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[1]

European gas prices dipped for the first time in three days on Tuesday, with prices falling further on Wednesday morning after the European Commission refrained from banning imports of Russian oil and gas.

The front-month TTF and NBP contracts slumped by over 5% on Tuesday, with the Dutch marker settling at USD 68.42/MMBtu – USD 1.42/MMBtu higher than the UK gas benchmark.

The dip was pinned on Brussels refraining from banning imports of Russian oil and gas after both the UK and US announced bans on Russian crude imports. Prices were also pressured by an increase in gas flows from Russian into Europe, with pipeline volumes averaging 267 MMcm/d on Tuesday, up from 263 MMcm/d on Monday, according to EnergyScan.

While the EC has refused to ban Russian oil and gas, Brussels revealed plans on Tuesday aimed at reducing the EU's dependency on Russian gas. Under the plans, the bloc is looking to cut its Russian gas consumption by two-thirds by the end of 2022 and end its reliance on Russian gas "well before 2030".

European gas prices were falling further on Wednesday morning, however a rally may ensue in the short-term after the Kremlin said it will ban exports of certain commodities and raw materials – details of which have not yet been revealed.

On Monday, Russian deputy prime minister Alexander Novak suggested Moscow could "impose an

embargo on gas pumping through the Nord Stream 1 gas pipeline" in response to Western sanctions.

Elsewhere in the gas market, Asian LNG marker dipped after recording strong gains on Monday. The front-month contract settled 17.7% lower at USD 42.62/MMBtu. US gas benchmark Henry Hub closed 6.3% lower at USD 4.53/MMBtu.

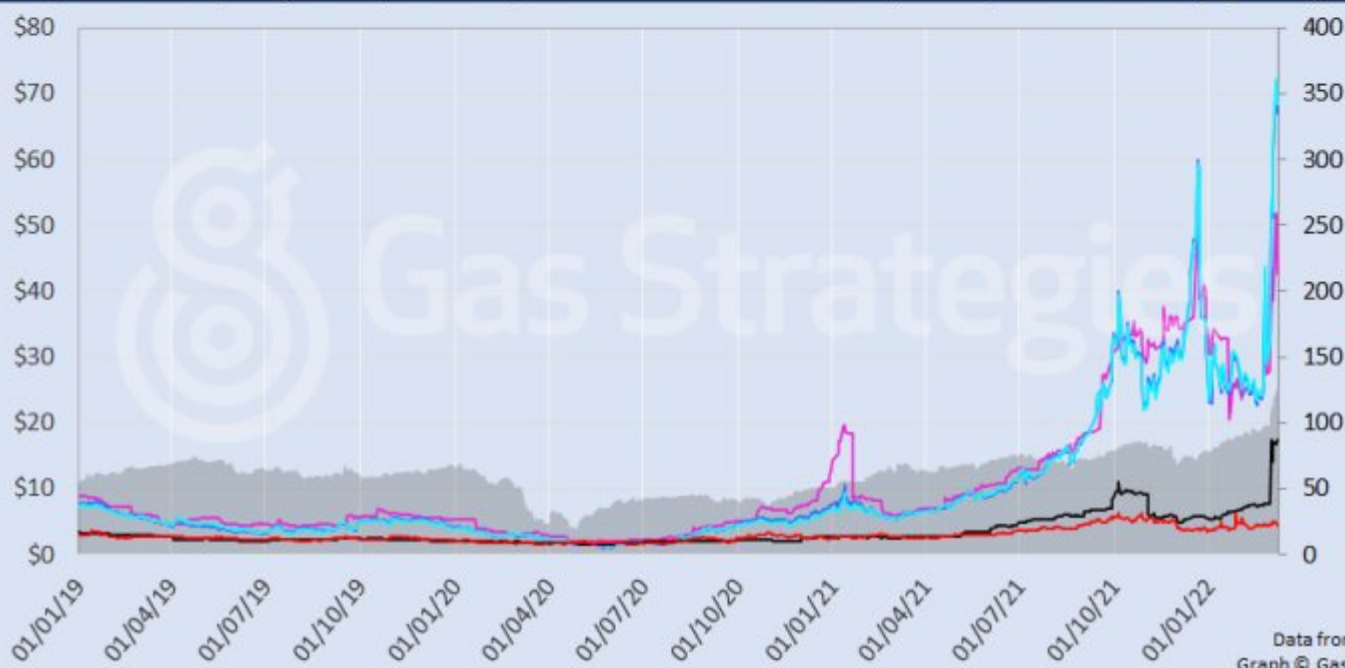
While European gas dipped, the carbon price recorded a strong gain of 17.6%. The EUA price was lifted by the EC's plan to cut Russian gas consumption, with the market expecting increasing coal usage.

The UK and US' ban on Russian crude imports supported oil prices on Tuesday. Brent and WTI closed over 3% higher, with the former settling at USD 127.98/barrel and the US benchmark closing at USD 123.7/barrel.

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

Front-month futures/index	08/03/2022	07/03/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	4.53	4.83	-0.31	
NBP (\$/MMBtu)	67.00	70.74	-3.74	
NBP (£p/th)	511.44	539.53	-28.09	
Henry Hub-NBP spread	62.47	65.90	-3.43	
TTF (\$/MMBtu)	68.42	72.31	-3.90	
TTF (€/MWh)	214.54	227.20	-12.66	
Henry Hub-TTF spread	63.89	67.48	-3.59	
JKM (\$/MMBtu)	42.62	51.77	-9.15	
TTF-JKM spread	-25.80	-20.55	-5.25	
Henry Hub-JKM spread	38.09	46.93	-8.84	
Brent (\$/barrel)	127.98	123.21	4.77	
WTI (\$/barrel)	123.70	119.40	4.30	
Brent-WTI spread (\$/barrel)	4.28	3.81	0.47	
API2 Coal (\$/tonne)	438.35	416.00	22.35	
API2 Coal (\$/MMBtu)	17.53	16.64	0.89	
EU CO ₂ emissions allowances (€/tonne)	68.12	57.93	10.19	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1999



[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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