A worse oil shock than in the 1970s?

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Despite a sharper decline in oil production, advanced economies are likely to suffer less from the current energy crisis than they did during the two oil crises of the 1970s. This is because prices have risen less than they did back then, and the economy today is significantly less "oil-intensive" than it was 50 years ago. Even including rising natural gas prices, which hardly played a role back then, does not change that conclusion. However, supply chain issues are a significant risk. Thus, it is too early to give the all-clear.

Is this crisis worse than those of 1973, 1979, and 2022 combined?

Fatih Birol, the head of the International Energy Agency (IEA), said in an interview that the current energy crisis is worse than the crises of 1973, 1979, and 2022 combined [1]. The world has never before experienced a supply disruption of this magnitude.

In fact, oil production has fallen more sharply due to the blockade of the Strait of Hormuz and attacks on oil production and loading facilities in the Persian Gulf region than during any other oil crisis of the past 50 years. According to the IEA, daily crude oil production has likely fallen by at least 10 million barrels since the start of the Iran War. This amounts to approximately 12% of global oil production. In contrast, during the major oil shocks of the past, production declined by "only" 7 to 8% (title chart).

Added to this is the disruption of natural gas supplies, which did not yet play a significant role in the 1970s. In recent weeks, natural gas exports have fallen twice as sharply as they did following Russia's invasion of Ukraine in 2022.

The specter of the 1970s

Production shortfalls in the 1970s had already dealt a severe blow to the global economy, abruptly ending the long post-World War II growth phase that had seen no major setbacks. The first oil crisis triggered the most severe economic crisis in the United States since the war. After robust growth of 5.6% in 1973, the U.S. economy contracted by 0.5% the following year. Economic output also declined slightly on average in 1975. The unemployment rate rose sharply, and the "Great Inflation" of the 1970s set in. The second oil crisis after 1979 was equally painful (Table 1).

In Germany, too, growth slowed sharply as a result of the first oil crisis. The unemployment rate rose significantly; the years of full employment were over. Germany weathered the second oil crisis of 1979–1980 somewhat better, though the early 1980s were also economically difficult.

Table 1 - The US and Germany during the "classical" oil crises
The first oil crisis followed the Yom Kippur War in October 1973, the second the Iranian Revolution in December 1978

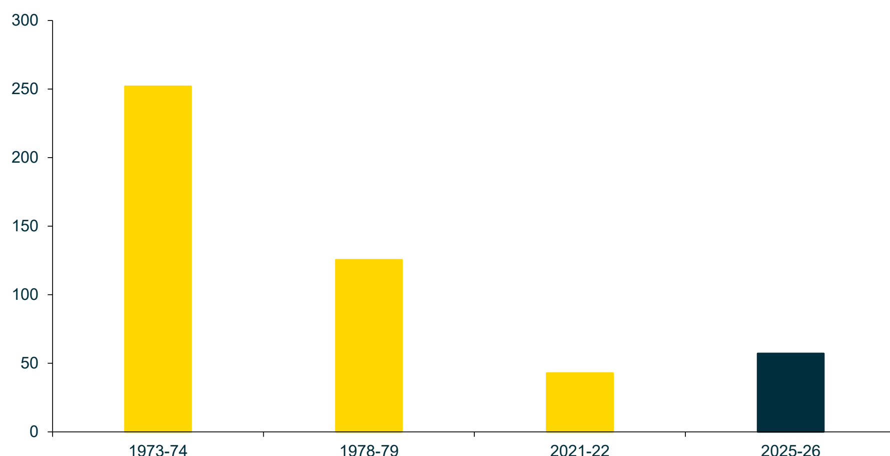
	1973	1974	1975	1978	1979	1980
USA		1st oil crisis			2nd oil crisis	
Inflation	6.2	11.1	9.1	7.6	11.3	13.5
Real growth	5.6	-0.5	-0.2	5.5	3.2	-0.3
Unemployment rate	4.9	5.6	8.5	6.1	5.9	7.2
Germany						
Inflation	7.0	7.0	5.9	2.7	4.1	5.4
Real growth	4.8	0.9	3.4	3.0	4.2	1.4
Unemployment rate	1.3	2.7	4.7	4.4	3.8	3.9

Source: S&P Global, Bundesbank, Bloomberg, Commerzbank Research

The price shock is now less severe...

Despite the sharper decline in oil production during the current crisis, prices have risen significantly less than in 1973–74 and 1978–79. For example, the annual average oil price in 1974 was 250% higher than in 1973, and in 1979 a barrel of crude oil was still about 125% more expensive than the previous year's average (Chart 1). This year, however, even under pessimistic assumptions for the coming months, the price is likely to be at most 60% higher than the previous year's average.

Chart 1 - The oil price shock of 1973/74 rules supreme
Crude oil prices, annual change in %

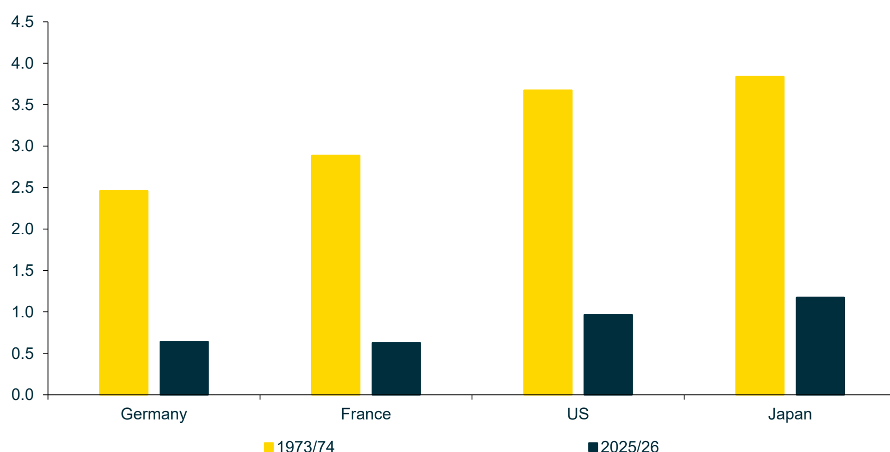


Source: EI, Bloomberg, Commerzbank Research

… and the loss of purchasing power is significantly smaller

Furthermore, since oil consumption in developed countries has declined over the past 50 years despite rising economic output, the current loss of purchasing power is likely to be significantly smaller than it was during the first oil crisis. For instance, the first oil crisis caused Germany's oil bill to rise by 2.5% of gross domestic product, while in Japan the increase amounted to nearly 4% of GDP (Chart 2). Currently, however, for the four countries we are examining, an annual average oil price increase of $40 per barrel is projected to result in an increase in the oil bill of between 0.5% and 1% of GDP.

Chart 2 - The 1973/74 oil shock was much more severe
Increase of crude oil bill in % of GDP



Source: EI, World Bank, Commerzbank Research

Strategic Reserves as a Buffer

In the 1970s, OECD countries had virtually no buffer in the form of oil reserves that could have mitigated short-term supply disruptions. As a result, these disruptions had a much more immediate impact on the economy. Today, most developed countries have strategic oil reserves that can cover four to six months of import needs (an average of 140 days of net imports, according to the IEA Monthly Report).

But what about natural gas?

The current energy shock, however, is not limited to oil but also affects the natural gas market. In 2024, nearly 900 billion cubic meters of natural gas were exported, a good fifth of global gas production. 140 billion cubic meters of this came from the Middle East, mostly in the form of liquefied natural gas (LNG) from Qatar. These exports have almost completely ground to a halt. This corresponds to around 3% of global natural gas consumption. As a result, gas prices have risen sharply in some cases.

In Germany, natural gas consumption—calculated by energy content—accounts for around two-thirds of oil consumption. A sharp rise in gas prices reduces purchasing power to a similar extent as an oil shock.

To roughly estimate the impact of the increased gas prices, we use the respective wholesale prices. The price relevant for Germany (TTF) has recently risen to just under 50 euros per megawatt-hour. Compared to the average price in 2025, this represents an increase of around 30%. If the annual average price increase in 2026 turns out to be similarly high—for which the price would need to rise slightly further in the coming weeks—the increase in Germany's gas bill would correspond to around 0.3% of gross domestic product (Table 2). Japan is hit harder, with a burden twice as high. In the U.S., gas prices are currently even below the previous year's average, so consumers there are not burdened but actually benefit from lower costs.

Table 2 - Gas price burden - wide regional differences
Change of the natural gas bill in % of GDP. 2026: prices: most recent weekly average

	Germany	US	Japan
	EUR/MWh	USD/MMBTU	JPY/MMBTU
Natural gas price 2025	36.5	3.6	1844.3
Natural gas price 2026	47.1	2.7	3036.8
Change	29%	-24%	65%
	in % of GDP		
Burden in % of GDP	0.3	-0.1	0.6

Source: EI, Bloomberg, S&P Global, Commerzbank Research

As a result, the rise in oil and natural gas prices is expected to reduce purchasing power in Germany by less than 1% of GDP, which would be significantly less than the 2.5% drop in GDP during the first oil crisis. The most interesting difference from that time is likely to be found in the United States. Unlike in 1973, the U.S. now has a surplus in its foreign trade in petroleum products and a noticeably smaller deficit in its trade in crude oil. In addition, it has become a major exporter of natural gas in the form of LNG. Oil prices in the U.S. have also risen significantly, thereby eroding consumers' purchasing power. However, this money does not flow abroad but is redistributed domestically. As a result, the macroeconomic impact is likely to be less severe than in Europe or Germany.

Too soon to sound the all-clear

Our analysis of the energy market suggests that the consequences of the current energy crisis are unlikely to match the impact of the first oil crisis of 1973–74. However, it still seems too early to sound the all-clear:

- In 1973, there was only a relatively brief decline in oil production. If the current crisis does not end soon, there is a risk of longer-lasting disruptions with correspondingly greater consequences. Unlike during the first oil crisis, oil and gas production facilities in the Gulf region have now also been damaged. These include numerous refineries as well as the world's largest natural gas liquefaction plant in Qatar. Repairing this facility is likely to take a considerable amount of time.
- Unlike in the 1970s, the Middle East now supplies not only crude oil but also key intermediate products for the agriculture and industry of OECD countries. Among these, shipments of helium (important, for example, for semiconductor production) and petrochemicals are particularly problematic, as are fertilizers to a lesser extent. Potential supply chain issues could exacerbate the shock to Western economies.
- Some Asian countries are more severely affected by the lack of oil supplies from the Persian Gulf than OECD countries. Should production losses occur in these countries due to an energy shortage, this could also disrupt industrial supply chains in OECD countries (see also **here**).

[1] The Yom Kippur War of October 1973 between Israel and various Arab states triggered the first major oil crisis. The second struck the global economy in the wake of the Iranian Revolution of December 1978 (this shock was exacerbated by Iraq's war of aggression against Iran beginning in 1980, which led to further production shortfalls). The crisis of 2022 was linked to the Russian invasion of Ukraine. (back to text)

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