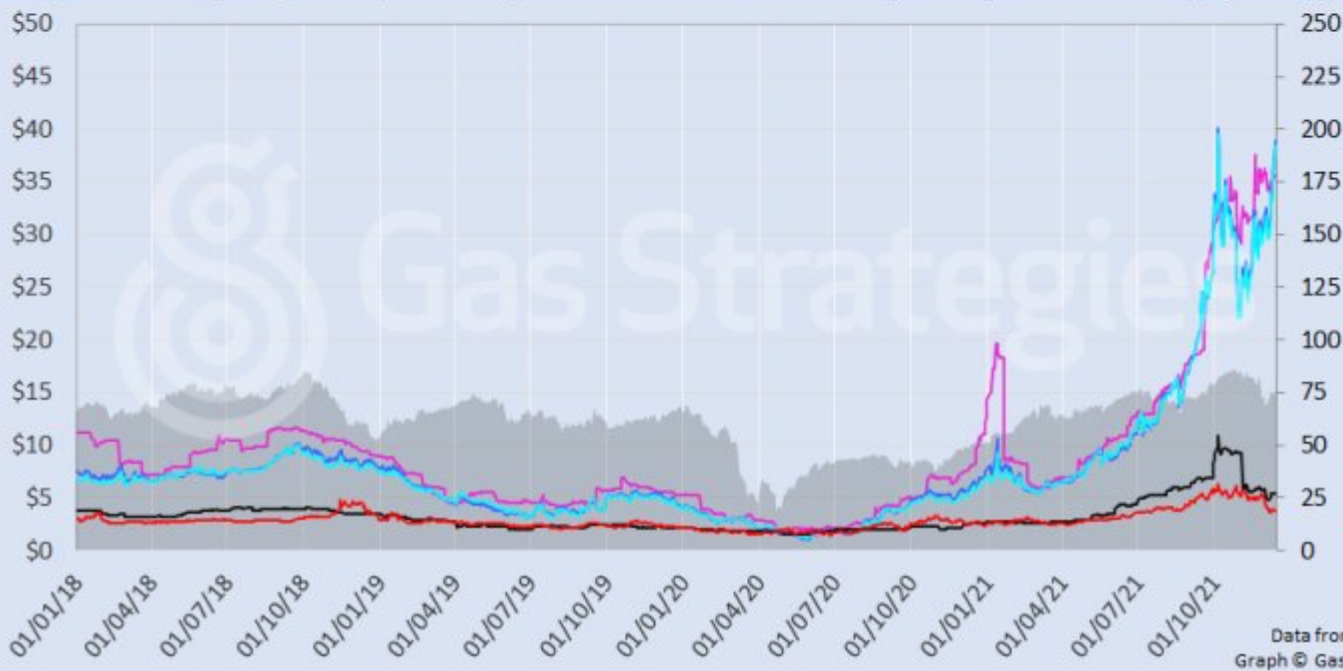
Monday's rally saw NBP extend its premium over Asian LNG marker JKM – which settled at USD 35.73/MMBtu. TTF took a premium over JKM on Monday, signalling that competition for cargoes between Asian and European buyers could heat up.

As for crude, prices slipped amid concerns that Omicron could hit oil demand. Brent closed 1% lower at USD 74.39/barrel, with WTI down 0.5%, closing at USD 71.29/barrel.

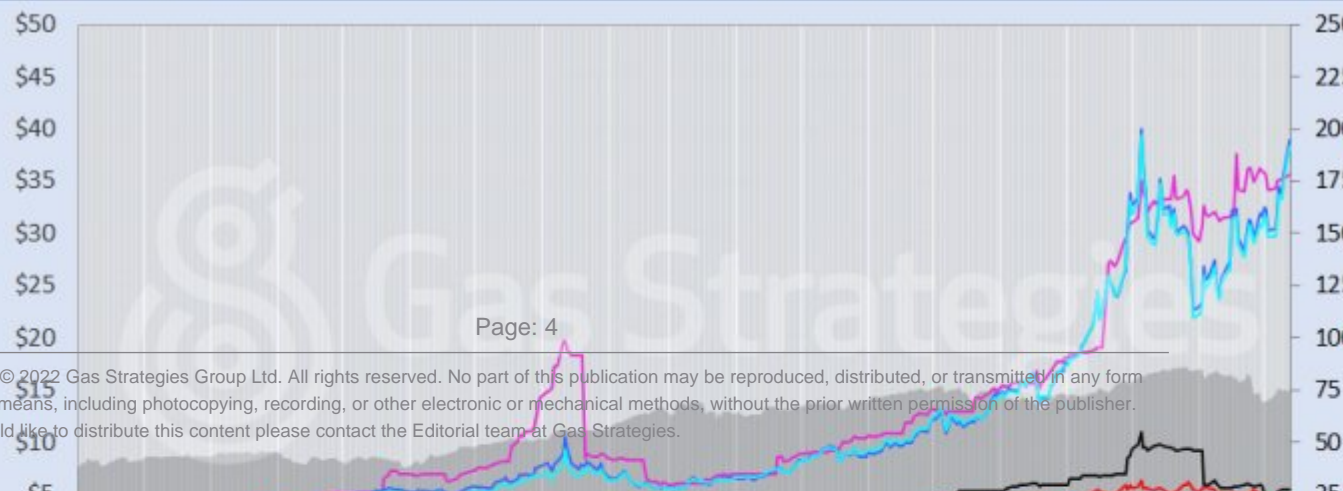
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	13/12/2021	10/12/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.79	3.93	-0.13	
NBP (\$/MMBtu)	38.97	35.67	3.30	
NBP (£p/th)	294.54	268.80	25.74	
Henry Hub-NBP spread	35.18	31.74	3.43	
TTF (\$/MMBtu)	38.43	35.08	3.35	
TTF (€/MWh)	116.08	105.78	10.31	
Henry Hub-TTF spread	34.63	31.15	3.48	
JKM (\$/MMBtu)	35.73	35.22	0.51	
TTF-JKM spread	-2.70	0.14	-2.84	
Henry Hub-JKM spread	31.94	31.29	0.65	
Brent (\$/barrel)	74.39	75.15	-0.76	
WTI (\$/barrel)	71.29	71.67	-0.38	
Brent-WTI spread (\$/barrel)	3.10	3.48	-0.38	
API2 Coal (\$/tonne)	137.30	135.70	1.60	
API2 Coal (\$/MMBtu)	5.49	5.43	0.06	
EU CO ₂ emissions allowances (€/tonne)	82.12	83.73	-1.61	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 10/12/2021



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 10/12/2021



[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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