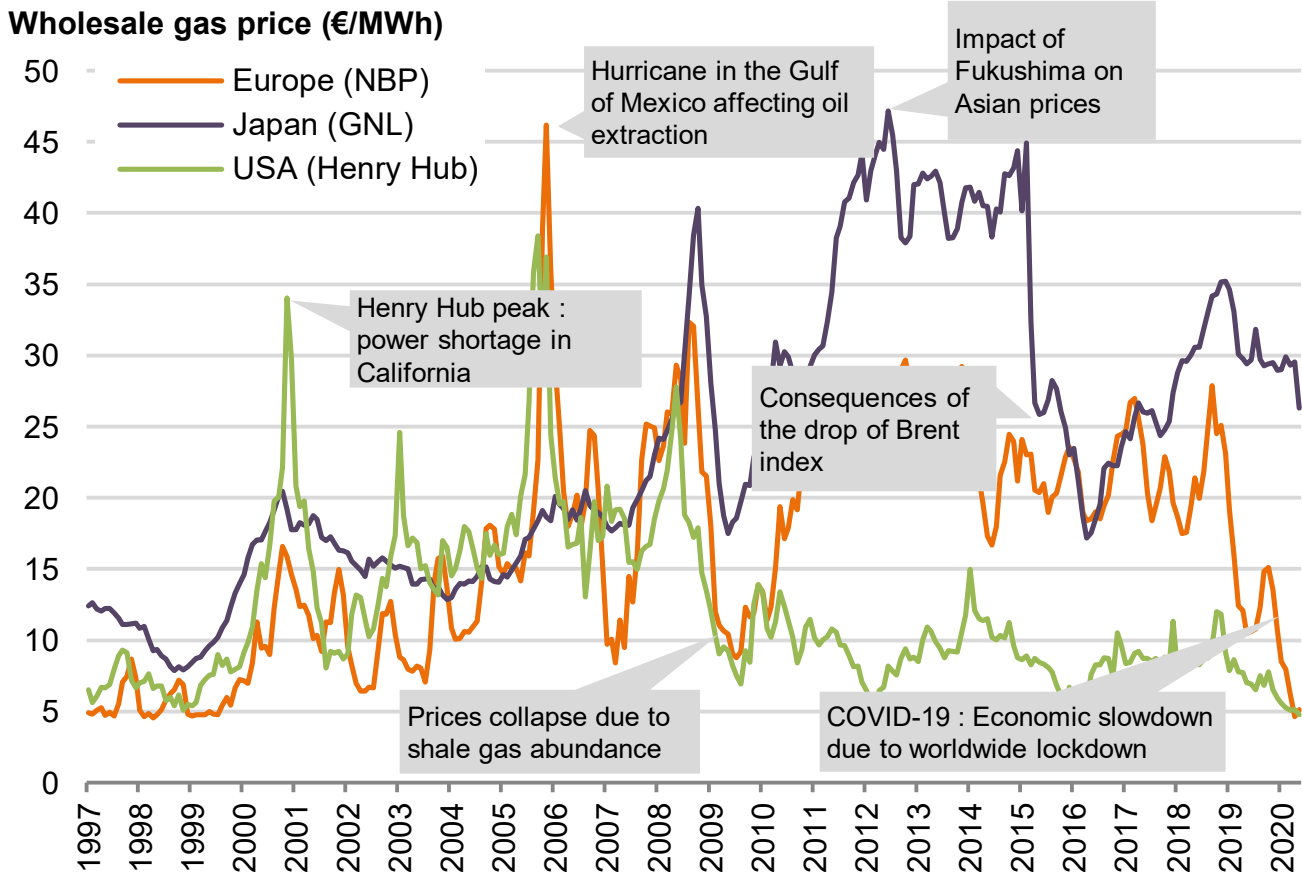




Markets

Evolution of the prices of natural gas in the main market zones



Sources: SDES, World Data Bank, Energy Information Administration (2019)

Definition:

This graph presents the evolution of wholesale prices for the three main market zones: Western Europe, North America and Southeast Asia (including Japan).

Analysis:

Until 2009, general trends in the three zones were mostly in line. In 2009, a real divergence started. On one hand, the price of gas in Asia skyrocketed mainly because of the Fukushima nuclear disaster. On the other hand, the rise of unconventional natural gas exploitation in the United States explains the sustained drop in prices on the American continent since 2008. Under these circumstances, the spread between these two countries has reached a record level (39.05€/MWh in 2012).

Since 2016, LNG prices in Asia have almost halved. This is due to the indexation of many long-term contracts on oil prices, which have decreased by 50% in 6 months. Since the beginning of 2016, prices have increased, reflecting the oil barrel's price continuous rise. It can be explained by a re-balance of supply and demand. After an increase, the price of oil on the stock market is now low since October 2018. This is mainly due to an overabundant supply from Russia and the United States. OPEC, which drives down the price of a barrel and consequently the price of gas, the latter being indexed to the price of oil. The global COVID-19 sanitary crisis has accelerated this oversupplied trend, causing European and US gas prices to fall and reach historically low levels.