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UK gas benchmark NBP surged on Wednesday, with TTF also ticking higher amid concerns over the restart of Nord Stream 1 flows. Prices could however settle lower on Thursday as gas flows via the 55 Bcm/year pipeline restarted today after planned maintenance.

The front-month NBP contract closed 23.6% higher at the equivalent of USD 32.16/MMBtu on Wednesday, helping cut TTF's premium – which is impacting the UK's ability to draw cargoes away from continental Europe.

NBP was falling on Thursday morning amid news that flows via the Interconnector UK pipeline have once again been halted - meaning the UK cannot flow gas to Belgium. The outage is due to filter damage, with the pipe having experienced outages and capacity curbs in June due to solid ingress.

While NBP surged, TTF recorded a modest gain of 0.1% to settle at the equivalent of USD 46.41/MMBtu. The increase was pinned on concerns over the resumption of Nord Stream 1 flows – which returned on Thursday morning.

TTF fell in early morning trading following news of NS1 flows resuming, however the marker was rallying later in the morning. NS1 flows are expected to ramp up throughout the day, with nominations indicating that flows will reach 65 MMcm/d – 40% of the pipeline's capacity. Prior to the maintenance period, Gazprom had capped flows at 40% of NS1's capacity.

While the return of NS1 will ease supply concerns, Russian president Vladimir Putin has this week

suggested NS1 flows could drop to 30 MMcm/d from 26 July, citing the need to conduct further maintenance on turbines at a compressor station which feeds gas to the pipeline.

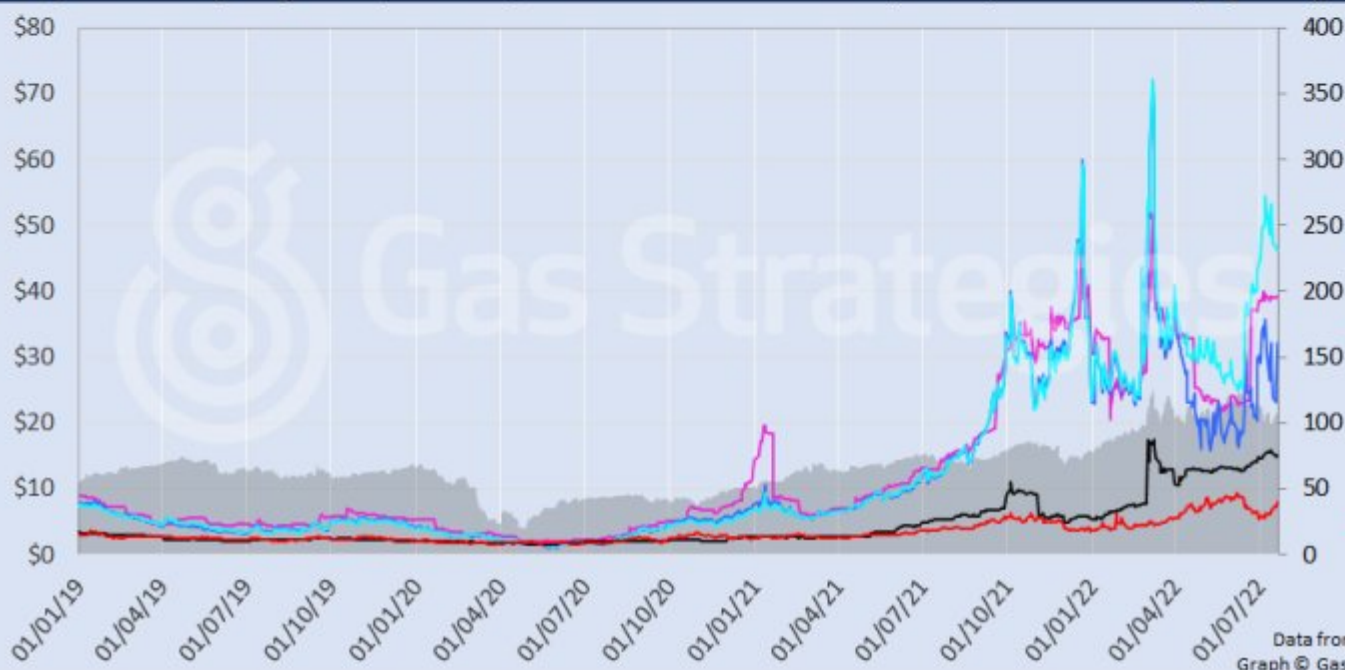
Across the pond, US gas benchmark Henry Hub rebounded, climbing 10.2% to close at USD 8.01/MMBtu – marking its highest close since 13 June. The heatwave gripping the Lower 48 was the main driver on Wednesday.

As for oil, prices dipped yesterday. Brent was down 0.4%, with WTI closing 0.9% lower.

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

Front-month futures/index	20/07/2022	19/07/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.01	7.26	0.74	
NBP (\$/MMBtu)	32.16	26.03	6.13	
NBP (£p/th)	268.32	216.53	51.79	
Henry Hub-NBP spread	24.15	18.77	5.39	
TTF (\$/MMBtu)	46.41	46.35	0.06	
TTF (€/MWh)	155.04	154.46	0.58	
Henry Hub-TTF spread	38.40	39.08	-0.68	
JKM (\$/MMBtu)	39.17	39.08	0.09	
TTF-JKM spread	-7.24	-7.27	0.03	
Henry Hub-JKM spread	31.16	31.82	-0.65	
Brent (\$/barrel)	106.92	107.35	-0.43	
WTI (\$/barrel)	99.88	100.74	-0.86	
Brent-WTI spread (\$/barrel)	7.04	6.61	0.43	
API2 Coal (\$/tonne)	376.00	371.00	5.00	
API2 Coal (\$/MMBtu)	15.04	14.84	0.20	
EU CO ₂ emissions allowances (€/tonne)	78.48	83.28	-4.80	

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



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



[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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