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Contents

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[1]

Crude prices continued to climb on Friday amid supply concerns, with Brent hitting its highest close since October 2018. Brent looks set to hit a fresh high on Monday as it marker neared USD 80/barrel during morning trading.

The front-month Brent contract closed 1.1% higher on Friday to close at USD 78.09/barrel – the oil marker's highest close in nearly three years. As for WTI, the US oil benchmark rallied by 0.9% to close at USD 73.98/barrel, its highest close since late July.

The crude markers look set to make it five days of gains on Monday, with Brent hitting an intraday high of USD 79.49/barrel this morning.

Oil prices are being supported by supply concerns amid an uptick in demand as many regions across the world ease Covid-19 restrictions.

On Monday, Goldman Sachs increased its Brent forecast by USD 10/barrel, with the bank expecting the marker to hit USD 90/barrel before the end of 2021. Goldman's upward revision is based on a quicker-than-expected recovery in fuel demand following outbreaks of the Covid-19 Delta variant, and supply concerns, with some US Gulf of Mexico production still offline following Hurricane Ida which made landfall in Louisiana on 29 August.

"While we have long held a bullish oil view, the current global supply-demand deficit is larger than we expected, with the recovery in global demand from the Delta impact even faster than our above-

consensus forecast and with global supply remaining short of our below consensus forecasts," Goldman said this week.

In the gas market, European gas prices stopped the rot after recording minor gains on Friday.

The front-month NBP contract settled 0.4% higher at USD 24.07/MMBtu, with TTF closing 0.6% higher at USD 24.12/MMBtu.

European gas prices were lifted by a strengthening gas prices in Asia, with the front-month JKM contract up 2.6% on Friday to close at USD 27.50/MMBtu.

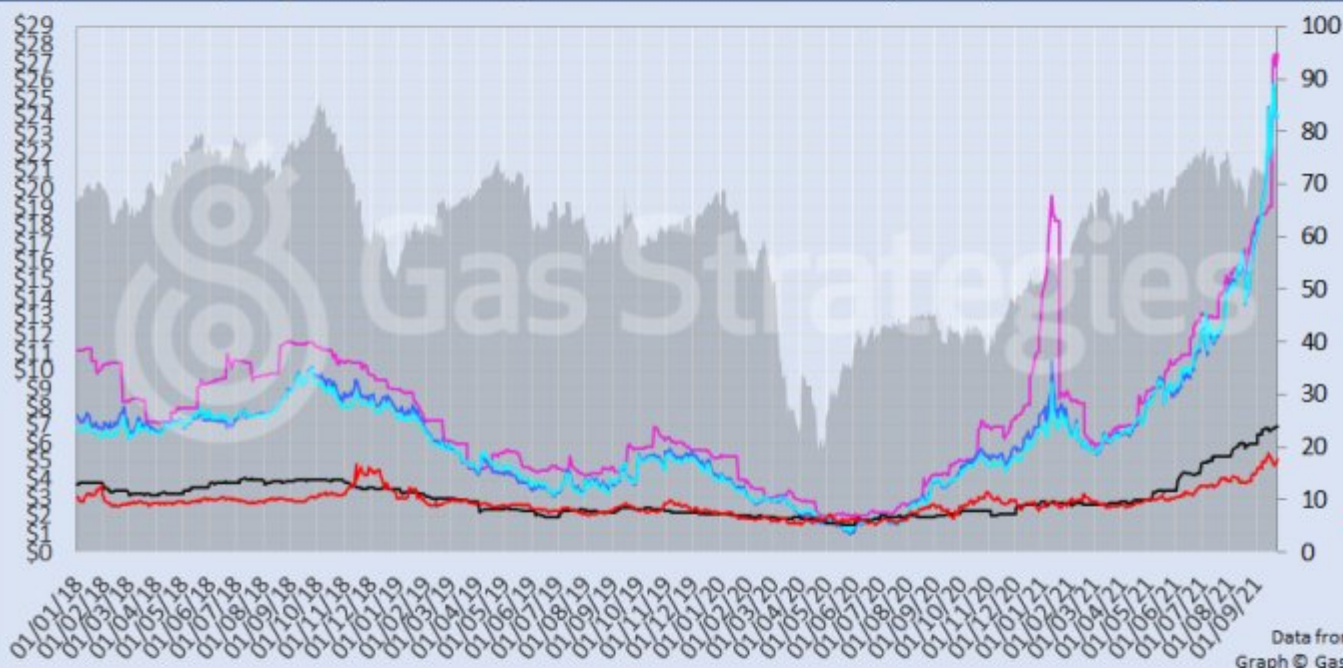
The rally by the European gas benchmarks also helped lift the European carbon price, which closed 4% higher at EUR 62.88/tonne on Friday.

In the US, Henry Hub closed 3.3% higher to return to the USD 5/MMBtu range for the first time in five days. Supply concerns have lifted Henry Hub in recent days, with US gas storage below the five-year average as winter approaches.

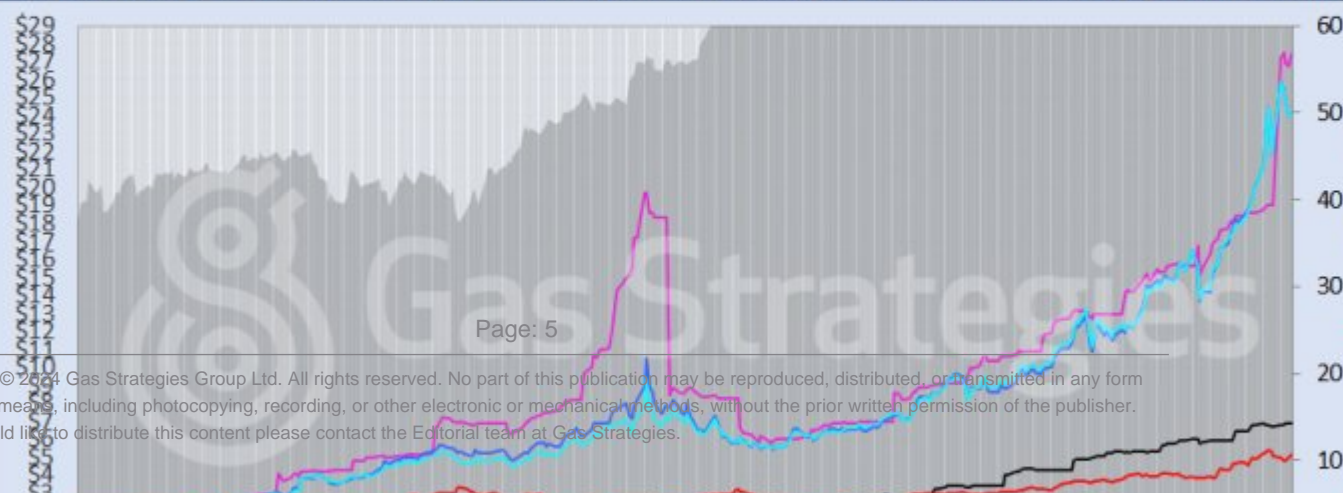
Front-month futures and indexes at last close with day-on-day changes (click to enlarge):

Front-month futures/index	24/09/2021	23/09/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.14	4.98	0.16	
NBP (\$/MMBtu)	24.07	23.98	0.09	
NBP (£p/th)	175.95	174.49	1.46	
Henry Hub-NBP spread	18.93	19.01	-0.08	
TTF (\$/MMBtu)	24.12	23.97	0.15	
TTF (€/MWh)	70.24	69.68	0.56	
Henry Hub-TTF spread	18.98	18.99	-0.01	
JKM (\$/MMBtu)	27.50	26.80	0.70	
TTF-JKM spread	3.38	2.83	0.54	
Henry Hub-JKM spread	22.36	21.82	0.53	
Brent (\$/barrel)	78.09	77.25	0.84	
WTI (\$/barrel)	73.98	73.30	0.68	
Brent-WTI spread (\$/barrel)	4.11	3.95	0.16	
API2 Coal (\$/tonne)	173.05	172.50	0.55	
API2 Coal (\$/MMBtu)	6.92	6.90	0.02	
EU CO ₂ emissions allowances (€/tonne)	62.88	60.48	2.40	

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.



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