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Contents

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[1]

European gas prices surged on Monday, lifted by an unplanned outage at the Troll field offshore Norway and strengthening LNG prices in Asia.

The month-ahead TTF and NBP contracts recorded gains of 4.3% and 5.7% respectively on Monday, with both markers remaining in the USD 12/MMBtu range.

The rally was pinned on an unplanned outage at the giant Troll field offshore Norway, with flows from Norway to Europe averaging 275 MMcm/d on Monday – significantly lower than the 309 MMcm/d averaged on Friday, according to EnergyScan.

In addition to the lower pipeline flows from Norway, strengthening LNG prices in Asia and a rallying carbon price also helped lift prices in Europe. CME's JKM futures contract rallied by nearly 3% on Monday to close at USD 14.59/MMBtu. As for the European carbon price, the July-dated contract closed 4.5% higher at EUR 53.12/tonne.

In the US, gas benchmark Henry Hub hit a fresh 31-month high, closing at USD 4.1/MMBtu on Monday. Henry Hub has been rallying on warm weather and strong LNG exports, which is limiting the amount of gas available for injection into storage sites.

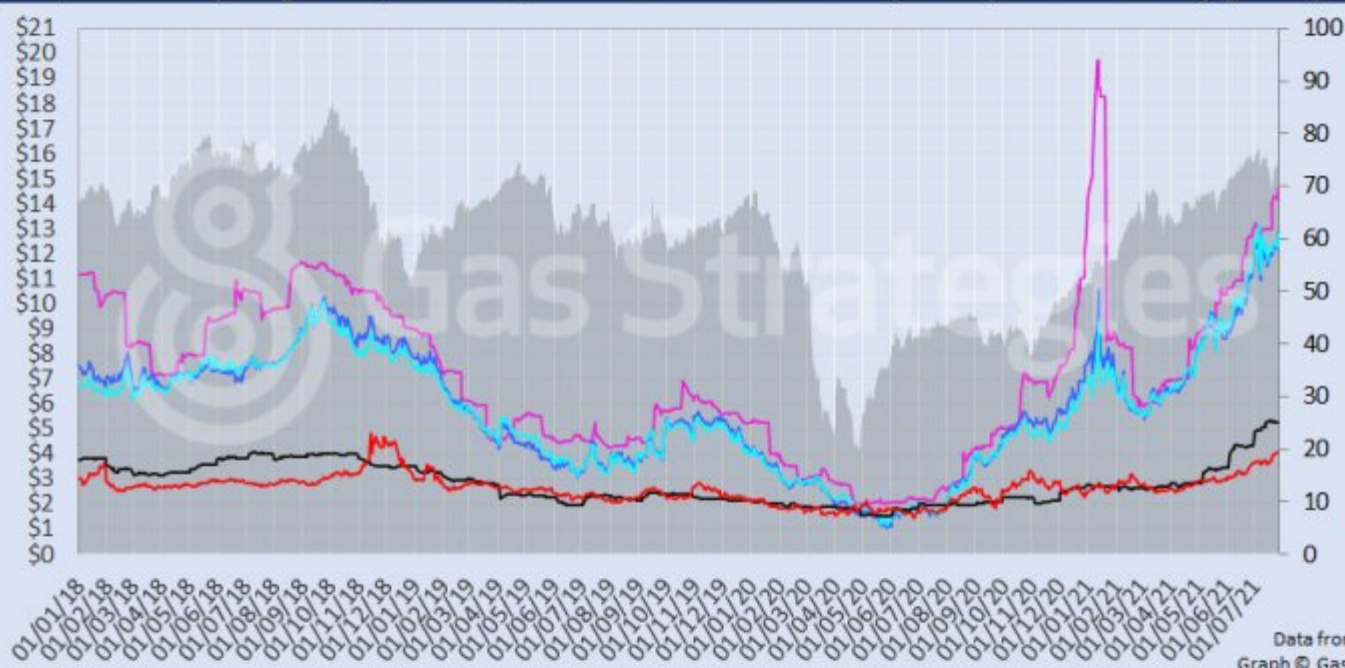
With US gas storage levels below the five-year average and fundamentals remaining strong for LNG exports to Europe and Asia, concerns are growing around a potential gas supply crunch in the US this winter.

As for oil, prices diverged on Monday. The front-month Brent contract closed 0.5% higher, with WTI down 0.2%. Prices had fallen by USD 1/barrel during early trading amid concerns over rising Covid-19 cases, however some forecasts suggest supply will remain tight over the remainder of 2021.

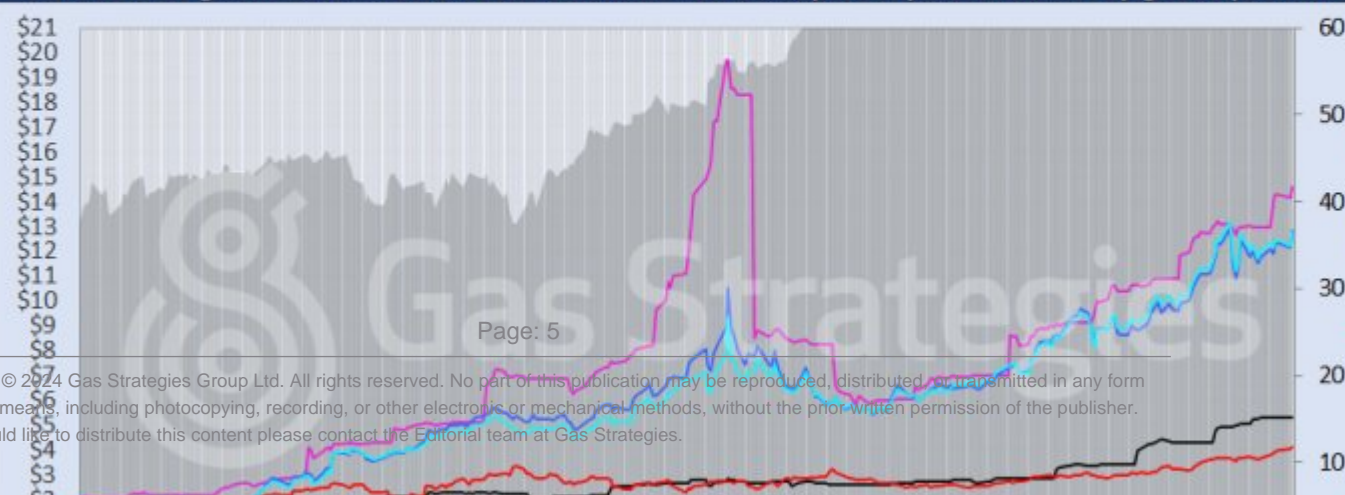
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	26/07/2021	23/07/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.10	4.06	0.04	
NBP (\$/MMBtu)	12.86	12.17	0.70	
NBP (£p/th)	92.99	88.44	4.55	
Henry Hub-NBP spread	8.76	8.11	0.65	
TTF (\$/MMBtu)	12.78	12.25	0.53	
TTF (€/MWh)	36.91	35.52	1.39	
Henry Hub-TTF spread	8.67	8.19	0.49	
JKM (\$/MMBtu)	14.59	14.18	0.41	
TTF-JKM spread	1.81	1.93	-0.12	
Henry Hub-JKM spread	10.49	10.12	0.37	
Brent (\$/barrel)	74.50	74.10	0.40	
WTI (\$/barrel)	71.91	72.07	-0.16	
Brent-WTI spread (\$/barrel)	2.59	2.03	0.56	
API2 Coal (\$/tonne)	132.40	132.45	-0.05	
API2 Coal (\$/MMBtu)	5.30	5.30	0.00	
EU CO ₂ emissions allowances (€/tonne)	53.12	50.82	2.30	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/18



[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.



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