Oil & gas: Renewed tensions in the Strait of Hormuz and seasonal factors drive O&G prices higher

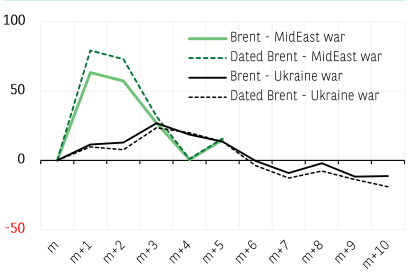
Oil and gas markets lack direction amid persistent instability in the Strait of Hormuz. While oil prices have thus far reacted similarly to the two energy shocks (2022 and 2026), the rise in gas prices remains lower than the increase seen following Russia's invasion of Ukraine.

Oil: Brent crude prices record high volatility based on geopolitical tensions affecting traffic through the Strait. They rose sharply in July following the breakdown of the MoU concluded between the United States and Iran. Nevertheless, the spread between the Brent futures price and the price of physical barrel (dated Brent) has remained narrow since the beginning of June, due to the accelerated reduction of OECD stocks (especially US SPR) and the decline in Chinese oil imports.

Gas: European gas spot prices (TTF) have risen significantly over the last month for two main reasons: 1/ the resurgence of tensions in the Strait, and 2/ increased competition in the LNG market between Europe, which is refilling its inventories, and Asia, where demand is high during the summer months.

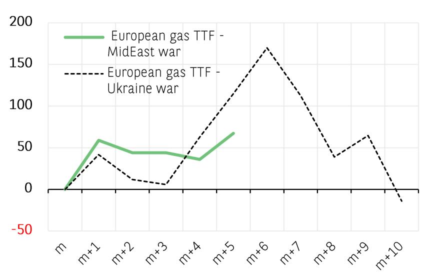
Electricity: Unlike in 2022, European wholesale electricity prices have remained relatively stable since the outbreak of the conflict. While gas prices continue to be an important driver of wholesale electricity prices, electricity price stability can be explained by progress in the decarbonation of the electricity mix since 2022. Nevertheless, the prolonged heatwave currently affecting part of Europe has significantly driven up electricity demand and is pushing prices higher over the last weeks.

July 2026: Increasing tensions in the Strait fuel rise in oil prices



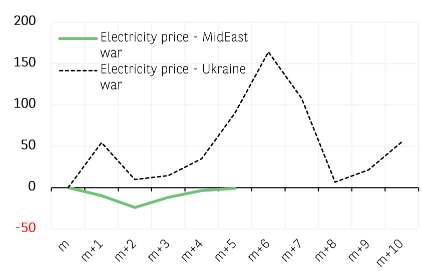
Note: change % since 02/27/2026 - 02/23/2022; last price 07/28/2026

July 2026: Higher tensions over liquefied natural gas market in Europe



Note: change % since 02/27/2026 - 02/23/2022; last price 07/28/2026

July 2026: Heatwaves fuel wholesale electricity prices inflation in Europe



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

Source: Bloomberg, Ember, BNP Paribas