Conflict in the Middle East

Update

14th July 2026

The conflict in the Middle East persists but with hopes of de-escalation

Latest developments

- There has been a return to hostilities between the US and Iran, with the interim ceasefire effectively cancelled or, at minimum, no longer being treated as reliable.
- President Trump has said he considers the US-Iran ceasefire “over”, while still leaving the door open to future talks.
- The US has carried out fresh strikes on Iranian military targets, including air-defence systems, coastal radar sites, missile and drone capabilities and small boats.
- Iran has retaliated by targeting US-linked facilities across the Gulf, including sites in Bahrain, Kuwait, Jordan, Oman and Qatar.
- Iran says it has again closed the Strait of Hormuz, the key Gulf route for oil and LNG, after incidents involving vessels travelling on unauthorised routes.
- Vessel traffic through the Strait of Hormuz has fallen to a five-week low, with only six vessels transiting on Sunday according to ship-tracking data.
- No visible LNG tankers entered the Strait over the weekend, increasing concern around Gulf LNG availability.
- Most tankers crossing the Strait are reportedly switching off transponders, highlighting the worsening security environment.
- Attempts at mediation over the weekend failed, with Iran blaming US pressure on Oman and the market facing conflicting accounts over whether the Strait is open.
- President Trump has now stated the blockade of the Iranian coastline is now back in force and the Strait is open subject to widely believed to be unworkable US tolls.
- Iran struct two vessels traversing the Strait killing one person and injuring many more.

Market impacts

- Curve prices opened higher on Monday as renewed US-Iran strikes rebuilt geopolitical risk premium across gas and power.
- Oil prices rose by more than 3% after the renewed escalation, with Brent moving back towards the high-$70/bbl range.
- The latest attacks have reversed some of the earlier easing that followed the interim peace deal and have cast doubt on the market’s previous de-escalation assumption.
- The key concern for gas remains LNG disruption, with no visible LNG tanker entries through the Strait over the weekend and Qatari flows still vulnerable.
- Front-season gas and power are likely to remain supported by the risk that Gulf LNG and oil shipments stay constrained for longer.
- Some Qatari vessels had continued to transit before the latest escalation, but the renewed attacks mean the market can no longer assume a smooth recovery in flows.
- Global oil supply improved in June after the interim agreement, but the International Energy Agency still estimates supply remains materially below pre-war levels.
- The market impact is now less about removing risk premium and more about repricing the possibility that disruption persists into late summer.
- Below-normal European storage increases the sensitivity of winter contracts to any delay in Gulf LNG recovery.

Outlook

The outlook has become more bullish and less certain following the renewed exchange of strikes and the apparent breakdown of the ceasefire. The key issue is no longer whether the interim agreement can deliver normalisation, but whether the parties can prevent the current escalation from turning into a sustained disruption of shipping through the Strait of Hormuz.

Further upside is possible if vessel traffic remains low, if LNG tanker movements fail to recover, or if Iran continues to enforce authorised routes through the Strait. A formal or de facto closure would quickly raise concern around Qatari LNG exports and wider Gulf oil flows, particularly as the Strait carried around one-fifth of global oil and LNG supply before the war.

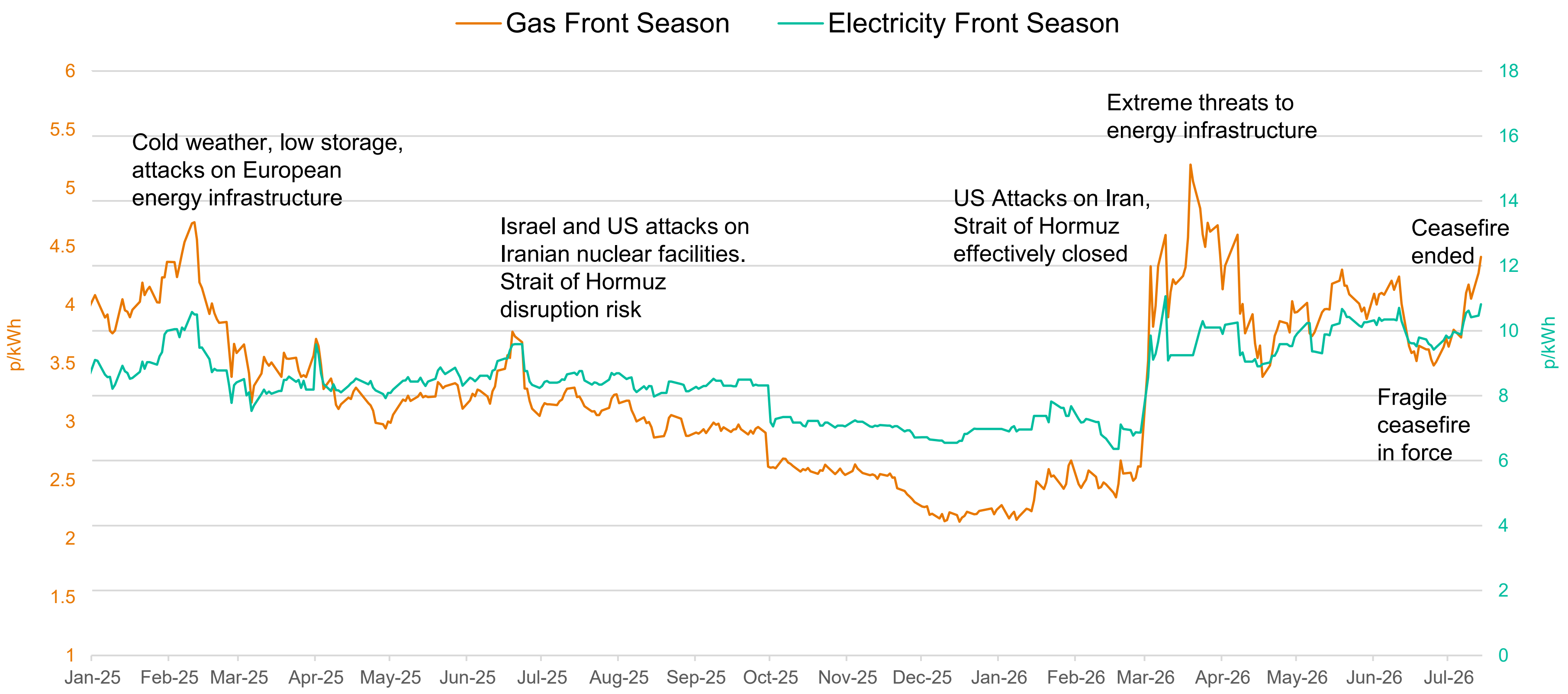
Downside would require clear evidence that the Strait is open in practice, not just in statements. This means visible LNG movements, lower insurance and security risk, successful mediation, and confirmation that Iran is not restricting or charging for passage. Until then, the market is likely to keep a higher risk premium in near and winter contracts.

As Europe moves deeper into summer with storage still below normal, the timing of any recovery is becoming more important. A short-lived disruption can be absorbed more easily, but if Gulf flows remain constrained into August and September, winter storage concerns could become more acute and support a further bullish repricing.

Recent historical context

The latest escalation has interrupted the de-risking trend that followed the June ceasefire. Over the past 14-months, front-season prices have repeatedly reacted to Middle East headlines, but the current episode is more directly tied to physical supply because the Strait of Hormuz is central to global LNG and oil flows.

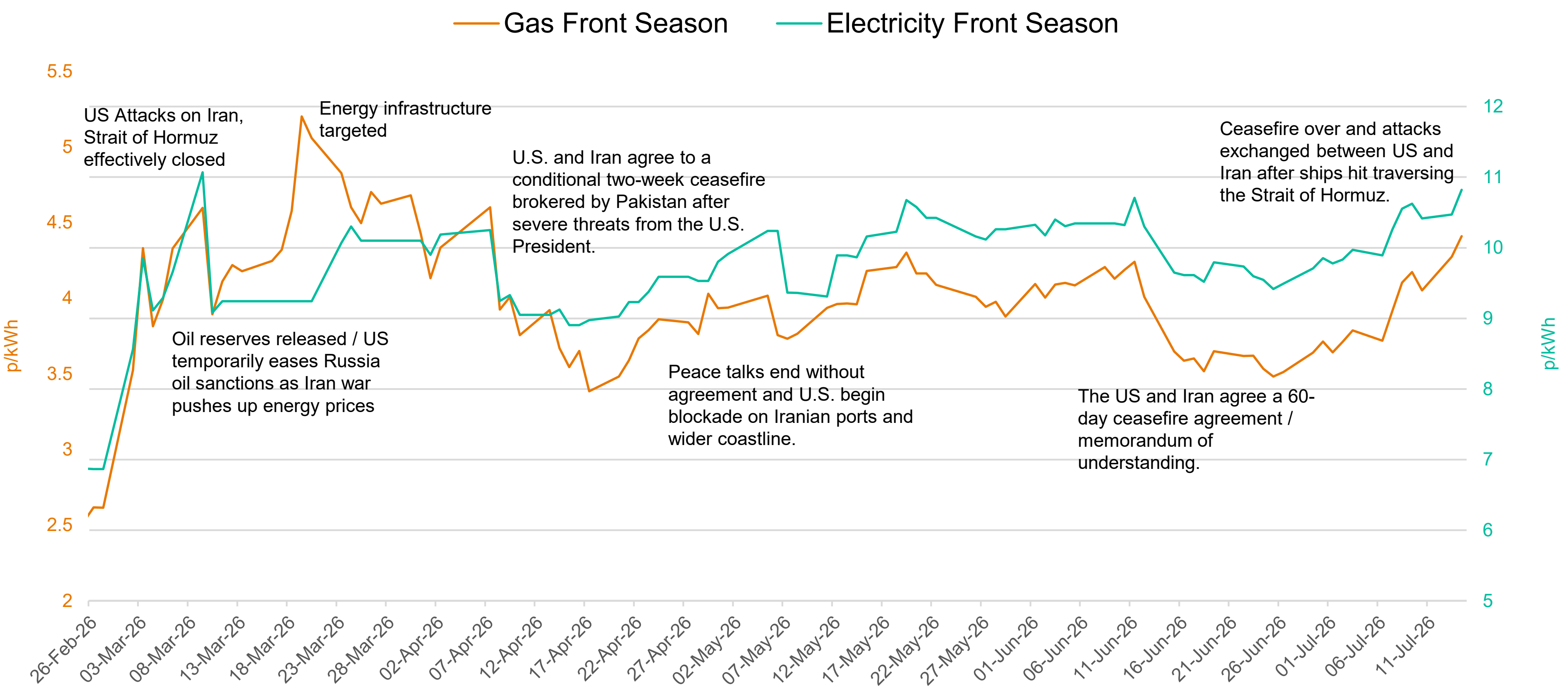
Front Season - at any point in time the price represents the cost of securing energy to be delivered for the 6-month period starting from the next season (e.g., the price in January 25 represents the cost of energy to be delivered from Apr 25 (Apr 25-Sep 25) and in April 25 the price represents the cost of energy to be delivered from October 25 (Oct 25-Mar 26).



Since the conflict began

Since the war began in late February, front-season prices have been driven by the risk of disrupted Gulf energy exports. Prices initially surged as the Strait of Hormuz was effectively blocked, then eased as the market priced in a possible peace deal, but the latest return to hostilities has revived upside risk and challenged the assumption that supply flows would normalise through summer.

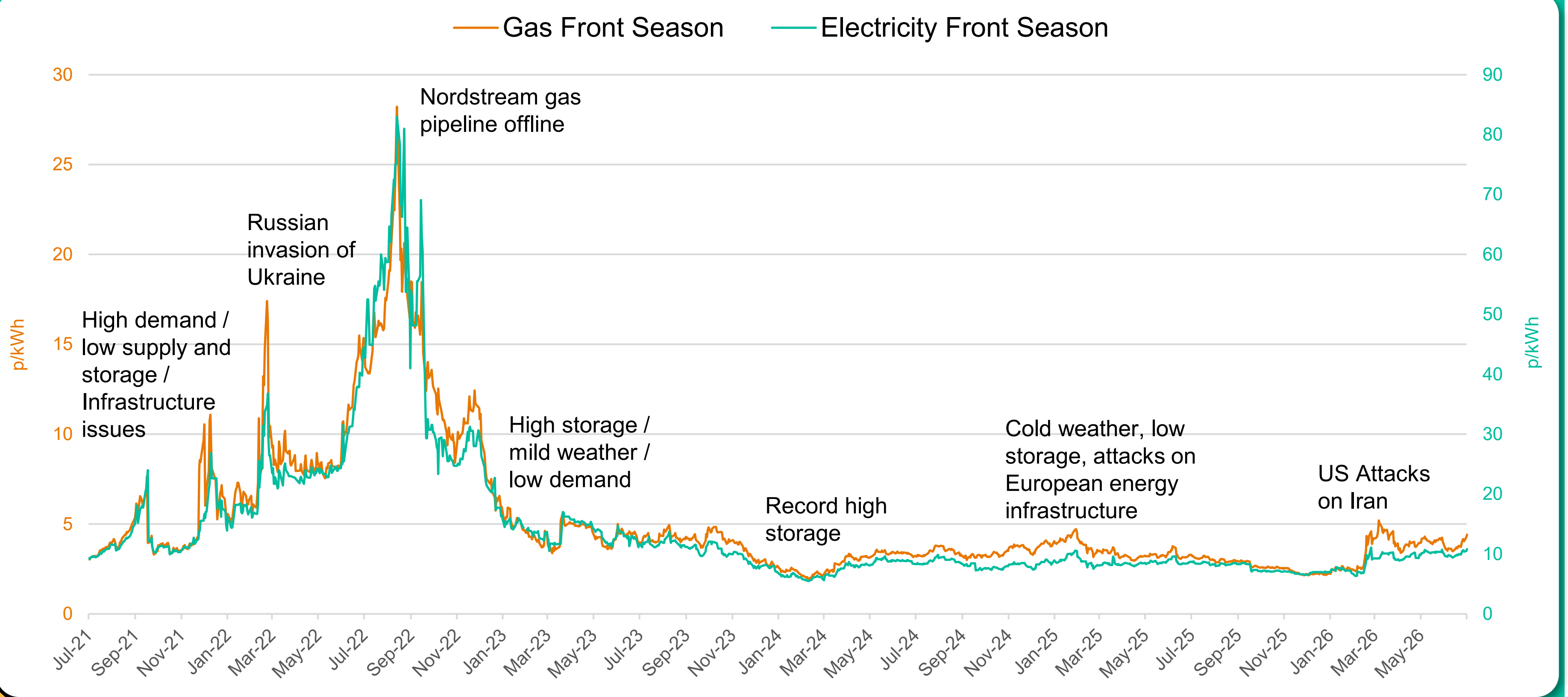
Front Season - at any point in time the price represents the cost of securing energy to be delivered for the 6-month period starting from the next season (e.g., the price in January 25 represents the cost of energy to be delivered from Apr 25 (Apr 25-Sep 25) and in April 25 the price represents the cost of energy to be delivered from October 25 (Oct 25-Mar 26).



Wider historical context

Current prices remain well below the extremes seen during the 2021-22 energy crisis, but the market is still structurally sensitive to supply shocks. Europe is more dependent on flexible LNG than before the crisis, so disruption to a major LNG route such as the Strait of Hormuz can quickly revive storage, security of supply and winter price concerns.

Front Season - at any point in time the price represents the cost of securing energy to be delivered for the 6-month period starting from the next season (e.g., the price in January 25 represents the cost of energy to be delivered from Apr 25 (Apr 25-Sep 25) and in April 25 the price represents the cost of energy to be delivered from October 25 (Oct 25-Mar 26).



What to do next?

If action is needed now
If a contract decision is imminent, a shorter-term arrangement may offer flexibility while markets remain volatile. However, this should be weighed against the risk that elevated prices could persist for longer.

If renewal is further away
If you have more than six months before renewal, there may be value in waiting before committing. Where procurement processes are complex, it may still be sensible to complete preparatory steps early, so you are ready to act when opportunities arise.

Choosing the right approach
The right strategy will depend on your organisation’s priorities, whether that is price certainty, flexibility, or tolerance for market risk.

Seeking support
If needed, seek advice from a trusted energy adviser and make decisions based on your organisation’s requirements rather than pressure from unsolicited sales contact.

The market continues to react very rapidly to price signals.
You should be be ready to act too.

ginger ENERGY

Focusing our energy on yours

Disclaimer: *The information contained in this document has been prepared in good faith by Ginger Energy and provides our views on current/future trends and outcomes, but, as with all forecasts dependent upon multiple, complex variables, there is no certainty whatsoever that our forecasts will turn out to be correct. The information may be based on licenced 3rd party data, publicly available sources, assumptions, and observable market conditions and may change without notice. No warranty, express or implied, is made as to the accuracy, correctness, fitness for purpose, completeness or adequacy of this information nor is it intended to serve as basis for any procurement decision and as such Ginger Energy shall not accept any responsibility or liability for any action taken, financial or otherwise, as a result of this information. Please note that this email is intended for the recipient only and may not be copied, reproduced, or distributed without the prior consent of Ginger Energy.*

The Cloisters, 12 George Road,
Edgbaston,
Birmingham.
B15 1NP

0345 307 3433
info@gingerenergy.co.uk
www.gingerenergy.co.uk