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[1]

The European carbon price hit a fresh record high on Friday, lifted by the bullish energy complex and increasing permit purchasing by market participants.

The February-dated EUA contract closed 1.2% higher on Friday to settle at EUR 95.97/tonne. The benchmark December 2022 contract closed at EUR 96.45/tonne, having hit an intraday high of EUR 97.5/tonne.

Some market participants expect the European carbon price bull run to continue and top EUR 100/tonne, highlighting strengthening gas, coal and oil prices. The rally is also being driven by some market players looking to break the EUR 100/tonne mark.

Friday saw European gas prices strengthen further, with the March-dated TTF and NBP contracts closing over 3% higher. The Dutch marker settled at the equivalent of USD 27.74/MMBtu – USD 0.59/MMBtu higher than the UK gas benchmark.

Across the pond, US gas benchmark Henry Hub fell by 6.5% despite a cold blast hitting Texas, with production in the Permian basin falling by ~2 Bcf/d last week compared to the previous week. The March-dated Henry Hub contract settled at USD 4.57/MMBtu.

Asian LNG marker JKM continued to climb, closing 4.1% higher at USD 25.35/MMBtu.

As for oil, Brent and WTI hit their highest since 2014, with the April-dated Brent contract up 2.4% to close

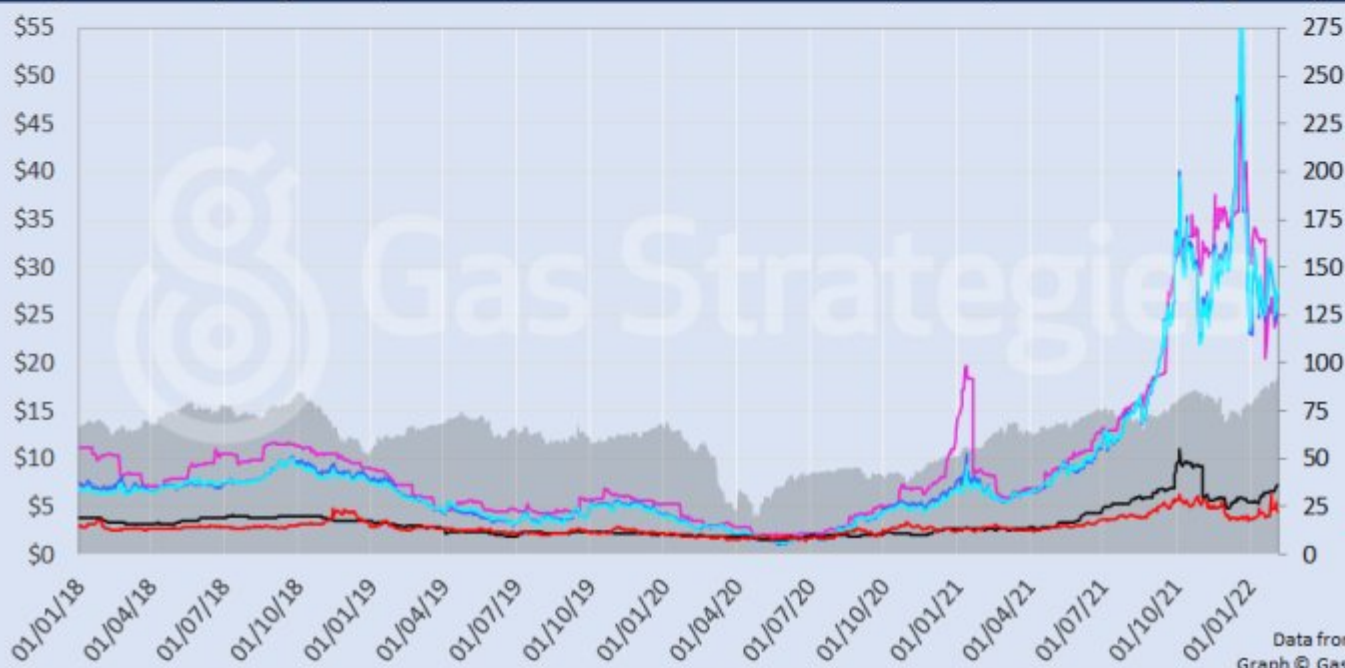
at USD 93.27/barrel. WTI closed 2.3% higher at USD 92.31/barrel.

The rally was pinned on concerns that the frigid weather in the US could impact oil production – exacerbating supply concerns.

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

Front-month futures/index	04/02/2022	03/02/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.57	4.89	-0.32	
NBP (\$/MMBtu)	27.15	26.22	0.93	
NBP (£p/th)	200.49	192.76	7.73	
Henry Hub-NBP spread	22.58	21.33	1.25	
TTF (\$/MMBtu)	27.74	26.86	0.88	
TTF (€/MWh)	82.65	80.22	2.43	
Henry Hub-TTF spread	23.17	21.98	1.19	
JKM (\$/MMBtu)	25.35	24.34	1.01	
TTF-JKM spread	-2.39	-2.52	0.13	
Henry Hub-JKM spread	20.78	19.45	1.33	
Brent (\$/barrel)	93.27	91.11	2.16	
WTI (\$/barrel)	92.31	90.27	2.04	
Brent-WTI spread (\$/barrel)	0.96	0.84	0.12	
API2 Coal (\$/tonne)	183.00	177.65	5.35	
API2 Coal (\$/MMBtu)	7.32	7.11	0.21	
EU CO ₂ emissions allowances (€/tonne)	95.97	94.81	1.16	

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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