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[1]

European gas prices continued to retreat on Friday, with TTF and NBP closing at their lowest since 29 September. The result saw Asian LNG marker JKM strengthen its premium over the European gas benchmarks.

The European gas sell off continued on Friday, with the November-dated TTF and NBP contracts falling by over 9% to close at USD 29.71/MMBtu and USD 30.29/MMBtu, respectively.

European gas prices started to plummet on Wednesday after Russia's president Vladimir Putin said Russia was ready to step in and stabilise the energy market. Many market participants expect Russia to increase gas exports to Europe starting next month, one trade source told Gas Matters Today.

The loss on Friday saw Asian LNG marker JKM increase its premium over TTF and NBP. The front-month JKM contract fell by 3.1% on Friday to close at USD 32.06/MMBtu – USD 2.35/MMBtu higher than TTF.

JKM's widening premium could prevent much needed cargoes from heading to Europe. The trade source said LNG imports into Europe have been sluggish in recent weeks and highlighted the fact that it is getting colder in north-east Asia. Additionally, Turkey is in the market for more LNG, according to the source.

The slumping gas – and coal price – in Europe weighed on the European carbon price, which fell 3.4% to settle at EUR 58.29/tonne – its lowest close since 26 August.

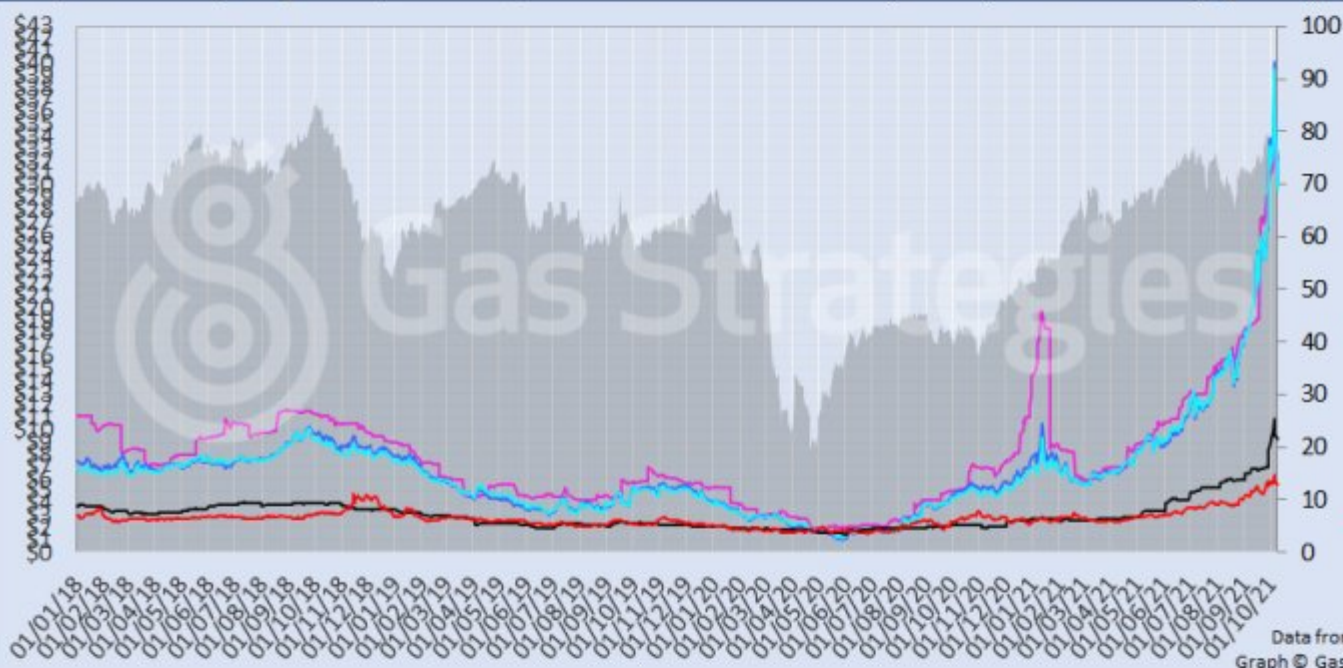
In the US, Henry Hub continued to fall amid improving gas inventory levels and mild weather. The front-month Henry Hub contract dipped by 2% to settle at USD 5.57/MMBtu – its lowest close since 29 September.

As for crude, prices continued to tick higher amid growing concerns over tightening supply as demand continues to increase. Oil demand could increase further due to gas prices hovering around record highs, with many market observers expecting gas-to-oil switching to increase over the coming northern hemisphere winter.

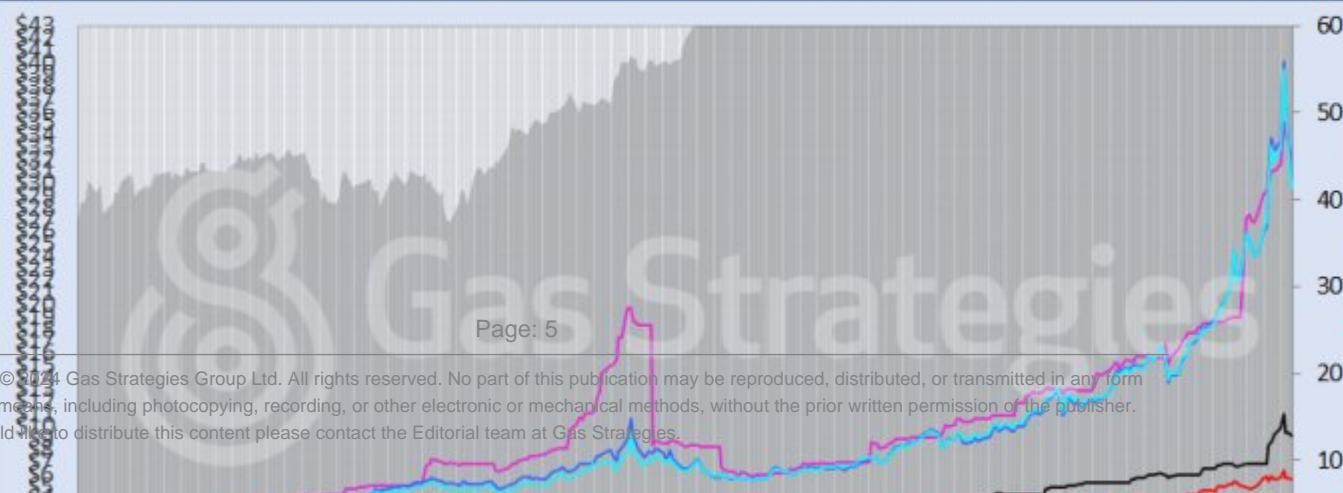
*Front-month futures and indexes at last close with day-on-day changes (click to enlarge):*

Front-month futures/index	08/10/2021	07/10/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.57	5.68	-0.11	
NBP (\$/MMBtu)	30.29	33.47	-3.18	
NBP (£p/th)	222.21	245.51	-23.30	
Henry Hub-NBP spread	24.72	27.79	-3.07	
TTF (\$/MMBtu)	29.71	32.73	-3.02	
TTF (€/MWh)	87.61	96.58	-8.98	
Henry Hub-TTF spread	24.15	27.05	-2.90	
JKM (\$/MMBtu)	32.06	33.08	-1.02	
TTF-JKM spread	2.35	0.35	2.00	
Henry Hub-JKM spread	26.50	27.40	-0.91	
Brent (\$/barrel)	82.39	81.95	0.44	
WTI (\$/barrel)	79.35	78.30	1.05	
Brent-WTI spread (\$/barrel)	3.04	3.65	-0.61	
API2 Coal (\$/tonne)	230.00	237.10	-7.10	
API2 Coal (\$/MMBtu)	9.20	9.48	-0.28	
EU CO <sub>2</sub> emissions allowances (€/tonne)	58.29	60.34	-2.05	

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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