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[1]

Crude prices fell by nearly USD 10/barrel on Friday, marking their largest one-day drop since April 2020, amid concerns that the new Coronavirus variant could upend oil demand.

The front-month Brent contract fell by 11.6% on Friday, closing at USD 72.72/barrel. US benchmark slid 12.7% to close at USD 68.15/barrel. The losses were the biggest falls by the crude markers since April 2020 – when WTI fell into negative territory for the first time amid concerns over Covid-induced demand destruction.

Fast-forward 19-months, the market is once again concerned that coronavirus could derail crude demand. The new coronavirus variant, known as Omicron, has seen several nations tighten travel restrictions.

News of the new Coronavirus strain also weighed on the wider energy complex, with gas prices in Europe falling on Friday. The front-month NBP and TTF contracts closed ~5% lower, with the UK marker settling at the equivalent of USD 29.58/MMBtu. The Dutch benchmark settled at USD 29.07/MMBtu.

Asian LNG marker JKM fell by 3.6% to settle at USD 34.89/MMBtu – its lowest close in four days.

The European carbon price fell from a record high to settle 2.3% lower at EUR 72.78/tonne.

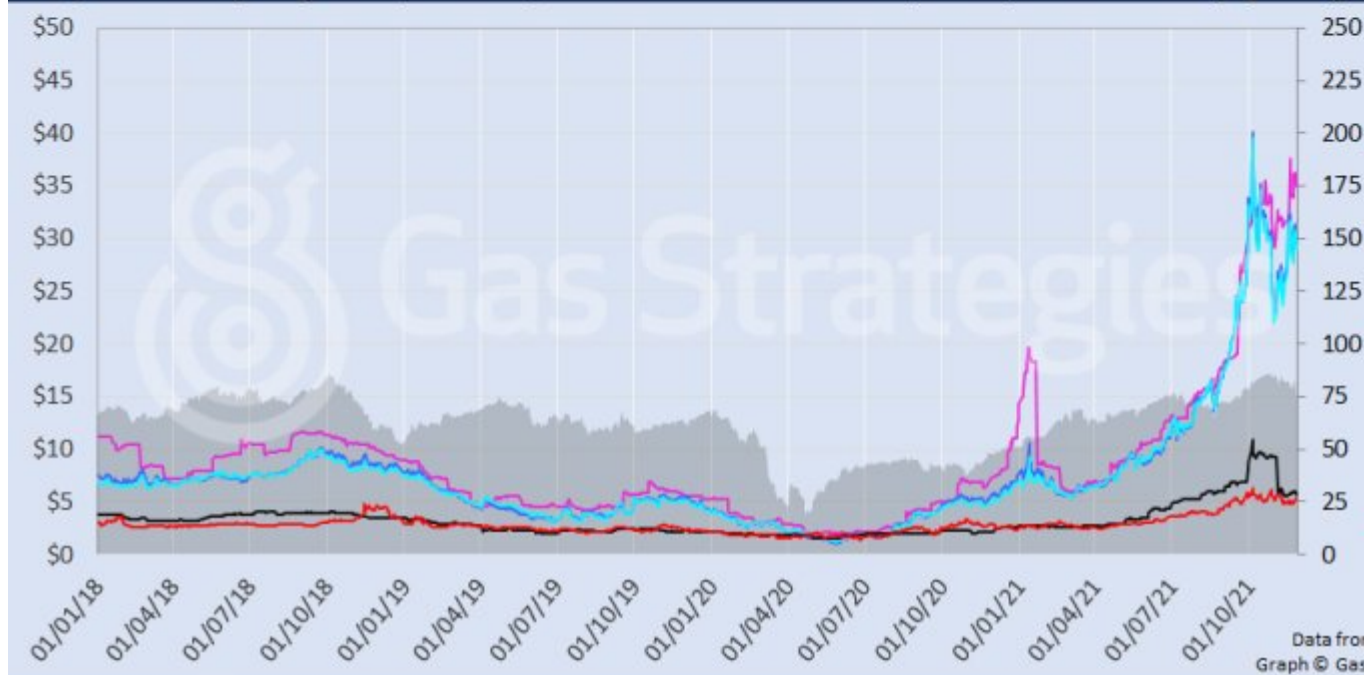
US gas benchmark Henry Hub was the only major marker to rally on Friday, closing 7.5% higher at USD 5.45/MMBtu. The rally was in part due to booming US LNG exports, with feedgas flows to liquefaction

facilities hitting a record high of 12.07 Bcf/d on Friday, according to data compiled by RonHEnergy.

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

Front-month futures/index	26/11/2021	25/11/2021	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	5.45	5.07	0.38	
NBP (\$/MMBtu)	29.58	31.13	-1.55	
NBP (£p/th)	222.08	233.66	-11.58	
Henry Hub-NBP spread	24.14	26.06	-1.93	
TTF (\$/MMBtu)	29.07	30.63	-1.55	
TTF (€/MWh)	87.77	93.19	-5.42	
Henry Hub-TTF spread	23.63	25.56	-1.93	
JKM (\$/MMBtu)	34.89	36.21	-1.32	
TTF-JKM spread	5.82	5.58	0.24	
Henry Hub-JKM spread	29.44	31.14	-1.69	
Brent (\$/barrel)	72.72	82.22	-9.50	
WTI (\$/barrel)	68.15	78.10	-9.95	
Brent-WTI spread (\$/barrel)	4.57	4.12	0.45	
API2 Coal (\$/tonne)	144.80	149.40	-4.60	
API2 Coal (\$/MMBtu)	5.79	5.98	-0.18	
EU CO ₂ emissions allowances (€/tonne)	72.78	74.46	-1.68	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 January 2018



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1 January 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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