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[1]

US natural gas benchmark Henry Hub hit a three-month high on Tuesday, with the front-month price rallying by 7.5% to close in the USD 3/MMBtu range.

The month-ahead price rallied on the expectation of increasing gas demand as the polar vortex that its gripping the US Gulf coast is expected to head north and hit the northeast of the country later this month and linger into early March.

The winter storms in the US saw prompt prices at Henry Hub hit USD 30/MMBtu on Tuesday, with spot prices at hubs in Texas having hit record highs this week. Spot prices at hubs in the Lone Star State ranged from USD 195-400/MMBtu on Tuesday, according to reports.

Front-month European gas prices rallied on the back of the energy crisis in the US, which has impacted both LNG exports and pipeline gas exports to Mexico. The month-ahead UK NBP price increased by 2.1%, and the month-ahead Dutch TTF price rallied by 0.8%. Despite the rally, both benchmarks remained in the USD 5/MMBtu range.

CME's JKM futures contract remained unchanged at USD 8.26/MMBtu.

Whilst US and European gas prices rallied, the front-month WTI crude contract recorded a marginal loss, but remained in the USD 60/range. The US oil benchmark hit the USD 60/barrel mark on Monday amid production cuts across the US Lower 48, with wells shut-in as they could not operate in the freezing weather.

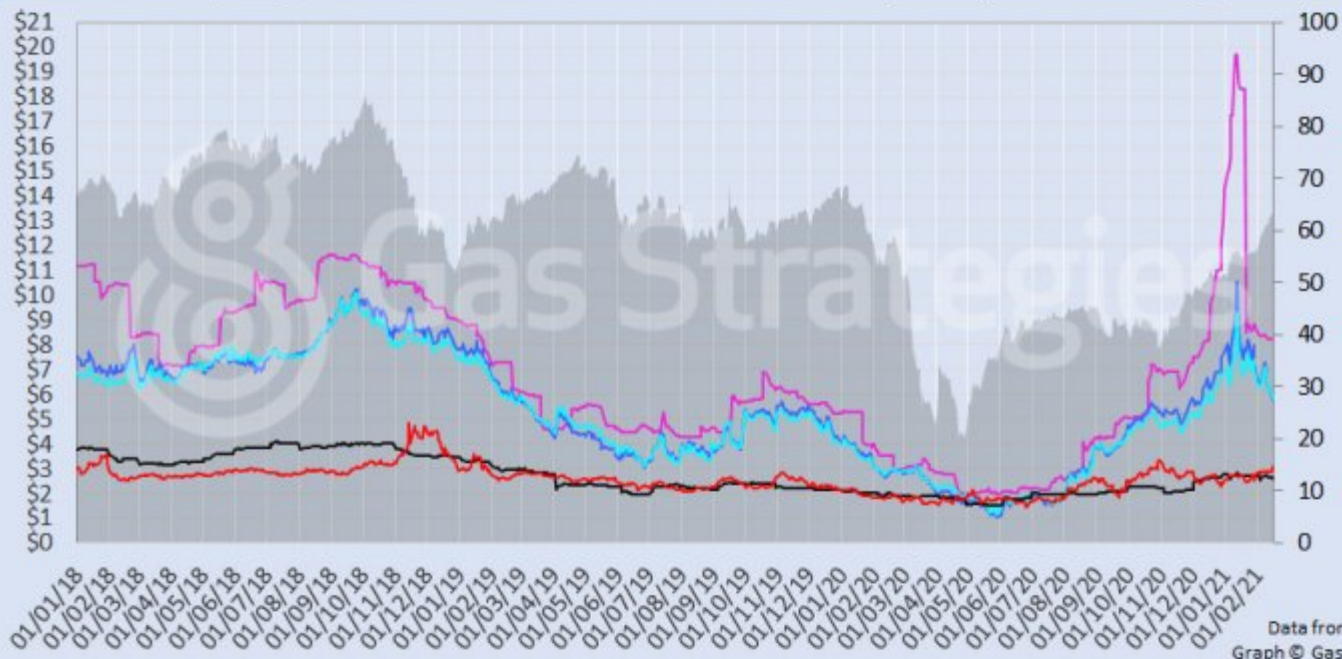
Meanwhile, the month-ahead Brent price continued to rally, albeit at a slower rate than previous days. Brent recorded a 0.1% gain to settle at USD 63.35/barrel.

The European carbon price continued to slide, closing 1.6% lower at EUR 38.82/tonne.

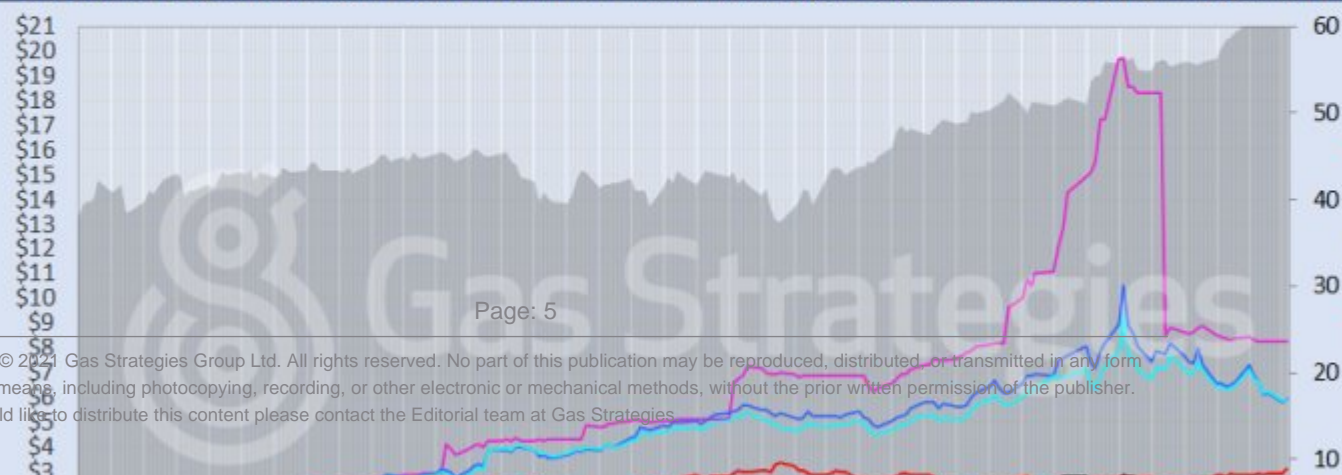
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	16/02/2021	15/02/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.13	2.91	0.22	
NBP (\$/MMBtu)	5.91	5.79	0.12	
NBP (£p/th)	42.49	41.58	0.91	
Henry Hub-NBP spread	2.78	2.88	-0.09	
TTF (\$/MMBtu)	5.93	5.88	0.05	
TTF (€/MWh)	16.72	16.54	0.18	
Henry Hub-TTF spread	2.80	2.97	-0.17	
JKM (\$/MMBtu)	8.26	8.26	0.00	
TTF-JKM spread	2.33	2.38	-0.05	
Henry Hub-JKM spread	5.14	5.35	-0.22	
Brent (\$/barrel)	63.35	63.30	0.05	
WTI (\$/barrel)	60.05	60.14	-0.09	
Brent-WTI spread (\$/barrel)	3.30	3.16	0.14	
API2 Coal (\$/tonne)	65.55	67.00	-1.45	
API2 Coal (\$/MMBtu)	2.62	2.68	-0.06	
EU CO ₂ emissions allowances (€/tonne)	38.82	39.47	-0.65	

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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