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[1]

European gas prices continued weakening on Wednesday, as mild January weather and strong winds across the continent remained in support of lower prices.

The downward market trend is being supported by the dissolution of fears over shortages of gas on supply cuts from Russia, and a warmer-than-average winter.

The Dutch benchmark TTF declined to its lowest level since September 2021 on Wednesday, down 10% to USD 20.23/MMBtu.

The UK's NBP followed suit and dropped by 10% to USD 18.46/MMBtu, its lowest level since June 2022. Additionally, National Grid ESO has reported that the percentage of zero carbon electricity generated onto the grid hit a new daily record on Wednesday of 87.6%.

Meanwhile, US natural gas futures rebounded in anticipation of the release of the weekly gas storage data from the Energy Information Administration (EIA), securing a 4.6% increase to USD 4.17/MMBtu. The emerging consensus among the market watchers is that natural gas futures had been oversold during the past few days of low prices, allowing them to regain some losses.

Crude prices fell by 5% on Wednesday over growing concerns by investors over fuel demand as the global economy slows and Covid-19 cases grow in China.

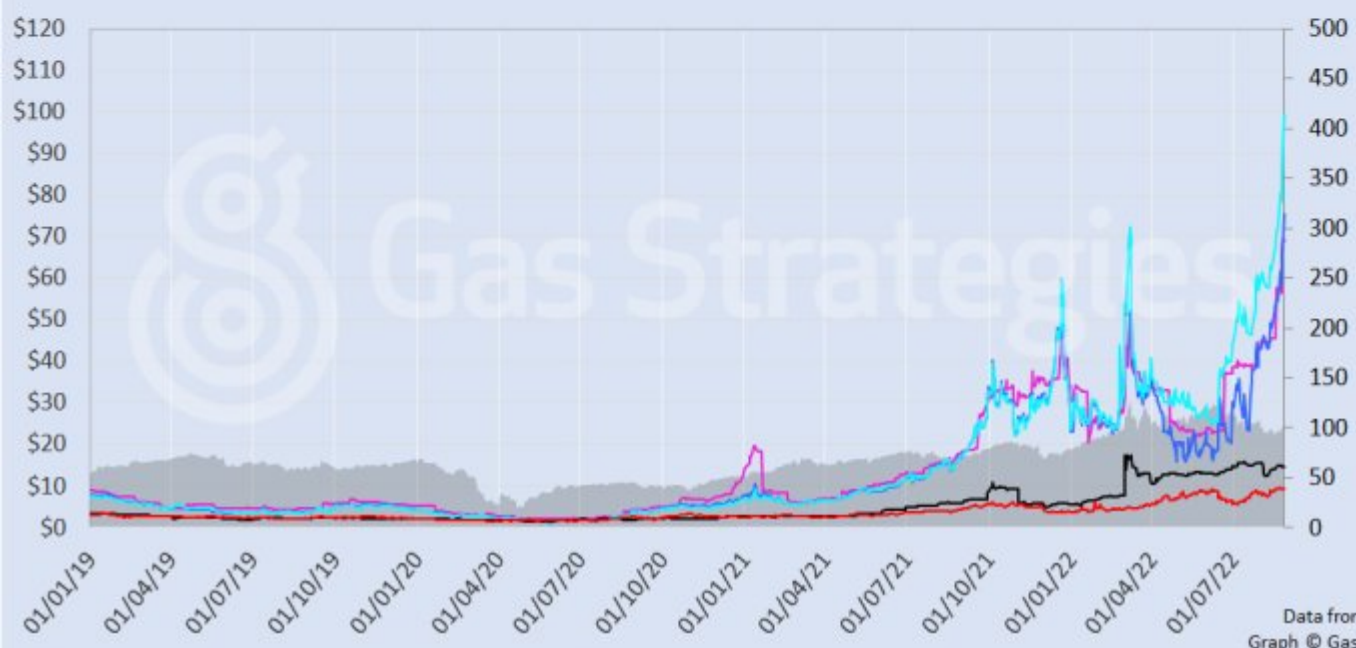
Brent dropped by 5% to USD 78,01/barrel, while WTI posted a slightly steeper 5.3% dip to USD

72.84/barrel.

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

Front-month futures/index	04/01/2023	03/01/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.17	3.99	0.18	
NBP (\$/MMBtu)	18.46	20.49	-2.03	
NBP (£p/th)	153.08	171.18	-18.10	
Henry Hub-NBP spread	14.29	16.50	-2.22	
TTF (\$/MMBtu)	20.23	22.38	-2.14	
TTF (€/MWh)	65.02	72.31	-7.29	
Henry Hub-TTF spread	16.06	18.39	-2.32	
JKM (\$/MMBtu)	29.50	29.35	0.16	
TTF-JKM spread	9.77	6.97	2.80	
Henry Hub-JKM spread	25.33	25.36	-0.03	
Brent (\$/barrel)	78.01	82.10	-4.09	
WTI (\$/barrel)	72.84	76.93	-4.09	
Brent-WTI spread (\$/barrel)	5.17	5.17	0.00	
API2 Coal (\$/tonne)	227.88	227.88	0.00	
API2 Coal (\$/MMBtu)	9.12	9.12	0.00	
EU CO ₂ emissions allowances (€/tonne)	75.09	80.72	-5.63	

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



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



[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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