OIL & GAS

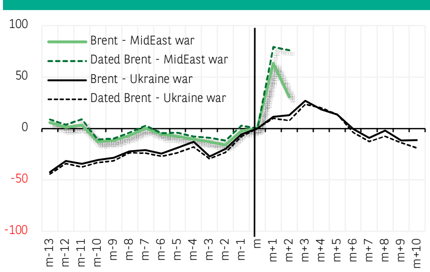
The energy shock implied by the war in the Middle East has, for now, induced stronger reaction in oil and European gas spot prices than those observed following Russia's invasion of Ukraine.

Oil: The loss of barrels available on the market due to the remaining closure of the Strait of Hormuz, repeated attacks on production capacities in the Gulf and constraints on traffic in the Strait increase the risk of a short-term physical oil shortage and resulted in a spike of the physical barrel price (Dated Brent). For as long as this situation remains and increases tensions on the market, one must look at the evolution of the physical barrel price, more than that of futures price, to estimate the effect of the energy shock on inflation.

Gas: The European gas spot price (TTF) has reacted moderately when compared to that of oil. European countries benefit from limited direct exposure to Gulf gas and the end of winter structurally reduce their demand, easing tensions on the gas market. The Asian market (main importer of LNG from the Gulf) could put pressure on prices but those are reduced for the time being due to the decline in LNG demand in this region (switch to coal).

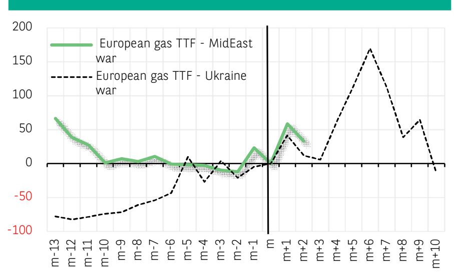
Electricity: Unlike 2022, wholesale electricity prices in Europe have been falling since the start of the conflict. Gas prices remain an important determinant of wholesale electricity prices, but progress in decarbonization of the electricity mix since 2022 and favorable weather conditions explain this recent development.

Mars 2026 : Spread between the physical barrel price and futures price



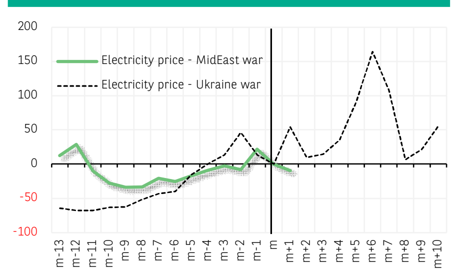
Note : change % since 02/27/2026 - 02/23/2022; last price 04/14/2026

Mars 2026 : Fall in LNG prices in Europe



Note : change % since 02/27/2026 - 02/23/2022; last price 04/14/2026

Mars 2026 : Wholesale electricity prices in Europe have not reacted yet



Note : change % since 02/2026 - 02/2022

Sources : Bloomberg, Ember, BNP Paribas