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European gas traders suggest high energy prices will persist beyond winter

By **ISIS ALMEIDA** on **12/26/2021**

(Bloomberg) --For a glimpse of how much longer this year's energy crunch is going to last, look no further than the European natural gas market.

Forward prices have more than doubled over the past month, with traders betting the unprecedented squeeze will last into early 2023. Gas will be expensive even when the weather is hot. Prices for the summer exceeded 100 euros (\$113) a megawatt-hour this week, the highest on record.

Europe is facing an energy crisis, with Russia curbing supplies and nuclear outages in France straining power grids in the coldest months of the year. And there's no relief in sight. Germany said Russia's controversial Nord Stream 2 pipeline won't be approved in the first half of 2022, a move that will probably keep supplies capped in the summer, when Europe need gas to fill storage sites.

"Help does not appear to be on the way," said Kaushal Ramesh, a senior analyst at consultants Rystad Energy in Norway. The increase in forward prices is "suggesting another year of volatility and a continued high price environment."

Geopolitical tensions between Russia and Ukraine are also keeping traders on edge, with heightened concerns about a possible invasion. At his annual press conference on Thursday, President Vladimir Putin didn't directly mention the threat of military action, but said an expansion of North Atlantic Treaty Organization expansion up to Russia's borders was unacceptable.

While a flotilla of liquefied natural gas tankers is currently heading to Europe, the region will remain at the mercy of global markets to ensure it continues to get cargoes throughout next year.

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