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Contents

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US natural gas benchmark Henry Hub returned to the USD 8/MMBtu range yesterday after Freeport LNG announced that it has reached an agreement with a federal regulator regarding restarting the facility in October. Freeport also announced that it expects to restart all three trains in October, with the announcement taking the market by surprise.

The September-dated Henry Hub contract closed 7.3% higher day-on-day at USD 8.27/MMBtu, with the marker having hit an intraday high of USD 8.48/MMBtu.

Freeport's announcement was the main driver of Wednesday's rally, with the news having the opposite effect on Dutch marker TTF – which fell 3.4% to close at the equivalent USD 59.2/MMBtu. Freeport announcing that it intends to restart all three liquefaction trains took some market participants by surprise as many expected a more gradual restart following the fire at the facility in June.

While TTF tumbled, UK marker NBP and Asian LNG marker JKM continued to climb. The September-dated NBP contract closed 1.6% higher at the equivalent of USD 44.9/MMBtu. As for JKM, it settled 1.5% higher at USD 45.95/MMBtu – maintaining its premium over the UK marker and reducing the TTF-JKM spread to USD 13.25/MMBtu.

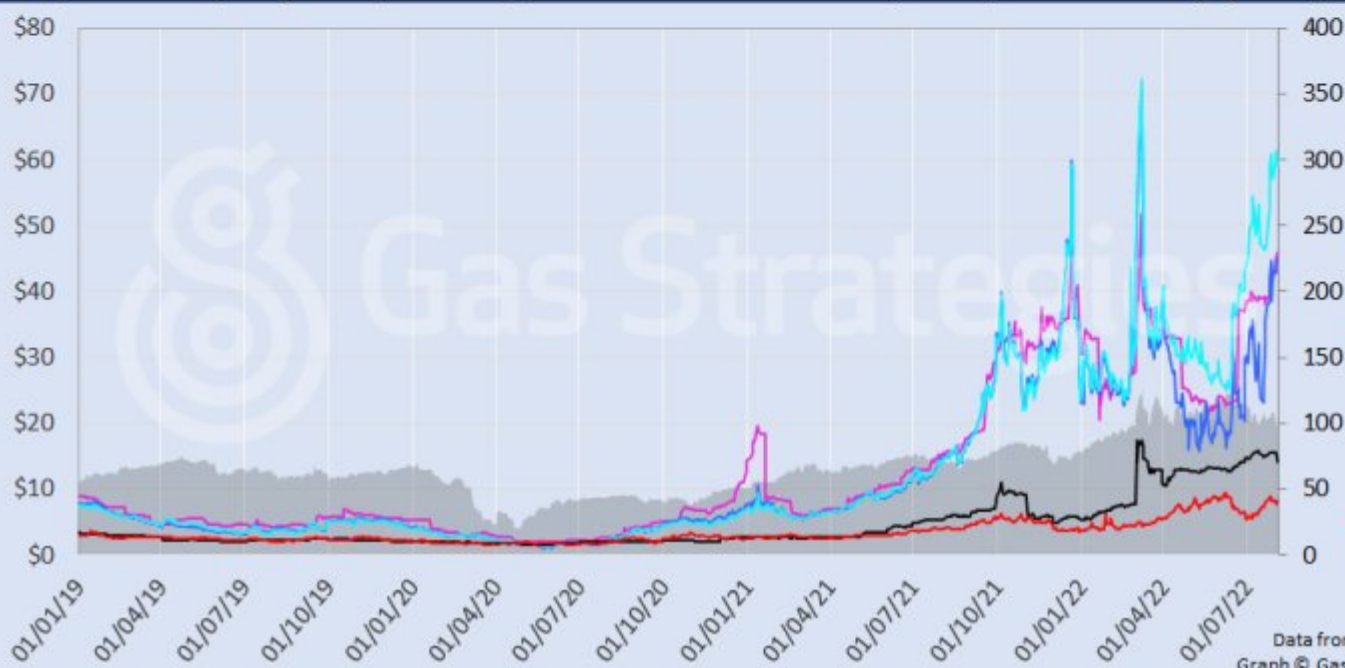
As for oil, Brent and WTI settled at their lowest level since February. The slump was pinned on a surprise build in US crude and gasoline storage levels, coupled with OPEC+ announcing that it will increase output by 100,000 barrels/d starting in September.

Brent closed 3.7% lower at USD 96.78/barrel, with WTI down 4% at USD 90.66/barrel.

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

Front-month futures/index	03/08/2022	02/08/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.27	7.71	0.56	
NBP (\$/MMBtu)	44.90	44.18	0.73	
NBP (£p/th)	370.20	361.48	8.72	
Henry Hub-NBP spread	36.64	36.47	0.17	
TTF (\$/MMBtu)	59.20	61.30	-2.10	
TTF (€/MWh)	199.20	205.17	-5.98	
Henry Hub-TTF spread	50.94	53.59	-2.66	
JKM (\$/MMBtu)	45.95	45.28	0.67	
TTF-JKM spread	-13.25	-16.02	2.77	
Henry Hub-JKM spread	37.68	37.57	0.11	
Brent (\$/barrel)	96.78	100.54	-3.76	
WTI (\$/barrel)	90.66	94.42	-3.76	
Brent-WTI spread (\$/barrel)	6.12	6.12	0.00	
API2 Coal (\$/tonne)	352.85	389.02	-36.17	
API2 Coal (\$/MMBtu)	14.11	15.56	-1.45	
EU CO ₂ emissions allowances (€/tonne)	83.64	81.60	2.04	

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



[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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