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[1]

The European carbon price hit a record high on Friday, lifted by soaring gas prices which are in turn supporting gas-to-coal switching in the power sector.

The August-dated EUA contract closed at EUR 97.59/tonne on Friday, with the benchmark December 2022 contract closing at EUR 98.01/tonne after hitting an intraday high of EUR 99.22/tonne. Looking further along the curve, the September 2023 EUA contract closed at EUR 100.17/tonne on Friday.

The European carbon price has been soaring since the start of August, with the rally driven by surging gas prices, which is supporting gas-to-coal switching. The increasing coal burn is driving demand for permits, however supply is tightening.

As for gas, European gas prices diverged in USD/MMBtu terms, with TTF closing 0.7% higher at USD 71.97/MMBtu and NBP down 0.3% at USD 54.43/MMBtu. Prices could close higher today after Gazprom announced late on Friday that it will halt Nord Stream 1 flows for three days in order to conduct maintenance on a compressor unit at the Portovaya compressor station. NS1 flows will stop completely for three days at some point between 31 August and 9 September.

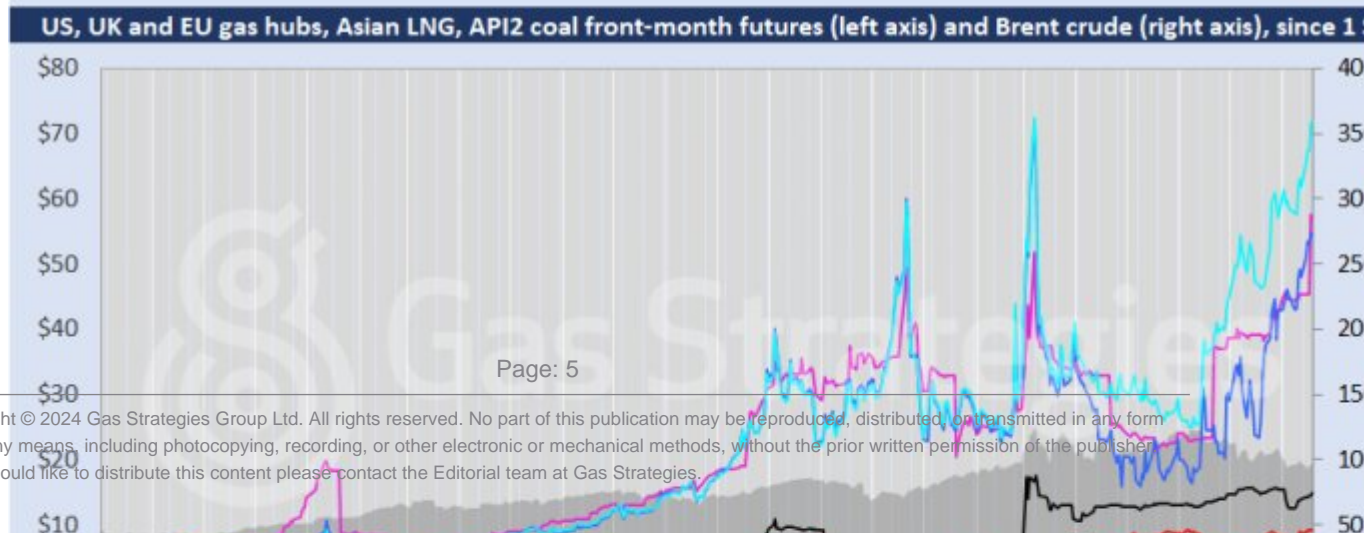
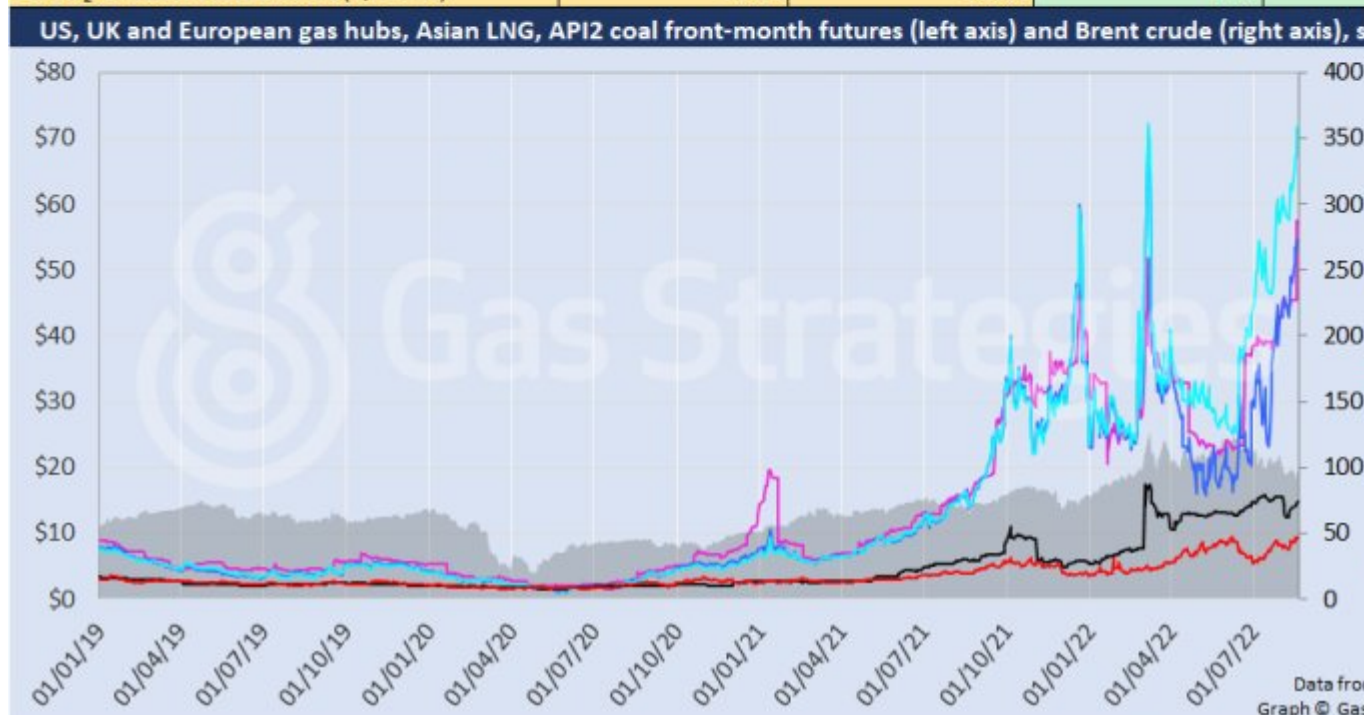
In the US, gas benchmark Henry Hub ended the week on a high, closing 1.6% higher at USD 9.34/MMBtu. The rally was pinned on robust gas demand from the power sector.

Asian LNG marker JKM dipped on Friday, closing 1% lower at USD 57.02/MMBtu.

Crude prices diverged but remained largely stable. Brent closed 0.1% higher at USD 96.72/barrel, with WTI down 0.1% at USD 90.44/MMBtu.

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

Front-month futures/index	19/08/2022	18/08/2022	Daily +/- (\$)	Daily
Henry Hub (\$/MMBtu)	9.34	9.19	0.15	
NBP (\$/MMBtu)	54.43	54.58	-0.15	
NBP (£p/th)	460.89	456.00	4.89	
Henry Hub-NBP spread	45.09	45.39	-0.30	
TTF (\$/MMBtu)	71.97	71.43	0.53	
TTF (€/MWh)	244.55	241.00	3.55	
Henry Hub-TTF spread	62.63	62.25	0.39	
JKM (\$/MMBtu)	57.02	57.60	-0.58	
TTF-JKM spread	-14.95	-13.83	-1.11	
Henry Hub-JKM spread	47.68	48.41	-0.73	
Brent (\$/barrel)	96.72	96.59	0.13	
WTI (\$/barrel)	90.44	90.50	-0.06	
Brent-WTI spread (\$/barrel)	6.28	6.09	0.19	
API2 Coal (\$/tonne)	373.35	364.35	9.00	
API2 Coal (\$/MMBtu)	14.93	14.57	0.36	
EU CO ₂ emissions allowances (€/tonne)	97.59	95.64	1.95	



[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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