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Natural gas prices on both sides of the Atlantic posted strong gains on Tuesday, with US gas benchmark Henry Hub topping USD 8/MMBtu for the first time since 6 May. As for oil, US benchmark WTI settled above Brent for the first time since May 2020.

The June-dated Henry Hub contract closed at USD 8.3/MMBtu yesterday, up 4.4% compared with Monday's close. A dip in production and forecasts suggesting strong cooling demand – particularly in Texas – lifted Henry Hub on Tuesday.

The grid operator in Texas – The Electric Reliability Council of Texas (ERCOT) – announced on Monday that it expects electricity supply to meet summer demand under normal circumstances, however ERCOT noted that it expects the Lone Star state's demand to hit record levels this summer.

Rebounding US LNG exports has also helped lift Henry Hub, with feedgas flows to LNG plants on Tuesday topping 12 Bcf/d – marking the highest flows since 10 May, according to data compiled by RonH Energy.

Across the pond, UK marker NBP closed 9.3% higher at the equivalent of USD 23.1/MMBtu. Dutch marker TTF settled 2.5% higher at the equivalent of USD 29.07/MMBtu.

Confusion over the payment process for Russian gas supported prices on Tuesday. A European Commission spokesperson was quoted as saying on Tuesday that opening ruble accounts at Gazprombank in order to pay for Russian gas supplies would breach the bloc's sanctions. Eni confirmed

late on Tuesday that it had opened both ruble and euros accounts at Gazprombank.

“[T]he Company is going to temporarily open the two accounts without prejudice to its contractual rights, which still envisage payment in euros. This explicit conditionality will be included in the payment procedure,” Eni said in a statement.

As for Asian LNG marker JKM, the front-month contract remained unchanged on Tuesday.

Crude prices dipped on Tuesday amid reports suggesting Washington could ease some sanctions on the Venezuelan government, a move which could result in additional oil supplies.

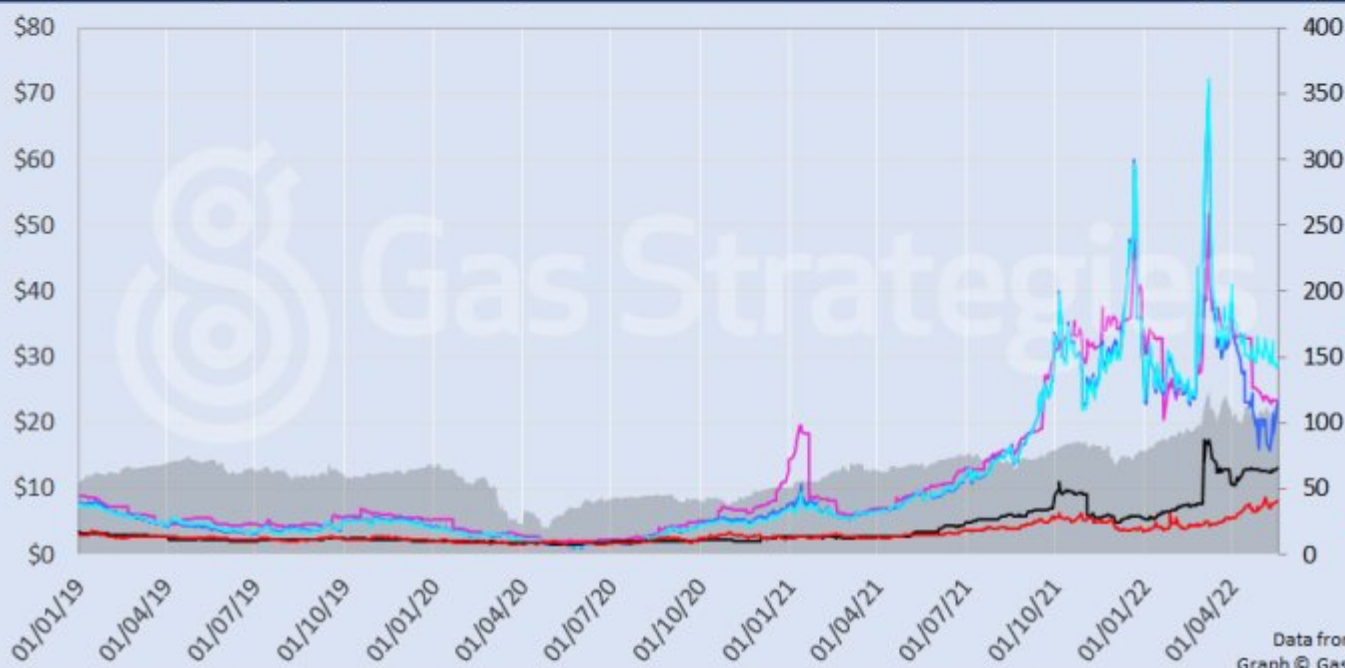
Tuesday saw WTI settle above Brent for the first time since May 2020, with the US crude benchmark bolstered by record gasoline prices in the country.

Brent settled 2% lower at USD 111.93/barrel, with WTI settling at USD 112.4/barrel, down 1.6% day-on-day.

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

Front-month futures/index	17/05/2022	16/05/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.30	7.96	0.35	
NBP (\$/MMBtu)	23.10	21.14	1.97	
NBP (£p/th)	185.23	172.26	12.97	
Henry Hub-NBP spread	14.80	13.18	1.62	
TTF (\$/MMBtu)	29.07	28.36	0.72	
TTF (€/MWh)	94.18	92.86	1.32	
Henry Hub-TTF spread	20.77	20.40	0.37	
JKM (\$/MMBtu)	23.43	23.43	0.00	
TTF-JKM spread	-5.64	-4.92	-0.72	
Henry Hub-JKM spread	15.13	15.48	-0.35	
Brent (\$/barrel)	111.93	114.24	-2.31	
WTI (\$/barrel)	112.40	114.20	-1.80	
Brent-WTI spread (\$/barrel)	-0.47	0.04	-0.51	
API2 Coal (\$/tonne)	329.50	325.15	4.35	
API2 Coal (\$/MMBtu)	13.18	13.01	0.17	
EU CO ₂ emissions allowances (€/tonne)	91.30	89.15	2.15	

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



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



[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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