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[1]

Brent crude was dragged below USD 40/barrel on Friday for the second time in three days, as market sentiment remained bearish on macro-economic concerns, growing global fuel stockpiles and ongoing weakness in oil demand recovery. Friday saw Brent crude rack up its first back-to-back weekly losses since the April price rout, closing at USD 39.83/barrel – down 0.6% in the session and 7% week-on-week. US crude benchmark WTI followed suit by closing at USD 37.33/barrel – up 0.1% in the session but down 6% on the week.

US natural gas benchmark Henry Hub lost 2.3% on Friday to close at USD 2.27/MMBtu on cooler weather forecasts and lower demand outlook heading into October. Bullish sentiment from rising demand for feed gas from US Gulf coast LNG projects post-Hurricane Laura was quelled by the prospects of fresh shut-ins potentially arising as Tropical Storm Sally strengthened off the Florida coast. The storm is expected to reach hurricane-strength today and is already disrupting oil and gas production in the Gulf of Mexico.

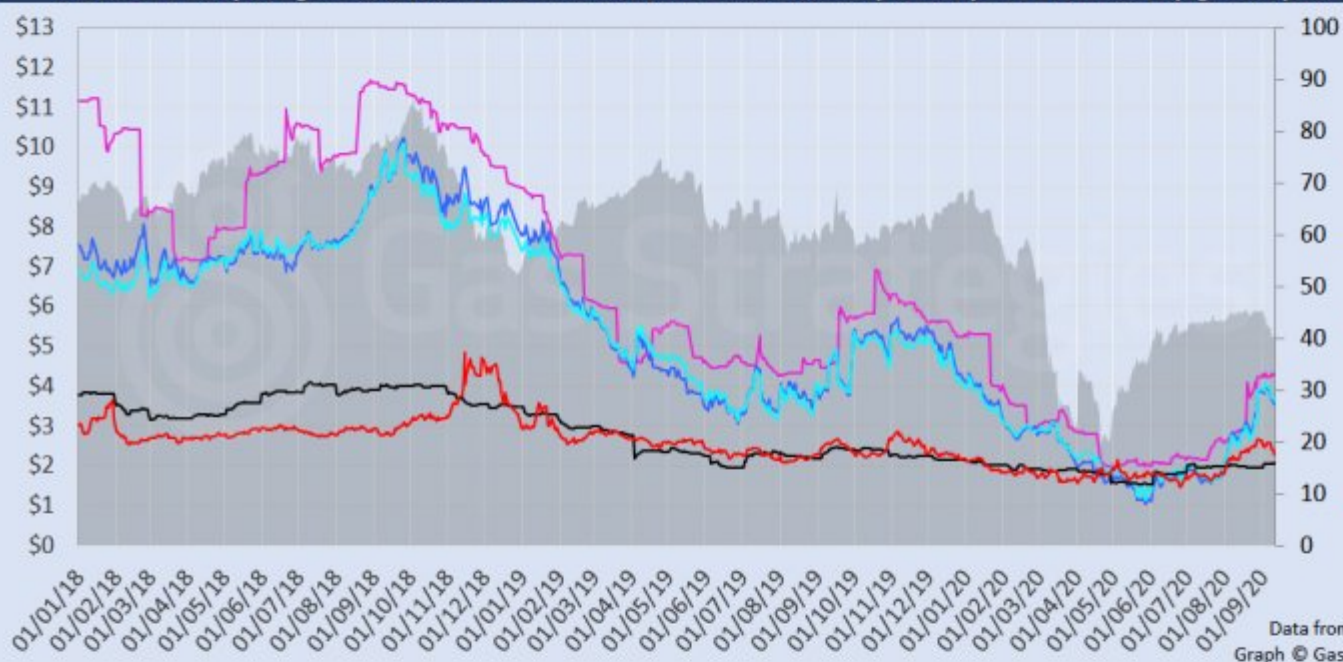
European gas hubs NBP and TTF moved only marginally on Friday, with October-dated contracts closing at the equivalent of USD 3.55/MMBtu and USD 3.64/MMBtu. CME's JKM futures contract was unchanged at USD 4.31/MMBtu.

The European carbon price weakened slightly, with the month-ahead futures contract for ETS carbon allowances (EUAs) dropping 0.6% to EUR 28.24/tonne.

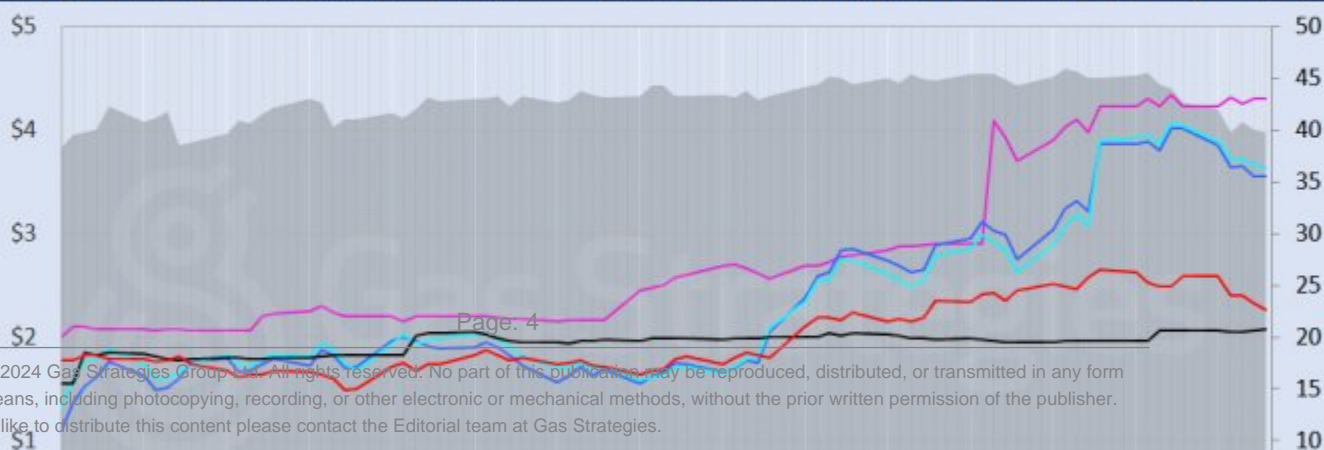
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	14/09/2020	11/09/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.27	2.32	-0.05	
NBP (\$/MMBtu)	3.55	3.56	-0.01	
NBP (£p/th)	27.78	27.70	0.08	
Henry Hub-NBP spread	1.28	1.24	0.05	
TTF (\$/MMBtu)	3.64	3.66	-0.02	
TTF (€/MWh)	10.50	10.52	-0.02	
Henry Hub-TTF spread	1.37	1.34	0.03	
JKM (\$/MMBtu)	4.31	4.31	0.00	
TTF-JKM spread	0.67	0.65	0.02	
Henry Hub-JKM spread	2.04	1.99	0.05	
Brent (\$/barrel)	39.83	40.06	-0.23	
WTI (\$/barrel)	37.33	37.30	0.03	
Brent-WTI spread (\$/barrel)	2.50	2.76	-0.26	
API2 Coal (\$/tonne)	51.75	51.70	0.05	
API2 Coal (\$/MMBtu)	2.07	2.07	0.00	
EU CO ₂ emissions allowances (€/tonne)	28.24	28.40	-0.16	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jan 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 Jun 2020



[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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