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(Un)Natural gas prices in Europe

The energy impact of Russia's invasion of Ukraine



Posted on January 9, 2023



CPI +3.2 % Chg. from Yr.
Ago on Feb 2024

Civ. Unemploy. Rate 3.9 % on Feb 2024

10-Yr. Treas. Rate 4.27 % on 2024-03-21

Real GDP +3.2 %, Comp.
Annual Rate of Chg.
on Q4 2023

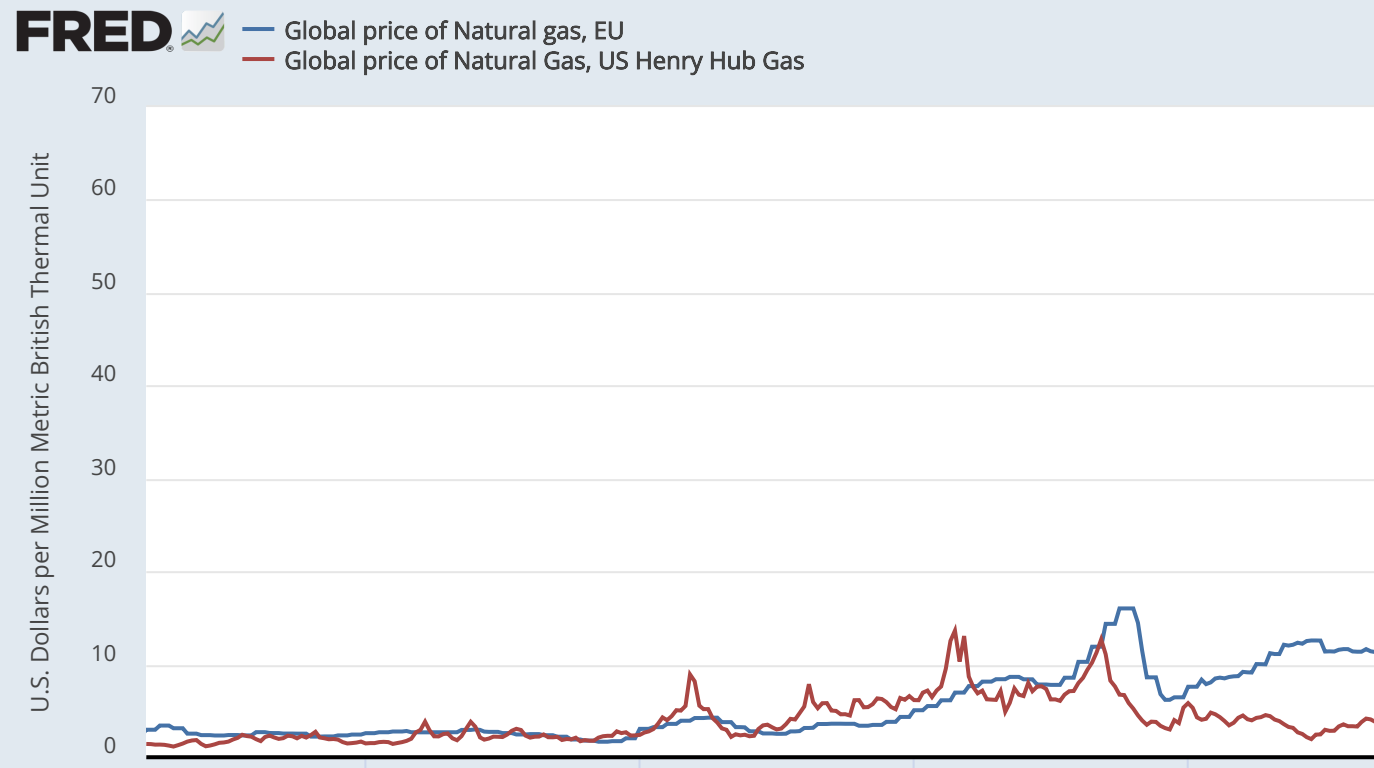
IP +0.1 % Chg.
on Feb 2024

Payroll Employment +275 Chg., Thous. of
Persons on Feb 2024

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The Russian invasion of Ukraine and the ensuing economic sanctions imposed by the European Union and the United States have created great volatility in energy markets. **Natural gas** is intensely used by European households for heating, and **most of it is imported**. Closing the natural gas spigot from Russia has caused energy prices in Europe to flare up.

The FRED graph above shows International Monetary Fund data for natural gas prices in the European Union (in blue) and in the United States (in red). Between 1991, when the first data are available, and 2008, the commodity price was almost identical on either side of the Atlantic Ocean. Between 2008 and mid-2020, uneven and relatively small differences in price were noticeable. Since then, natural gas prices in the European Union and in the United States have markedly diverged. (Natural gas in its natural state is delivered by regional pipelines and is not as easy to transport globally as petroleum is. So, it's hard to pin down a global price for it. But the global market is expanding for *liquified natural gas*.)

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The daily price for natural gas in the U.S. [didn't register much of change](#) at the onset of the Russian invasion of Ukraine in late February 2022. In contrast, overall European energy prices [have steadily climbed](#); at the time of this writing, they hover 70% above their value at that time.

However, a combination of new suppliers of natural gas and reduced demand has turned the tide and significantly lowered the price of that commodity in Europe. But this is not the end of the story: Winter is here, natural gas demand will rise, and the military conflict that has been shutting out the closest supplier continues. So, uncertainty about energy prices in Europe will continue to fuel energy market news for the foreseeable future.

How this graph was created: Search [FRED](#) for “Global price of Natural gas, EU.” Next, click the “Edit Graph” button and use the “Add Line” tab to add “Global price of Natural Gas, US Henry Hub Gas.”

Suggested by [Diego Mendez-Carbajo](#).
