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[1]

US gas benchmark Henry Hub hit a three-month high on Tuesday, with the rally prompted by supply concerns.

The front-month Henry Hub contract recorded a 5.6% gain on Tuesday and closed at USD 6.03/MMBtu – its highest level since late January.

Supply concerns lifted the US gas benchmark on Tuesday, with E&P firms in the US continuing to show restraint over increasing production, despite soaring prices. While gas production levels remain flat, US LNG exports are expected to hit record highs this year, raising further concerns over domestic supply.

Across the pond, European gas prices continued to fall amid robust supply. Pipeline volumes from Russia hit a four-month high on Wednesday, with Europe set for a fresh wave of LNG imports over the coming weeks. Warmer weather also weighed on prices.

The May-dated TTF and NBP contracts closed 1.5% and 0.8% lower respectively on Tuesday. The Dutch marker settled at the equivalent of USD 34.75/MMBtu, with the UK gas benchmark closing at the equivalent of USD 31.74/MMBtu.

While gas prices dipped, coal prices in Europe recorded strong gains as the European Commission confirmed on Tuesday that it is looking to ban imports of Russian coal as part of a new wave of sanctions.

The front-month API2 coal contract closed 11.6% higher at the equivalent of USD 11.77/MMBtu.

Asian LNG marker JKM recovered, closing 1.5% higher at USD 33.46/MMBtu.

Oil prices fell back into the red on Tuesday amid concerns that rising Covid cases could hit crude demand.

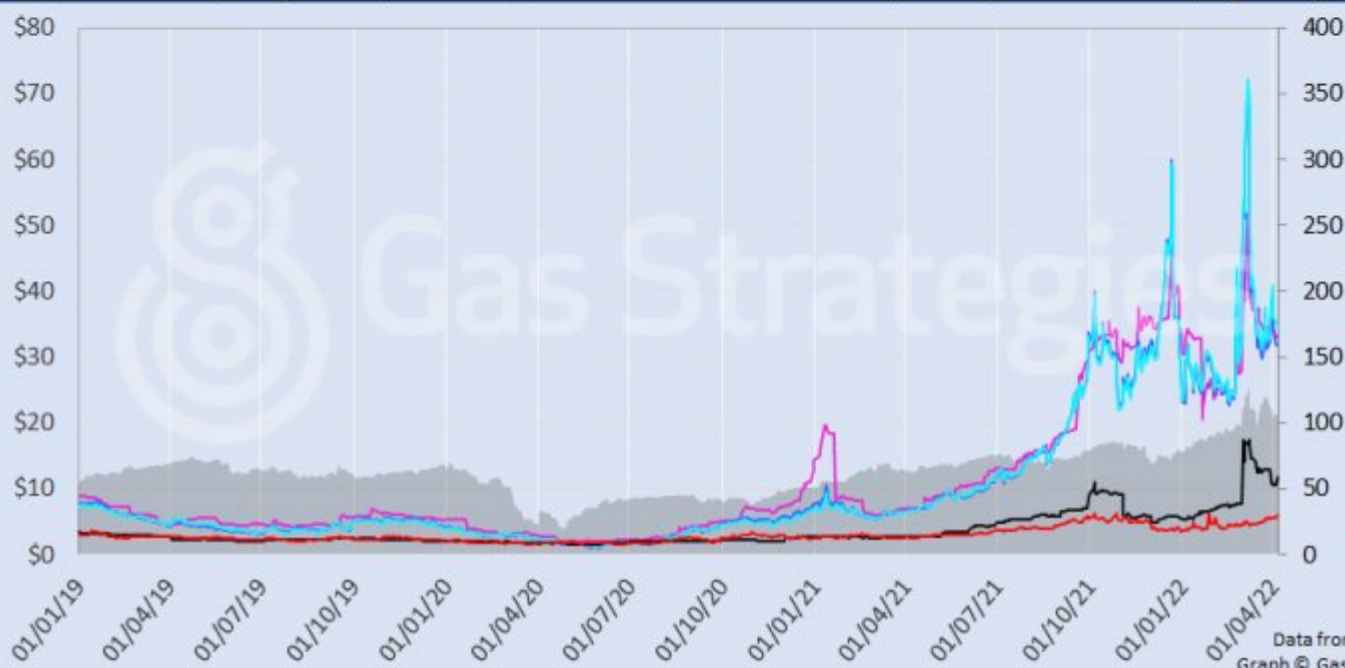
China extended a lockdown in Shanghai this week in a bid to control rising Covid cases. A strengthening US dollar also weighed on crude prices.

The front-month Brent and WTI contracts settled 0.8% and 1.3% lower respectively on Tuesday, with the former closing at USD 106.64/barrel and the US crude benchmark closing at USD 101.96/barrel.

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

Front-month futures/index	05/04/2022	04/04/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	6.03	5.71	0.32	
NBP (\$/MMBtu)	31.74	32.01	-0.27	
NBP (£p/th)	242.24	244.06	-1.82	
Henry Hub-NBP spread	25.71	26.30	-0.59	
TTF (\$/MMBtu)	34.75	35.29	-0.53	
TTF (€/MWh)	108.56	109.52	-0.96	
Henry Hub-TTF spread	28.72	29.57	-0.85	
JKM (\$/MMBtu)	33.46	32.95	0.50	
TTF-JKM spread	-1.30	-2.34	1.04	
Henry Hub-JKM spread	27.42	27.24	0.18	
Brent (\$/barrel)	106.64	107.53	-0.89	
WTI (\$/barrel)	101.96	103.28	-1.32	
Brent-WTI spread (\$/barrel)	4.68	4.25	0.43	
API2 Coal (\$/tonne)	294.35	263.65	30.70	
API2 Coal (\$/MMBtu)	11.77	10.55	1.23	
EU CO ₂ emissions allowances (€/tonne)	77.85	78.29	-0.44	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



[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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