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US natural gas benchmark Henry Hub settled in the USD 6/MMBtu range for the first time since 29 June on Wednesday, with the August-dated contract lifted by a lower-than-expected build in gas storage levels, coupled with robust demand due to hot weather.

The front-month Henry Hub contract closed 14.3% higher on Wednesday, settling at USD 6.3/MMBtu.

The rally was pinned on the US Energy Information Administration (EIA) revealing that US gas inventories took 60 Bcf of gas last week, with the injection ~15 Bcf lower than the market expected. Robust demand, coupled with concerns over gas production levels, also provided support.

Across the pond, European gas prices climbed, with TTF and NBP settling at their highest level since March. The rally was pinned on ongoing supply concerns, with Russian gas flows via the Nord Stream 1 pipeline set to grind to a halt next week as the pipeline undergoes planned maintenance.

NS1 flows have been capped in recent weeks, with Russia stating that a turbine – sent to Canada for maintenance – is required in order to boost the pipeline's capacity. Germany is reportedly in talks with the Canadian government about getting the turbine back to Russia, with sanctions holding up the delivery. Concerns are growing that Russia may halt NS1 flows after the maintenance period, citing technical concerns.

The rally helped push Asian LNG marker JKM and the European carbon price higher. The August-dated JKM contract closed 2.5% higher at USD 39.57/MMBtu. As for the July-dated EUA contract, it settled 2%

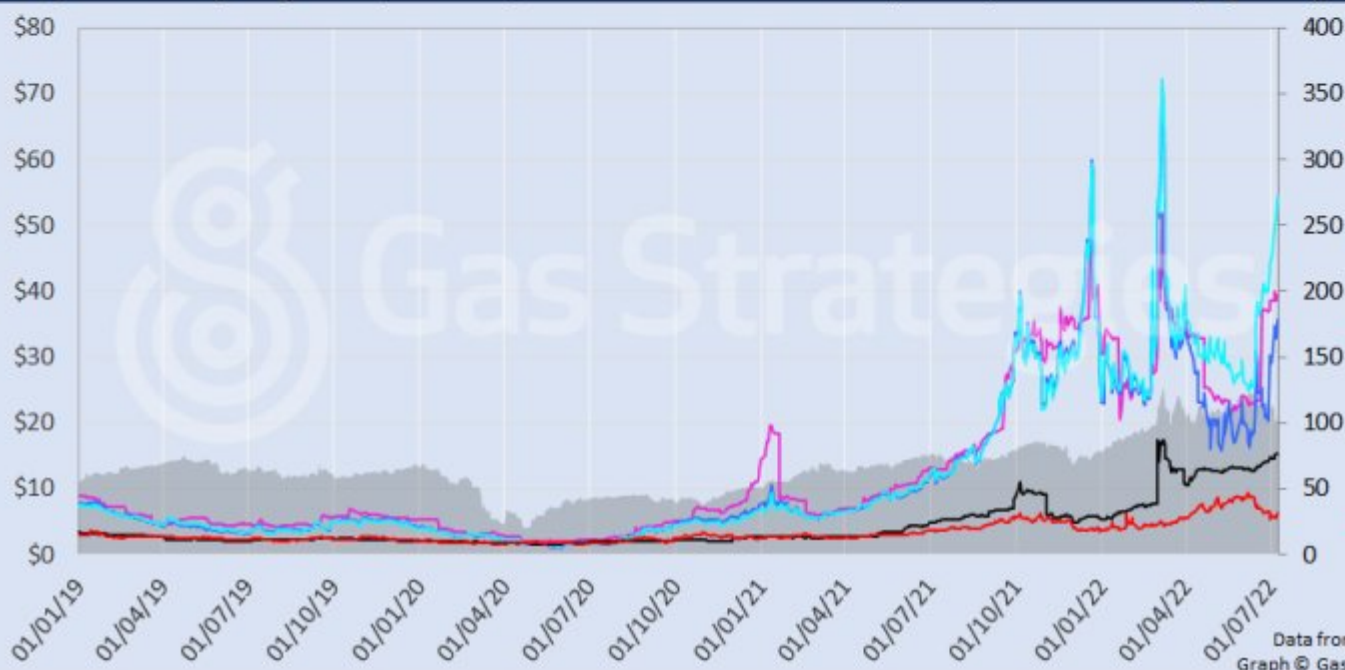
higher at EUR 84.53/tonne.

Oil prices also climbed, as supply concerns outweighed recession fears. Brent and WTI closed ~USD 4/barrel higher.

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

Front-month futures/index	07/07/2022	06/07/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	6.30	5.51	0.79	
NBP (\$/MMBtu)	35.78	32.89	2.89	
NBP (£p/th)	298.32	276.37	21.95	
Henry Hub-NBP spread	29.48	27.38	2.10	
TTF (\$/MMBtu)	54.53	50.96	3.57	
TTF (€/MWh)	183.18	171.00	12.18	
Henry Hub-TTF spread	48.23	45.45	2.78	
JKM (\$/MMBtu)	39.57	38.61	0.96	
TTF-JKM spread	-14.96	-12.35	-2.61	
Henry Hub-JKM spread	33.27	33.10	0.17	
Brent (\$/barrel)	104.65	100.69	3.96	
WTI (\$/barrel)	102.73	98.53	4.20	
Brent-WTI spread (\$/barrel)	1.92	2.16	-0.24	
API2 Coal (\$/tonne)	385.00	385.50	-0.50	
API2 Coal (\$/MMBtu)	15.40	15.42	-0.02	
EU CO ₂ emissions allowances (€/tonne)	84.53	82.86	1.67	

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



[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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