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[1]

European gas prices continued to fall on Tuesday, weighed down by strong LNG imports and expectations of milder weather.

The February-dated NBP and TTF contracts fell by 7.2% and 6.6%, respectively yesterday. The Dutch marker settled at the equivalent of USD 26.22/MMBtu – USD 0.31/MMBtu higher than the UK gas benchmark.

Strong LNG imports into Europe so far this month have weighed on European gas prices this week, with expectations of milder weather helping push prices lower on Tuesday.

Mirroring the European gas benchmarks, Asian LNG marker JKM fell 1.1% on Tuesday to settle at USD 32.92/MMBtu. The TTF-JKM spread widened to USD 6.69/MMBtu on Tuesday.

In the US, Henry Hub hit a one-month high, settling 4.2% higher day-on-day at USD 4.25/MMBtu. Strong LNG exports and expectations of colder weather have helped lift the US gas benchmark in recent days.

The European carbon price staged a recovery yesterday, closing 1.5% higher at EUR 80.97/tonne.

As for crude, Brent and WTI stopped the rot on Tuesday, rallying by over 3%. Supply concerns coupled with expectations of stronger demand helped lift oil prices yesterday.

In its first Short-Term Energy Outlook (STEO) of 2022, the US Energy Information Administration said US

production will increase by 640,000 barrels/d over 2022 – a figure 30,000 barrels/d lower than its previous estimate in December. US oil demand is expected to increase by 840,000 barrels/d this year, up on the previous estimate of 700,000 barrels/d.

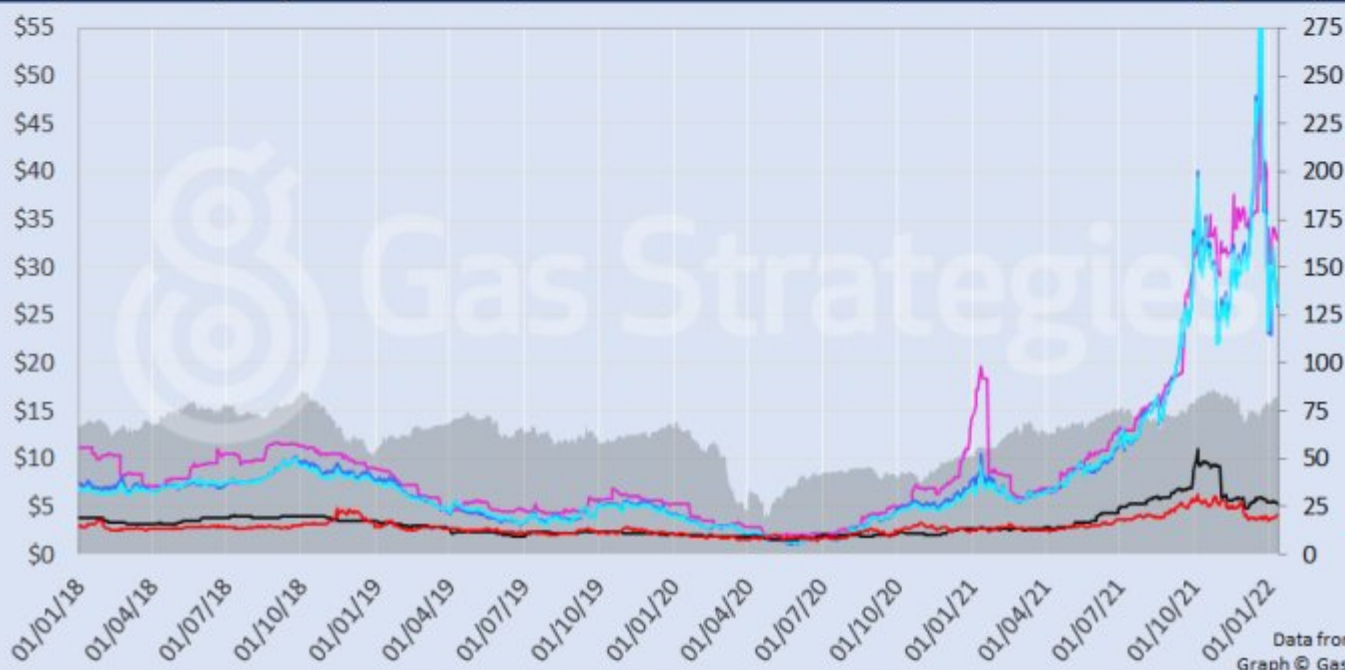
In addition to the lower production estimates, reports suggest OPEC is failing to hit its target of increasing production by 400,000 barrels/d each month through to September 2022.

Brent closed at USD 83.72/barrel, with WTI settling at USD 81.22/barrel.

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

Front-month futures/index	11/01/2022	10/01/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.25	4.08	0.17	
NBP (\$/MMBtu)	25.91	27.93	-2.02	
NBP (£p/th)	190.23	205.88	-15.65	
Henry Hub-NBP spread	21.67	23.86	-2.19	
TTF (\$/MMBtu)	26.22	28.09	-1.87	
TTF (€/MWh)	78.74	84.61	-5.87	
Henry Hub-TTF spread	21.97	24.01	-2.04	
JKM (\$/MMBtu)	32.92	33.27	-0.35	
TTF-JKM spread	6.69	5.18	1.52	
Henry Hub-JKM spread	28.67	29.19	-0.52	
Brent (\$/barrel)	83.72	80.87	2.85	
WTI (\$/barrel)	81.22	78.23	2.99	
Brent-WTI spread (\$/barrel)	2.50	2.64	-0.14	
API2 Coal (\$/tonne)	135.00	138.75	-3.75	
API2 Coal (\$/MMBtu)	5.40	5.55	-0.15	
EU CO ₂ emissions allowances (€/tonne)	80.97	79.74	1.23	

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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