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[1]

European gas prices hit a five-day high on Wednesday, lifted by an unplanned outage at a gas field in Norway and colder weather.

The February-dated NBP and TTF contracts returned to the USD 30/MMBtu range – for the first time since 29 December 2021 – after rallying by over 3% on Wednesday.

The rally was pinned on an unplanned outage at the Oseberg field, offshore Norway, as well as continued weak supply from Russia. Flows from Russia stood at 185 Mcm/d on Wednesday, up slightly from 183 Mcm/d on Tuesday, according to EnergyScan.

Colder weather sweeping across Europe has also supported European gas prices this week.

The strengthening gas prices helped lift the European carbon price, which closed 3.2% higher at EUR 87.16/tonne – its highest close since 8 December 2021.

Asian LNG marker JKM maintained its premium over the European gas markers after closing 4.4% higher at USD 34.19/MMBtu.

US gas benchmark Henry Hub brushed off Tuesday's loss, rallying by 4.4% on Wednesday to close at USD 3.88/MMBtu. The rally was pinned on expectations of colder weather sweeping across parts of the Lower 48 starting next week.

Cold weather has impacted US gas production in recent days, with freezing weather hitting Permian production last weekend.

As for crude, Brent and WTI settled at their highest since 25 November 2021, despite strong gains in US gasoline inventories.

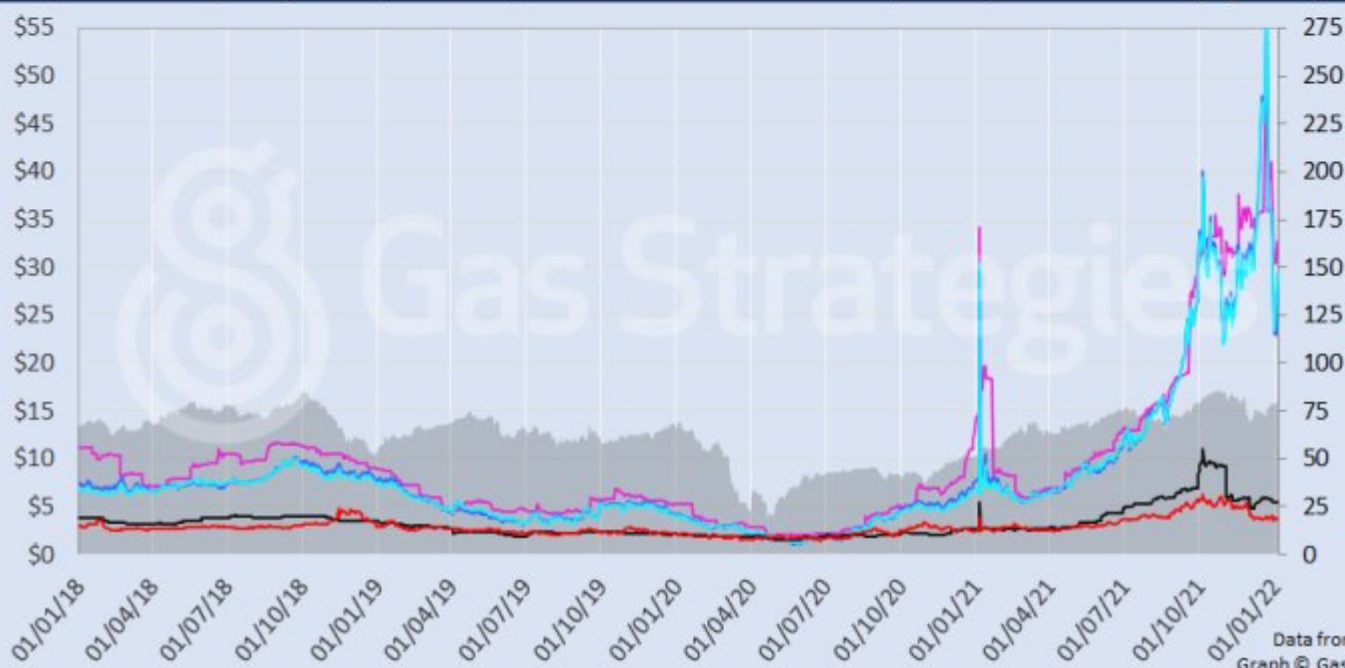
The US Energy Information Administration (EIA) reported on Wednesday that domestic gasoline storage levels increased by more than 10 million barrels last week. The strong increase was pinned on rising Covid-19 cases in the US, with daily cases hitting 1 million on Monday, marking the highest daily case level of any country, according to Reuters.

Brent closed 1% higher at USD 80.8/barrel, with WTI closing 1.1% higher at USD 77.85/barrel.

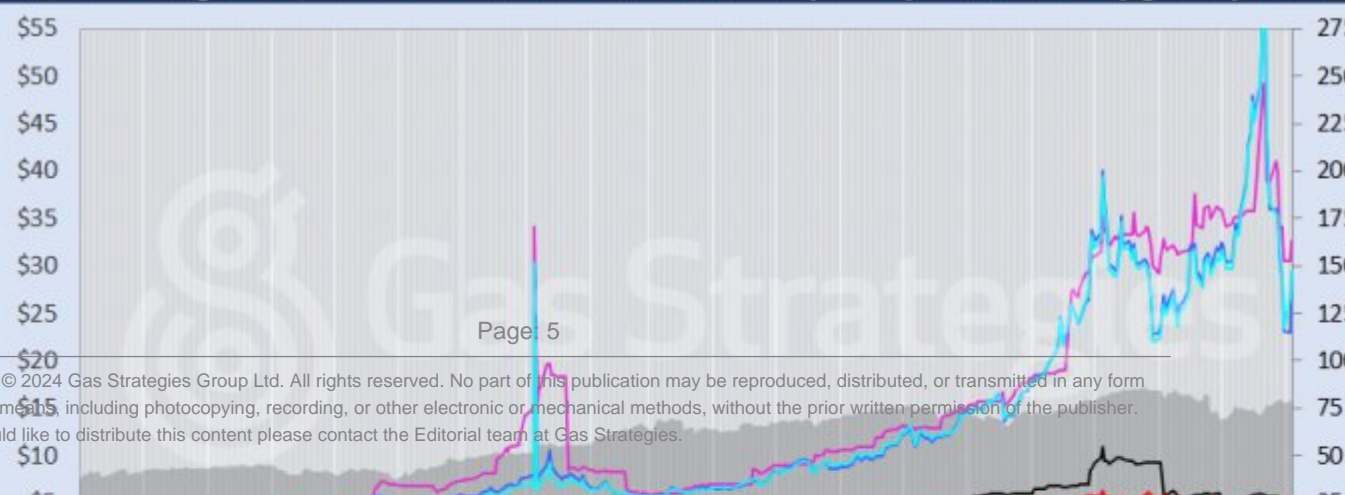
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	05/01/2022	04/01/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.88	3.72	0.17	
NBP (\$/MMBtu)	30.33	29.33	1.00	
NBP (£p/th)	223.45	216.57	6.88	
Henry Hub-NBP spread	26.44	25.61	0.83	
TTF (\$/MMBtu)	30.40	29.37	1.03	
TTF (€/MWh)	91.52	88.74	2.78	
Henry Hub-TTF spread	26.52	25.65	0.86	
JKM (\$/MMBtu)	34.19	32.75	1.45	
TTF-JKM spread	3.79	3.37	0.42	
Henry Hub-JKM spread	30.31	29.03	1.28	
Brent (\$/barrel)	80.80	80.00	0.80	
WTI (\$/barrel)	77.85	76.99	0.86	
Brent-WTI spread (\$/barrel)	2.95	3.01	-0.06	
API2 Coal (\$/tonne)	136.73	136.73	0.00	
API2 Coal (\$/MMBtu)	5.47	5.47	0.00	
EU CO ₂ emissions allowances (€/tonne)	87.16	84.46	2.70	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



[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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