Energy Market Report

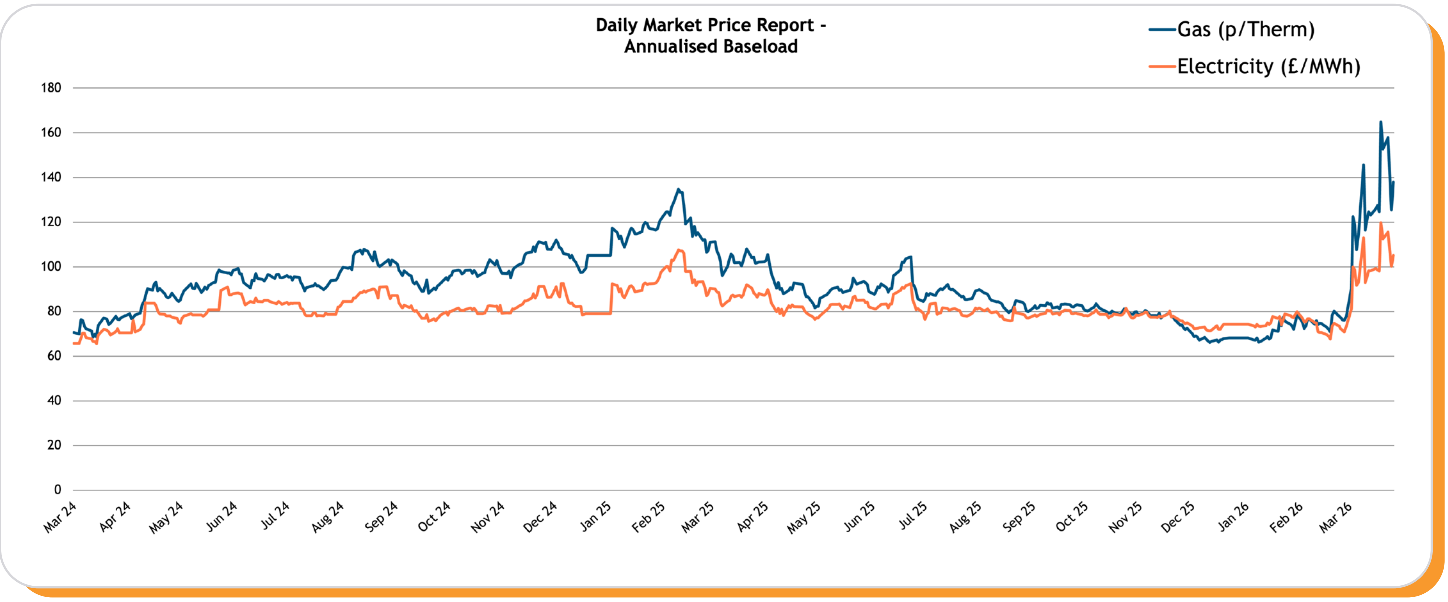
March 2026

As March ends, the past 4 weeks have shown that any comments relating to the energy market have to be date-stamped as their validity is extremely limited. As at noon on 29th March 2026 if anyone in the world can say what April and beyond will bring then they must have a fully-functional crystal ball!

For perspective attached are 2 market graphs. The first shows the previous 24 months of market energy pricing with the March 2026 spike, whilst the second expands the review period back to January 2022 immediately prior to the invasion of Ukraine. Both events differ in potential duration and regional supply impact, yet it's a sobering thought.

The Trump administration has continued to set and extend deadlines for Iran to open the Strait of Hormuz to shipping - with the threat of obliteration if this is not done. In response a small number of Iranian-approved shipments of oil and gas have exited, however these are only destined for countries with whom the regime has a close relationship.

The status of official peace talks between the US and Iran is unclear. With the Iranians stating that they are not underway in any official capacity, the US has stated that it could take until the end of April to conclude. In the meantime the US is assembling land-based forces ahead of a possible ground offensive; and it has been reported that Israel has been instructed to cease all assassinations of senior Iranian officials - so that there remains the ability 'to make a deal' with someone of authority in the regime.



On 19th March Israel struck the South Pars gas field in Iran - and Iran responded by attacking the Ras Laffan gas field in Qatar. Whilst the level of damage incurred by Iran is unknown, the Qatar field (which produces around 20% of global Liquified Natural Gas (LNG)) has been closed down entirely - with a reported loss of around 17% of production capacity due to the damage incurred. The media in the region is being tightly controlled - so the full extent of damage at this or other facilities in the Region are not in the public domain.

With regard to local gas storage, the UK is 46% full whilst the EU is 28% full. Both face sharp falls in the availability of Norwegian gas over the summer - due to crucial maintenance from April to June plus August and September. With the need to replenish stocks before the winter season (80% full by November) combined with the anticipated global supply restrictions, it is anticipated that prices will remain at a higher level into 2027 and possibly beyond.

The cost of the energy element of electricity has increased in line but to a lesser extent than that of gas. For electricity the unavoidable increase in the levels of green levies, taxation and associated transmission costs have added significantly to the increasing cost burden - regardless of recent events.