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[1]

Oil prices sank to three-month lows yesterday as confidence drained out of the market on rising Covid-19 infection rates and poor economic data across large parts of the developed and developing world. Brent fell 5.3% to close at USD 39.78/barrel, its first foray below USD 40/barrel since mid-June. US oil benchmark WTI fell 5.9% to USD 36.76/barrel, its lowest closing price since 12 June 2020. Both Brent and WTI were poised to recover some losses today, with prices rising by 1-2% in intra-day trades, but analysts warned of crude entering bear market territory.

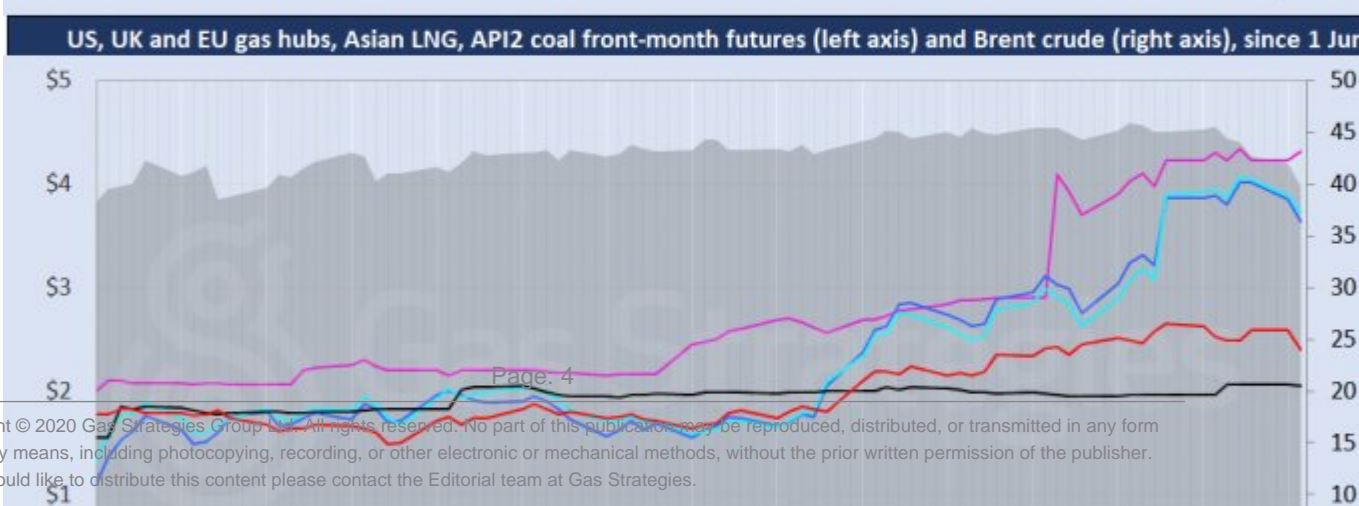
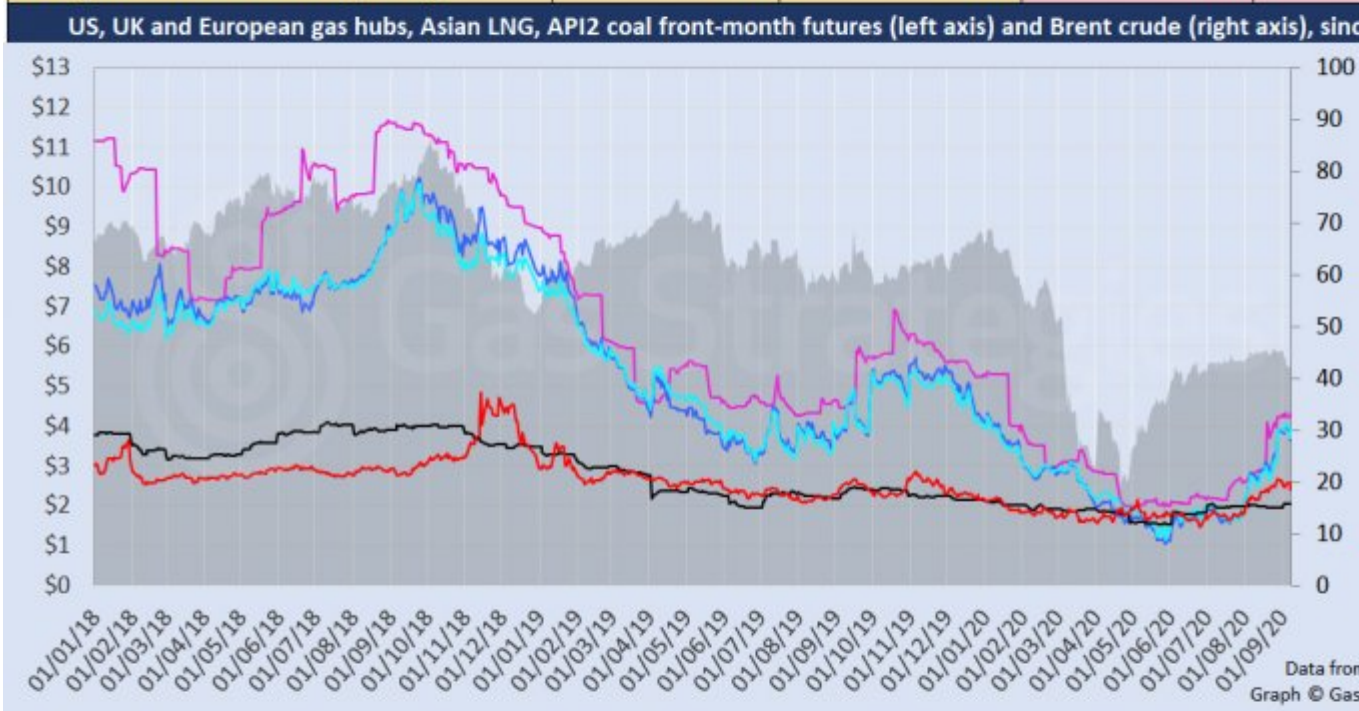
US natural gas benchmark Henry Hub plunged 7.3% on Tuesday to close at USD 2.40/MMBtu on cooler weather forecasts and lower demand outlook heading into October. This overshadowed rising demand for feed gas from Gulf coast LNG projects that are in the process of restarting following Hurricane Laura.

European gas hubs NBP and TTF fared little better, with October-dated contracts on both falling by ~4% to close at the equivalent of USD 3.64/MMBtu and USD 3.72/MMBtu. CME's JKM futures contract gained 2.2% to hit USD 4.32/MMBtu, widening the 'Asian premium' over Europe and the US.

The European carbon price also saw further losses, with the month-ahead futures contract for ETS carbon allowances (EUAs) dropping 1% to EUR 26.78/tonne.

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

Front-month futures/index	08/09/2020	07/09/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.40	2.59	-0.19	
NBP (\$/MMBtu)	3.64	3.85	-0.21	
NBP (£p/th)	28.13	29.27	-1.14	
Henry Hub-NBP spread	1.24	1.26	-0.03	
TTF (\$/MMBtu)	3.72	3.89	-0.17	
TTF (€/MWh)	10.80	11.23	-0.43	
Henry Hub-TTF spread	1.32	1.30	0.02	
JKM (\$/MMBtu)	4.32	4.23	0.10	
TTF-JKM spread	0.60	0.33	0.26	
Henry Hub-JKM spread	1.92	1.64	0.28	
Brent (\$/barrel)	39.78	42.01	-2.23	
WTI (\$/barrel)	36.76	39.08	-2.32	
Brent-WTI spread (\$/barrel)	3.02	2.93	0.09	
API2 Coal (\$/tonne)	51.25	51.50	-0.25	
API2 Coal (\$/MMBtu)	2.05	2.06	-0.01	
EU CO ₂ emissions allowances (€/tonne)	26.78	27.04	-0.26	



[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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