LIGHTVIEW INSIGHT · ENERGY

The Second Wave of the LNG Price Surge Began in Europe's Gas Storage

If the Hormuz blockade was the first wave of rising LNG prices, October's second wave was a shock that came from Europe's unfilled gas storage

By **LightView** **Nov 7, 2026** **9 figures**

Key takeaways

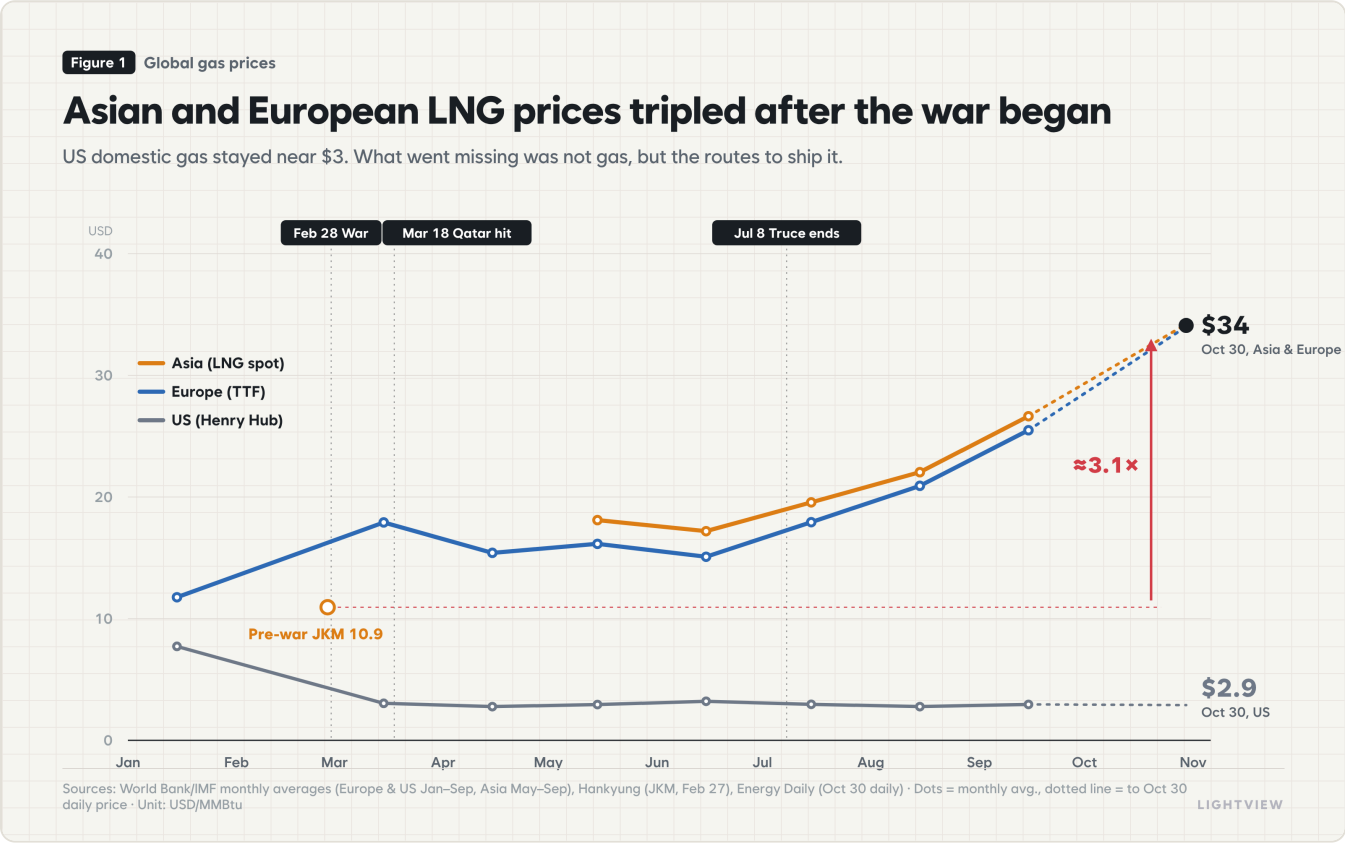
1. **Asian and European LNG prices have tripled since before the war.** Over the same period US domestic prices stayed near $3, showing that transport constraints, not supply itself, drove the increase.
2. **Supply disruptions began in March,** but prices held steady at $15–20 through the summer as buyers quickly found alternative cargoes.
3. **October's renewed surge traces back to European storage.** Price instability kept Europe from filling storage over the summer, creating an estimated need to buy around 2.5 million tonnes of LNG a month for winter.
4. **The US replaced lost Qatari volumes,** but with liquefaction plants already running flat out, there was little room to export more.
5. **High LNG prices are expected to last until next spring.** Korea is delaying the impact by freezing tariffs, but the cost is piling up as debt at KOGAS and KEPCO.

LIGHTVIEW · An analytical column based on public statistics and reporting. Investment decisions remain the sole responsibility of the investor.

1 A Price That Rose Twice

Since the Iran war began, the market has fixated on one question: when will the Strait of Hormuz reopen? Yet a closer look at this year's LNG prices reveals a stretch that the strait alone cannot explain.

On February 27, just before the war, the Asian spot LNG price (JKM) stood at $10.9 per million BTU. By October 30 it had climbed above $34, level with Europe. Prices tripled in only eight months, and by mid-September LNG had already risen three times as fast as Brent crude, a sign that the centre of gravity of this energy shock lies in gas rather than oil.



What stands out is that the rise did not happen all at once. Prices jumped as soon as Qatar halted production in March, but then moved within a $15–20 range through the summer, suggesting the market had largely absorbed the first shock. It was only in October that prices began to climb steeply again, and this second leg had an entirely different cause, which is the focus of this column.

The US line at the bottom of the chart deserves attention too. Apart from a brief spike in January, US domestic gas prices hovered around $3 all year. The same gas sells for $3 in America and $34 across the ocean, which supports the view that prices rose not because the world ran short of gas, but because **it ran short of the routes and facilities needed to move it**.

2 The First Wave: The Hormuz Blockade

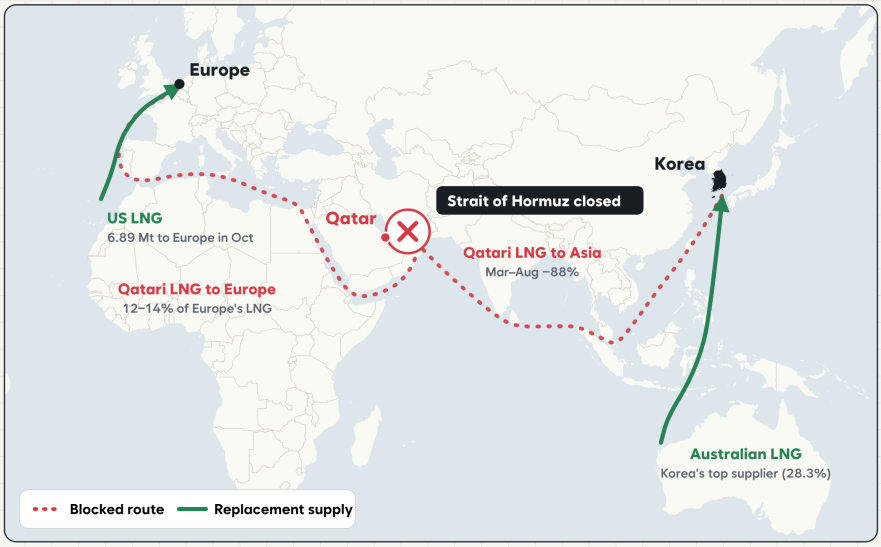
The first wave was by no means small. A sea lane that carried roughly 20% of global LNG trade closed almost overnight.

When the war broke out in late February and the Strait of Hormuz was blockaded, Qatar halted gas production in early March and declared force majeure. On March 18, air strikes damaged 17% of its export capacity. With Qatar's energy minister himself warning that repairs could take three to five years, supply is unlikely to return to normal immediately even if the strait reopens. Qatari LNG exports fell 96% year on year between March and August, effectively removing one of the world's major exporters from the market.

Figure 2 Supply shock

The sea lane for one-fifth of the world's LNG closed

Qatar's LNG can reach the open sea only through the Strait of Hormuz. When it closed, Asia and Europe turned to US and Australian cargoes.



20%
Share of global LNG that transited Hormuz (87.6 Mt/yr)

−96%
Qatar LNG exports, Mar–Aug (year on year)

17%
Qatari export capacity damaged (≈12.8 Mt/yr) · 3–5 years to repair

15.6 → 5.8%
Qatar's share of Korea's LNG imports (Jan–Aug, last year → this year)

● Still closed in early November; Iran has set seven conditions for reopening.

Sources: IEA, Energy Economy (Hormuz volumes), Today Energy (Qatar exports, Korea import shares), Qatari energy minister (damage), Iran International (Nov 2) · Map: Natural Earth LIGHTVIEW

Even so, the market adjusted faster than expected. Asian importers quickly shifted to Australia, Malaysia and the US, and Korea cut Qatar's share of its imports from 15.6% to 5.8% while buying more from Australia and America. These alternative supplies are what allowed prices to stabilise at $15–20 over the summer, and it is reasonable to see that range as roughly the level the supply shock alone could justify.

So where did October's renewed surge come from? The answer lies in how Europe prepares for winter.

3 The Second Wave: Europe's Unfilled Storage

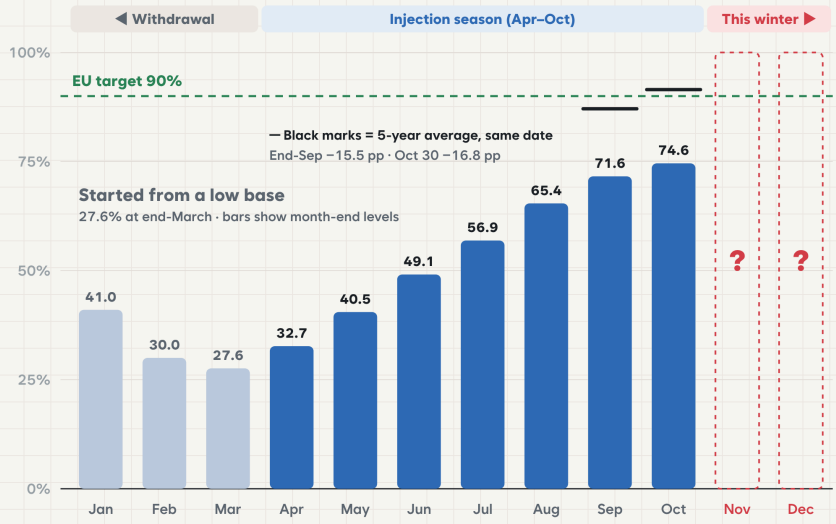
Europe's winter depends far more on gas stored underground during the summer than on LNG bought as needed. Once this structure is clear, October's price movement becomes much easier to read.

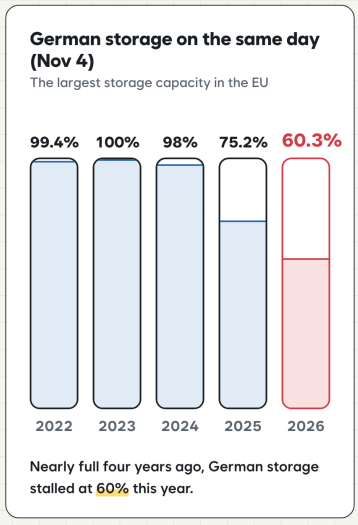
Every year Europe injects surplus gas into underground storage from April to October and withdraws it from November to March, with storage covering 25–30% of total gas consumption. Heating demand surges in winter, but pipeline and LNG imports cannot be ramped up quickly, so storage bridges the gap. That is also why the EU set a target of filling storage to 90% before winter.

Figure 3 European gas storage

Europe filled only three-quarters during the refill season

Europe injects gas into underground storage from April to October and draws it down from November to March. This year a quarter of EU storage was still empty when the refill season ended.





Sources: GIE AGSI+ (Vantage Energies month-end data, gasspeicher.app 7-day avg. for Germany), Energy Daily (vs 5-yr avg.) · EU 90% target: once between Oct 1–Dec 1, may be eased by 10 pp

LIGHTVIEW

This year Europe fell well short. Having drawn heavily on storage last winter, the EU started from just 27.6% at the end of March, and even when the injection season ended on October 28, storage stood at only 74.9%. That is the lowest level for the date in a decade and 15–17 percentage points below the five-year average. Germany, which has the largest storage capacity, was at 60.3%, a striking contrast with the 99.4% it held on the same day four years ago.

Europe's storage calendar this year

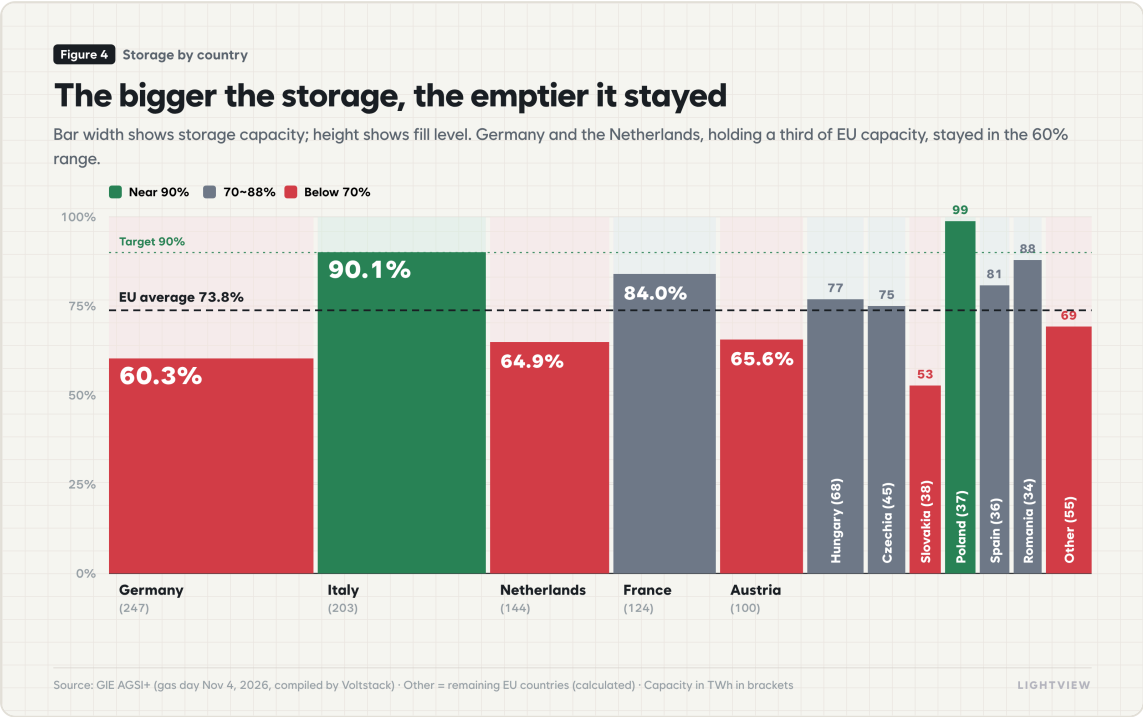
· Early April: injections begin from about 27% · July 1: Germany at 41%, lowest for the date since the energy crisis

· October 28: EU peaks at 74.9%, then withdrawals begin (net withdrawal of about 1.4 TWh/day as of Nov 1)

· December 1: deadline for the EU 90% target (may be eased by 10 pp) · withdrawals continue until March

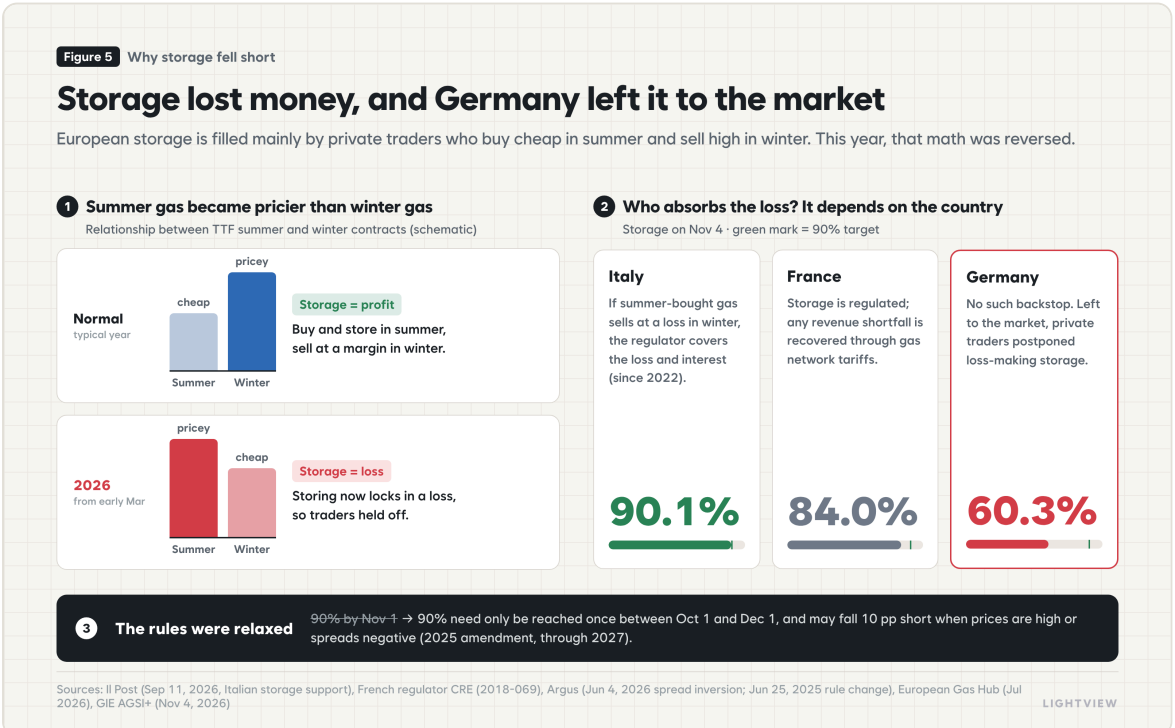
What the 74% average hides

The EU average alone may not look alarming. But while Italy (90.1%) and Poland (98.8%) nearly reached the target, the countries with the lowest fill levels are those with the most capacity. Germany, the Netherlands and Austria all remain in the 60% range, and Germany and the Netherlands together account for a third of total EU storage capacity. Because Europe's gas grid is interconnected, a shortfall in a large country inevitably puts pressure on its neighbours as well.



Why storage fell short: a price inversion and different rules

European storage is filled mainly by private traders, who buy gas in summer and profit from selling it at higher prices in winter. This year, however, summer contracts traded above winter contracts from March onwards, and with every stored cargo locking in a loss, holding back was the economically rational choice. What separated the outcomes was policy. Italy covered storage losses and interest, France recovered revenue shortfalls through network tariffs, while Germany left the matter to the market.



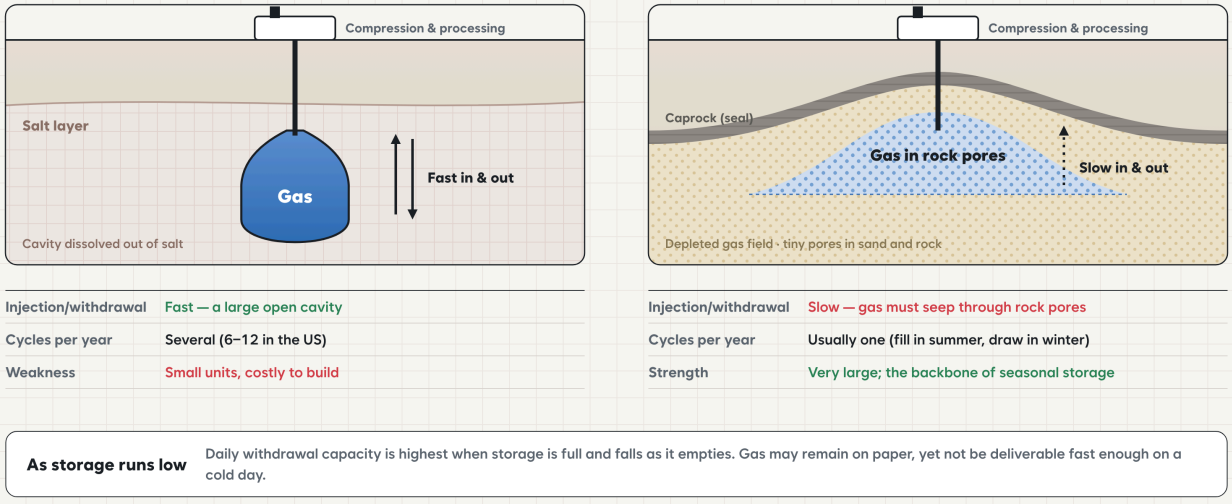
Can 74% get Europe through the winter?

On paper there seems to be some room. Last winter EU storage fell by about 55 percentage points, from roughly 83% to 27.6%. A similar drawdown this year would still leave close to 20% in spring, even starting from 74%. That calculation, however, ignores the physical characteristics of storage.

Figure 6 Two types of storage

Storage that cannot be drained to the bottom

Europe stores gas underground, not in tanks: in caverns carved from salt, and in the porous rock of depleted gas fields.



	Salt cavern	Porous reservoir
Injection/withdrawal	Fast — a large open cavity	Slow — gas must seep through rock pores
Cycles per year	Several (6–12 in the US)	Usually one (fill in summer, draw in winter)
Weakness	Small units, costly to build	
Strength		Very large; the backbone of seasonal storage

As storage runs low Daily withdrawal capacity is highest when storage is full and falls as it empties. Gas may remain on paper, yet not be deliverable fast enough on a cold day.

Sources: US EIA (storage types), Wikipedia 'Natural gas storage' (cycling, inventory vs deliverability) · Schematic cross-sections, not to scale LIGHTVIEW

The amount of gas that can be withdrawn each day is highest when storage is full and declines as it empties. Porous reservoirs, the workhorses of seasonal storage, are cycled only once a year, so a 20% fill level does not mean the gas can be delivered quickly enough when a cold snap hits. That is why Europe is rationing withdrawals and turning to the spot market for the shortfall, which can be estimated as follows.

Estimate · additional LNG Europe must secure this winter

EU storage capacity **1,132 TWh** × shortfall vs 5-yr average **16.8 pp** (Oct 30) ≈ **190 TWh**
190 TWh ÷ about 15.2 MWh per tonne of LNG ≈ **about 12.5 million tonnes**
12.5 million tonnes ÷ five winter months (Nov–Mar) ≈ **about 2.5 million tonnes of extra demand per month**
(two-thirds of Korea's monthly imports of about 3.9 Mt)

The winter LNG spot market has traditionally been driven by Northeast Asian buyers such as Korea, Japan and China. With Europe arriving late and adding around 2.5 million tonnes of demand a month, October's renewed surge was, to a large extent, a foreseeable outcome.

4 How Much the US Can Cover

Many hoped that the US, awash in shale gas, could solve the problem by exporting more, and it did move quickly to fill Qatar's place.

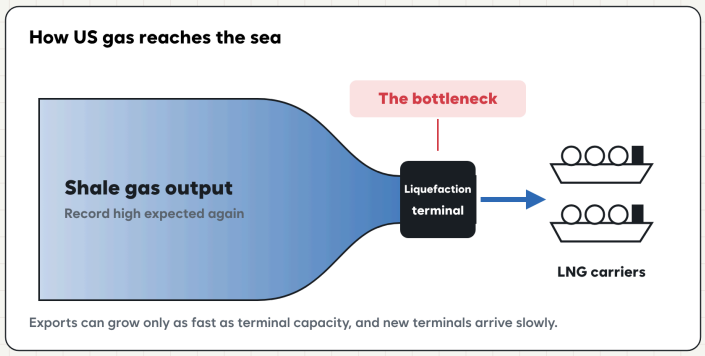
From January to April, US LNG exports rose by about 7 million tonnes, nearly matching Qatar's decline of about 6.9 million tonnes over the same period. First-half exports were up 23% year on year, shipments to Asia reached a record 10.9 million tonnes in the second quarter, and in October exports to Europe rose by nearly 1 million tonnes in a single month, making it the second-largest export month on record. Even so, Asian and European prices remain stuck above $34.

Figure 7 The US buffer

US gas is cheap, but the export door is narrow

The US has gas to spare, but every cargo must pass through liquefaction terminals with fixed capacity, which cannot fully replace lost Qatari supply.

US domestic Henry Hub	2.9 USD	
Europe TTF	34.0 USD	
Asia JKM	34 USD+	
≈12×		The same gas costs twelve times more across the ocean. (Oct 30, per MMBtu)



2nd October US LNG exports, all-time monthly rank	6.89 Mt To Europe in October (Sep: 5.91 Mt)	10.9 Mt To Asia in Q2, a record level	+23% US LNG exports, H1 (year on year)

Sources: Energy Daily, Global LNG Hub (Oct 30 prices, Oct exports), Today Energy (Q2 to Asia, H1 exports), US EIA (production outlook)

LIGHTVIEW

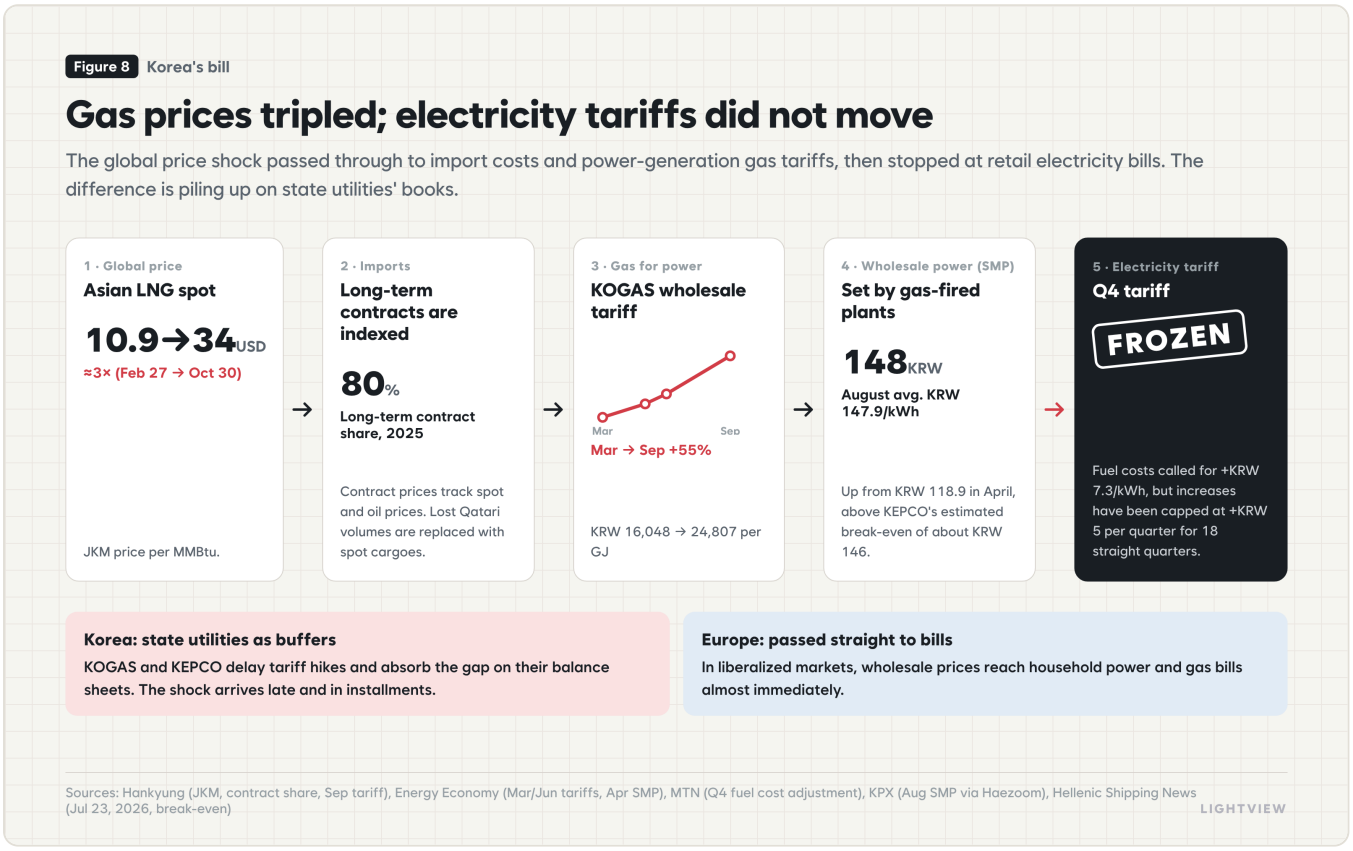
The bottleneck is liquefaction. To travel by ship, gas must be cooled to minus 162°C and turned into liquid, and US liquefaction terminals were already running close to full capacity by spring. With Qatar's absence dragging on and Europe's extra demand arriving in the second half, there was no spare capacity left, and although new terminals are coming online one by one, they cannot absorb an additional 2.5 million tonnes a month within a few months. The nearly twelvefold gap between $3 at home and $34 abroad is, in effect, the size of this bottleneck.

A shifting market structure — Qatar itself has reportedly moved to secure long-term US LNG supplies to limit its losses (Iran International, Nov 2), and the US share of Korea's imports has risen above 15% this year. Even if the strait reopens, the greater influence US LNG has gained through this crisis is likely to endure for some time.

5 Korea: A Bill Being Deferred

Higher LNG prices driven by Europe will inevitably reach Korea. Some argue that the impact will be limited because most supply comes under long-term contracts, but that view fails to separate volume from price.

About 80% of Korea's LNG imports are covered by long-term contracts. These contracts secure stable volumes, but their prices are usually indexed to market or oil prices, and Korea now has to replace blocked Qatari volumes with more expensive cargoes from elsewhere. The lack of large underground storage like Europe's adds to the burden of winter procurement.

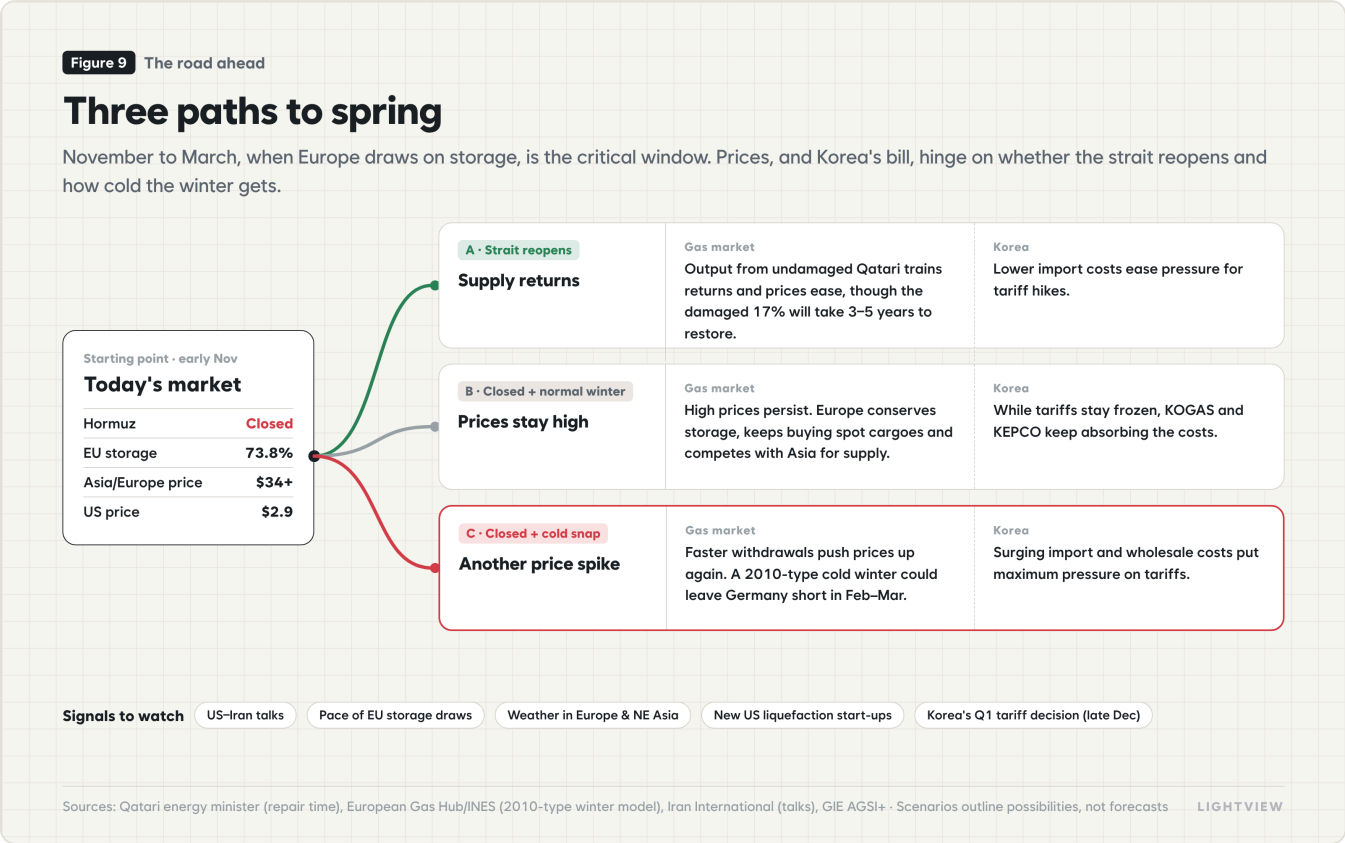


The price shock has already travelled halfway down the supply chain. The tariff KOGAS charges power generators for gas has risen 55% since March, and the wholesale power price (SMP) averaged KRW 147.9 per kWh in August, above KEPCO's estimated break-even of about KRW 146. Yet electricity tariffs were frozen for the fourth quarter: reflecting higher fuel costs would have required an increase of KRW 7.3 per kWh, but quarterly hikes have been capped at KRW 5 for 18 consecutive quarters.

Unlike Europe, where wholesale prices pass relatively quickly to consumers, Korea relies on state utilities to absorb the shock. Tariff freezes can delay the impact for now, but the cost is piling up as debt at KOGAS and KEPCO and will, in one form or another, eventually come due.

6 Scenarios to Next Spring

The direction of prices is likely to depend on two variables: whether the Strait of Hormuz reopens and how cold this winter turns out to be. Of the three scenarios, only A, in which the strait reopens, points to a clear decline in prices, and even then the damaged Qatari facilities will take three to five years to repair, while Europe's winter spot buying is likely to continue until March regardless of the strait. Taken together, high LNG prices are expected to persist until next spring.



Impact by sector

Sector	If high prices last until spring	If the strait reopens early
LNG carriers / shipbuilding	More long-haul voyages, such as US to Asia, raise vessel demand	Shipping demand returns to normal
KOGAS	**Unrecovered costs keep accumulating**	**Cost burden eases**
KEPCO / power	**Growing burden from unreflected fuel costs**	**Fuel cost burden eases**
US LNG exporters	**Wider domestic–overseas spread lifts margins**	Spread narrows
Coal power	Expensive gas may lift demand for coal-fired power	Effect fades

Whether the Strait of Hormuz reopens remains the single biggest variable, but it is not the only factor that will move LNG prices this winter. How quickly Europe's storage drains and how harsh the winter proves to be matter just as much, so it is worth tracking the EU's weekly storage data alongside news from the strait.

+ Glossary and Sources

Glossary

LNG — Liquefied natural gas, cooled to −162°C for shipping.

TTF — Title Transfer Facility, Europe's benchmark gas hub in the Netherlands.

MMBtu — One million British thermal units, the unit used to price gas.

KOGAS / KEPCO — Korea Gas Corporation and Korea Electric Power Corporation, the state gas and power utilities.

JKM — Japan Korea Marker, the spot LNG benchmark for Northeast Asia.

Henry Hub — The benchmark price for natural gas traded within the US.

SMP — System Marginal Price, Korea's wholesale power price, set by the costliest plant.

Force majeure — A declaration relieving a party of contract obligations due to events such as war.

Prices

World Bank / IMF primary commodity prices (LNG Asia, Europe and US monthly averages) — FRED PNGASJPUSDM, PNGASEUUSDM, PNGASUSUSDM; FIPI monthly reports (Jan, Mar, Apr)

Hankyung, Sep 27, 2026 · Energy Daily, Nov 3, 2026 · Global LNG Hub weekly prices, Nov 2, 2026

Supply and the strait

IEA, Strait of Hormuz Factsheet (Feb 2026) · Energy Economy, May 29, 2026 · Today Energy, Sep 28, 2026 · Wikipedia, 2026 Strait of Hormuz crisis; 2026 Iranian strikes on Qatar · Iran International, Nov 2, 2026

Reuters (via Gas Processing News), "US exporters are plugging a Qatar-sized LNG supply hole – for now," Apr 2026 · NGI, "U.S. LNG Faces Limits Replacing Lost Qatari Supply," Apr 27, 2026; "Asia Leads Global LNG Demand Destruction," Apr 28, 2026

European storage

GIE AGSI+ (via Voltstack, Nov 4, 2026; Vantage Energies month-end data; ENGIE EnergyScan; gasspeicher.app)

Argus, Jun 4, 2026; Jun 25, 2025; Jun 24, 2025 · European Gas Hub (INES scenarios), Jul 15, 2026 · Il Post, Sep 11, 2026 · CRE Deliberation 2018-069 · Columbia CGEP, Apr 23, 2026 · GeoERA · US EIA · Wikipedia, Natural gas storage

Korea

Energy Economy, Jan 28, 2026 · KPX SMP (Haezoom monthly summary, Aug 2026) · Hellenic Shipping News, Jul 23, 2026 · MTN, Sep 21, 2026 · Newsis, Mar 26, 2026

This column is based on publicly available statistics and reporting and does not recommend buying or selling any security. Figures in charts are taken directly from the cited sources; values calculated by LightView (such as Europe's shortfall) are identified as estimates. Conversion: 1 tonne of LNG ≈ 15.2 MWh. Map data: Natural Earth.

This column's topic and analytical direction are set by the editor, who reviews and revises it before publication. AI tools were used for research, drafting and infographics, and every figure was checked against its source.