

Natural gas price spikes 25% on soaring demand

October 6 2021



Global shortages of natural gas are exacerbated by closures of coal and nuclear power stations, a lack of wind, drought and competition for supplies ahead of what is forecast to be a cold northern winter.

European and UK gas prices surged on Wednesday by more than 25

percent, energised by soaring demand before the northern hemisphere winter.

Europe's reference Dutch TTF gas price jumped to 145.19 euros per megawatt hour and UK prices soared to 347.27 pence per therm.

The two markets had already rocketed in earlier deals to record peaks at 162.12 euros and 407.82 pence, respectively.

"It's panic and fear with winter just around the corner," Commerzbank analyst Carsten Fritsch told AFP.

Runaway gas prices—coupled with oil that this week struck multi-year highs—have fuelled global concern over spiking inflation.

Gas demand is also heightened in Asia, and particularly from China.

"Natural gas prices have climbed to new peaks ... as insufficient levels of inventories ahead of the winter season drive concerns for a spike in inflation and energy prices for consumers," said XTB analyst Walid Koudmani.

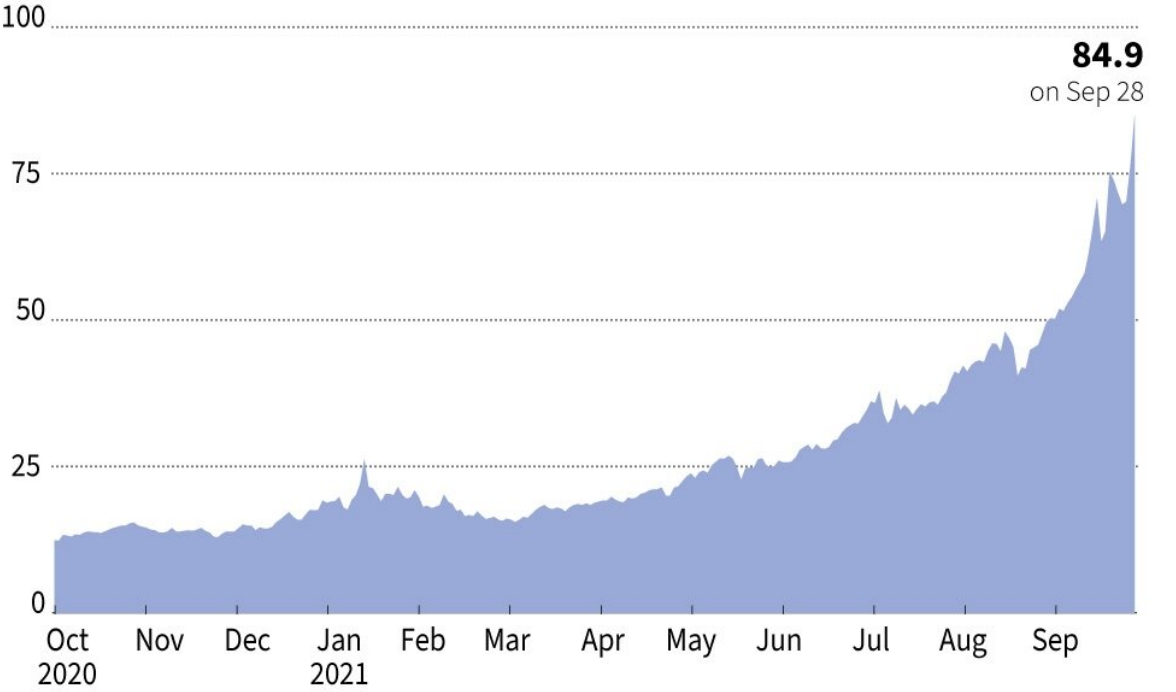
"These supply constraints could translate into higher costs of fuel moving into the winter months, a prospect which could further slow down [economic recovery](#) and worsen moods across markets."

Europe's energy crisis has also been exacerbated by a lack of wind for turbine sites, coupled with ongoing nuclear outages—and the winding down of [coal mines](#) by climate-conscious governments.

Britain is particularly exposed to Europe's ongoing [energy crisis](#) because of its reliance on [natural gas](#) to generate electricity.

The price of natural gas in Europe

Evolution in euros per MWh on the reference market*



Source: Bloomberg, prices at 0000 GMT except Sep 28

*Dutch TTF Gas



Shows evolution of the price of natural gas in Europe this past year to September 28 on the Dutch TTF Gas market.

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