Abstract

This thesis studies the impact of shale gas on the integration of natural gas markets in Europe and North America. In our practical part we examine with hard data to what extent integration of natural gas markets exists in Continental Europe and North America. We suppose that the recent changes in natural gas markets have significantly influenced the international integration between North American and European continents towards less integrated natural gas markets, but have strengthened the inner integration in these areas. Our results proved integration of natural gas market in each of the intra regional levels, what is consistent with the literature done on this topic. On the other hand our methods did not prove mutual integration between these trans-Atlantic natural gas markets, just as we expected in the hypothesis of this thesis. In our modelling we apply several approaches such as the Engle-Granger cointegration test, Johansen cointegration test and Vector error correction model to formally test for cointegration, from which we can state conclusions about mutual or inner integration. We use monthly data for a period of 1997-2011. Our research is unique because there are only a few existing studies on this topic to date. Our empirical tests are introduced by a solid overview of shale gas, its development in North America and in Europe and by a broad literature review.