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European gas prices ticked higher on Monday, with prices continuing to rally on Tuesday morning, despite Gazprom confirming flows have resumed on the TurkStream pipeline following the completion of annual maintenance.

The front-month TTF and NBP contracts closed 1.3% and 1.5% higher respectively on Monday. The Dutch marker settled at the equivalent of USD 40.22/MMBtu, with the UK gas benchmark closing at USD 21.15/MMBtu.

TTF and NBP were rallying on Tuesday morning despite Gazprom confirming late on Monday that flows on the TurkStream pipeline – running from Russia to Turkey across the Black Sea – resumed on Monday evening following annual maintenance. In addition to supplying gas to Turkey, the 31.5 Bcm/year capacity pipeline supplies gas to south and south-eastern Europe – notably Hungary and Serbia.

While the resumption of TurkStream flows will allay some supply concerns, fears remain over gas flows via the Nord Stream 1 pipeline – which is due to undergo annual maintenance from 11-21 July. Some market observers think Gazprom may cite technical issues as the reason to halt NS1 flows completely – currently the pipeline's capacity has been reduced 60% – after works are complete.

In the US, gas benchmark Henry Hub bounced back, closing 4.5% higher on Monday at USD 6.5/MMBtu – marking its highest close in three days. The rally was pinned on expectations of hot weather returning by the end of the week/early next week, with temperatures set to dip across much of the country by mid-week.

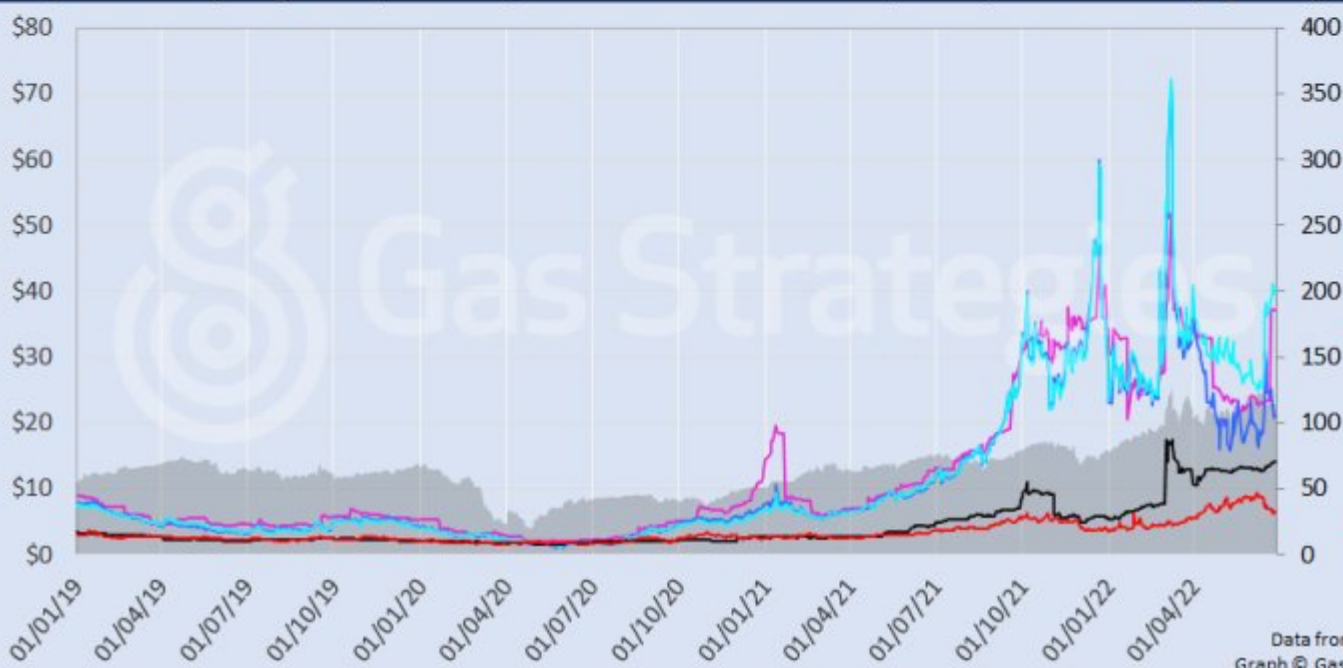
As for oil, prices recovered amid reports suggesting the G7 nations are looking to cap the price of Russian oil, gas and coal. However, it is unclear how the cap will be implemented, and more importantly if consensus – particularly at the EU level – can be reached to impose a cap.

Brent settled 1.7% higher at USD 115.09/barrel, with WTI up 1.8% to close at USD 109.57/barrel.

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

Front-month futures/index	27/06/2022	24/06/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	6.50	6.22	0.28	
NBP (\$/MMBtu)	21.15	20.83	0.32	
NBP (£p/th)	171.91	169.74	2.17	
Henry Hub-NBP spread	14.65	14.61	0.04	
TTF (\$/MMBtu)	40.22	39.69	0.53	
TTF (€/MWh)	129.46	128.51	0.95	
Henry Hub-TTF spread	33.72	33.47	0.25	
JKM (\$/MMBtu)	37.09	37.10	0.00	
TTF-JKM spread	-3.13	-2.60	-0.54	
Henry Hub-JKM spread	30.59	30.88	-0.29	
Brent (\$/barrel)	115.09	113.12	1.97	
WTI (\$/barrel)	109.57	107.62	1.95	
Brent-WTI spread (\$/barrel)	5.52	5.50	0.02	
API2 Coal (\$/tonne)	352.89	352.90	-0.01	
API2 Coal (\$/MMBtu)	14.12	14.12	0.00	
EU CO ₂ emissions allowances (€/tonne)	84.59	82.98	1.61	

US, UK and European gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/19



US, UK and EU gas hubs, Asian LNG, API2 coal front-month futures (left axis) and Brent crude (right axis), since 1/01/19



[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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