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European natural gas prices soared on Tuesday, lifted by curbed flows on Nord Stream 1 and Freeport LNG confirming that the plant will not return to full operations until late 2022 following a fire at the facility last week. While the Freeport LNG news lifted European prices, the update sent US gas benchmark Henry Hub tumbling.

The front-month TTF and NBP contracts closed 16.2% and 26.5% higher respectively on Tuesday to settle at a 10-day high. The Dutch marker closed at the equivalent of USD 29.64/MMBtu and the UK gas benchmark settled at USD 23.66/MMBtu.

The rally was prompted by Gazprom announcing that flows via the Nord Stream 1 pipeline have been capped due a delay in the return of gas compressor units from Siemens. The German firm sent the units to Canada for repair, with the return of the kit being held up by sanctions.

Gazprom said NS1 capacity is now limited to 100 MMcm/d instead of 167 MMcm/d.

Prices were lifted further after Freeport LNG said the facility is expected to return to full operations in late 2022 following a fire at the plant last week. In the initial aftermath of the incident Freeport had suggested the plant would be out of action for three weeks. Freeport did however say that partial operations may resume after 90 days.

Europe has received 4.2 mt of the 6 mt of LNG exported from Freeport so far this year, with the facility capable of exporting ~4 cargoes per week.

The Freeport news had the opposite effect on Henry Hub, sending the marker tumbling. The front-month contract closed 16.2% lower at USD 7.19/MMBtu – the marker's lowest close since 9 May.

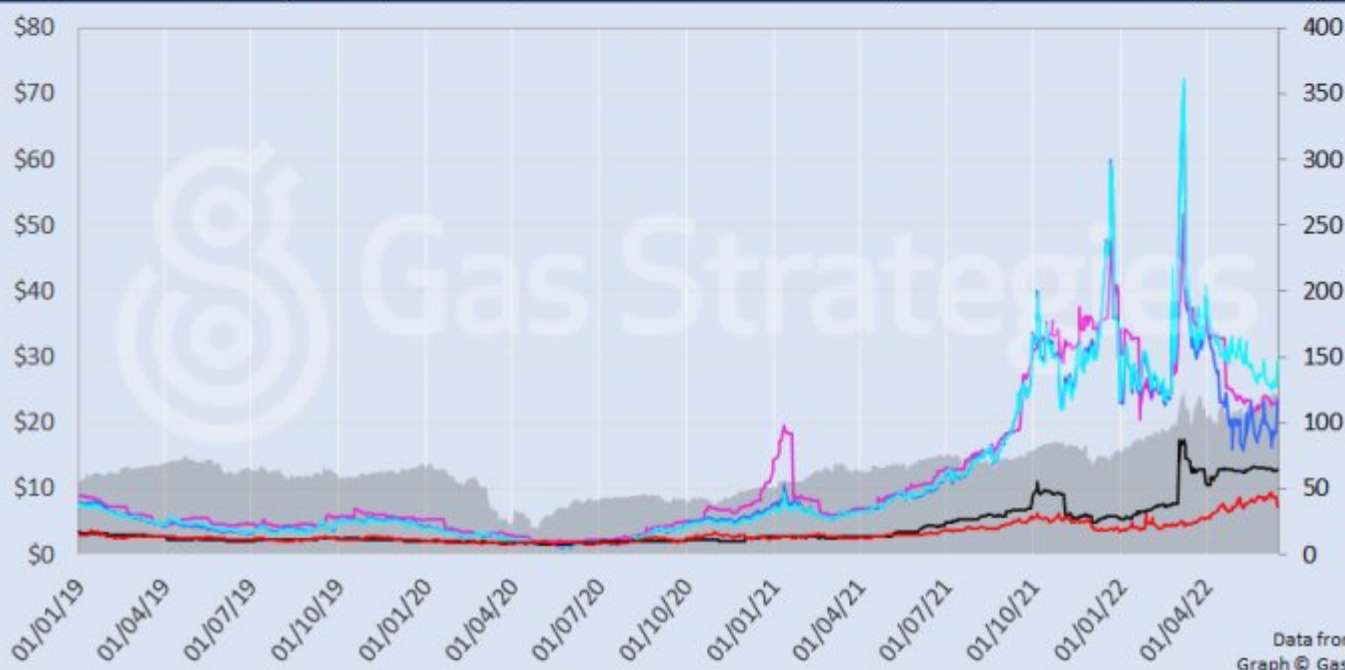
Asian LNG marker JKM rebounded, closing 0.6% higher at USD 23.18/MMBtu. Prices in Asia are likely to rally in the coming days due to LNG supply tightening further on the back of the length Freeport LNG outage, however gains could be capped due to fresh Covid lockdowns in China – the world's largest LNG importer.

As for crude, prices fell back into the red amid reports suggesting the US Federal Reserve may issue a higher-than-expected rate hike.

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

Front-month futures/index	14/06/2022	13/06/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	7.19	8.61	-1.42	
NBP (\$/MMBtu)	23.66	18.71	4.96	
NBP (£p/th)	196.55	153.71	42.84	
Henry Hub-NBP spread	16.47	10.10	6.38	
TTF (\$/MMBtu)	29.64	25.50	4.14	
TTF (€/MWh)	97.04	83.40	13.64	
Henry Hub-TTF spread	22.45	16.89	5.56	
JKM (\$/MMBtu)	23.18	23.04	0.14	
TTF-JKM spread	-6.47	-2.47	-4.00	
Henry Hub-JKM spread	15.99	14.43	1.56	
Brent (\$/barrel)	121.17	122.27	-1.10	
WTI (\$/barrel)	118.93	120.93	-2.00	
Brent-WTI spread (\$/barrel)	2.24	1.34	0.90	
API2 Coal (\$/tonne)	324.00	317.50	6.50	
API2 Coal (\$/MMBtu)	12.96	12.70	0.26	
EU CO ₂ emissions allowances (€/tonne)	83.78	81.20	2.58	

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



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



[1]

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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