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[1]

European gas prices bounced back on Wednesday, with TTF settling at its highest level since March and UK marker NBP closing at a two-month high.

The front-month NBP and TTF contracts rolled over to August on Wednesday, with TTF closing 7.9% higher compared to the closing price of the July contract on Tuesday. NBP was up over 46% compared to the close of the July contract on Tuesday, with the UK marker settling at the equivalent of USD 29.74/MMBtu – its highest close since 8 April.

The Dutch marker closed at USD 43.03/MMBtu, its highest close since 9 March.

The rally was pinned on ongoing supply concerns, with Gazprom set to carry out annual maintenance on the Nord Stream 1 pipeline from 11-21 July. The Russian firm has capped NS1's capacity by 60% in recent weeks, citing the need for kit Siemens sent to Canada for maintenance.

Gazprom has said sanctions have prevented the return of the equipment needed for the turbines at gas compressor stations, with reports suggesting Russia, Germany and Canada have not resolved the issue.

Some market observers suggest Gazprom will halt NS1 flows completely, citing technical reasons.

Competition between European and Asian LNG buyers is also expected to pick up amid heatwaves in Japan and China, with supply tightening as Freeport LNG remains offline and exports from Shell's Prelude FLNG facility off the coast of Western Australia are expected to grind to halt on Friday due to

workers striking. Shipments from Prelude are not expected to resume until 15 July at the earliest.

Japanese firms are offtakers from both plants, with JERA and Osaka Gas having announced earlier this month that they will need to procure alternative LNG supplies due to the Freeport outage. Japan's storage levels are likely to have dropped following record heat in the country this week, which led to the government issuing a blackout warning amid high demand and tight power supply.

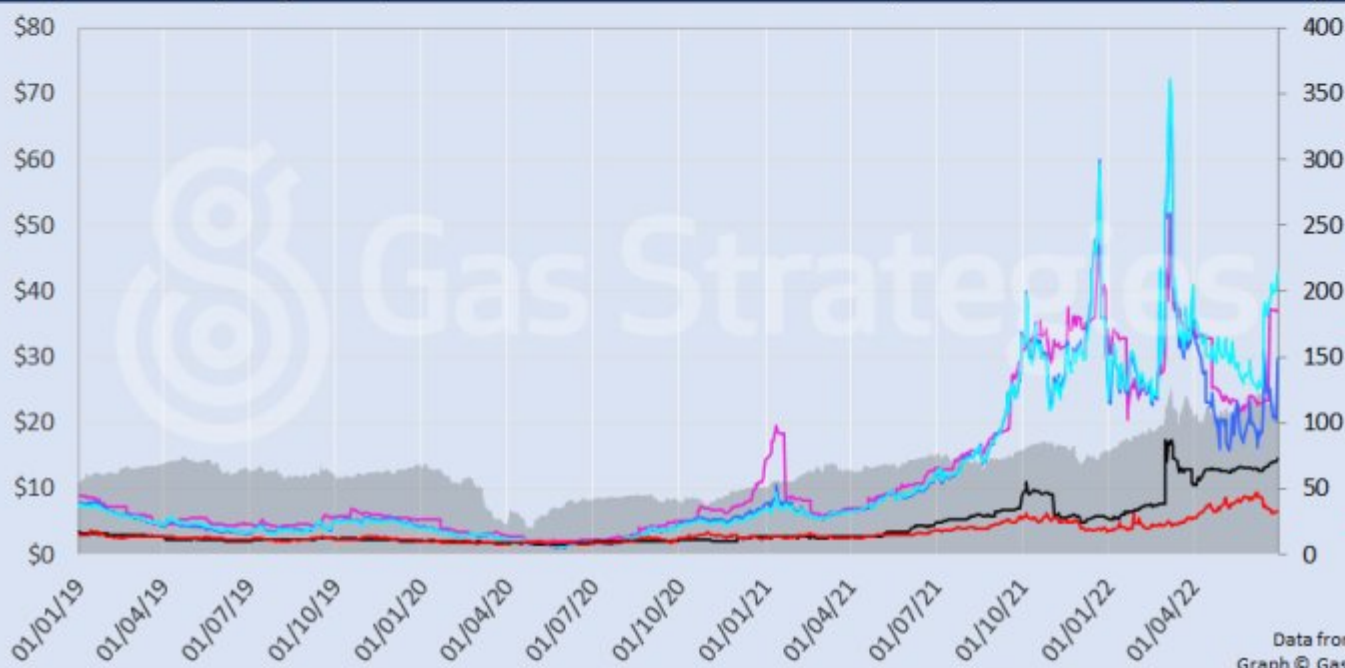
US gas benchmark Henry Hub fell back into the red, closing 0.8% lower at USD 6.5/MMBtu.

As for oil, prices dipped amid ongoing recession fears. An increase in US gasoline and distillate inventory levels also weighing on prices.

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

Front-month futures/index	29/06/2022	28/06/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	6.50	6.55	-0.05	
NBP (\$/MMBtu)	29.74	20.35	9.39	
NBP (£p/th)	244.82	166.75	78.07	
Henry Hub-NBP spread	23.24	13.80	9.44	
TTF (\$/MMBtu)	43.03	39.89	3.14	
TTF (€/MWh)	140.18	129.18	11.00	
Henry Hub-TTF spread	36.53	33.34	3.19	
JKM (\$/MMBtu)	37.16	37.00	0.16	
TTF-JKM spread	-5.87	-2.89	-2.98	
Henry Hub-JKM spread	30.66	30.45	0.21	
Brent (\$/barrel)	116.26	117.98	-1.72	
WTI (\$/barrel)	109.78	111.76	-1.98	
Brent-WTI spread (\$/barrel)	6.48	6.22	0.26	
API2 Coal (\$/tonne)	364.50	352.89	11.61	
API2 Coal (\$/MMBtu)	14.58	14.12	0.46	
EU CO ₂ emissions allowances (€/tonne)	87.93	86.98	0.95	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/19



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/19



[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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