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[1]

European gas prices hit fresh record highs on Thursday, lifted in part by Gazprom opting not to book any day-ahead capacity via the Mallnow interconnection.

The front-month NBP and TTF contracts continued to soar on Thursday, with the UK marker closing 8.2% higher at the equivalent of USD 47.89/MMBtu. Dutch marker TTF settled 8.4% higher at USD 47.31/MMBtu.

Thursday's rally was prompted by several factors, including Gazprom's decision to not book any day-ahead capacity via the Yamal pipeline's Mallnow interconnection point on the border between Germany and Poland. However, Gazprom reversed its decision and overnight booked within-day capacity via Mallnow – a move which could weigh on prices on Friday. The Russian firm booked 26 Mcm/d of capacity, slightly lower than recent bookings of ~30 Mcm/d.

Gazprom's decision to not book capacity on Thursday came after the president of Bundesnetzagentur – the German energy regulator – Jochen Homann said there would be no decision on certifying the Gazprom-led Nord Stream 2 pipeline until the second half of 2022.

In addition to lack of Mallnow bookings on Thursday, European gas prices were also lifted by nuclear outages in France, with EDF announcing on Wednesday that it will take four reactors offline immediately after finding faults in pipes in a safety system at its Civaux power plant.

Expectations of frigid weather – starting next week – and concerns over gas storage levels have also

supported European gas prices in recent days.

The rally saw TTF and NBP extend their premium over US gas benchmark Henry Hub and Asian LNG marker JKM. Henry Hub dipped by 0.9% on Thursday to settle at USD 3.77/MMBtu, with JKM remaining unchanged at USD 35.87/MMBtu.

Strengthening gas and coal prices helped lift the European carbon price, which settled 5.3% higher at EUR 84.77/tonne.

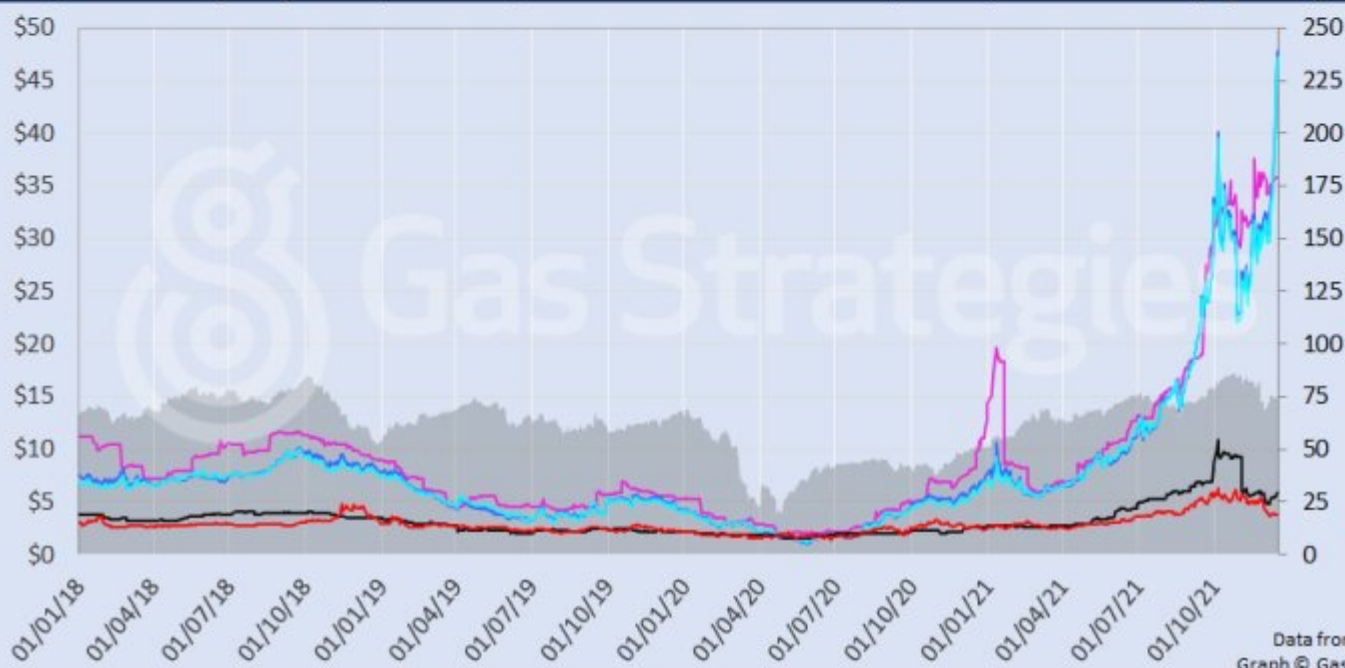
As for crude, prices ticked higher on Thursday but were falling on Friday morning amid ongoing concerns that rising Omicron cases could dent demand.

Brent closed at USD 75.02/barrel on Thursday, with WTI closing at USD 72.38/barrel.

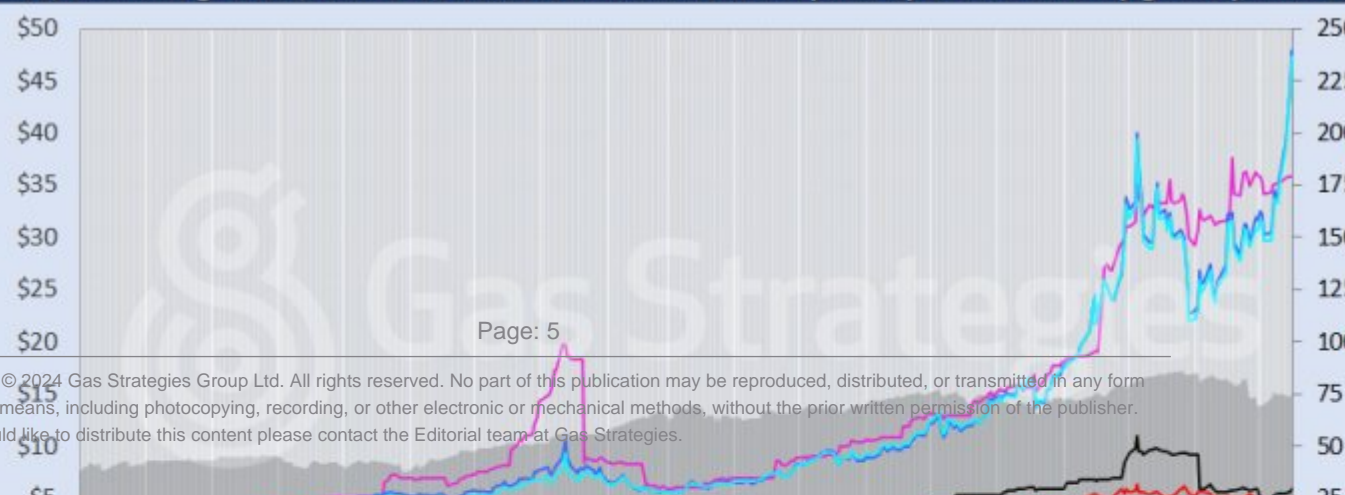
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	16/12/2021	15/12/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.77	3.80	-0.04	
NBP (\$/MMBtu)	47.89	44.26	3.63	
NBP (£p/th)	359.48	335.06	24.42	
Henry Hub-NBP spread	44.12	40.46	3.67	
TTF (\$/MMBtu)	47.31	43.65	3.66	
TTF (€/MWh)	142.77	132.28	10.48	
Henry Hub-TTF spread	43.55	39.85	3.70	
JKM (\$/MMBtu)	35.87	35.87	0.00	
TTF-JKM spread	-11.44	-7.78	-3.66	
Henry Hub-JKM spread	32.10	32.07	0.04	
Brent (\$/barrel)	75.02	73.88	1.14	
WTI (\$/barrel)	72.38	70.87	1.51	
Brent-WTI spread (\$/barrel)	2.64	3.01	-0.37	
API2 Coal (\$/tonne)	147.25	141.50	5.75	
API2 Coal (\$/MMBtu)	5.89	5.66	0.23	
EU CO ₂ emissions allowances (€/tonne)	84.77	80.50	4.27	

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 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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