

International economic outlook

Energy and commodity prices under very strong pressure

In a particularly volatile world market, the war in Ukraine has exacerbated an already clearly upward trend in the prices of energy and some commodities.

The outbreak of war in Ukraine at the end February markedly increased the upward trend, which began in early 2021, in the prices of energy commodities (oil, gas, coal). As Russia is one of the main producers and exporters of these fossil fuels, the strong geopolitical tensions caused by the conflict and the imposed sanctions raise fears of a depletion in supply: thus in February 2022 the price of a barrel of oil (Brent) stood at \$96.8 on average, increasing throughout the month to reach \$129 (€118.40) at the beginning of March after the United States announced an embargo on oil imports originating from Russia. It is true that in 2011-2012, prices had already been close to this in dollars,

but the exchange rate with the euro at that time was more favourable (► **Figure 1**). At the same time, after an initial historic peak in December 2021 at €180 per MWh, the price of gas exceeded €200/MWh on the reference market in Europe (► **Figure 2**), or more than 10 times its level of a year ago. As the entire European continent is heavily dependent on Russian gas, the gas supply chain for next winter is raising concerns. Finally, the price of coal also rebounded strongly, reaching over \$400 per tonne. Meanwhile, carbon prices on the European market fell sharply, which could be due to arbitrages by investors in need of liquidity in a difficult period on the equity markets.

► 1. Price of oil (Brent) in dollars and euros

daily values



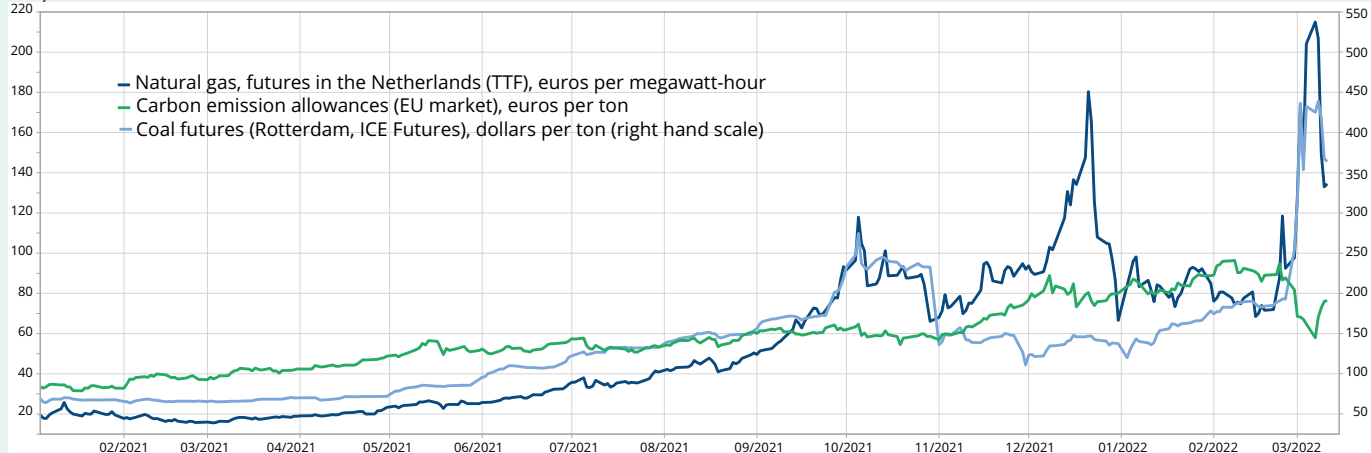
Last point: 11 March 2022.

How to read it: on 11 March 2022, the price of a barrel of Brent was \$ 112,2.

Source : Commodity Research Bureau

► 2. Prices of natural gas, coal and tonnes of CO₂

daily values



Last point: 11 March 2022.

How to read it: on 11 March 2022, the value of natural gas contracts at the next expiry date in th Netherlands (TTF) is €134,5 per megawatt hour.

Source : ICE Futures Europe