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[1]

European gas prices stopped the rot on Tuesday, ending four days of consecutive losses. Long range forecasts for a cold snap in February helped lift front-month UK NBP and Dutch TTF by 5.6% and 7.3% respectively, to close at the equivalent of USD 7.87/MMBtu and USD 7.22/MMBtu, respectively.

The gains were not mirrored across the Atlantic, with US gas benchmark Henry Hub falling by 7% on Tuesday. Warmer weather is forecast for the US over the next two weeks, which is expected to see gas demand fall.

Crude prices settled higher on Tuesday amid expectations that US Treasury Secretary nominee Janet Yellen is targeting a major relief package to help the US economy recover from the Covid-19 pandemic – with the proposal seen as a demand driver for crude. Last week saw crude rally on US president-elect Joe Biden announcing plans for a USD 1.9 trillion stimulus package, which calls for investment to help kick-start the economy and for the roll out of Covid-19 vaccines to be expedited.

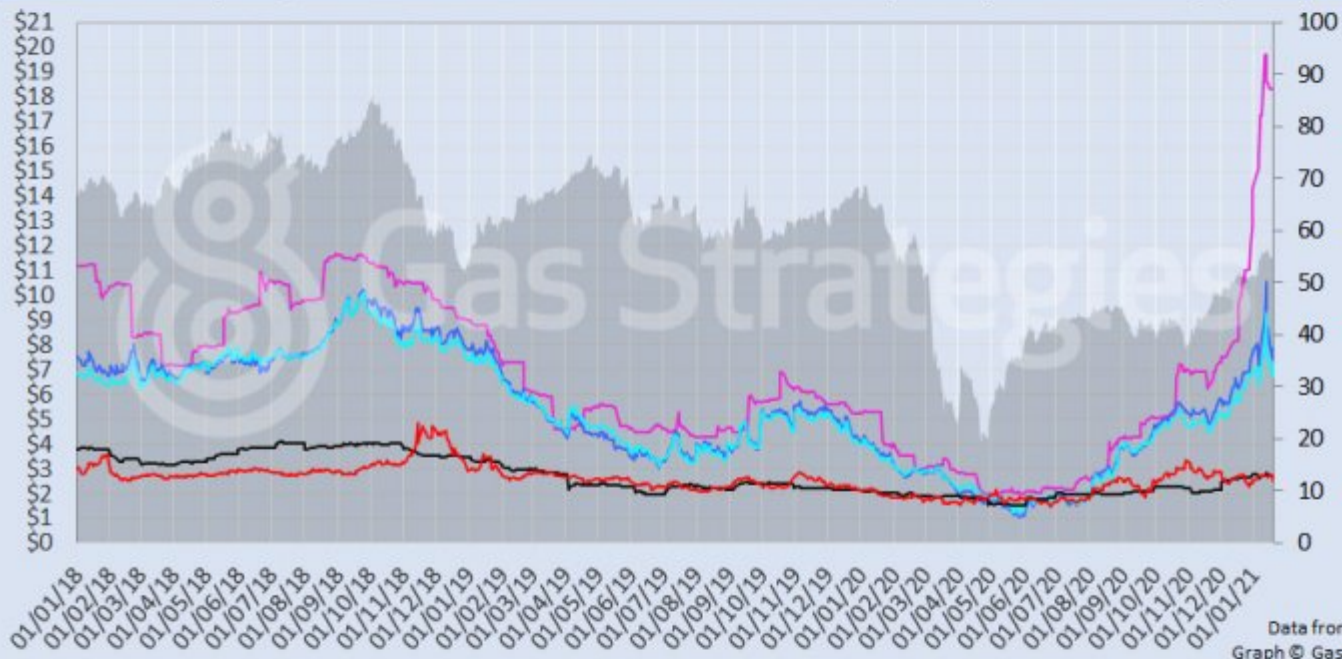
Front month Brent and WTI closed 2.1% and 1.8% higher respectively on Tuesday.

The European carbon price also stopped the rot after four days of losses, with the price settling 4.6% higher on Tuesday.

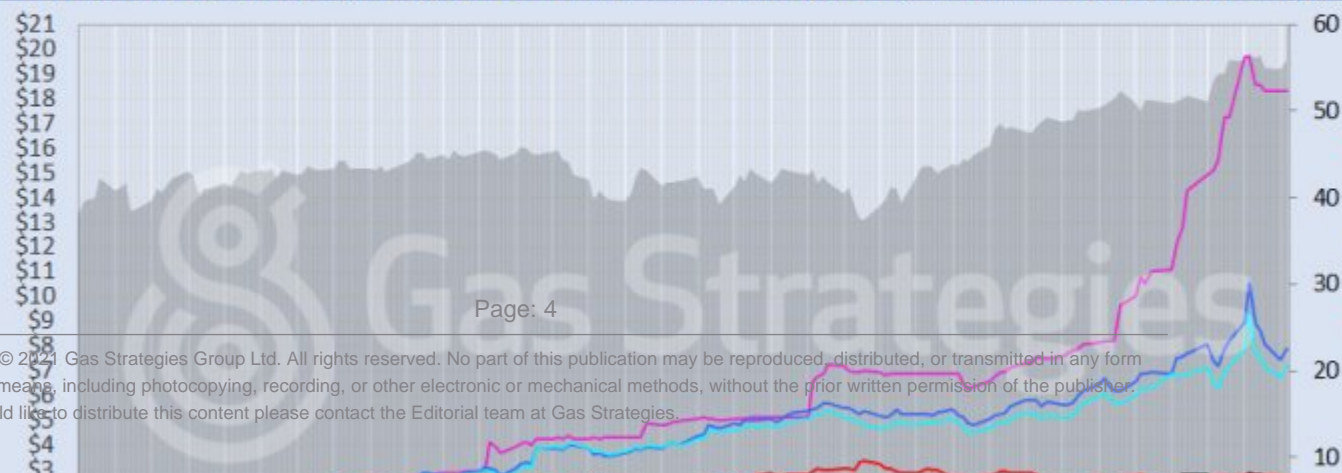
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

| Front-month futures/index | 19/01/2021 | 18/01/2021 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 2.55 | 2.74 | -0.19 | |
| NBP (\$/MMBtu) | 7.87 | 7.45 | 0.42 | |
| NBP (£p/th) | 57.77 | 54.86 | 2.91 | |
| Henry Hub-NBP spread | 5.32 | 4.71 | 0.61 | |
| TTF (\$/MMBtu) | 7.22 | 6.74 | 0.49 | |
| TTF (€/MWh) | 20.33 | 19.03 | 1.30 | |
| Henry Hub-TTF spread | 4.68 | 4.00 | 0.68 | |
| JKM (\$/MMBtu) | 18.31 | 18.31 | 0.00 | |
| TTF-JKM spread | 11.08 | 11.57 | -0.49 | |
| Henry Hub-JKM spread | 15.76 | 15.57 | 0.19 | |
| Brent (\$/barrel) | 55.90 | 54.75 | 1.15 | |
| WTI (\$/barrel) | 52.98 | 52.05 | 0.93 | |
| Brent-WTI spread (\$/barrel) | 2.92 | 2.70 | 0.22 | |
| API2 Coal (\$/tonne) | 67.55 | 68.40 | -0.85 | |
| API2 Coal (\$/MMBtu) | 2.70 | 2.74 | -0.03 | |
| EU CO ₂ emissions allowances (€/tonne) | 32.99 | 31.53 | 1.46 | |

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/1/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/1/18



[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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