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[1]

European natural gas prices hit five-month highs on Thursday, pushed higher by winter supply concerns.

European hubs TTF and NBP continued to climb yesterday, with the former settling at the equivalent of USD 63.05/MMBtu and the UK marker closing at USD 49.1/MMBtu – their highest closes since March.

The rally was pinned on heightened supply concerns ahead of winter, with building gas storage levels failing to offset concerns. Europe's gas storage sites were ~73% full as of 10 August, according to GIE data. There are 49 days until the start of the winter heating season on 1 October, and 80 days until 1 November – the date the EU has set to have storage sites 80% full.

US gas benchmark Henry Hub also pushed higher despite a stronger-than-expected build in US gas storage levels. Injections stood at 44 Bcf last week, the US Energy Information Administration (EIA) reported on Thursday, with the market having expected injections totalling 40 Bcf. A dip in production this week – amid maintenance activity across several shale basins – has supported Henry Hub.

Asian LNG marker JKM was unable to dent the TTF-JKM spread despite closing 1.4% higher at USD 45.34/MMBtu. The spread widened to USD 17.71/MMBtu. JKM has steadily been rising this week amid news of Asian buyers returning to the market for spot volumes ahead of winter.

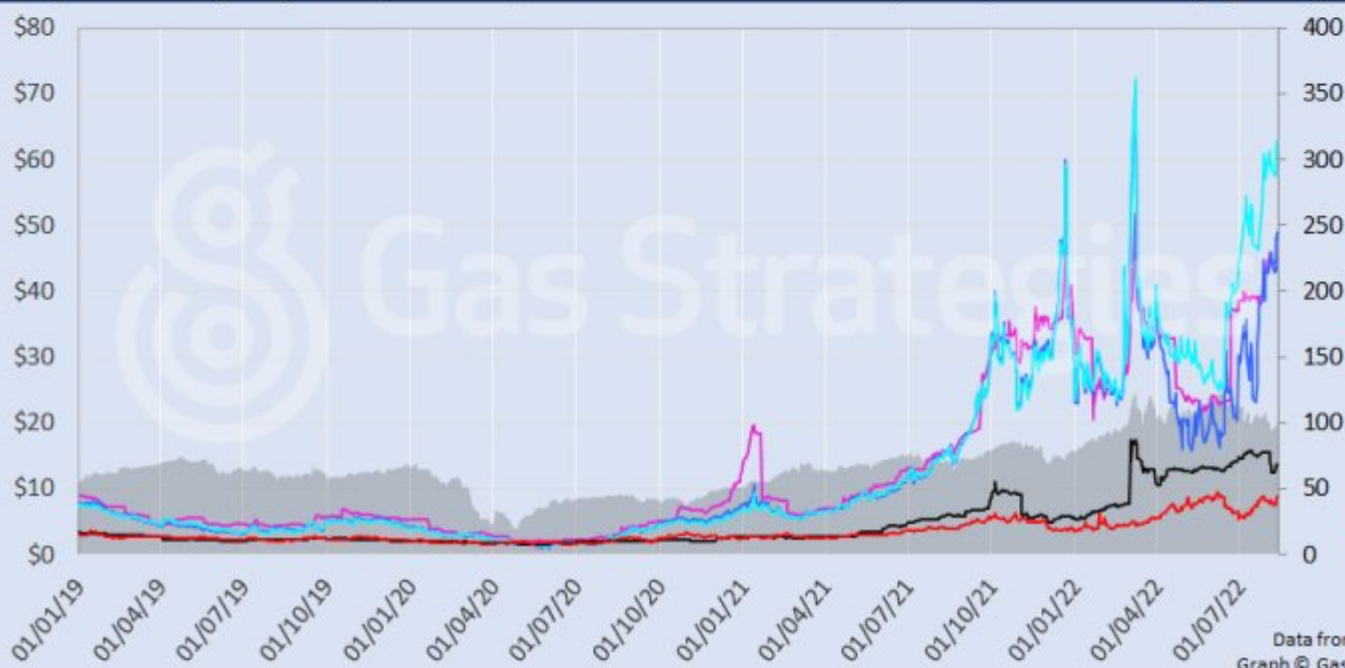
As for crude, prices continued to climb, with Thursday's rally prompted by the International Energy Agency (IEA) making an upward revision to its 2022 oil demand forecast.

Brent settled 2.3% higher at USD 99.6/barrel, with WTI up 2.6% at USD 94.34/barrel.

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

Front-month futures/index	11/08/2022	10/08/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	8.87	8.20	0.67	
NBP (\$/MMBtu)	49.10	47.72	1.38	
NBP (£p/th)	401.65	389.82	11.83	
Henry Hub-NBP spread	40.23	39.52	0.70	
TTF (\$/MMBtu)	63.05	62.18	0.87	
TTF (€/MWh)	208.11	205.37	2.74	
Henry Hub-TTF spread	54.17	53.98	0.20	
JKM (\$/MMBtu)	45.34	44.71	0.63	
TTF-JKM spread	-17.71	-17.47	-0.24	
Henry Hub-JKM spread	36.46	36.51	-0.05	
Brent (\$/barrel)	99.60	97.40	2.20	
WTI (\$/barrel)	94.34	91.93	2.41	
Brent-WTI spread (\$/barrel)	5.26	5.47	-0.21	
API2 Coal (\$/tonne)	344.35	343.35	1.00	
API2 Coal (\$/MMBtu)	13.77	13.73	0.04	
EU CO ₂ emissions allowances (€/tonne)	87.17	85.54	1.63	

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



[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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