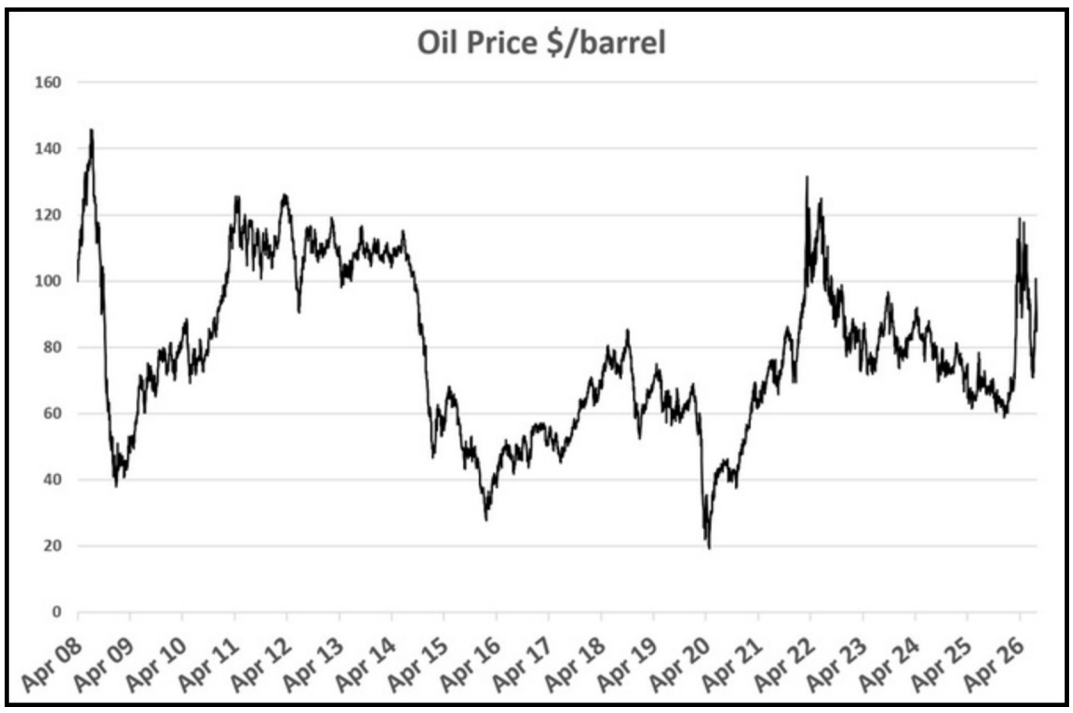
JUTTON ENERGY

ENERGY MARKET SNAPSHOT

31ST JULY 2026

OIL:



Oil prices started the week on a bearish footing after the US unexpectedly suspended air strikes against Iran, raising hopes that diplomatic negotiations could reduce tensions and restore normal energy flows through the region. As a result, prices declined, with traders unwinding some of the substantial geopolitical premium that had built into the market in recent weeks.

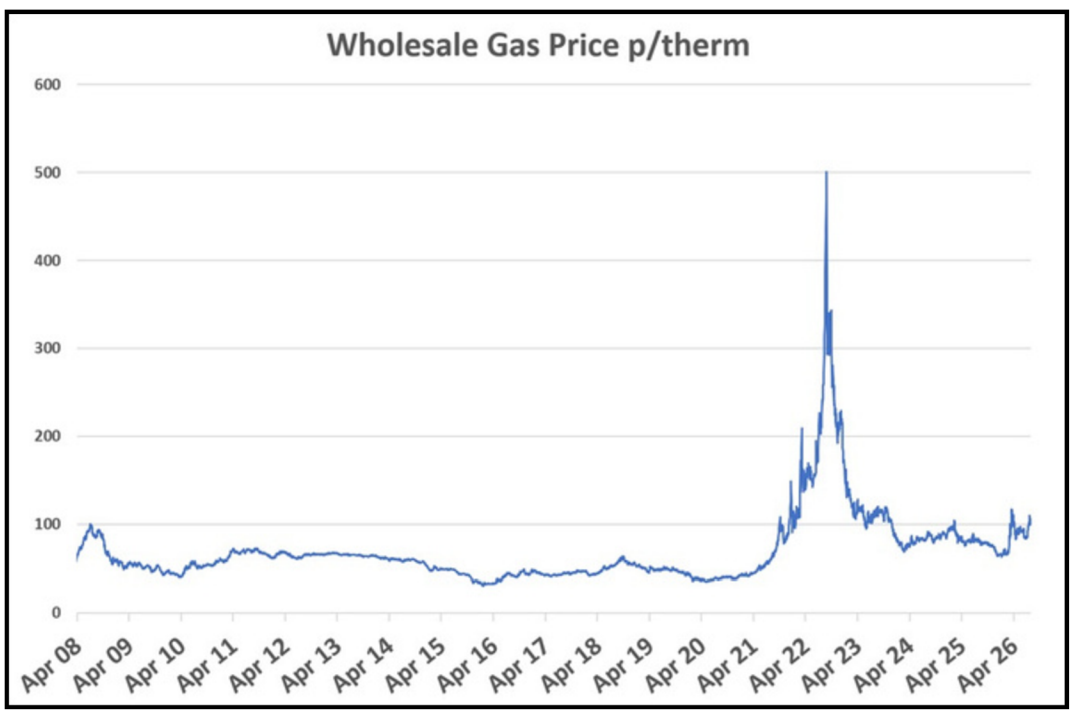
Sentiment remained negative on Tuesday, with oil falling to a two-week low as reports suggested progress was being made towards reopening shipping lanes through the Strait of Hormuz. President Trump's comments regarding "good talks" with Iran further supported expectations of a potential breakthrough.

However, the mood changed dramatically mid-week. Oil prices rebounded strongly on Wednesday after hostilities resumed between the US and Iran, with Saudi Arabia becoming increasingly involved through military action against Iran-backed groups in Iraq. Reports of declining US crude inventories, which have fallen to multi-year lows, added additional support to prices.

On Thursday, prices continued to rise after the US military confirmed strikes against dozens of Iranian Revolutionary Guard targets. Although one LNG vessel successfully navigated the Strait of Hormuz, overall shipping activity remains extremely limited, underlining the ongoing risks to global energy supplies.

Last night, Front Month Brent closed at $90.20/barrel, down $6.67/barrel compared with last Friday.

GAS:



Gas markets followed a similar pattern to Oil, with prices initially falling sharply before recovering part of the losses as tensions in the Middle East reignited.

Monday saw significant declines across prompt and near-curve contracts as traders reacted to the pause in US-Iran hostilities. The removal of immediate supply fears allowed risk premiums to unwind, particularly at the front of the curve where Winter 2026 contracts led the losses. However, the decline was moderated by relatively supportive fundamentals including low renewable generation, high temperatures reducing French nuclear output, and gas storage levels remaining below seasonal averages.

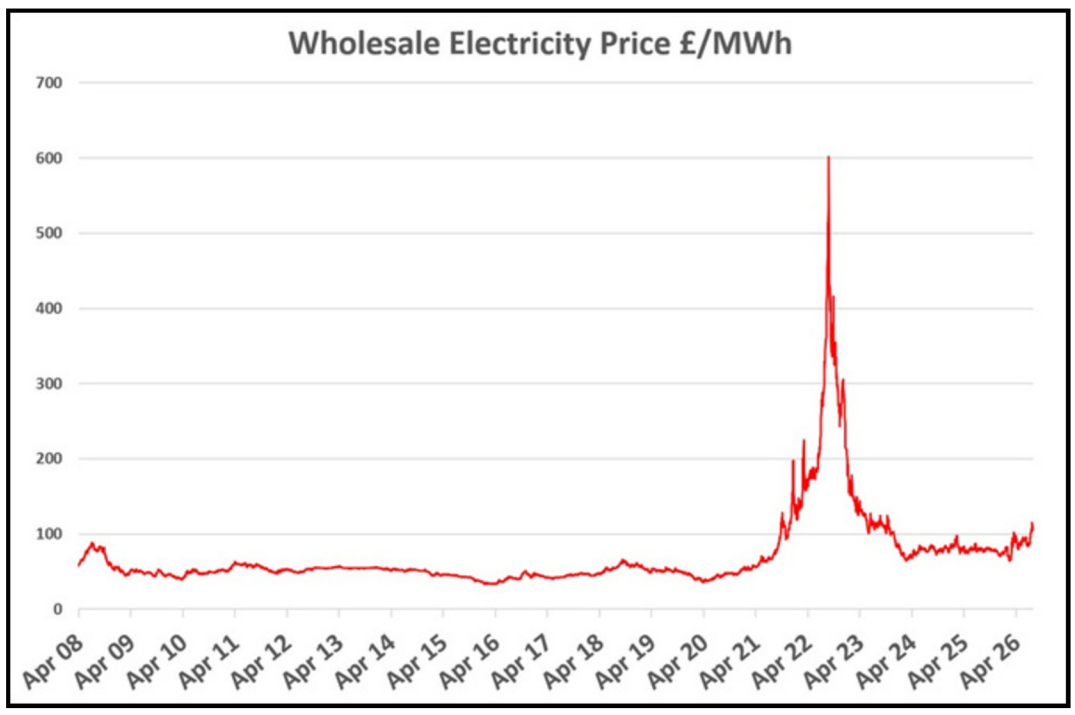
On Tuesday, hopes of a negotiated settlement continued to weigh on prices. Reports that Oman was working on a proposal to restore shipping through the Strait of Hormuz encouraged further selling across the curve. Nevertheless, underlying fundamentals prevented a more substantial correction. European storage levels reached only around 56% full, significantly below the seasonal norm of approximately 72%, while LNG imports remained weaker than last year and injection rates continued to lag historical averages.

The market reversed course on Wednesday following the resumption of military exchanges between the US, Iran and Saudi Arabia. Traders quickly reintroduced geopolitical risk premiums, leading to gains across the prompt and seasonal contracts as concerns over global LNG supply security returned.

By Thursday, prompt contracts softened slightly as the UK gas system was oversupplied. However, broader market fundamentals remained supportive. European storage levels remain below target levels, LNG imports continue to lag previous years, and uncertainty surrounding Middle East exports remains elevated.

Last night, all gas contracts closed lower than last Friday. Winter 2026 closed at 143.4p/therm, down 9p/therm.

ELECTRICITY:



Power markets tracked developments in gas throughout the week, resulting in overall losses despite intermittent rebounds.

On Monday and Tuesday, electricity prices fell sharply alongside gas and oil markets. Lower geopolitical risk premiums and falling commodity prices weighed on power contracts across the curve.

Despite the broader bearish sentiment, some fundamental support remained present. High temperatures across Europe continued to restrict French nuclear output while lower wind generation forecasts increased dependence on thermal generation.

Wednesday brought a turnaround in sentiment as renewed strikes in the Middle East pushed gas and carbon prices higher. Power markets responded accordingly, with contracts moving higher throughout the curve. Reduced renewable generation in the prompt market provided additional support.

On Thursday, generation fundamentals remained relatively comfortable. Wind provided approximately 4.3GW to the UK grid, while CCGT generation contributed around 5.7GW and solar generation added approximately 3.7GW. Although these factors provided some stability, overall power prices remained heavily influenced by gas market movements and geopolitical developments.

Last night, all power contracts closed lower than last Friday. Winter 2026 closed at £121.4/MWh, down £8.1/MWh.

©2026 Jutton Energy. All Rights Reserved. The data and narrative in this publication is taken from published sources. Any party relying on the information contained in this document for any purpose whatsoever does so entirely at its own risk. Jutton Energy does not accept any responsibility for the accuracy, quality or correctness of any fact or opinion or other statement expressed in this publication or for any use to which it may be put.