

Energy and commodities

Despite strong geopolitical tensions in the Middle East, the price of oil fell in H2 2024. The successive postponements of the reintroduction of production restrictions by OPEC+ had only a limited effect: there is therefore expected to be excess supply in 2025, according to the International Energy Agency (IEA), due to sluggish global demand, especially from China, and the continuing increase in the US extraction sector. In contrast, the price of gas on the European market has been rising sharply since the spring. In addition, climatic hazards continue to fuel the volatility of food commodity prices, whereas precious metal prices are soaring, benefitting from a flight to quality effect in an uncertain economic climate.

After reaching \$84.70 in Q2 2024, the price of a barrel of Brent fell back sharply during H2. After \$80 in Q3, the price then settled at around \$75 in Q4 (► [Figure 1](#)). The escalation of tensions in the Middle East and the extension of additional reductions in production quotas by some OPEC+ countries until March 2025 are offset by a strong slowdown in demand (+0.9 million barrels per day in 2024, according to the IEA forecasts, compared to +2.1 million barrels per day in 2023), notably in China. The IEA also anticipates a significant surplus in supply in 2025, estimated at 1.2 million barrels per day, boosted by the dynamism of production in non-OPEC countries, especially in the United States (► [Figure 2](#)). Conversely, the reduction in the central banks' base interest rates and the Chinese government's recovery measures are unlikely to lead to an acceleration in global demand in 2025 (+1 million barrels per day according to the IEA). Over the forecasting period (to mid-2025), the assumption adopted is that the price of oil will remain constant, at \$73 per barrel (or €69.50 assuming a euro-dollar exchange rate of 1.05 dollars for 1 euro).

Conversely, the price of gas on the European market (TTF) rebounded strongly during the year, after hitting €27.60/MWh in Q1 2024, its lowest level since Q2 2021 (► [Figure 3](#)): it stood at €35.60/MWh in Q3 and above €40/MWh in Q4, more than 45% higher than at the beginning of 2024. In early December, European inventories were 10% lower than last year, and the price remained under pressure due not only to concerns related to the escalation of the situation in Ukraine, in particular the uncertainty over the renewal of the transit agreement between Gazprom and Kiev, but also to the drop in renewable electricity production in Northern and Central Europe in the autumn, which led to an increased use of gas-fired power plants. On the European market gas was therefore 4 times more expensive than on the North American market (*Henry Hub*), thus hampering the competitiveness of European exporters, especially in energy-intensive industries (► [Focus](#), *Economic outlook*, July 2024). In line with the price of gas, the price of electricity on the wholesale market (EPEX Spot) returned to levels above €100/MWh at the beginning of November, against €30/MWh on average in Q2 2024.

The price of carbon dioxide (CO₂) on the European Union Trading Emissions System had fallen sharply in Q1 2024 (€59.70 per tonne, after €83.60 in 2023) due to depressed industrial production, especially in Germany, but has recovered slightly since then: the price has remained at around €65 per tonne since the start of H2, boosted mainly by the increased use in the Old World of thermal power plants as a result of the decline in wind production. In addition, the price of uranium has slipped back since its peak in early 2024, but is still at more than 3 times its 2019 level (► [Figure 4](#)), driven by demand, which is expected to increase sharply in the years to come.

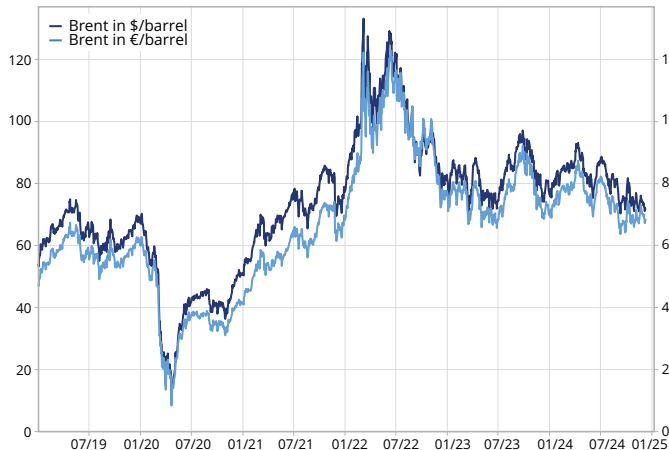
Industrial commodity prices remain at broadly similar levels to those at the end of 2023 (► [Figure 5](#)). However, the prices of gold and silver, safe havens in a context of major geopolitical uncertainty and expected reductions in base interest rates by the main central banks, reached new heights; in particular, an ounce of gold achieved a new historical record of over \$2,780 at the end of October.

Lastly, the prices of some food commodities have been affected by various climatic events. Droughts in Brazil contributed to the rebound in sugar prices in September (► [Figure 6](#)) and fuelled the sharp rise in coffee prices (+57.4% year on year in November for Arabica), already affected by a 20% drop in Robusta production in Vietnam during the 2023-2024 season. Meanwhile, cocoa and olive oil prices remained at levels between 3 and 4 times higher than in 2019, after some extreme episodes that affected harvests in 2023 (torrential rains in West Africa and prolonged drought in Spain). Conversely, since the beginning of 2024, the price of wheat has returned to similar levels to those before the invasion of Ukraine. Finally, the production of sunflower oil, of which Ukraine and Russia are the two main global exporters, could decrease next year even though demand continues to grow, which is already exerting increasing pressure on the markets. ●

International economic outlook

► 1. Price of oil (Brent) in dollars and euros

(daily values)



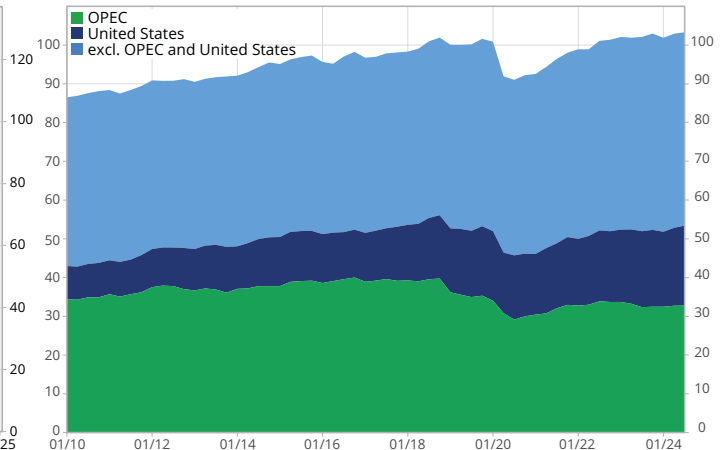
Last point: 10 December 2024.

How to read it: on 10 December 2024, the price of a barrel of Brent was \$72.2.

Source : Commodity Research Bureau.

► 2. World oil production

(quarterly values, in millions of barrels per day)



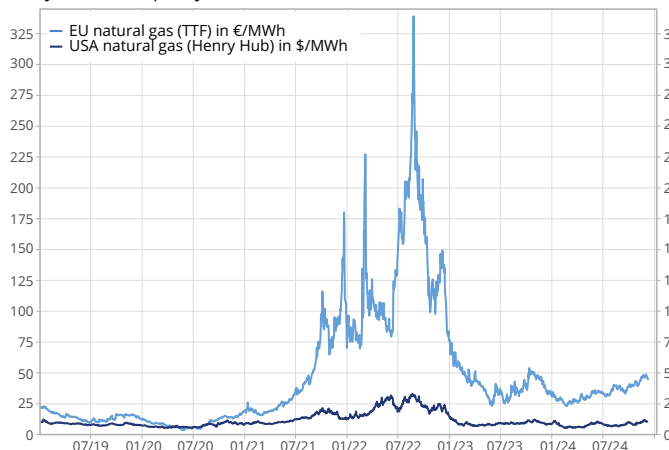
Last point: Q3 2024.

How to read it: on Q3 2024, OPEC crude oil output was 32.8 million barrels per day.

Source: Energy Information Administration (EIA).

► 3. Natural gas prices in Europe and in the United States

(daily values – capacity rate, in %)



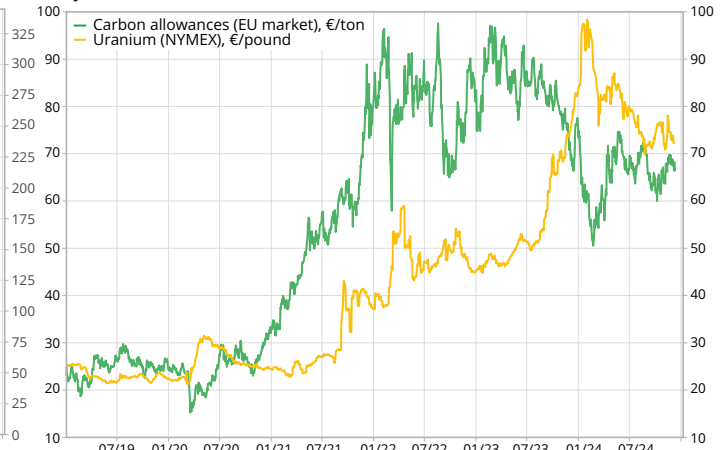
Last point: 10 December 2024.

How to read it: 10 December, 2024, the value of natural gas futures contracts at the next expiry date in the Netherlands (TTF) was €45.6 per megawatt-hour.

Source: ICE Futures Europe, New York Mercantile Exchange.

► 4. Price of a tonne of CO₂ on the European market and uranium prices

(daily values, in euros)



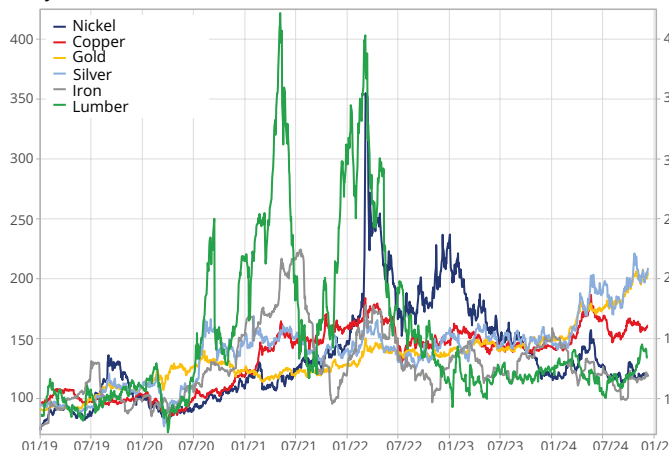
Last point: 10 December 2024.

How to read it: 10 December 2024, the price of a tonne of CO₂ on the European Union Emissions Trading System was €68.2.

Source: ICE Futures Europe, New York Mercantile Exchange.

► 5. Prices of nickel, copper, gold, silver, steel and lumber

(daily index – base 100=2019)



Last point: 10 December 2024.

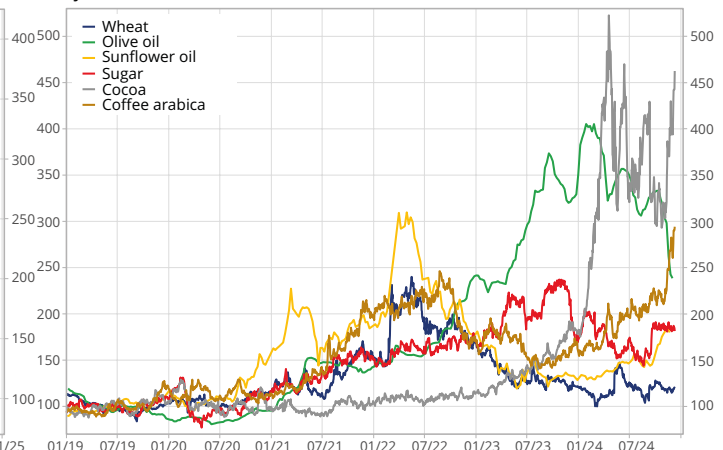
How to read it: 10 December 2024, the price of copper in euros was 60.8% above its 2019 average.

Note: the indices measure price changes in euros.

Source: London Metal Exchange, Chicago Mercantile Exchange, New York Mercantile Exchange.

► 6. Prices of wheat, sunflower oil, olive oil, sugar, cocoa and coffee

(daily index – base 100=2019)



Last point: 10 December 2024.

How to read it: 10 December 2024, the price of wheat in euros was 19.8% above its 2019 average.

Note: the indices measure price changes in euros.

Source: Euronext Paris, APK-Inform, Spanish Ministry of Agriculture, ICE Futures US, International Coffee Organization.