

Investments - Flash



M. Alain Freymond - Partner & CIO

GAS PRICES TO RISE 30% BY THE END OF DECEMBER

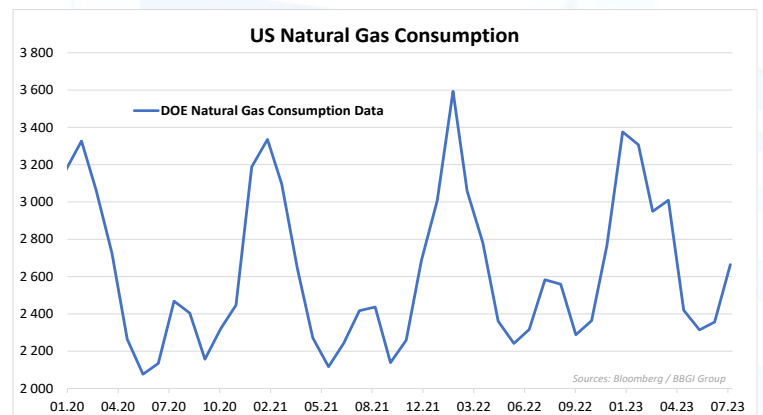
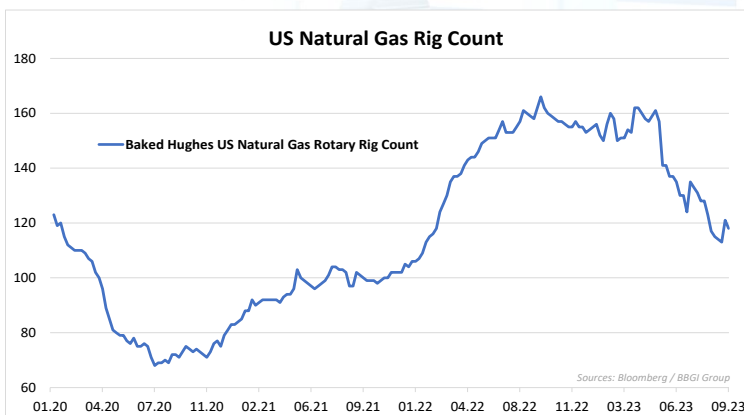
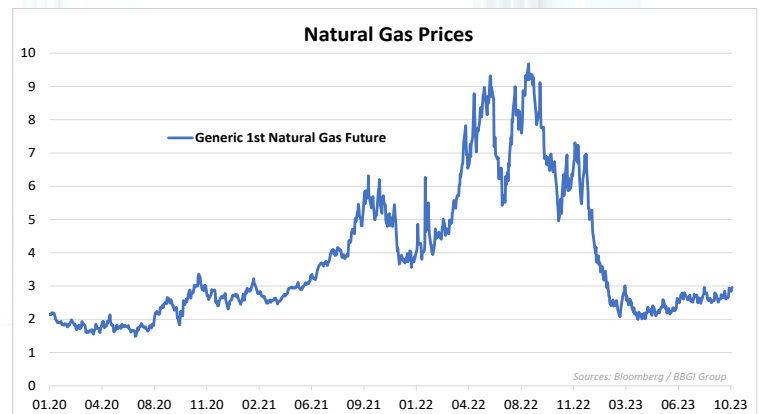
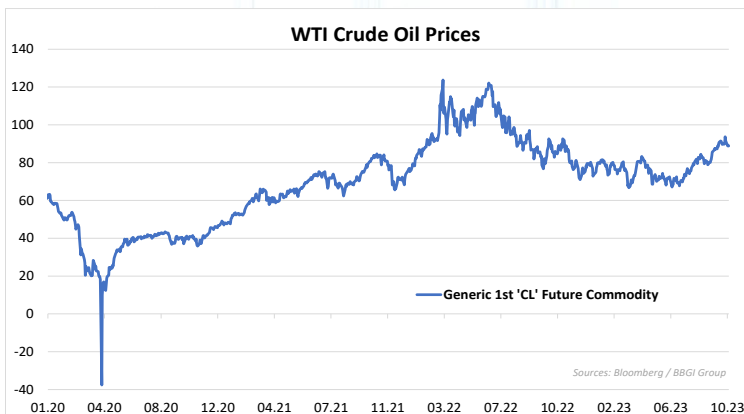
Gas market fundamentals strengthen

The recent rise in crude oil prices has brought us close to our short-term target of \$90-95 per barrel of WTI. At this price level, we believe we can assess the potential for crude oil substitution, and in particular the evolution of natural gas demand. The fall in US natural gas prices from the highs reached (\$10) during the invasion of Ukraine to just \$2 in the spring of 2023 was due to a combination of factors such as a mild winter and high production by US operators. A smaller decline in inventories was recorded as production peaked at 101.5 Bcf/d, leading to reserves 20% above the historical average.

However, demand for natural gas should start to pick up again, as already suggested by one of the highest recent demands for gas consumption for power generation recorded during the summer in the USA. Exports of liquefied natural gas are

also expected to rise sharply, while production may finally adjust downwards. We expect gas drilling activity to decline in the wake of lower prices. Injections of natural gas into storage areas should therefore logically decrease before the end of October, as winter approaches. Against this backdrop, gas market fundamentals could tighten sufficiently to have a positive impact on year-end prices.

The rise in natural gas prices in recent months, after a long period of consolidation around \$2.5 Bcf/d, only partly reflects these expectations. Today, the \$3 Bcf/d threshold is being tested and should, in our view, be exceeded, reaching \$4 Bcf/d by December 2023.



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