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[1]

Crude oil prices notched up yet more gains yesterday on US data showing surprising large crude inventory drawdowns at the end of July. WTI briefly surpassed USD 43/barrel before paring back to USD 42.19/barrel, a gain of 1.2%. Brent rose 1.7% to hit USD 45.17/barrel.

Both represent highs not seen since the beginning of March 2020, when Saudi Arabia and Russia embarked on a brief price war that cratered prices and even sent WTI into negative territory. A Reuters analyst yesterday quoted a senior Gulf OPEC source as saying Saudi deliberately slowed crude exports to the US to lower crude stocks “as a gentle reminder” of the kingdom’s market power.

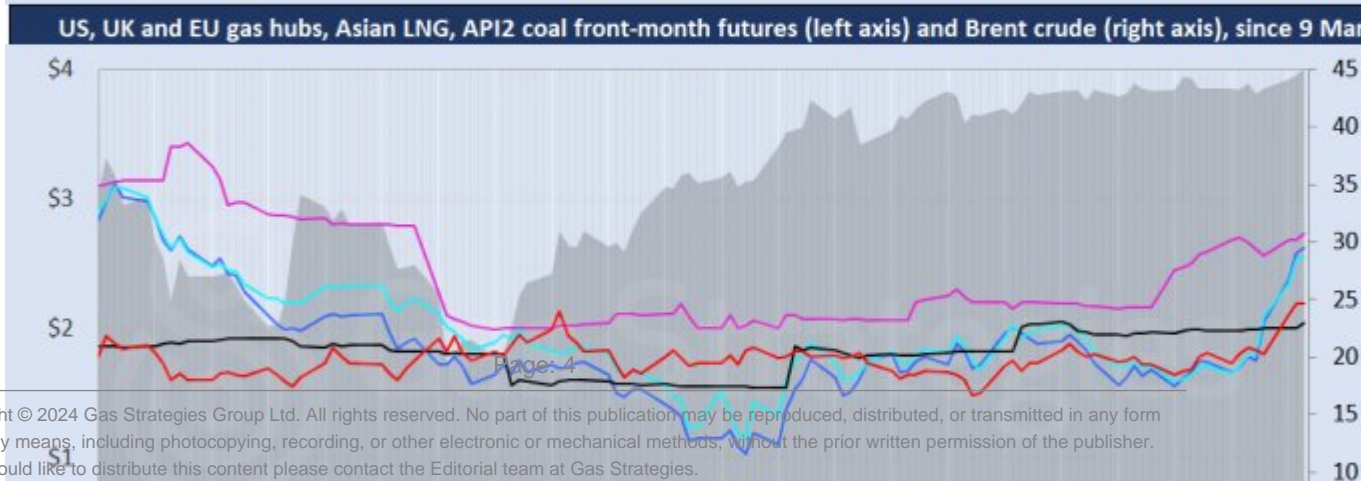
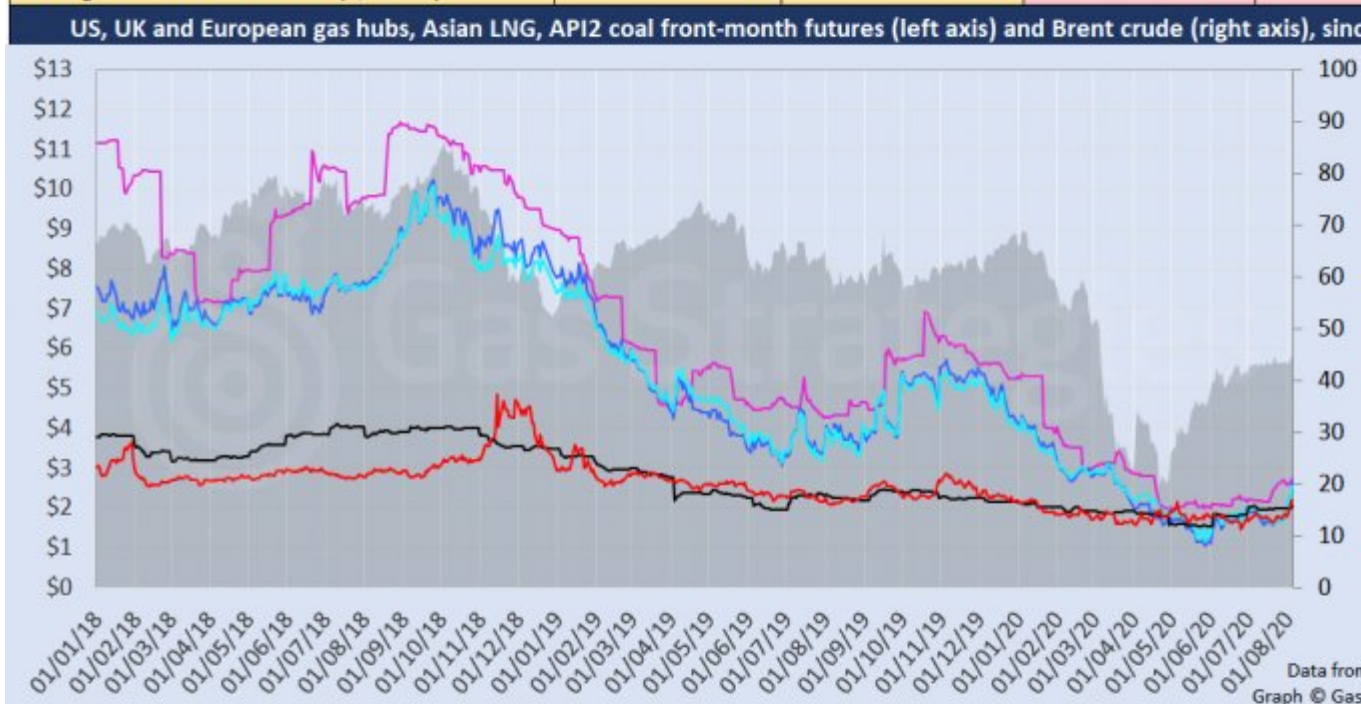
UK and continental European gas hubs paused for breath yesterday after an intense rally that nearly doubled the price of front-month contracts in just three trading sessions. UK NBP slowed its ascent to 0.8% to close at USD 2.62/MMBtu while Dutch TTF fell 0.5%, but thanks to foreign exchange effects this registered as a 0.6% rise to USD 2.55/MMBtu.

US gas benchmark Henry Hub was virtually unchanged, and CME’s JKM futures were gained 1.7% to close at USD 2.73/MMBtu.

The European carbon price could not sustain Tuesday’s gains into yesterday’s session, as the month-ahead futures contract for ETS carbon allowances (EUAs) fell 0.2% to close at EUR 26.71/tonne.

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

Front-month futures/index	05/08/2020	04/08/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.19	2.19	0.00	
NBP (\$/MMBtu)	2.62	2.58	0.04	
NBP (£p/th)	19.95	19.79	0.16	
Henry Hub-NBP spread	0.43	0.39	0.04	
TTF (\$/MMBtu)	2.55	2.54	0.02	
TTF (€/MWh)	7.32	7.36	-0.04	
Henry Hub-TTF spread	0.36	0.34	0.02	
JKM (\$/MMBtu)	2.73	2.69	0.04	
TTF-JKM spread	0.18	0.15	0.03	
Henry Hub-JKM spread	0.54	0.49	0.05	
Brent (\$/barrel)	45.17	44.43	0.74	
WTI (\$/barrel)	42.19	41.70	0.49	
Brent-WTI spread (\$/barrel)	2.98	2.73	0.25	
API2 Coal (\$/tonne)	51.00	49.91	1.09	
API2 Coal (\$/MMBtu)	2.04	2.00	0.04	
EU CO ₂ emissions allowances (€/tonne)	26.71	26.77	-0.06	



[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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