

# Energy and commodities

After a sharp decline at the end of 2022 and the beginning of 2023, oil and gas prices rose once again at the start of H2 2023. Prices of non-energy commodities also fell back but followed contrasting trajectories –especially among food commodities– and are still, for the most part, higher than before the health crisis. Overall, although fears of a slowdown in economic activity persist and are affecting prices, markets are also subject to other uncertainties, especially geopolitical and climate tensions, which add to the volatility of some prices.

The price of oil (Brent crude) stood at \$86.6 in Q3 2023 (after \$78.1 in Q2, ► [Figure 1](#)). Problems with supply, notably Saudi Arabia's decision to extend their production cut of one million barrels per day until the end of 2023, then the outbreak of war between Israel and Hamas at the start of October, pushed the price above \$90 a barrel several times during September. However, the effect on prices of this increasing geopolitical uncertainty in the Middle East appears to be under control, at least at this stage. Over the forecasting period (to mid-2024), it is assumed that oil prices will remain constant, set at \$82 per barrel (or €75 assuming a euro-dollar exchange rate of 1.09 dollars for 1 euro). While supply is expected to be lower than demand until the end of 2023 and OPEP+ has announced a further reduction in production for the start of 2024, the prospect of a slowdown in global demand in 2024 seems to be weighing heavily on the markets.

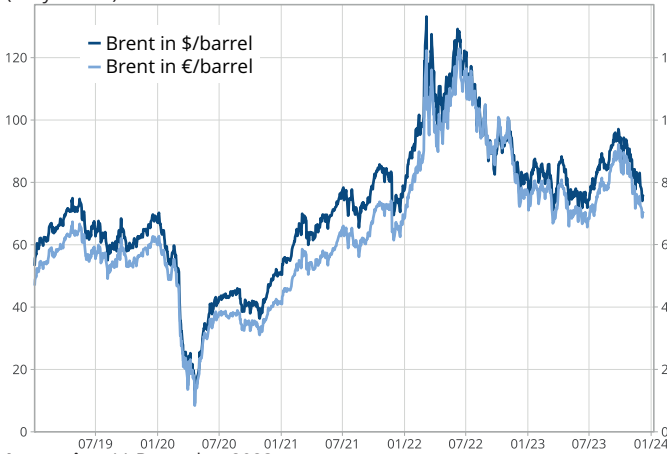
The price of gas on the European market (TTF), after settling at €33.8/MWh on average in Q3 2023 (► [Figure 2](#)), increased again following the outbreak of the Israel-Hamas war on 7 October. There was certainly a fear that the conflict would spread throughout the Middle East, raising concerns over risks to LNG supplies, especially from Qatar. At the beginning of November the price was around €50/MWh, two and a half times higher than before the health crisis and well above the price of gas on the North American market (Henry Hub), despite full inventories (► [Figure 3](#)) and temperatures that were mild for the season in Europe. Finally, the price of carbon dioxide (CO<sub>2</sub>) on the European Union Emissions Trading System (► [Figure 4](#)) has remained at around €80 per tonne since the end of January 2023. A reform of this market, announced by the European Union at the end of 2022, was confirmed in April 2023; in particular, the aim is to speed up the rate of reduction of annual emissions allowances and gradually end free emissions allowances by 2034.

Global commodity prices (excluding energy) have followed contrasting trends since the beginning of 2023. Prices of agro-industrial and mineral commodities have returned overall to their mid-2021 levels, although they are still 20 to 40% higher than before the health crisis (► [Figure 5](#)). Meanwhile, food commodity price trends are very varied. While prices that were affected by the outbreak of war in Ukraine (wheat, maize, sunflower oil) have mostly fallen back, olive oil and sugar prices have risen substantially in recent months (+78% and +37% respectively year-on-year in October, ► [Figure 6](#)). In fact, production of these items was hit particularly hard by extreme climate events (prolonged periods of drought in Spain, the El Niño phenomenon in the South Pacific, etc.). ●

# International economic outlook

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

(daily values)



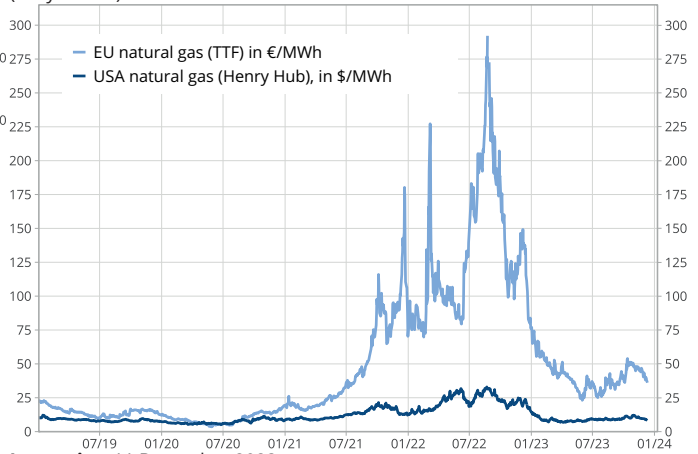
**Last point:** 11 December 2023.

**How to read it:** on 11 December 2023, the price of a barrel of Brent was \$76.0.

**Source:** Commodity Research Bureau.

## ► 2. Prices of natural gas in Europe and the United States

(daily values)



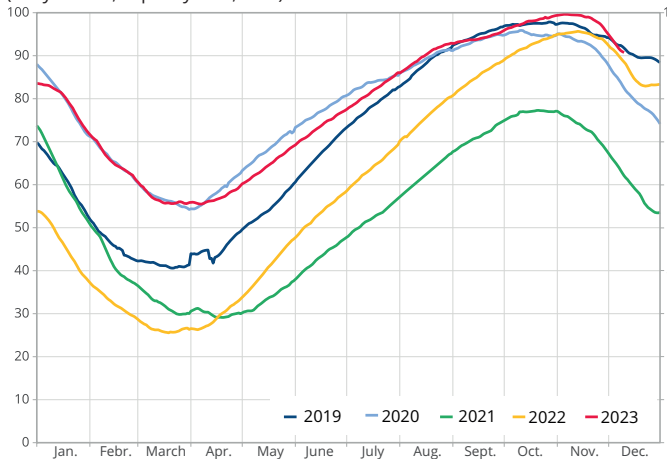
**Last point:** 11 December 2023.

**How to read it:** on 11 December 2023, the value of natural gas futures contracts at the next expiry date in the Netherlands (TTF) is €36.1 per megawatt-hour.

**Source:** ICE Futures Europe, New York Mercantile Exchange.

## ► 3. Natural gas inventory in the European Union

(daily values, capacity rate, in %)



**Last point:** 10 December 2023.

**How to read it:** on 10 December 2023, natural gas inventory in the European Union countries stood at 90.8% of total inventory capacity.

**Source:** Gas Infrastructure Europe – AGSI+.

## ► 4. Price of a tonne of CO<sub>2</sub> on the European Union Emissions Trading System

(daily values, in euros)



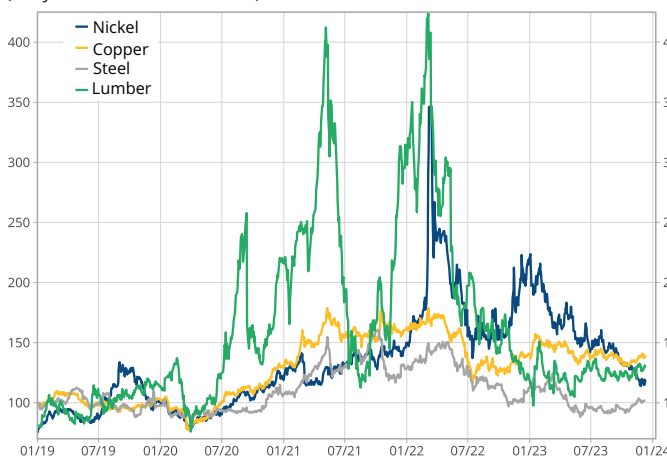
**Last point:** 11 December 2023.

**How to read it:** on 11 December 2023, the price of a tonne of CO<sub>2</sub> on the European Union Emissions Trading System was €67.3.

**Source:** ICE Futures Europe.

## ► 5. Prices of nickel, copper, steel and lumber

(daily index – base 100=2019)



**Last point:** 11 December 2023.

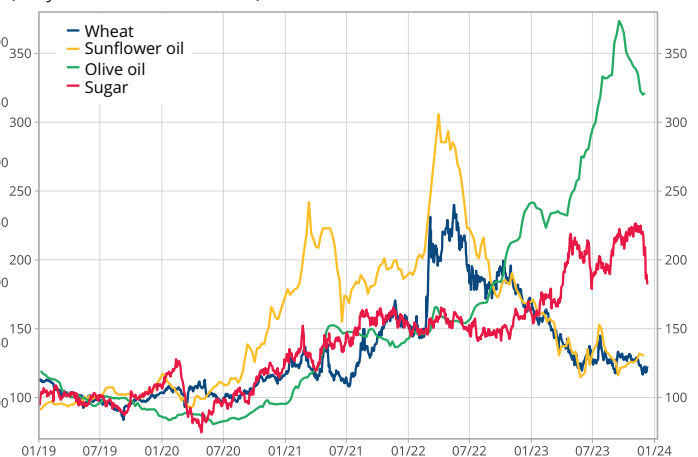
**Note:** the indices measure price changes in euros.

**How to read it:** in 11 December 2023, the price of copper in euros was 37.9% above its 2019 average.

**Source:** London Metal Exchange, Chicago Mercantile Exchange, Shanghai Futures Exchange.

## ► 6. Prices of wheat, sunflower oil, olive oil and sugar

(daily index - base 100=2019)



**Last point:** 11 December 2023.

**Note:** the indices measure price changes in euros.

**How to read it:** on 11 December 2023, the price of wheat in euros was 22.6% above its 2019 average.

**Source:** Euronext Paris, APK-Inform, Spanish Ministry of Agriculture, ICE Futures US.