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[1]

US natural gas benchmark Henry Hub snapped back into life on Wednesday following heavy losses earlier in the week, with the front-month contract soaring 16% to close at USD 2.13/MMBtu. Bullish factors include a resumption of LNG exports on the US Gulf Coast and falling onshore oil and gas production, even after Tropical Storm Beta passed over the region without causing as much damage to infrastructure as some had feared.

Looking ahead, traders are said to be growing increasingly bullish on the prospects of a bitingly cold winter driving up gas demand for heating across the northern hemisphere, with numerous reports forecasting Henry Hub rising as high as USD 4-5/MMBtu in the coldest months. The January 2021 contract yesterday settled at USD 3.35/MMBtu.

As for Asian LNG, CME's November-dated JKM futures contract yesterday rose 2.4% to USD 4.95/MMBtu. The February 2021 contract is now trading at USD 5.69/MMBtu.

European gas hubs strengthened their gains on Wednesday, with NBP and TTF rising by 3.5% and 2.7% to close at the equivalent of USD 4.12/MMBtu and USD 4.11/MMBtu, respectively.

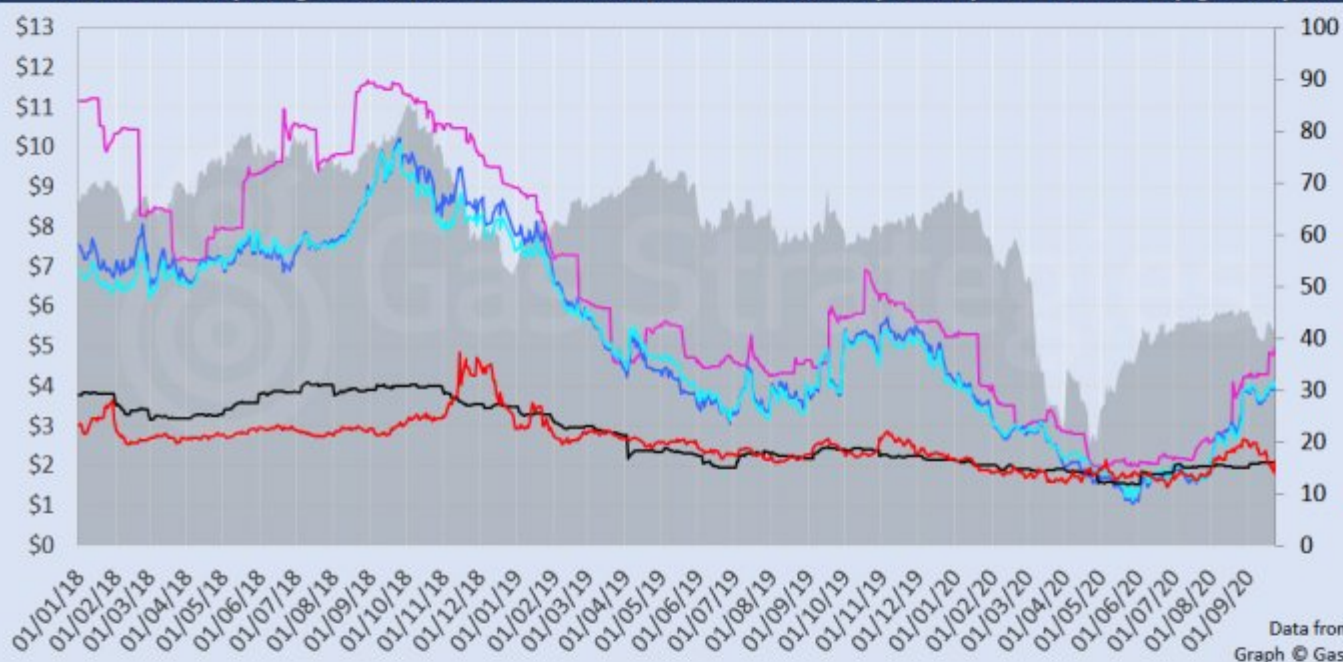
The European carbon price yo-yoed again yesterday, as month-ahead ETS allowance (EUA) futures lost 4.9% to close at EUR 26.48/tonne having risen by a similar amount in the prior session.

Crude oil prices were stable in yesterday's session. Brent gained 0.1% and WTI rose 0.3% to settle at USD 41.77/barrel and USD 39.93/barrel, respectively.

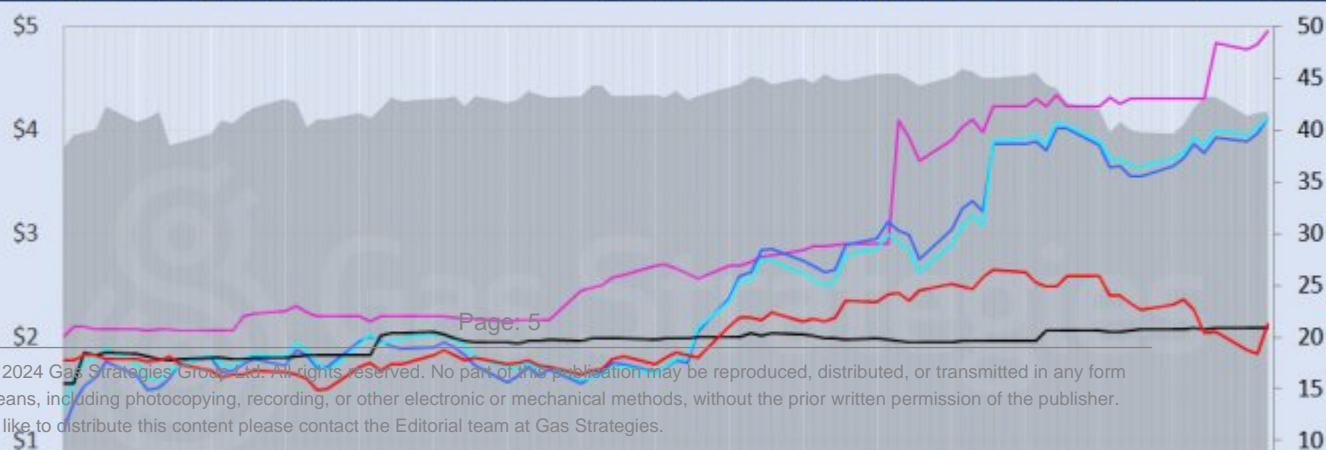
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	23/09/2020	22/09/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.13	1.83	0.29	
NBP (\$/MMBtu)	4.12	3.97	0.15	
NBP (£p/th)	32.27	31.19	1.08	
Henry Hub-NBP spread	1.99	2.13	-0.14	
TTF (\$/MMBtu)	4.11	4.01	0.10	
TTF (€/MWh)	12.02	11.70	0.32	
Henry Hub-TTF spread	1.99	2.18	-0.19	
JKM (\$/MMBtu)	4.95	4.84	0.12	
TTF-JKM spread	0.84	0.82	0.02	
Henry Hub-JKM spread	2.83	3.00	-0.18	
Brent (\$/barrel)	41.77	41.72	0.05	
WTI (\$/barrel)	39.93	39.80	0.13	
Brent-WTI spread (\$/barrel)	1.84	1.92	-0.08	
API2 Coal (\$/tonne)	52.20	52.10	0.10	
API2 Coal (\$/MMBtu)	2.09	2.08	0.00	
EU CO ₂ emissions allowances (€/tonne)	26.48	27.83	-1.35	

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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