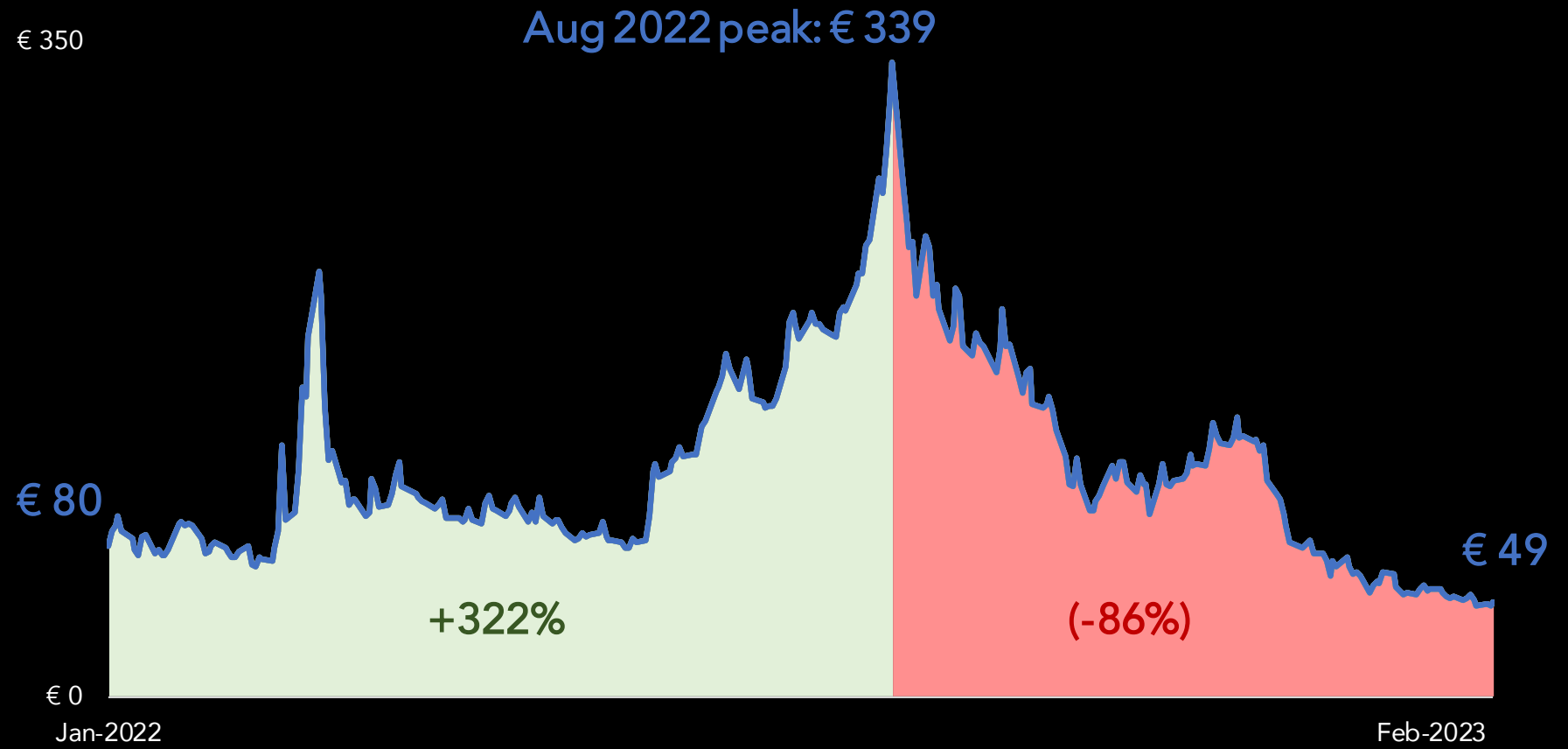


# Chart of the Day

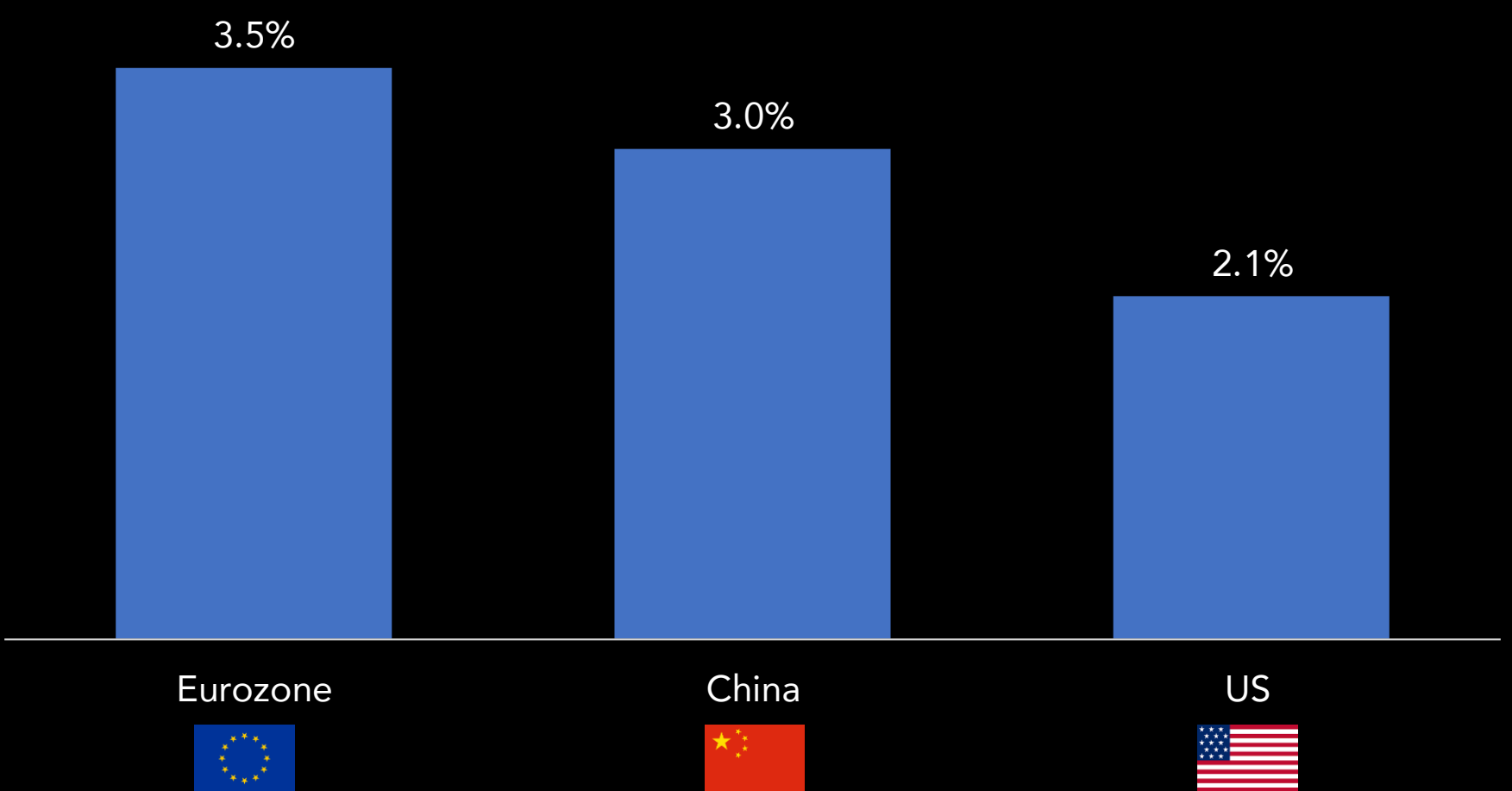
European natural gas prices have declined over 30% YTD, and more than 85% since their peak above EUR 300 in August 2022. Closing at EUR49 on Friday, prices for the benchmark TTF contract dropped below EUR 50 for the first time in 18 months. Mild winter temperatures, impressive demand discipline, strong LNG import volumes and ample storage have been the primary drivers. While prices may move lower from here on expected warm temperatures in March and the reopening of the US Gulf Coast Freeport LNG facility, they are unlikely to fall in 2023 as low as their pre-war historical range of EUR 10-30.

## European natural gas prices since Russia's Ukraine invasion (TTF)



Remarkably (and counterintuitively!), despite the largest land war in 70 years, European GDP growth in 2022 outpaced growth in both the US and China for the first time in decades. With the tailwind of sharply lower energy prices, many European economies may experience very “mild” recessions in 2023, or sidestep recession entirely - a much better than anticipated outcome vis-a-vis concerns as recently as two months ago.

## 2022 GDP growth rate, y/y



Source: (1) Bloomberg. Data as of February 20, 2023. (2) Oxford Economics.

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“Macro stability isn’t everything, but without it, you have nothing.”