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Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

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+44(0) 20 7332 9976
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[1]

US gas benchmark Henry Hub slumped to a two-month low on Friday, pushed lower by increasing gas production and expectations of mild weather across the Lower 48.

The December-dated Henry Hub contract fell by 7% on Friday to close at USD 4.79/MMBtu – its lowest close since 6 September.

Increasing gas production and mild weather weighed on Henry Hub. US gas production averaged 95 Bcf/d last week, up ~3 Bcf/d from October levels, according to reports.

Across the pond, European gas prices continued to rally amid supply concerns after Belarus' President Alexander Lukashenko on Thursday threatened to cut off gas supplies via the Yamal pipeline, if the EU imposes sanctions in response to the migrant crisis on its border with Poland.

The TTF front-month contract settled at USD 25.38/MMBtu, rising by 1%, while the UK NBP was up 0.6% to USD 26.02/MMBtu.

The December-dated TTF and NBP contracts spiked on Monday ahead of the latest capacity auction results. However, prices started to fall after the results were announced at 11 am GMT.

Gazprom opted to book much less monthly capacity for December, with the Russian firm booking only 0.01 Mcm/d – of the 51.17 Mcm/d offered – at Mallnow and only 17 Mcm/d – of the 70.4 Mcm/d offered – at Velke Kapusany in Slovakia.

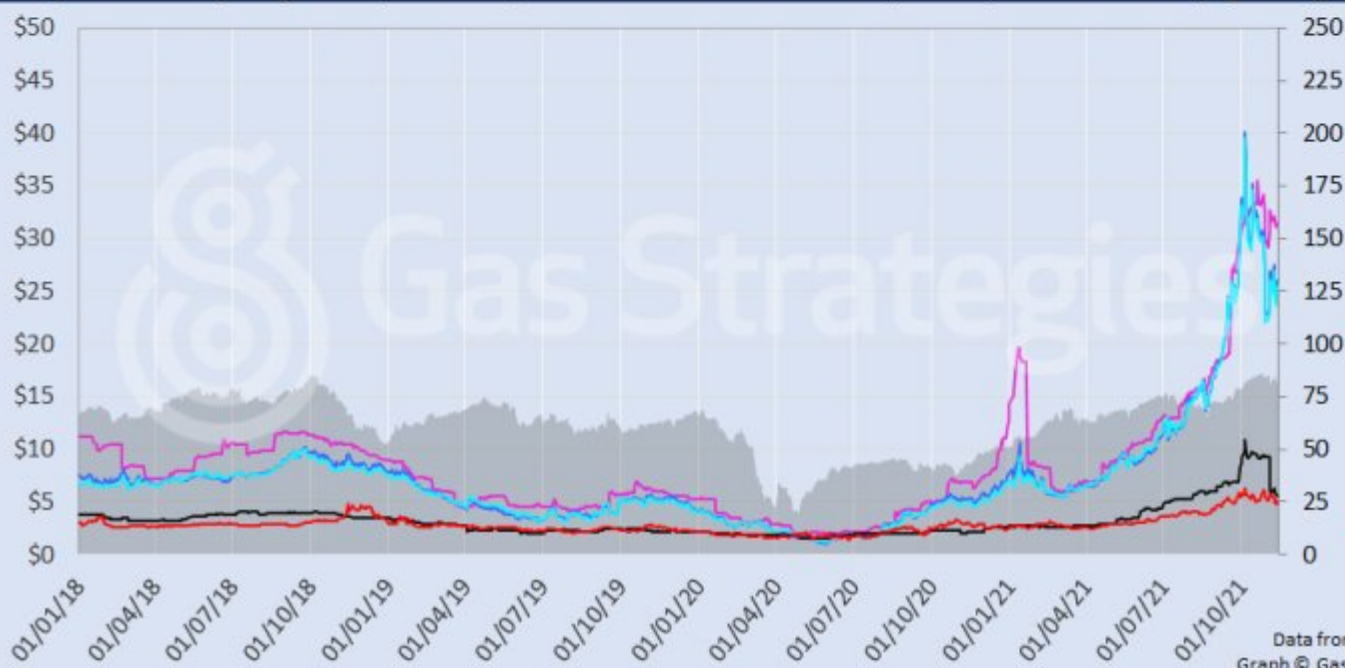
One trade source told Gas Matters Today that the market reaction to the auction result was “very, very muted” considering the lack of capacity bookings. The source suggests the auction result could indicate that some market participants expect the Gazprom-led Nord Stream 2 pipeline to come online next month.

As for crude, prices slipped on Friday amid a strengthening US dollar and reports suggesting the Biden administration may release some oil from the US Strategic Petroleum Reserve in a bid to tame rising fuel prices.

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

Front-month futures/index	12/11/2021	11/11/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.79	5.15	-0.36	
NBP (\$/MMBtu)	26.02	25.87	0.15	
NBP (£p/th)	194.05	193.33	0.72	
Henry Hub-NBP spread	21.23	20.72	0.51	
TTF (\$/MMBtu)	25.38	25.13	0.25	
TTF (€/MWh)	75.68	74.79	0.88	
Henry Hub-TTF spread	20.59	19.98	0.61	
JKM (\$/MMBtu)	31.57	31.42	0.15	
TTF-JKM spread	6.18	6.28	-0.10	
Henry Hub-JKM spread	26.77	26.27	0.51	
Brent (\$/barrel)	82.17	82.87	-0.70	
WTI (\$/barrel)	80.79	81.59	-0.80	
Brent-WTI spread (\$/barrel)	1.38	1.28	0.10	
API2 Coal (\$/tonne)	139.50	141.50	-2.00	
API2 Coal (\$/MMBtu)	5.58	5.66	-0.08	
EU CO ₂ emissions allowances (€/tonne)	63.27	63.70	-0.43	

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.



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
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