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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.

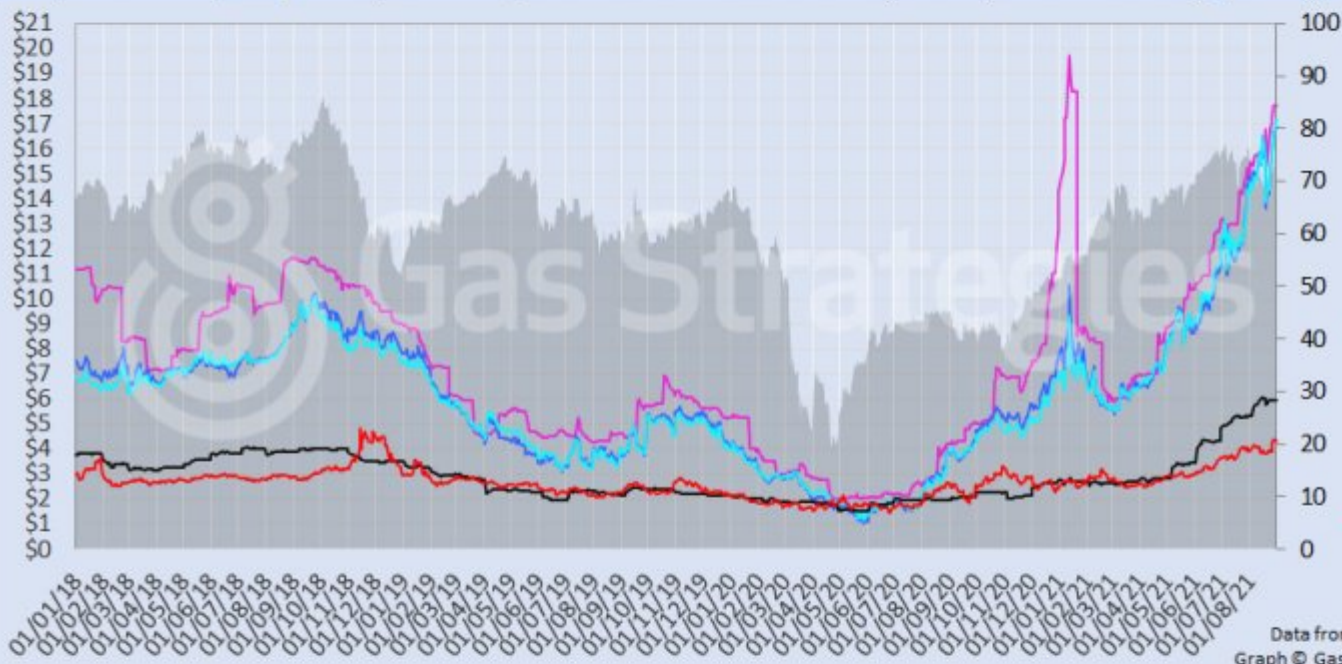
Crude prices rallied on Monday, pushed higher by potential supply tightness in the US caused by Hurricane Ida – which has shuttered Gulf Coast refineries and processing plants.

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

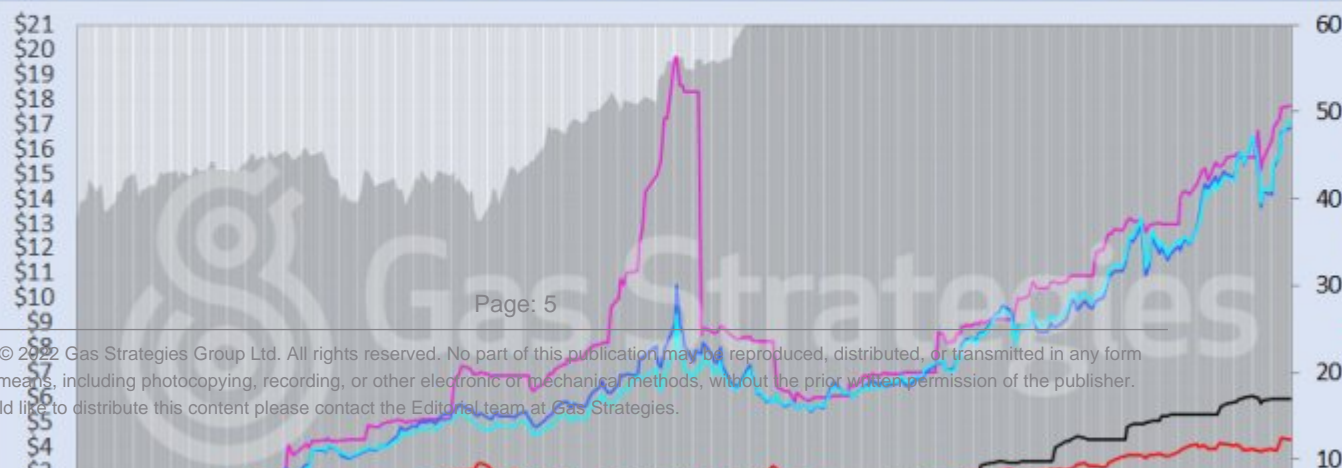
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

| 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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