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[1]

US natural gas benchmark Henry Hub (HH) tumbled on Thursday on data showing a very high build in gas storage levels. Month-ahead HH crashed almost 10% to USD 2.04/MMBtu, a six-week low, after the Energy Information Administration said 89 Bcf of gas was injected into storage last week, significantly surpassing consensus estimates of ~79 Bcf. The overshoot indicates weak domestic demand for natural gas, which will be a boon for US LNG exporters that buy feed gas indexed to HH.

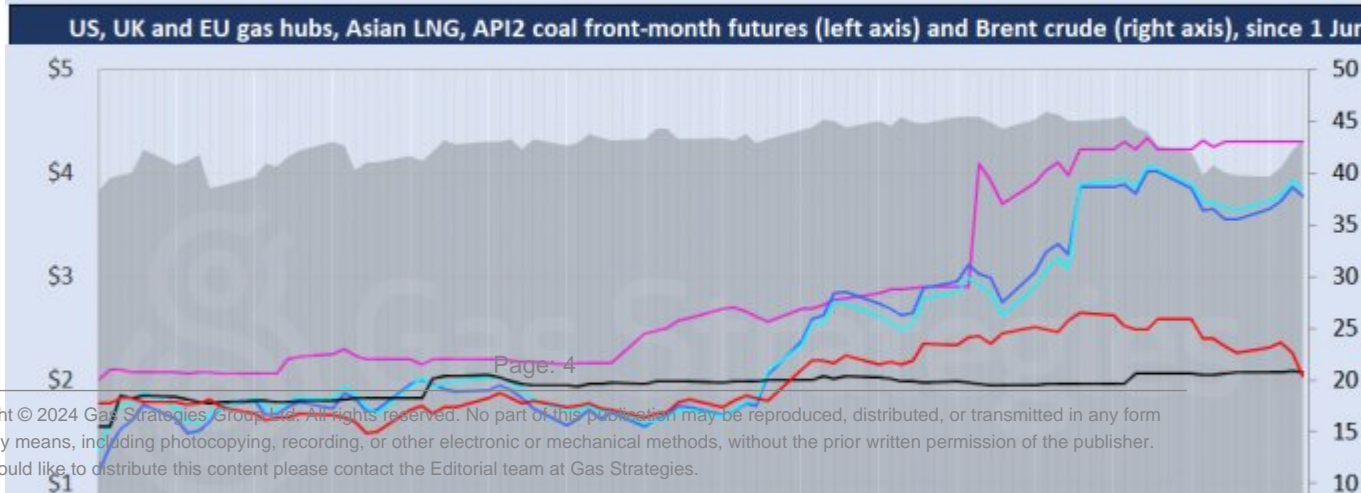
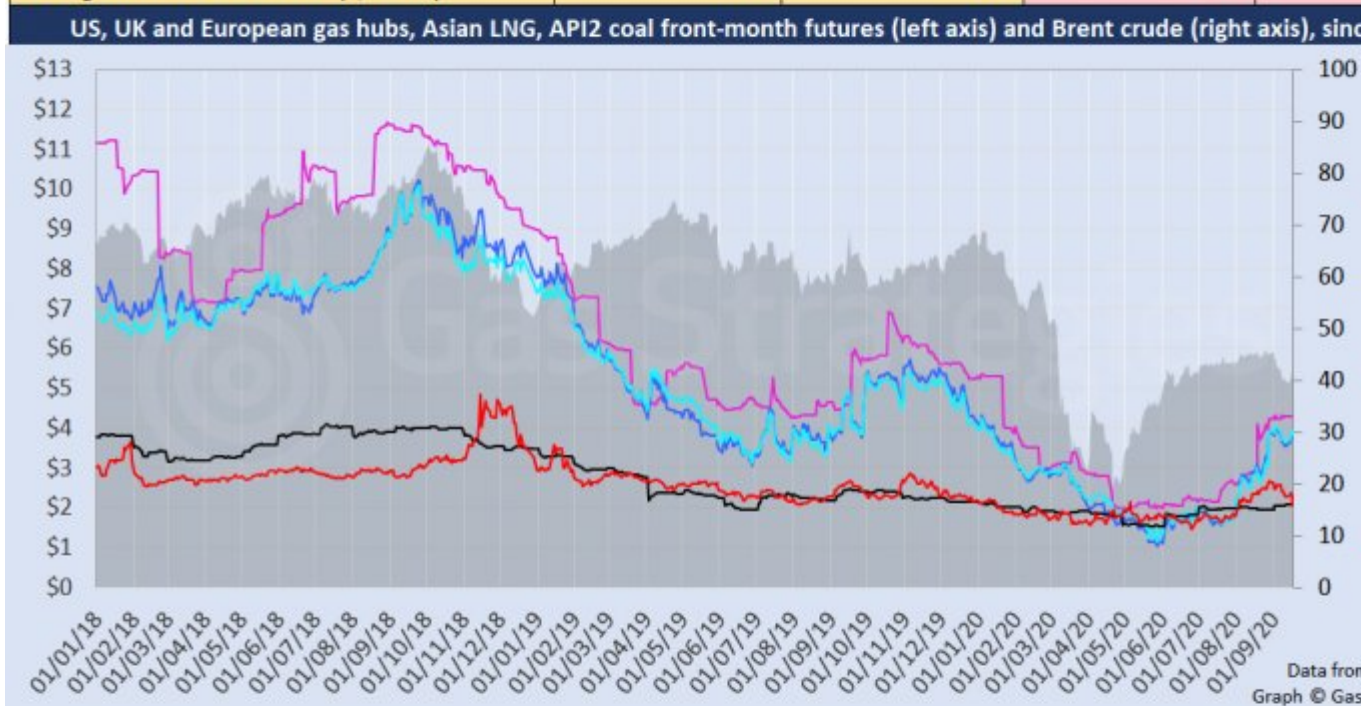
Rising US LNG exports mean HH price movements increasingly influence prices on European gas hubs. Yesterday's HH drop helped to send UK NBP and Dutch TTF down by roughly 2% to settle at the equivalent of USD 3.77/MMBtu and USD 3.85/MMBtu, respectively. CME's JKM futures contract was again unchanged at USD 4.31/MMBtu.

Crude oil prices notched up their third consecutive session of gains on Thursday as OPEC+ members convened an online meeting. The cartel and its allies urged members to comply with production cuts ratified last month to support prices in the face of weak global oil demand. Brent gained 2.6% and WTI rose 2%, settling at USD 43.30/barrel and USD 40.97/barrel, respectively.

The European carbon price weakened yesterday, as month-ahead ETS allowance (EUA) futures lost 5.2% to close at EUR 28.41/tonne.

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

Front-month futures/index	17/09/2020	16/09/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.04	2.27	-0.23	
NBP (\$/MMBtu)	3.77	3.86	-0.09	
NBP (£p/th)	29.14	29.74	-0.60	
Henry Hub-NBP spread	1.73	1.59	0.14	
TTF (\$/MMBtu)	3.85	3.93	-0.07	
TTF (€/MWh)	11.12	11.32	-0.20	
Henry Hub-TTF spread	1.81	1.66	0.15	
JKM (\$/MMBtu)	4.31	4.31	0.00	
TTF-JKM spread	0.45	0.38	0.07	
Henry Hub-JKM spread	2.27	2.04	0.23	
Brent (\$/barrel)	43.30	42.22	1.08	
WTI (\$/barrel)	40.97	40.16	0.81	
Brent-WTI spread (\$/barrel)	2.33	2.06	0.27	
API2 Coal (\$/tonne)	51.95	52.05	-0.10	
API2 Coal (\$/MMBtu)	2.08	2.08	0.00	
EU CO ₂ emissions allowances (€/tonne)	28.41	29.96	-1.55	



[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 reserved.



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