Monthly Market Insights

August 2026

Commentary

August followed the same trend as July with markets remaining highly volatile and continuing to reach new highs.
The geopolitical situation with Iran and the US remains the main driver in the market as there have been further escalations and attacks across August. These escalations and the lowering optimism of an agreement being reached have seen some prices rise by up to 20% since July.

The memorandum of understanding that was signed on 17th June was a temporary framework put in place to end hostilities, reopen the strait of Hormuz and allow for a period of 60 days of negotiations with a view of finding a final agreement. The 60 day period has now concluded and there are no signs of either side currently wanting to reengage in talks to renew this.
The US has threatened sanctions on countries doing business with Iran, it remains to be seen whether this has much impact on deescalating the tensions.

Storage levels do still remain a concern and are currently at the lowest stage for this time of the year since 2009, the current projection is for storage to be around 70% to 75% full which falls below the 80% target by the end of the year. There hasn't currently been any announcements regarding revised storage targets.
The lower storage levels mean that a below seasonal normal winter would add extra pressure to prices as it would be more expensive to import the necessary supply.

Traffic has rapidly decreased in the Strait of Hormuz again and LNG export from Qatar has returned to minimal levels.
UK and European weather has been above season norm for the majority of August, this does create extra cooling demand which does add some extra pressure to prices.

In adjacent markets, oil prices have come down slightly from the highest level reached towards the end of July but remain in a similar range.

Inflation rates have held at 3.75% again despite the perceived risk in the markets.

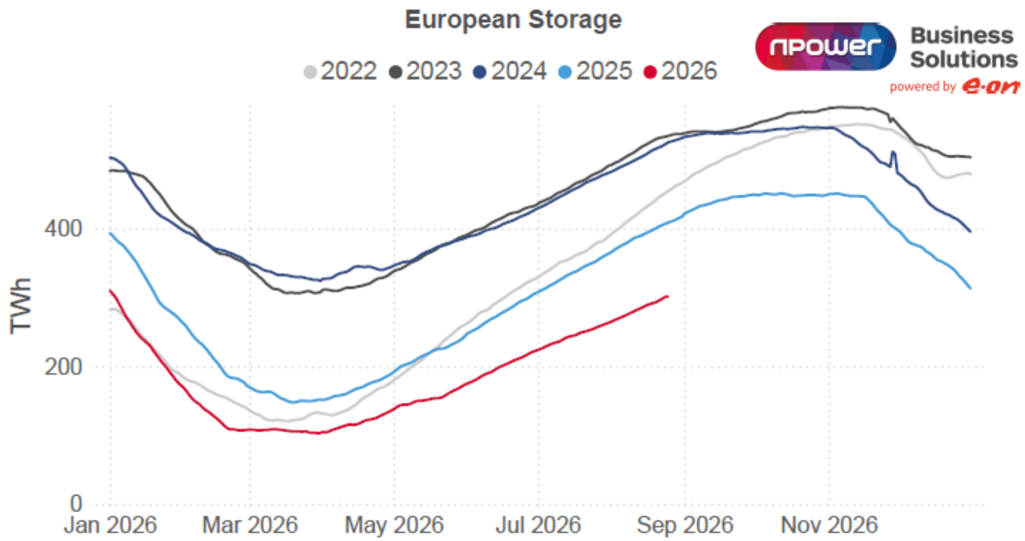
Fundamental drivers

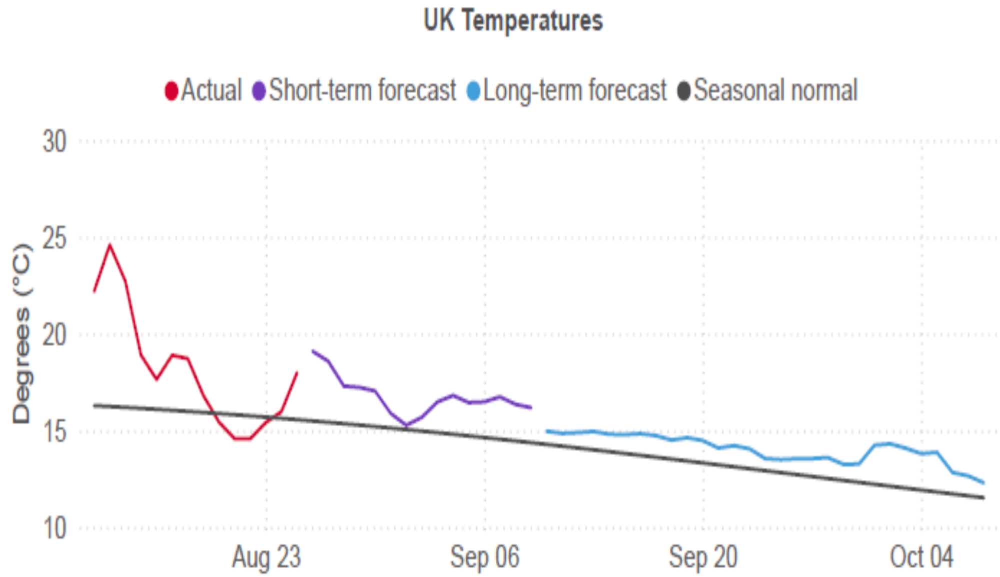
- **European storage** Lower than normal levels of storage for this time of year. Not currently on track for 80% target by end of the year.

- **Norwegian flows** Very stable in August within minimum disruption.

- **Geopolitics** The conflict in Iran remains the main driver due to the knock on effect with production and transportation of LNG. Peace talks appear to have stalled and optimism of an agreement decreased. The Market now tends to be more heavily dictated by news headlines, speeches and social media posts instead of the typical fundamentals.

- **Temperatures** We've had an above seasonal normal month again weather wise throughout August. The good weather is forecast to continue into September. This will have an impact on cooling demand, however this can be balanced out by the fact the good weather can also help with storage injections.



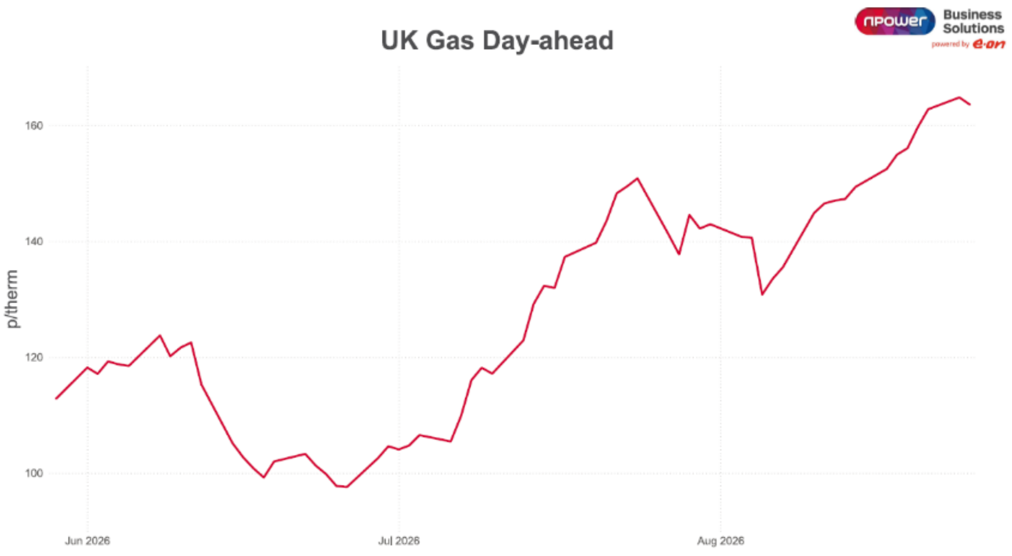


French Nuclear Capacity

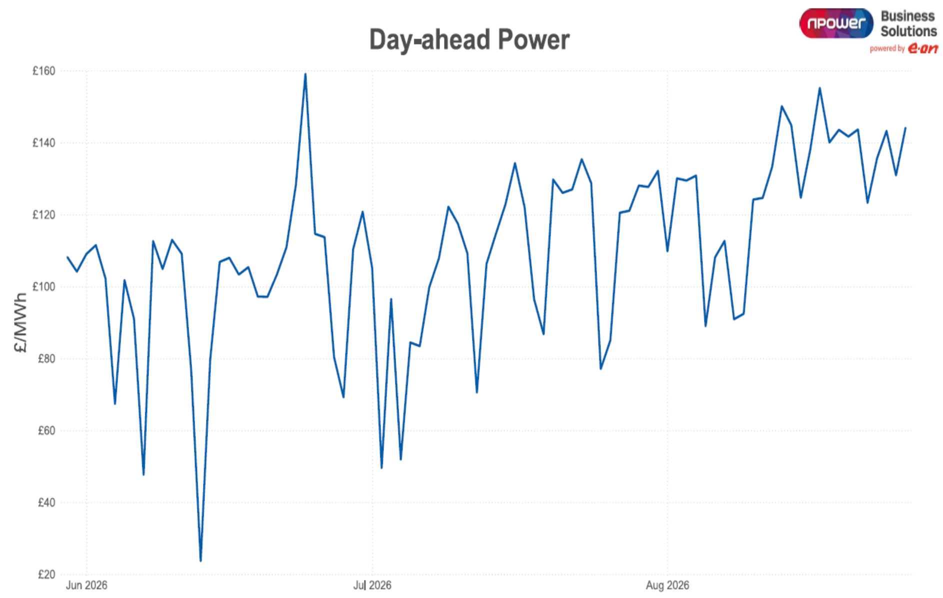
2023 2024 2025 Actual 2026 Actual 2026 Forecast

Markets – Day Ahead Price History

UK Gas



UK Power



Outlook

Looking ahead, the market is likely to remain reactive to developments in global gas supply, geopolitical tensions, and the progress of storage injections across Europe. While softer summer demand and stronger renewable generation may continue to cap near-term volatility, the broader outlook remains finely balanced. For customers, this reinforces the importance of keeping a close eye on market opportunities and maintaining a clear procurement strategy, particularly where contracts are due for renewal over the coming months.

From a commercial perspective, the market continues to present both risk and opportunity. While stronger renewable generation and softer seasonal demand may help contain short-term volatility, customers should remain alert to any movement in gas supply, storage progress or geopolitical developments that could quickly shift pricing. For organisations approaching renewal, maintaining a clear purchasing strategy and being ready to act on favourable market windows will remain key to managing budget exposure over the months ahead.