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[1]

Natural gas prices continued their decline in all three of the world's main consuming regions on Wednesday – all down around two-fifths on a month ago. A notable development was a brief intra-day dip below USD 3/MMBtu for Henry Hub in the US.

Driving factors include milder weather, higher than normal storage inventories and expectations of growth in LNG supply as the second-largest LNG export plant in the US approaches restart after an accident last year.

In Europe, the return of milder weather after a cold snap saw the Dutch TTF marker fall another 2.8% from EUR 58.27/MWh (\$18.57/MMBtu) to EUR 56.66/MWh (USD 18.10/MMBtu), following the 11.7% fall the previous day. This means the TTF price has fallen by around 40% over the past month.

According to Gas Infrastructure Europe, storage levels are now well above the five-year average, helping to dissipate fears of any need for gas rationing in Germany, at least for this winter, and easing recession fears.

Longer term concerns remain, with Germany's economy ministry recently estimating it will take until 2026 to achieve sufficient LNG import capacity to entirely replace Russian pipeline gas.

The UK's NBP was down 3.0% from 147.66 p/therm (USD 18.19/MMBtu) to 142.23 p/therm (USD 17.72/MMBtu), following the 11.4% fall the previous day. NBP has now fallen by more than 40% over the

past month. Weather over the coming week is forecast to be significantly milder than over the past fortnight.

In the US the Henry Hub front-month contract fell another 5.9%, following the 5.5% fall the previous day, from USD 3.26/MMBtu to USD 3.07/MMBtu, with an intra-day dip below the psychologically significant USD 3/MMBtu level – followed by a crash through that level on Thursday to USD 2.80. A month ago Henry Hub was at around USD 5/MMBtu and briefly above USD 10/MMBtu last August.

The price decline came despite the news that Freeport LNG has asked for authorisation to prepare for a re-start from the Federal Energy Regulatory Commission.

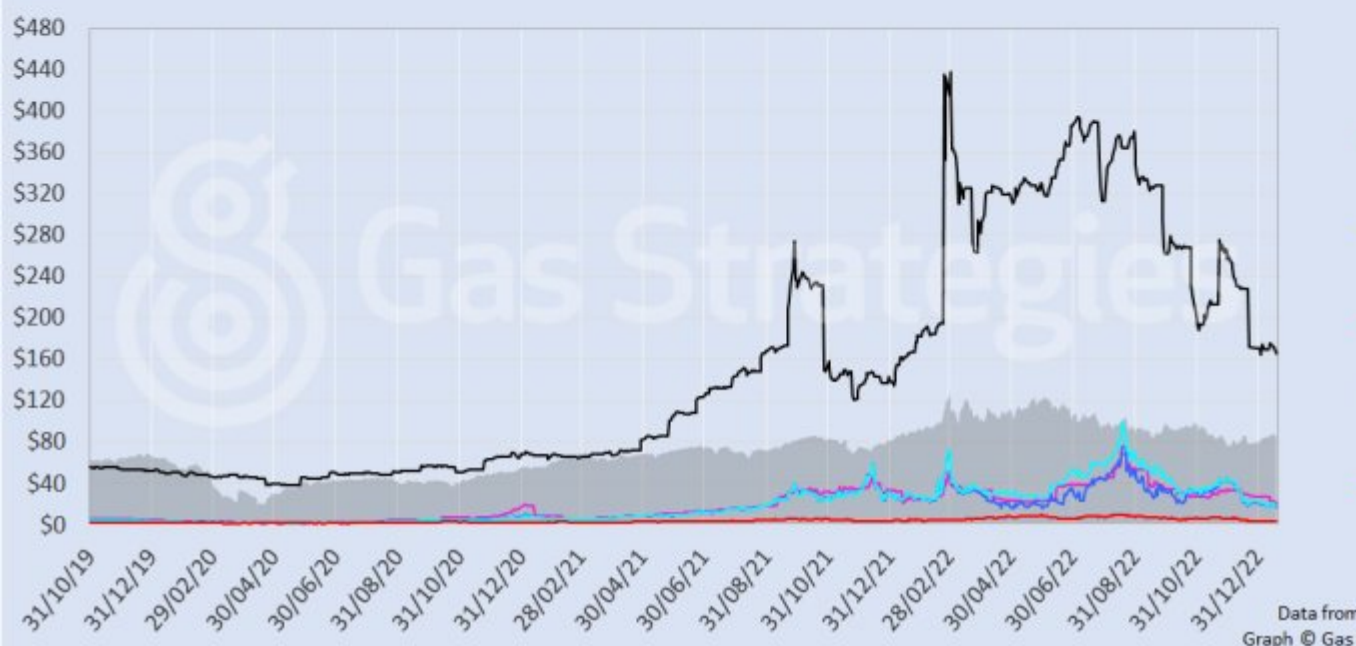
Once up and running, the 15 mtpa plant will not only significantly increase global LNG supply but also draw more than 2 Bcf/d of gas from the US pipeline grid. The company has yet to announce whether the FERC has given its request the green light.

Crude prices were flat, with Brent falling a whisker from USD 86.13/barrel to USD 86.12/barrel and WTI rising a whisker from USD 80.13/barrel to 80.15/barrel.

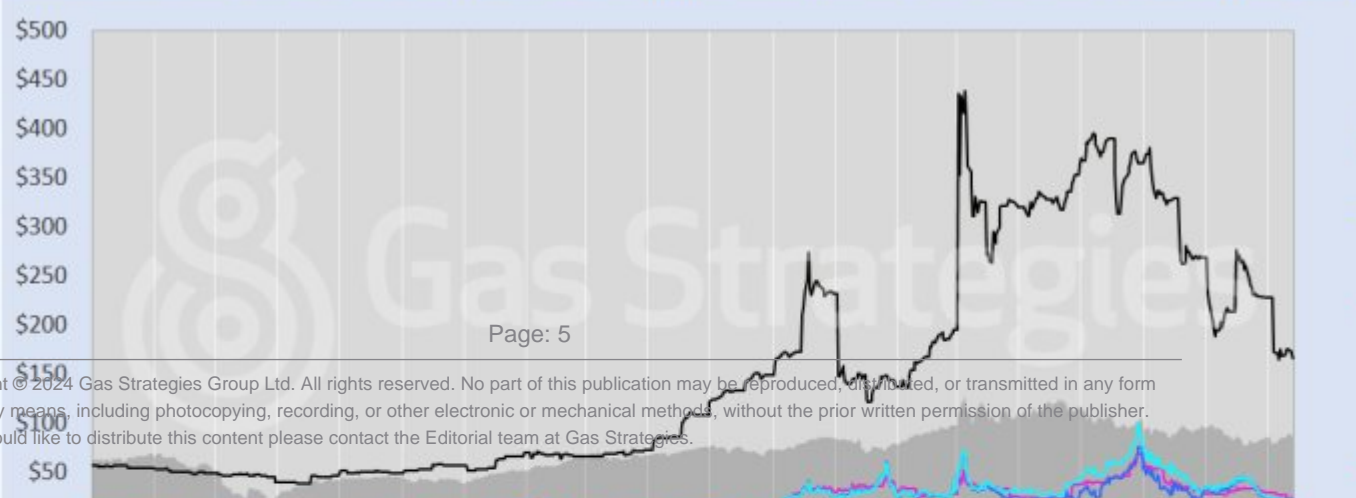
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

| Front-month futures/index | 25/01/2023 | 24/01/2023 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 3.07 | 3.26 | -0.19 | |
| NBP (\$/MMBtu) | 17.72 | 18.19 | -0.47 | |
| NBP (£p/th) | 143.23 | 147.66 | -4.43 | |
| Henry Hub-NBP spread | 14.65 | 14.94 | -0.28 | |
| TTF (\$/MMBtu) | 18.10 | 18.57 | -0.46 | |
| TTF (€/MWh) | 56.66 | 58.27 | -1.61 | |
| Henry Hub-TTF spread | 15.03 | 15.31 | -0.27 | |
| JKM (\$/MMBtu) | 20.94 | 22.12 | -1.18 | |
| TTF-JKM spread | 2.84 | 3.55 | -0.71 | |
| Henry Hub-JKM spread | 17.87 | 18.86 | -0.98 | |
| Brent (\$/barrel) | 86.12 | 86.13 | -0.01 | |
| WTI (\$/barrel) | 80.15 | 80.13 | 0.02 | |
| Brent-WTI spread (\$/barrel) | 5.97 | 6.00 | -0.03 | |
| API2 Coal (\$/tonne) | 166.15 | 169.65 | -3.50 | |
| API2 Coal (\$/MMBtu) | 6.65 | 6.79 | -0.14 | |
| EU CO ₂ emissions allowances (€/tonne) | 81.43 | 78.87 | 2.56 | |

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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