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Contents

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[1]

European gas prices jumped on Tuesday after Russian president Vladimir Putin ordered troops into Ukraine's Donetsk and Luhansk regions and declared the two regions as breakaway states – stoking fears of a conflict in Ukraine.

The front-month NBP and TTF contracts closed 9.9% higher on Tuesday, with the Dutch marker settling at the equivalent of USD 26.53/MMBtu, USD 0.56/MMBtu higher than the UK gas benchmark.

Prices were lifted after Putin ordered troops into Ukraine to conduct what Moscow claims is a peacekeeping mission. In response to Russia declaring Donetsk and Luhansk breakaway states, the EU, UK and US announced sanctions against Russian banks and certain individuals with close ties to the Kremlin.

German chancellor Olaf Scholz also announced that Berlin is pausing the approval process for the Nord Stream 2 pipeline – running from Russia to Germany. Market observers suggest it is increasingly unlikely that the pipeline will be in operation in time for next week.

While Russian banks and individuals have been slapped with Western sanctions, Putin announced on Tuesday that Russia intends to continue uninterrupted gas and LNG supplies to global markets.

The European gas rally helped lift Asian LNG marker JKM and the European carbon price. The front-month EUA contract closed 0.1% higher at EUR 89.37/tonne. JKM closed 9.1% higher at USD

25.96/MMBtu.

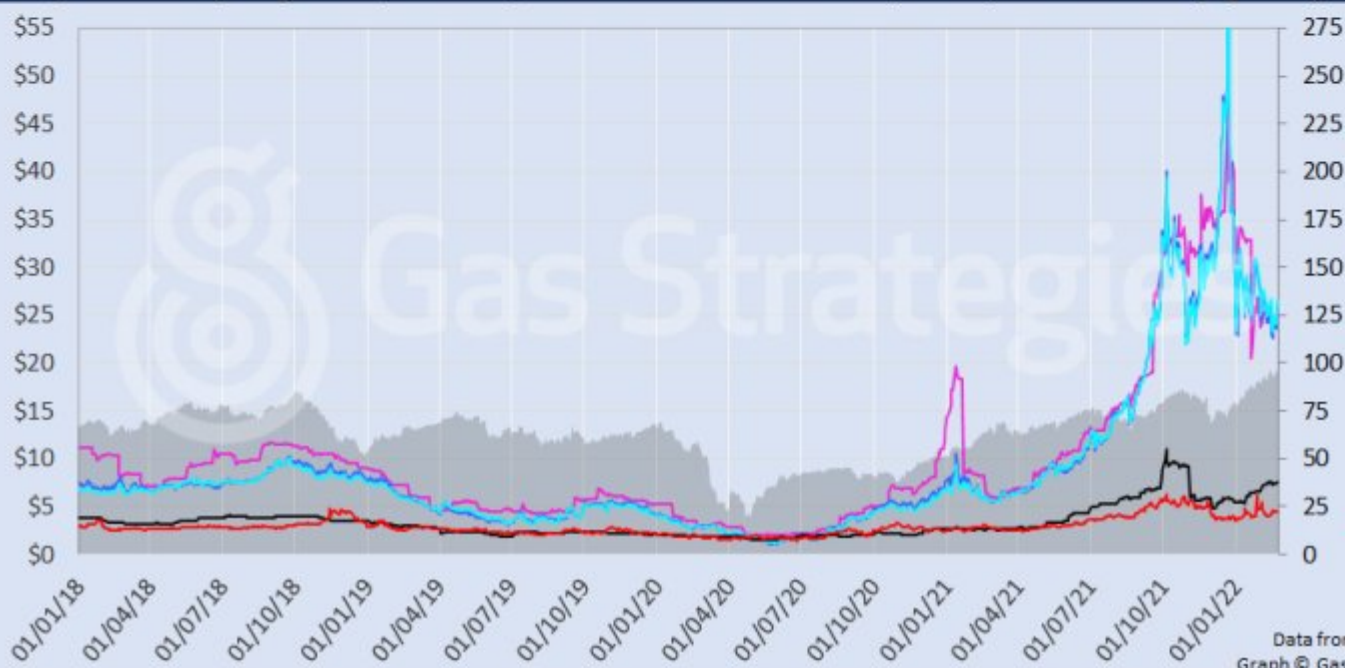
In the US, Henry Hub also rallied, closing 1.5% higher at USD 4.5/MMBtu.

Crude prices rallied amid escalating concerns of a conflict in Ukraine. The April-dated Brent contract closed 1.5% higher at USD 96.84/barrel. WTI settled 0.3% higher at USD 91.91/barrel.

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

| Front-month futures/index | 22/02/2022 | 21/02/2022 | Daily +/- (\$) | Daily |
|---|------------|------------|----------------|-------|
| Henry Hub (\$/MMBtu) | 4.50 | 4.43 | 0.07 | |
| NBP (\$/MMBtu) | 25.97 | 23.62 | 2.35 | |
| NBP (£p/th) | 190.99 | 173.53 | 17.46 | |
| Henry Hub-NBP spread | 21.47 | 19.19 | 2.28 | |
| TTF (\$/MMBtu) | 26.53 | 24.13 | 2.40 | |
| TTF (€/MWh) | 79.79 | 72.56 | 7.23 | |
| Henry Hub-TTF spread | 22.03 | 19.70 | 2.33 | |
| JKM (\$/MMBtu) | 25.96 | 23.81 | 2.16 | |
| TTF-JKM spread | -0.57 | -0.33 | -0.24 | |
| Henry Hub-JKM spread | 21.46 | 19.37 | 2.09 | |
| Brent (\$/barrel) | 96.84 | 95.39 | 1.45 | |
| WTI (\$/barrel) | 91.91 | 91.59 | 0.32 | |
| Brent-WTI spread (\$/barrel) | 4.93 | 3.80 | 1.13 | |
| API2 Coal (\$/tonne) | 189.00 | 185.00 | 4.00 | |
| API2 Coal (\$/MMBtu) | 7.56 | 7.40 | 0.16 | |
| EU CO ₂ emissions allowances (€/tonne) | 89.37 | 89.27 | 0.10 | |

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 2020



[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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