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[1]

European gas prices continued to climb on Tuesday amid colder weather and lower pipeline flows from Russia.

The February-dated NBP contract closed 27.6% higher at the equivalent of USD 29.33/MMBtu on Tuesday. TTF maintained its premium over the UK marker after closing 10.4% higher at USD 29.37/MMBtu.

European gas prices – which tanked at the end of December amid increasing LNG imports and mild weather – have been lifted this week by a drop in flows from Russia and more frigid weather rolling in across the continent.

Pipeline flows from Russia remained flat day-on-day at 183 Mcm/d on Tuesday, with flows through Ukraine blow levels seen last month. No gas was flowing through the Mallnow interconnection point on the Poland-Germany border.

The strengthening gas prices helped lift the European carbon price, which closed 1.1% higher at EUR 84.46/tonne.

Asian LNG marker continued to strengthen, closing 7.3% higher at 32.75/MMBtu.

US gas benchmark Henry Hub closed 2.6% lower despite forecasts showing colder weather in the short term and a dip in domestic gas production. Cold weather impacted infrastructure in the Permian basin –

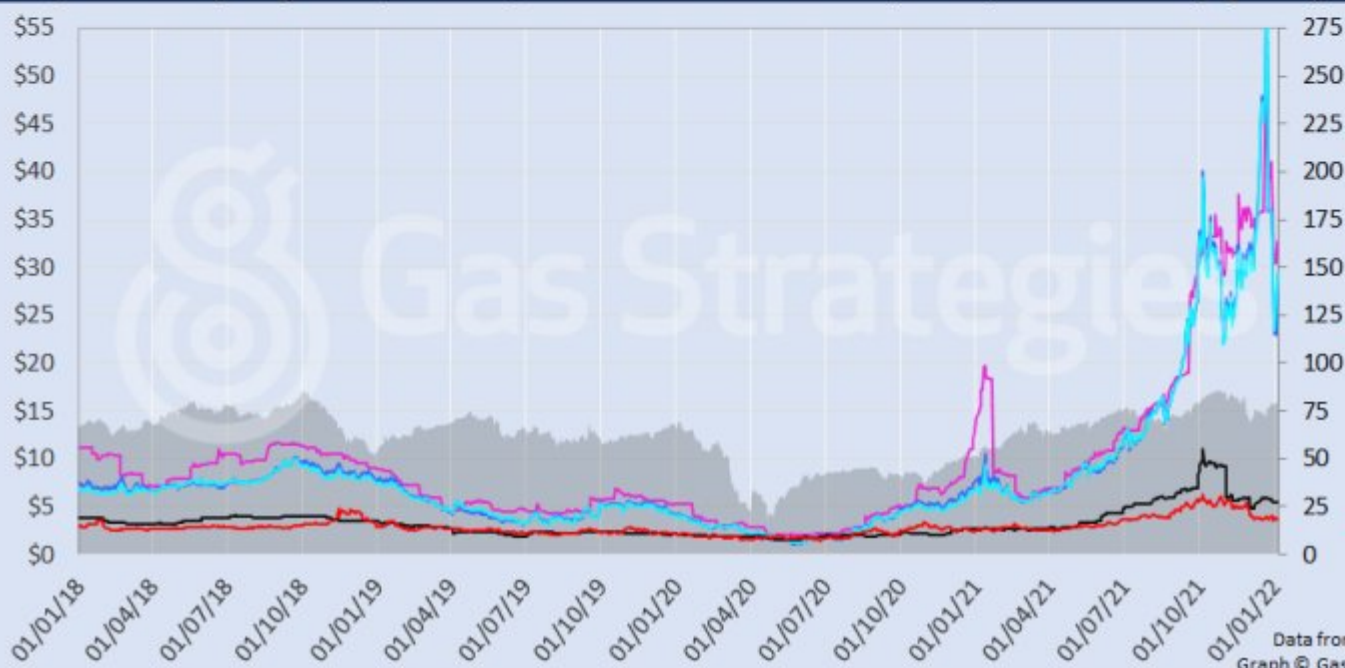
stretching across Texas and New Mexico – causing production to fall by 1 Bcf/d over the weekend. As of Tuesday, US gas production was ~91 Bcf/d – well below the 97 Bcf/d achieved in late 2021.

As for crude, Brent hit its highest since late November 2021 after OPEC and its allies agreed to maintain its planned production increase for next month. Brent closed 1.3% higher at USD 80/barrel, with WTI closing 1.2% higher at USD 76.99/barrel.

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

Front-month futures/index	04/01/2022	03/01/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	3.72	3.82	-0.10	
NBP (\$/MMBtu)	29.33	22.98	6.35	
NBP (£p/th)	216.57	170.64	45.93	
Henry Hub-NBP spread	25.61	19.17	6.45	
TTF (\$/MMBtu)	29.37	26.61	2.76	
TTF (€/MWh)	88.74	80.43	8.31	
Henry Hub-TTF spread	25.65	22.80	2.86	
JKM (\$/MMBtu)	32.75	30.51	2.24	
TTF-JKM spread	3.37	3.89	-0.52	
Henry Hub-JKM spread	29.03	26.69	2.34	
Brent (\$/barrel)	80.00	78.98	1.02	
WTI (\$/barrel)	76.99	76.08	0.91	
Brent-WTI spread (\$/barrel)	3.01	2.90	0.11	
API2 Coal (\$/tonne)	136.73	136.73	0.00	
API2 Coal (\$/MMBtu)	5.47	5.47	0.00	
EU CO ₂ emissions allowances (€/tonne)	84.46	83.53	0.93	

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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