Oil & gas: A fragile market equilibrium maintains elevated price levels

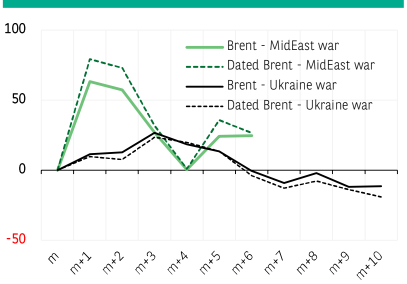
Oil and gas markets remain volatile and followed different trajectories during August. The gas market does not benefit from the buffers in place in the crude oil market. Oil prices have stabilised at a high level, widening the gap compared to the 2022 crisis. While the increase in gas prices remains lower than that seen following Russia's invasion of Ukraine, the pace of the price increase is high.

<u>Oil</u>: Brent oil prices stabilised at a high level during August, in the absence of further military escalation and supported by increased flows passing through the Strait (bypass pipelines and trade shuttle (tanker convoy escorted by US navy)). The spread between the Brent futures price and the physical price (Dated Brent) has remained narrow since early June, driven by the use of bypass, the accelerated drawdown on OECD inventories (notably US SPRs), and declining Chinese oil imports.

<u>Gas</u>: European spot gas prices (TTF) have risen significantly over the past month for two main reasons: 1/ the lack of recovery in LNG flows exiting the Gulf (unlike crude oil), and 2/ increased competition in the LNG market between Europe, which is replenishing its pre-winter stocks, and Asia, where demand remains high during the summer months.

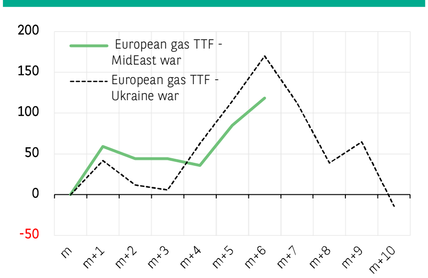
<u>Electricity</u>: The rise in European wholesale electricity prices accelerated during the summer due to successive heatwaves. These heatwaves increased electricity demand and, furthermore, nuclear power production was constrained by heatwaves and drought conditions in certain Central European countries and in France to a lesser extent. In this context, the reliance on more expensive resources (gas) is driving electricity prices upward.

August 2026: Crude oil prices stabilize at a high level



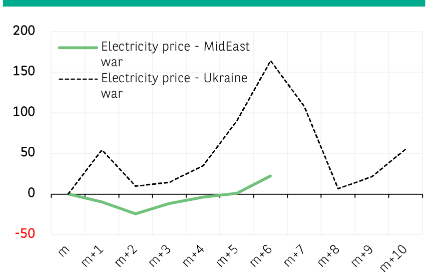
Note: change % since 02/27/2026 - 02/23/2022; last price 08/31/2026

August 2026: Persisting tensions on the European gas market



Note: change % since 02/27/2026 - 02/23/2022; last price 08/31/2026

August 2026: Heatwaves fuel wholesale electricity prices inflation in Europe



Note: change % since 02/2026 - 02/2022, last price 08/31/2026

Source: Bloomberg, Ember, BNP Paribas