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[1]

The European carbon price hit a record high on Monday, pushed higher by a curtailment of auctioned allowances coupled with strengthening energy markets.

The carbon price broke into the EUR 60/tonne barrier for the first time ever on Monday, with the September-dated EUA contract closing at EUR 60.72/tonne and the benchmark December 2021 EU Allowance futures contract closing at EUR 60.76/tonne to start the week.

Prices in August have been pushed higher by a reduction in supply of EUAs from government auctions.

The carbon price has also been supported by bullish energy markets, with European gas prices hitting a fresh seasonal high on Monday. The front-month TTF and NBP contracts – which rolled over to October on Monday – closed at USD 17.72/MMBtu and USD 16.87/MMBtu respectively to start the week.

Across the pond, US gas benchmark Henry Hub fell from a 32-month high on Friday, closing 1.5% lower at USD 4.31/MMBtu. Prices dipped on reports suggesting oil and gas operations along the US Gulf of Mexico were largely unscathed following Hurricane Ida which made landfall in Louisiana on Sunday as a Category 4 hurricane – the strongest storm to hit the Gulf Coast since Hurricane Katrina 16 years ago.

On Monday, the US Bureau of Safety and Environmental Enforcement (BSEE) said ~94% of US Gulf of Mexico oil and gas production remained shut-in. However GoM production accounts for ~5% of US gas supply and 17% of total oil supplies.

As for gas prices in Asia, CME's JKM futures contract made it seven days of gains after rallying by 0.1% to close at USD 17.72/MMBtu.

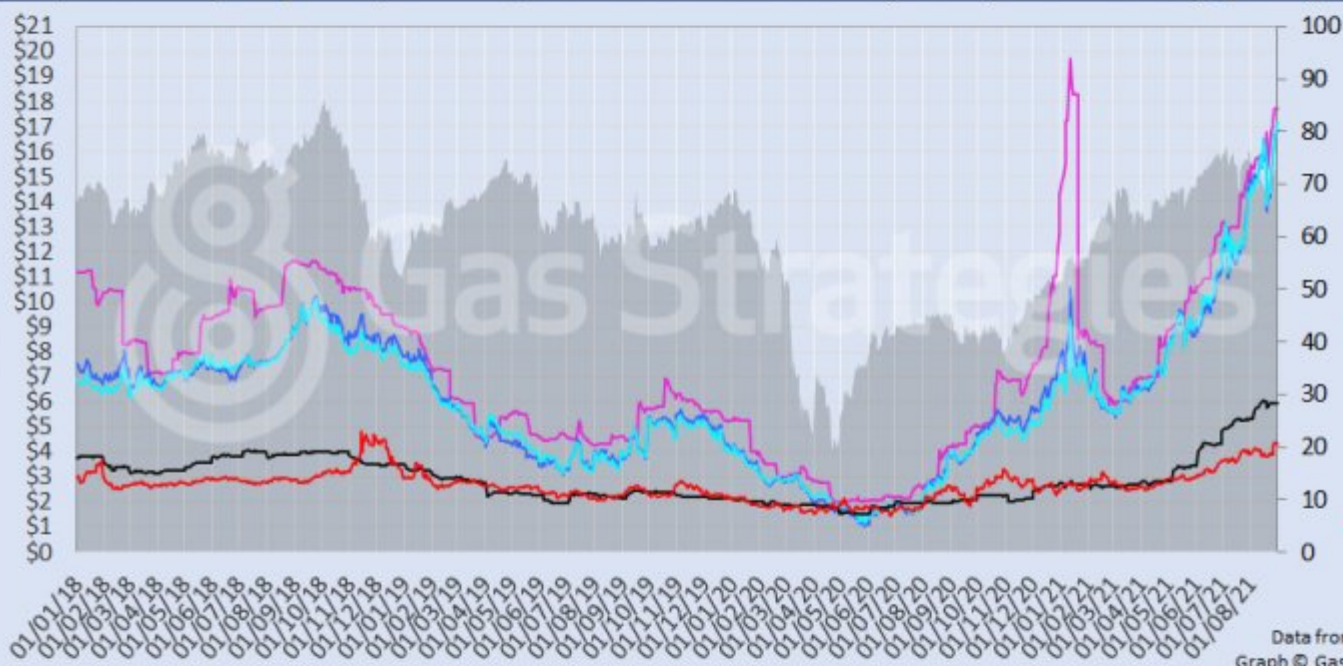
Crude prices rallied on Monday, pushed higher by potential supply tightness in the US caused by Hurricane Ida – which has shuttered Gulf Coast refineries and processing plants.

US oil benchmark WTI closed 0.7% higher at USD 69.21/barrel, with Brent up 1% to close at USD 73.41/barrel.

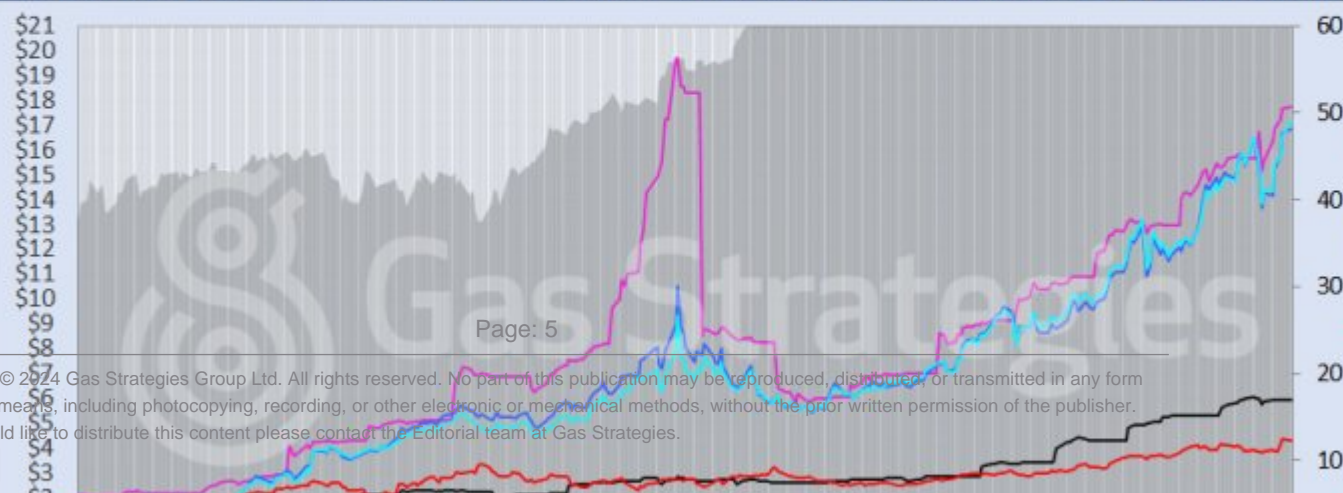
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	30/08/2021	27/08/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.31	4.37	-0.07	
NBP (\$/MMBtu)	16.87	16.65	0.21	
NBP (£p/th)	122.61	120.97	1.64	
Henry Hub-NBP spread	12.56	12.28	0.28	
TTF (\$/MMBtu)	17.17	16.53	0.65	
TTF (€/MWh)	49.68	47.81	1.87	
Henry Hub-TTF spread	12.87	12.16	0.71	
JKM (\$/MMBtu)	17.72	17.70	0.02	
TTF-JKM spread	0.55	1.17	-0.63	
Henry Hub-JKM spread	13.42	13.33	0.09	
Brent (\$/barrel)	73.41	72.70	0.71	
WTI (\$/barrel)	69.21	68.74	0.47	
Brent-WTI spread (\$/barrel)	4.20	3.96	0.24	
API2 Coal (\$/tonne)	148.83	148.85	-0.02	
API2 Coal (\$/MMBtu)	5.95	5.95	0.00	
EU CO ₂ emissions allowances (€/tonne)	60.72	58.96	1.76	

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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