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[1]

US natural gas was the best performing major commodity on Monday, with the front-month Henry Hub contract rallying by 11.2% to close in the USD 2.8/MMBtu range for the first time since 1 December 2020. The rally was pinned on a winter storm gripping the east of the US, with colder than average weather expected to linger into next week. The chill is expected to drive gas demand and help dent gas inventories – which last week were 9.3% above the five-year average.

Across the Atlantic, European gas prices continued to fall amid expectations of milder weather and strong supply. The front-month NBP price fell by 9.5% to slip back into the USD 6/MMBtu range, with the month-ahead Dutch TTF price falling 9% to settle at the equivalent of USD 6.42/MMBtu.

The US gas price rally coupled with the European gas price plunge saw the Henry Hub-NBP spread fall by 21%, with the NBP-TTF spread down 20%.

CME's JKM futures contract fell by 3.9% to close at USD 8.52/MMBtu.

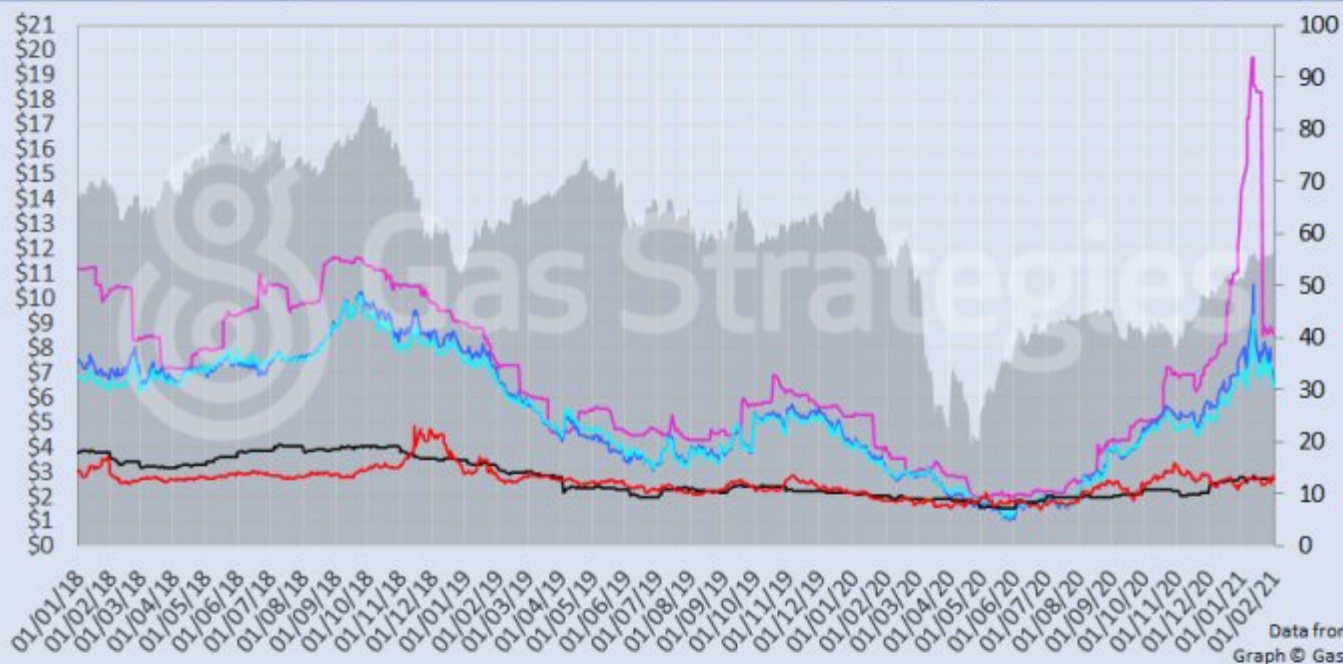
Crude prices rallied on Monday as Saudi Arabia kicked off its unilateral production cut of an additional 1 million barrels/d. The month-ahead WTI contract rallied by 2.6% to close in the USD 53/barrel range for the first time since 21 January. The front-month Brent contract closed 0.8% higher to move into the USD 56/barrel range.

The European carbon price recorded a marginal loss and remained in the EUR 32/tonne range.

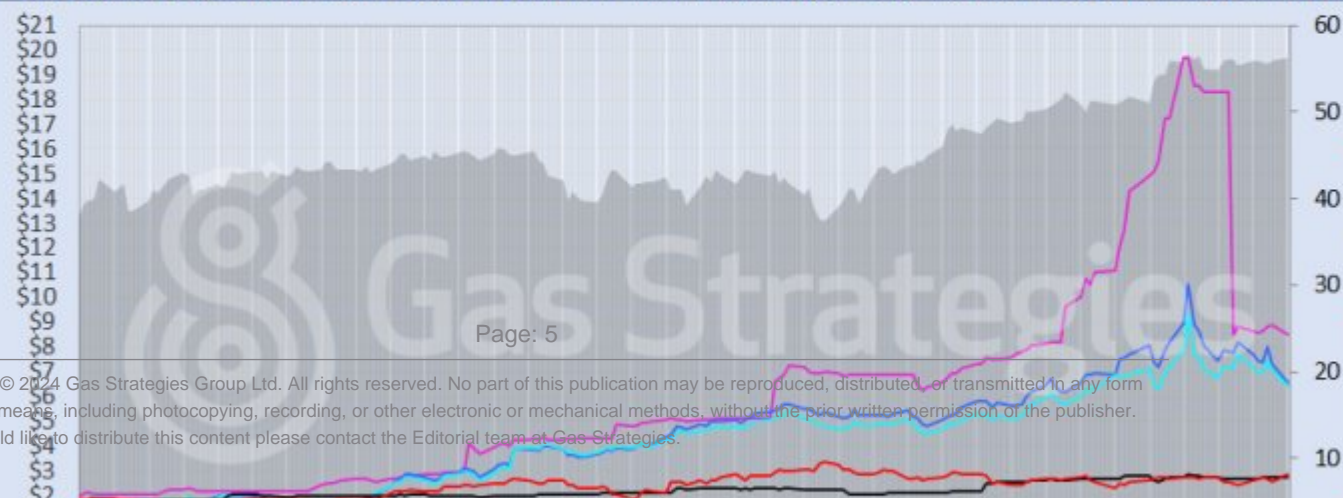
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	01/02/2021	29/01/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	2.85	2.56	0.29	
NBP (\$/MMBtu)	6.60	7.29	-0.70	
NBP (£p/th)	48.24	53.15	-4.91	
Henry Hub-NBP spread	3.75	4.73	-0.98	
TTF (\$/MMBtu)	6.42	7.05	-0.63	
TTF (€/MWh)	18.14	19.82	-1.68	
Henry Hub-TTF spread	3.57	4.49	-0.92	
JKM (\$/MMBtu)	8.52	8.87	-0.35	
TTF-JKM spread	2.10	1.82	0.28	
Henry Hub-JKM spread	5.67	6.31	-0.64	
Brent (\$/barrel)	56.35	55.88	0.47	
WTI (\$/barrel)	53.55	52.20	1.35	
Brent-WTI spread (\$/barrel)	2.80	3.68	-0.88	
API2 Coal (\$/tonne)	67.80	67.80	0.00	
API2 Coal (\$/MMBtu)	2.71	2.71	0.00	
EU CO ₂ emissions allowances (€/tonne)	32.81	32.88	-0.07	

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 Jan 2018



[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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