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Contents

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[1]

European gas prices staged a recovery on Thursday, lifted by an unplanned outage in Norway which dented gas flows to Europe. Prices were rallying further on Friday after EDF revised its 2022 nuclear production target lower due to extended outages at five reactors.

The February-dated NBP and TTF contracts closed 14.1% higher yesterday. The Dutch marker settled at the equivalent of USD 28.72/MMBtu – USD 0.59/MMBtu higher than the UK gas benchmark.

The bounce back was pinned on an unplanned outage at the Troll gas field, offshore Norway. Flows from Norway into Europe fell to 328 Mcm/d on Thursday, down from 342 Mcm/d on Wednesday, according to EnergyScan. The issues at Troll are expected to be rectified by 17 January.

European gas prices could close higher on Friday after EDF announced a downward revision to its 2022 nuclear production target. The firm expects its nuclear fleet in France to produce 300–330 TWh of electricity this year, down 10% from the previous target. The revision is due to extended outages at five of the firm's nuclear reactors.

Lower nuclear power volumes this year could see increased demand for gas-fired power – which could place further pressure on Europe's already depleted gas inventories. As of Wednesday, Europe's gas storage levels were 49.33% full – a level usually reached in February.

Across the pond, US gas benchmark Henry Hub fell for the first time in five days amid profit taking. The front-month contract settled 12.1% lower at USD 4.27/MMBtu.

Asian LNG marker JKM stumbled, closing 1.2% lower at USD 32.61/MMBtu. The TTF-JKM spread narrowed to USD 3.89/MMBtu on Wednesday.

The European carbon price staged a recovery, closing 0.7% higher at EUR 80.22/tonne.

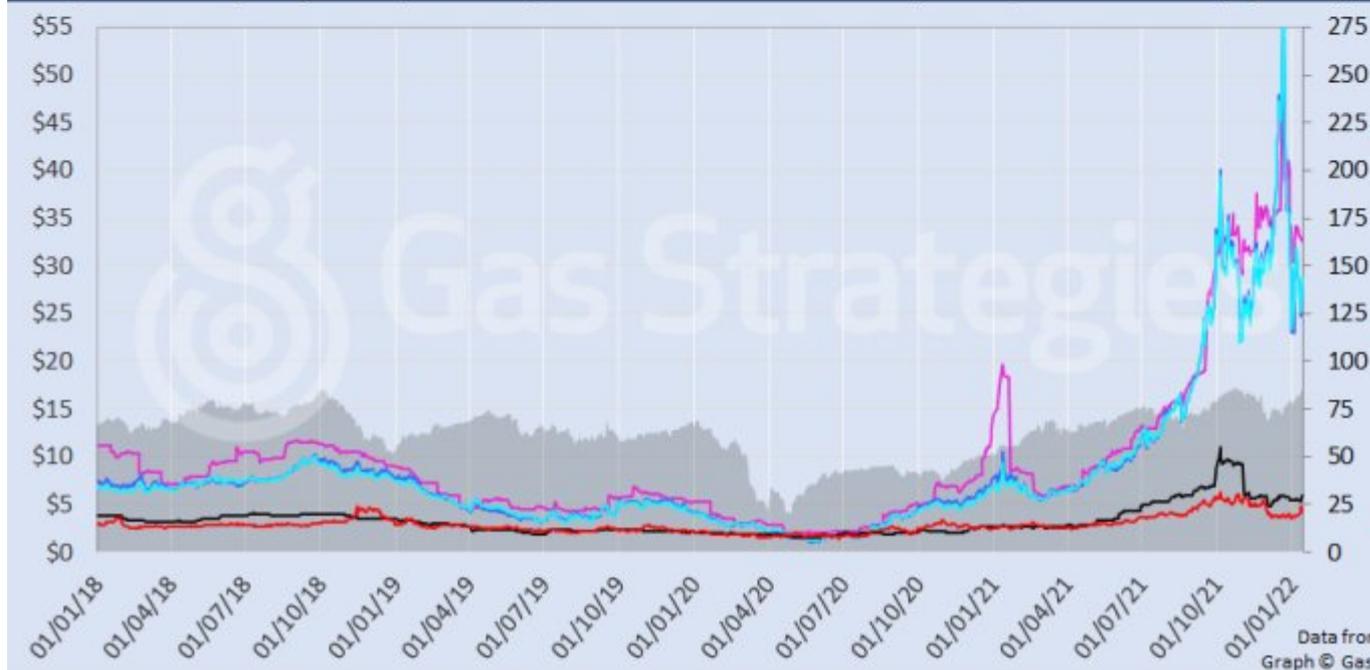
As for crude, Brent and WTI slipped on Thursday amid profit taking and on reports suggesting the US Federal Reserve may hike interest rates.

Brent closed 0.2% lower at USD 84.47/barrel, with WTI settling 0.6% lower at USD 82.12/barrel.

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

Front-month futures/index	13/01/2022	12/01/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.27	4.86	-0.59	
NBP (\$/MMBtu)	28.13	24.65	3.48	
NBP (£p/th)	204.97	179.98	24.99	
Henry Hub-NBP spread	23.86	19.79	4.07	
TTF (\$/MMBtu)	28.72	25.18	3.54	
TTF (€/MWh)	85.46	75.15	10.31	
Henry Hub-TTF spread	24.45	20.32	4.13	
JKM (\$/MMBtu)	32.61	33.00	-0.40	
TTF-JKM spread	3.89	7.82	-3.93	
Henry Hub-JKM spread	28.34	28.14	0.19	
Brent (\$/barrel)	84.47	84.67	-0.20	
WTI (\$/barrel)	82.12	82.64	-0.52	
Brent-WTI spread (\$/barrel)	2.35	2.03	0.32	
API2 Coal (\$/tonne)	148.60	139.00	9.60	
API2 Coal (\$/MMBtu)	5.94	5.56	0.38	
EU CO ₂ emissions allowances (€/tonne)	80.22	79.69	0.53	

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 2018



[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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