

# Oil & gas: Prospects for the reopening of the strait of Hormuz are easing tensions in the hydrocarbon market, but prices remain high

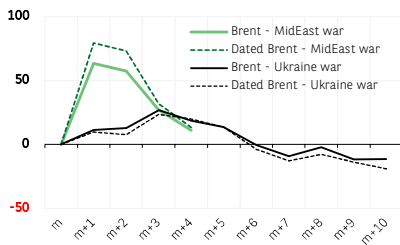
Until the agreement extending the ceasefire (second half of June), European oil and gas prices had reacted more strongly to the energy shock caused by the war in the Middle East than they had to the shock that followed Russia's invasion of Ukraine. This is no longer the case now that the prospects for a resumption of traffic through the strait of Hormuz are becoming more tangible.

**Oil:** Brent crude prices had reached very high levels during the first three months of the conflict in Iran. Fears of a short-term shortage — due to a decline in the volume of oil available on the market caused by the closure of the strait of Hormuz, repeated attacks on production capacity in the Gulf, and restrictions on traffic through the strait — led to a sharp reaction in the price of physical crude (dated Brent). Since early June, Brent prices have fallen sharply, and the spread between the prices of futures (Brent) and physical price (dated Brent) has narrowed for two reasons: 1/ First, the accelerated drawdown of OECD inventories, the decline in Chinese oil imports, and the beginning of a resumption of traffic through the Strait; 2/ Second, the announcement of the extension of the ceasefire and the start of negotiations between the warring parties.

**Gas:** The reaction of the spot gas price in Europe (TTF) to the agreement between Iran and the United States has been more moderate than that of oil. This is due in particular to 1) European demand, which remains buoyed by the need to replenish inventories, and 2) the time required to bring all facilities back online, which will take longer for natural gas (due to the destruction of significant production and liquefaction capacity in Qatar) than for oil.

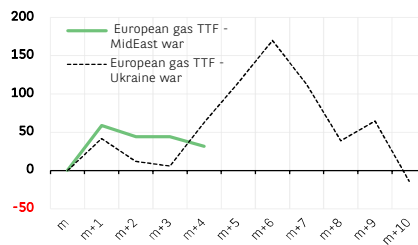
**Electricity:** Unlike 2022, wholesale electricity prices in Europe have been falling since the start of the conflict. Gas prices remain an important determinant of wholesale electricity prices, but progress in decarbonization of the electricity mix since 2022 and favorable weather conditions explain this recent development. Nevertheless, the prolonged heat wave affecting parts of Europe in June is expected to significantly boost electricity demand and drive prices higher.

June 2026: The expected reopening of the Strait brings relief on the oil market



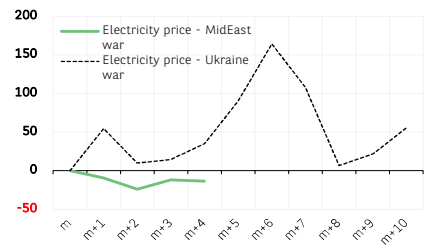
Note: change % since 02/27/2026 - 02/23/2022; last price 06/19/2026

June 2026: Gradual easing in tensions over liquefied natural gas prices in Europe



Note: change % since 02/27/2026 - 02/23/2022; last price 06/19/2026

June 2026: Wholesale electricity prices did not react



Note: change % since 02/2026 - 02/2022

Source: Bloomberg, Ember, BNP Paribas