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[1]

Prices climbed on the European gas market on Wednesday for a second consecutive day, as temperatures are expected to fall toward the end of the week.

Both NBP and TTF rose 4.4% on Wednesday, to USD 18.72/MMBtu and USD 19.05/MMBtu, respectively.

According to the latest report from Swedish SEB Bank, European natural gas has limited scope to drop further as lower prices encourage demand but deter LNG supplies.

“Demand reduction and elevated LNG imports are currently overcompensating versus running losses in natural gas supply from Russia,” it said in a note.

During the forthcoming week, temperatures in large parts of Europe are expected below seasonal average, and bullish carbon adds to the upside as it makes coal-fired power generation more expensive and therefore increases gas demand, according to Energi Danmark.

In the US, Henry Hub dropped by 8% to USD 2.47/MMBtu, to its lowest since March 2021. The negative price action was driven by increasing open interest and volume, with prospects for further decline high in the near term.

Crude oil fell on Wednesday, with Brent 2% lower at USD 82.84/barrel and WTI down 3.1% to USD 76.41/barrel.

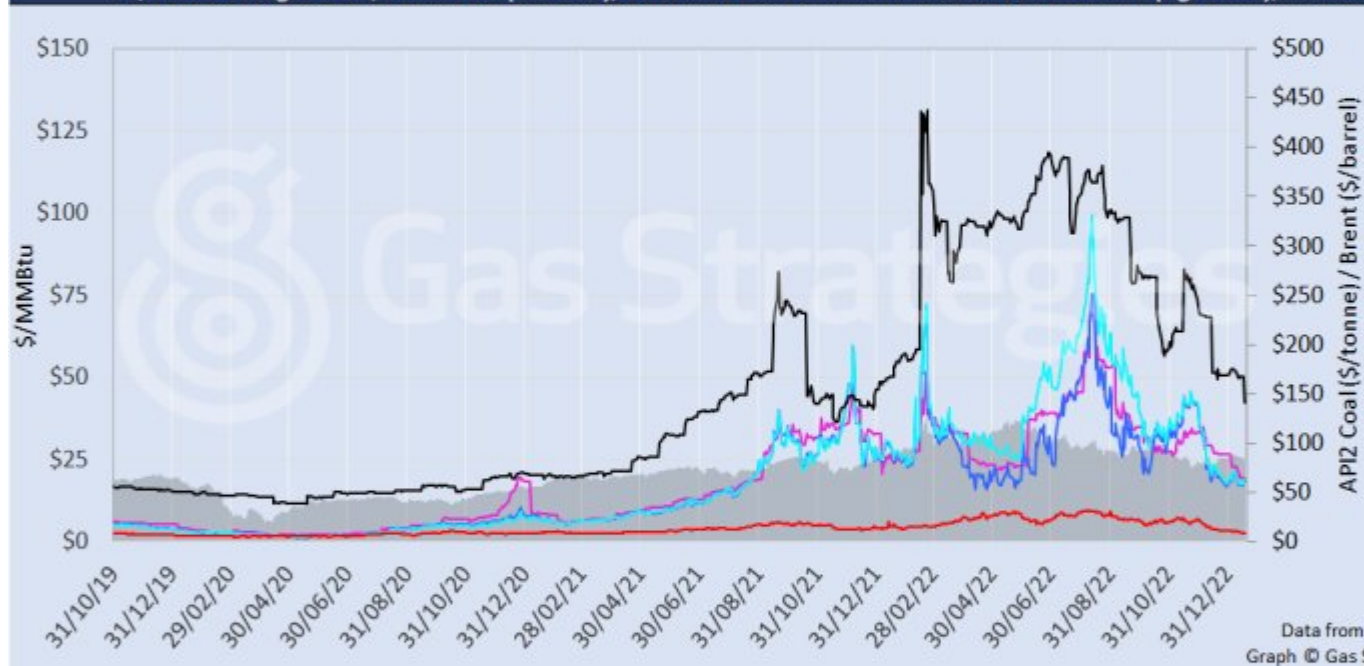
According to Reuters, the slide was driven by US government data showing big builds in crude oil, gasoline and distillate inventories and OPEC and its allies sticking to their output policy.

Inventories of crude rose last week to their highest levels since June 2021, the Energy Information Administration (EIA) said, climbing 4.1 million barrels in the week ended 27 January to 452.7 million barrels.

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

Front-month futures/index	01/02/2023	31/01/2023	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.47	2.68	-0.22	
NBP (\$/MMBtu)	18.72	17.93	0.79	
NBP (£p/th)	152.07	145.51	6.56	
Henry Hub-NBP spread	16.25	15.25	1.00	
TTF (\$/MMBtu)	19.05	18.25	0.80	
TTF (€/MWh)	59.53	57.35	2.18	
Henry Hub-TTF spread	16.58	15.57	1.01	
JKM (\$/MMBtu)	18.97	19.03	-0.05	
TTF-JKM spread	-0.08	0.77	-0.85	
Henry Hub-JKM spread	16.50	16.34	0.16	
Brent (\$/barrel)	82.84	84.49	-1.65	
WTI (\$/barrel)	76.41	78.87	-2.46	
Brent-WTI spread (\$/barrel)	6.43	5.62	0.81	
API2 Coal (\$/tonne)	141.35	167.53	-26.18	
API2 Coal (\$/MMBtu)	5.65	6.70	-1.05	
EU CO <sub>2</sub> emissions allowances (€/tonne)	92.38	90.05	2.33	

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



#### EU carbon allowances (EUAs) on the Emissions Trading System (ETS)



*[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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