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European gas prices continued to soar at the start of the week, with the rally prompted by Gazprom announcing that it will cut Nord Stream 1 (NS1) flows further from 27 July.

Dutch gas benchmark TTF recorded the strongest gains on Monday, closing 10.3% higher at the equivalent of USD 52.84/MMBtu. UK gas marker NBP closed 2.8% higher at the equivalent of USD 38.58/MMBtu – marking a fresh four-month high.

Prices soared during the late afternoon on Monday after Gazprom announced that it will cut NS1 flows to 33 MMcm/d – equivalent to ~20% of the pipeline's capacity – from 27 July.

The Russian firm said it needs to take another turbine at the Portovaya compressor station – which feeds gas into NS1 – offline for maintenance. The news may not be such a surprise to some given Russian President Vladimir Putin last week announced that flows would likely be cut to the 33 MMcm/d level this week, citing the need to conduct further maintenance.

Nevertheless, the move to cut NS1 flows further will heighten supply concerns in Europe. The EU is desperately trying to get member states to agree to cut gas demand starting next month in a bid to ensure gas storage facilities across the continent are at least 80% full by 1 November.

In the US, gas benchmark Henry Hub closed 5.2% higher at USD 8.73/MMBtu – marking its highest close since 10 June. The marker has returned to the USD 8/MMBtu on Friday, with the recent rally

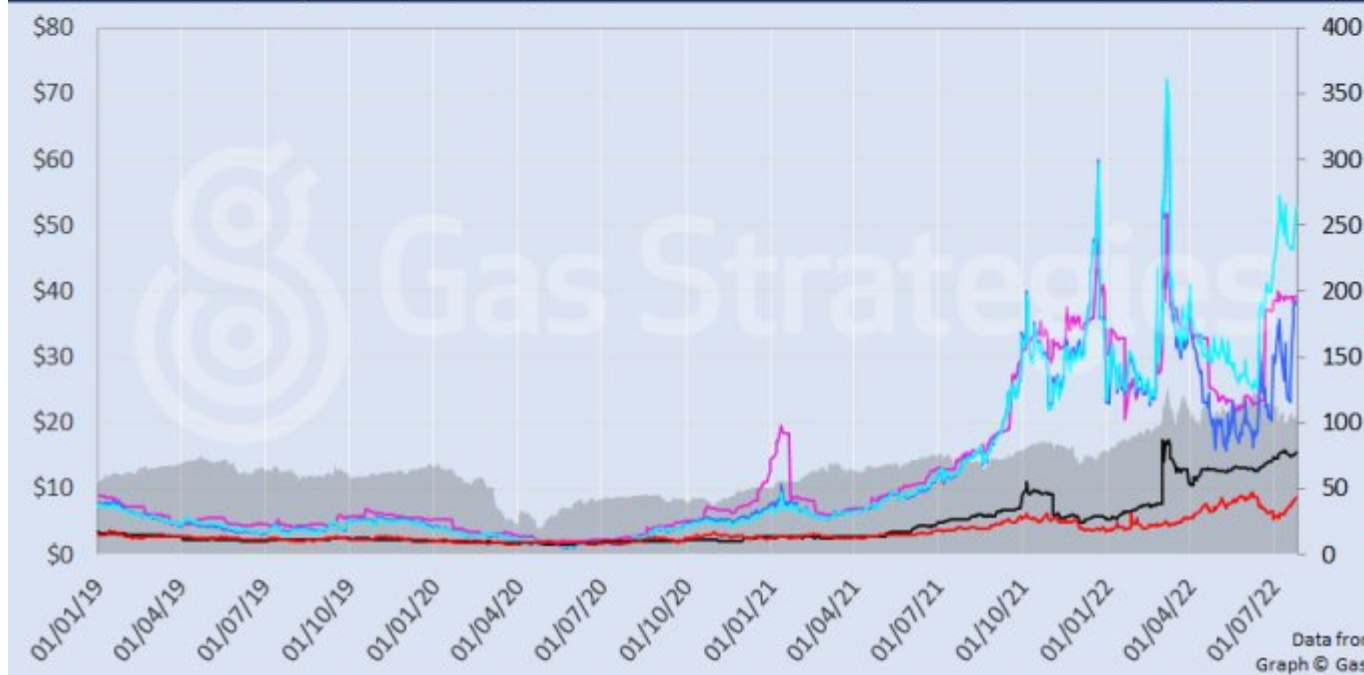
prompted by expectations of strong demand remaining heading into August amid hot weather and lingering concerns over gas production growth.

As for oil, prices rebounded on Monday. Gazprom's announcement help lift crude as some market observers suggest Europe's demand for fuel oil in the power sector could increase in light of lower gas flows from Russia. Brent closed 1.9% higher at USD 105.15/barrel, with WTI up 2.1% at USD 96.7/barrel.

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

Front-month futures/index	25/07/2022	22/07/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.73	8.30	0.43	
NBP (\$/MMBtu)	38.58	37.52	1.05	
NBP (£p/th)	320.47	312.18	8.29	
Henry Hub-NBP spread	29.85	29.22	0.62	
TTF (\$/MMBtu)	52.84	47.91	4.93	
TTF (€/MWh)	176.62	159.86	16.75	
Henry Hub-TTF spread	44.11	39.61	4.50	
JKM (\$/MMBtu)	39.39	38.99	0.40	
TTF-JKM spread	-13.45	-8.92	-4.53	
Henry Hub-JKM spread	30.66	30.69	-0.03	
Brent (\$/barrel)	105.15	103.20	1.95	
WTI (\$/barrel)	96.70	94.70	2.00	
Brent-WTI spread (\$/barrel)	8.45	8.50	-0.05	
API2 Coal (\$/tonne)	387.00	376.50	10.50	
API2 Coal (\$/MMBtu)	15.48	15.06	0.42	
EU CO ₂ emissions allowances (€/tonne)	76.00	75.96	0.04	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 January 2019



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 January 2019



[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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