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[1]

US gas benchmark Henry Hub yesterday broke through the USD 3/MMBtu threshold for the first time since early 2019, as the front-month contract rose 3.8% to settle at USD 3.02/MMBtu on flattening output and rising exports of US LNG [2]. Prompt HH has not been this expensive since 25 January 2019, when it hit USD 3.18/MMBtu. The month-ahead contract has soared 65% over the past month, having struck a low of USD 1.83/MMBtu on 22 September 2020.

European gas hubs NBP and TTF were virtually unchanged, while CME's December-dated JKM futures contract gained 2.7% to close at USD 6.73/MMBtu.

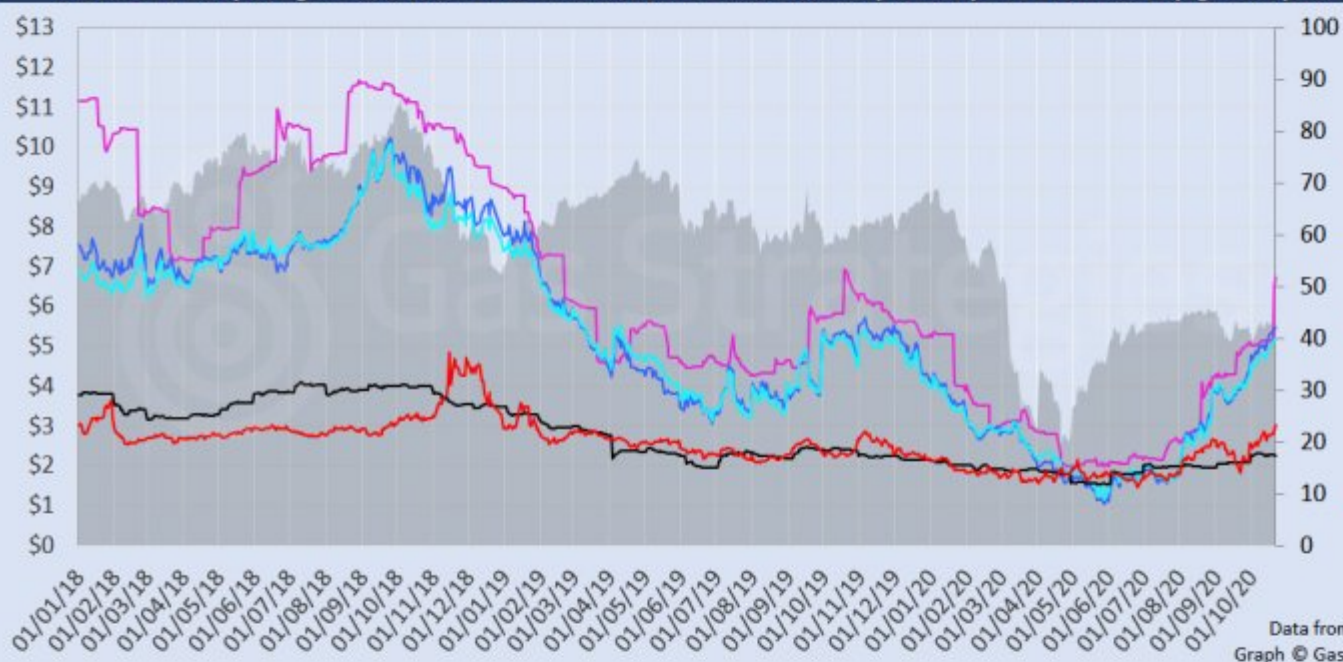
Crude oil prices fell sharply on growing concerns over global oil demand in the face of rising Covid-19 infections and the renewed imposition of lockdowns and travel restrictions across Europe and internationally, which overshadowed mildly encouraging data on US crude stocks. Brent fell 3.3% to USD 41.73/barrel and WTI fell 4% to USD 40.03/barrel, although the sell-off might have been overdone as both were trading up by around 0.5% on Thursday morning.

The European carbon price crashed to a four-month low on Wednesday, as month-ahead ETS allowance (EUA) futures fell 3.4% to close at EUR 23.57/tonne – the lowest closing price for ICE's front-month EUA contract since 17 June 2020. The descent seems to reflect growing market expectations that Covid-19 could hamper industrial activity in Europe and depress demand for EUAs.

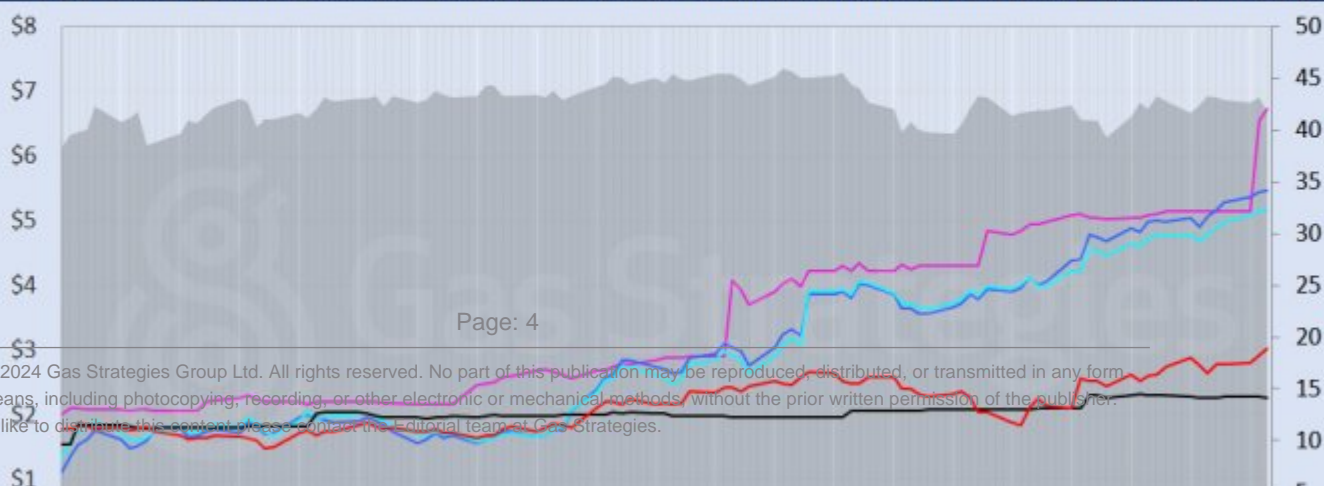
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	21/10/2020	20/10/2020	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.02	2.91	0.11	
NBP (\$/MMBtu)	5.47	5.45	0.02	
NBP (£p/th)	41.63	42.06	-0.43	
Henry Hub-NBP spread	2.45	2.53	-0.09	
TTF (\$/MMBtu)	5.17	5.16	0.01	
TTF (€/MWh)	14.87	14.90	-0.03	
Henry Hub-TTF spread	2.15	2.25	-0.10	
JKM (\$/MMBtu)	6.73	6.55	0.18	
TTF-JKM spread	1.55	1.39	0.17	
Henry Hub-JKM spread	3.70	3.64	0.06	
Brent (\$/barrel)	41.73	43.16	-1.43	
WTI (\$/barrel)	40.03	41.70	-1.67	
Brent-WTI spread (\$/barrel)	1.70	1.46	0.24	
API2 Coal (\$/tonne)	56.50	57.00	-0.50	
API2 Coal (\$/MMBtu)	2.26	2.28	-0.02	
EU CO ₂ emissions allowances (€/tonne)	23.57	24.41	-0.84	

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



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



[3]

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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