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Oil and European gas prices surged on Thursday, as the global markets reacted to Russia's full-blown military invasion of Ukraine by land, air and sea, with Brent close to reaching its highest point since 2014.

Brent neared USD 100/barrel, having gained USD 2.24/barrel on the day to settle at USD 99.08/barrel, while WTI was up by 71 cents to USD 92.81/barrel.

The Dutch front-month TTF gas contract shot up to USD 43.89/MMBtu, a day-on-day gain of USD 14.41/MMBtu – though it remained lower than levels above USD 50/MMBtu last seen in December. Similarly, the UK NBP gained USD 14.07/MMBtu to USD 42.98/MMBtu.

While Russia's invasion of Ukraine in the early morning hours of Thursday heightened ongoing concerns over Europe's gas supplies at a time when storage levels remain lower than normal, imports from Russia appeared unaffected by the conflict. For example, German network operator reported that gas flows into Poland via the Yamal pipeline increased four-fold on Friday, while Romanian TSO Transgaz also reported that gas supplies via Ukraine continued as normal.

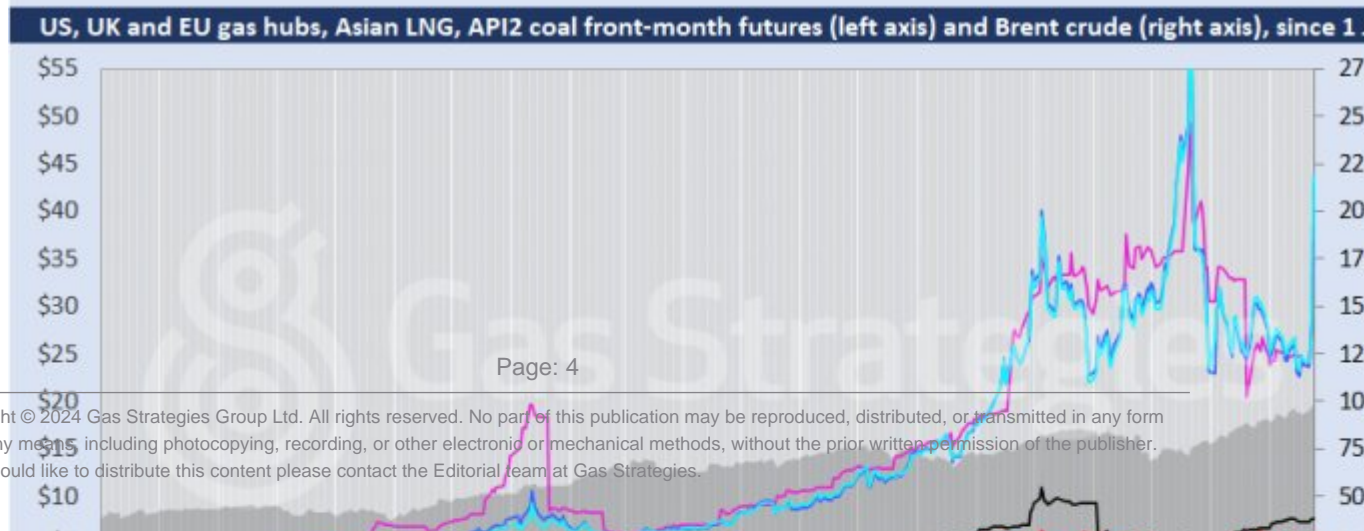
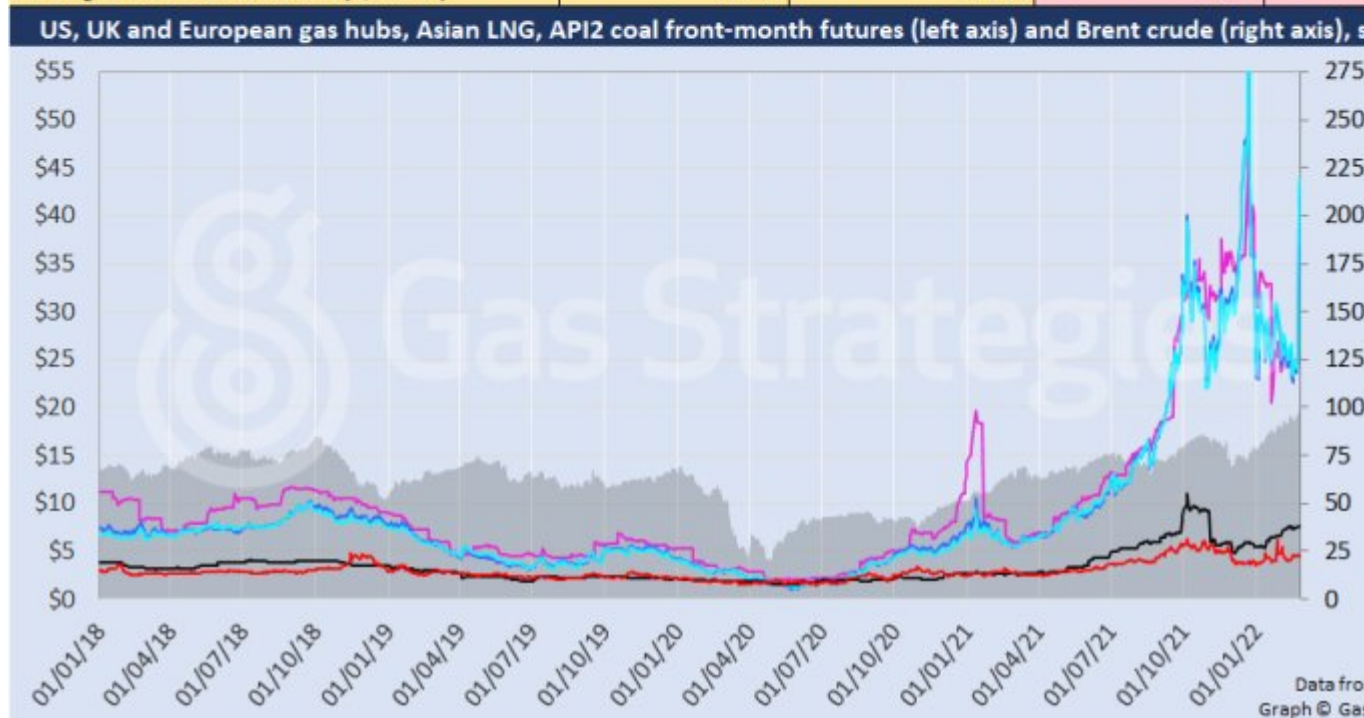
And while the EU and G7 inter-governmental political forum said on Thursday that they planned to bring forward "severe and coordinated economic and financial sanctions" against Russia, targeting its access to capital markets and key technology, there was – for now – no mention of the country's energy sector being targeted.

But on Wednesday US President Joe Biden directed his administration to impose sanctions on Nord Stream 2 AG and its corporate officers, while the German government announced that it will suspend the approval of the underwater gas pipeline link that connects Russia with Germany via the Baltic Sea.

Meanwhile, the JKM LNG marker also rose sharply on Thursday, by just over USD 8/MMBtu, settling at USD 37.01/MMBtu, but with the TTF recording sharper day-on-day gains, the JKM's discount to the Dutch contract widened from just half a dollar to nearly USD 7/MMBtu.

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

Front-month futures/index	24/02/2022	23/02/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.57	4.62	-0.06	
NBP (\$/MMBtu)	42.98	28.92	14.07	
NBP (£p/th)	321.97	213.33	108.64	
Henry Hub-NBP spread	38.41	24.29	14.12	
TTF (\$/MMBtu)	43.89	29.48	14.41	
TTF (€/MWh)	134.32	88.89	45.43	
Henry Hub-TTF spread	39.32	24.86	14.46	
JKM (\$/MMBtu)	37.01	28.97	8.05	
TTF-JKM spread	-6.88	-0.52	-6.36	
Henry Hub-JKM spread	32.44	24.34	8.10	
Brent (\$/barrel)	99.08	96.84	2.24	
WTI (\$/barrel)	92.81	92.10	0.71	
Brent-WTI spread (\$/barrel)	6.27	4.74	1.53	
API2 Coal (\$/tonne)	192.00	190.75	1.25	
API2 Coal (\$/MMBtu)	7.68	7.63	0.05	
EU CO ₂ emissions allowances (€/tonne)	86.64	94.67	-8.03	



[1]

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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