August 2026

Energy overview

Your monthly report featuring market updates and weather review

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Monthly Report – August 2026

Market Update: Power

Price Movement

Early-August: Prices eased as heatwave conditions eased and renewables output increased to displace CCGT generation.

Mid-August: Sparks turned negative as wind output returned to seasonal normal levels.

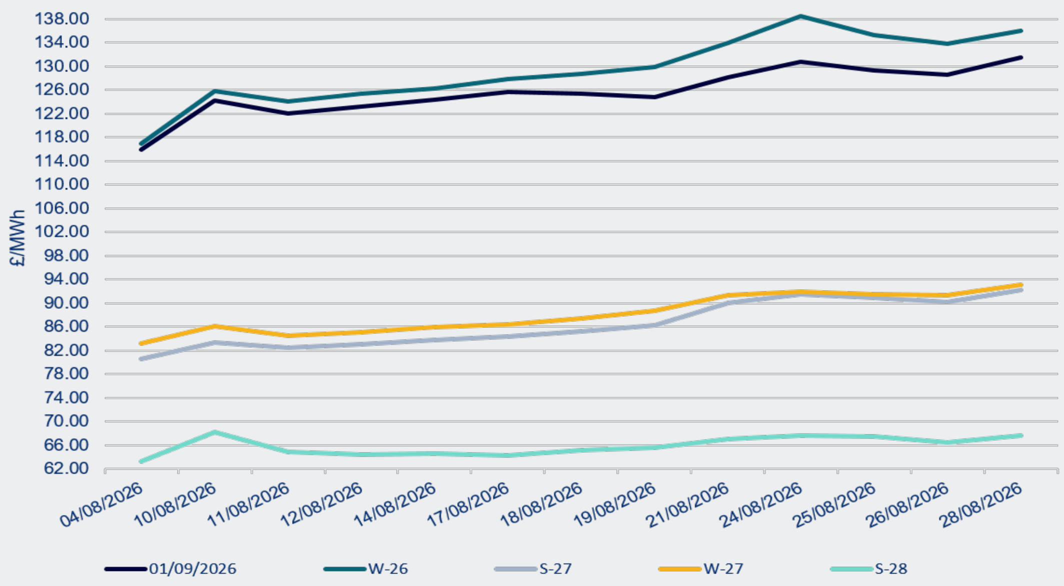
Late-August: While prompt prices continued to ease, as temperatures returned to seasonal normal, curve prices also traded lower, driven by optimism around diplomatic progress in easing Middle East tensions.

Drivers

Strait of Hormuz / Iran war: Ongoing tension and no end in sight, fueling gas price increase and in turn feeding into power market.

Fuel switching: CCGT demand gradually replaced by improved renewables, with wind near average and temperatures declining from heatwave levels.

Baseload Power



Power Bld (£/MWh)	1-Aug-26	31-Aug-26	Change	% Change
Sep-26	115.99	131.57	15.57	12%
Winter 26	116.99	136.03	19.04	14%
Summer 27	80.56	92.25	11.69	13%
Winter 27	83.12	93.06	9.94	11%
Summer 28	63.21	67.61	4.41	7%

High	Low	Average
131.57	115.99	125.71
138.48	116.99	129.43
92.25	80.56	86.46
93.06	83.12	88.19
68.19	63.21	65.86

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Market Update: Gas

Price Movement

Early August: Initial weakness on brief optimism around Hormuz negotiations, with Trump touting "progress" on Iran talks.

Mid August: Price lifted as Hormuz resolution hopes faded. Prices whipsawed on conflicting signals from mediator Pakistan.

A sustained rally to fresh five-month highs as Norwegian Kårsto plant outages compounded Hormuz-driven LNG supply constraints, and German grid operators warned winter storage targets were "virtually unattainable."

Late August: Peak driven by European storage sitting at just ~63–64% full versus an ~81% seasonal norm, with natural gas overtaking oil as the primary European inflation risk.

Modest pullback on elevated LNG arrivals to Northwest Europe and reports of an Iran-Oman Hormuz revenue-sharing agreement, partially offset by sharp drops in Norwegian Langeled pipeline flows.

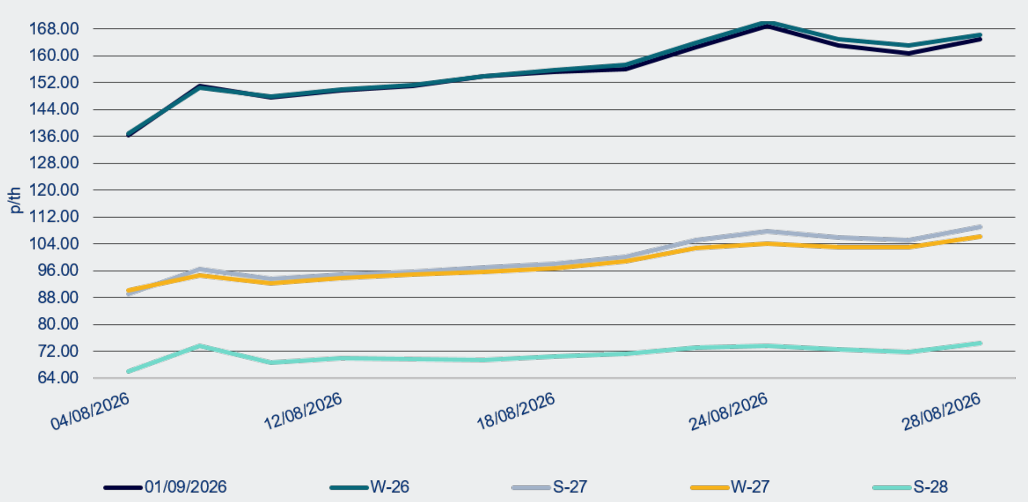
Drivers

Strait of Hormuz / Iran war: Prolonged Hormuz disruption restricted LNG flows into Europe and kept geopolitical risk premium elevated, with late-month Iran-Oman headlines failing to provide a clear resolution.

European storage: Remained critically low, rising only from 58% to 64% full versus normal levels closer to 75–81%, leaving winter refill concerns acute.

Norwegian outages tightened prompt supply. Higher LNG arrivals capped the final-week upside, but did not offset the wider storage deficit. Net result: FNV6 ended August up around 16.5%.

NBP Gas



Gas NBP (p/th)	1-Aug-26	31-Aug-26	Change	% Change
Sep-26	136.40	165.00	28.60	17%
Winter 26	136.90	166.10	29.20	18%
Summer 27	89.05	109.10	20.05	18%
Winter 27	90.15	106.10	15.95	15%
Summer 28	66.15	74.35	8.20	11%

High	Low	Average
168.80	136.40	155.44
170.20	136.90	156.25
109.10	89.05	99.88
106.10	90.15	98.17
74.35	66.15	71.16

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Market Update: Oil

Price Movement

Early August: (~$79–84/bbl): Early weakness reversed as Middle East tensions, especially around Hormuz, re-escalated, lifting Brent above $82 and adding inflation concern.

Mid-August: (~$87–89/bbl): Brent extended higher despite a 17.4m barrel US crude build, which was treated as an import-export distortion. IEA and OPEC demand downgrades put a break on prices lifting higher.

Late-August: 17–21 (~$91–94/bbl – monthly high): The rally peaked as Brent cleared its 100-day average and neared $95/bbl, supported by tougher US rhetoric on Iran, $100 options interest and refinery outages.

Late August/Early September: (~$88–92/bbl): Prices pulled back as North Sea sentiment softened and some supply fears eased, though Russian export disruption and Venezuela/OPEC uncertainty kept risk premium in play.

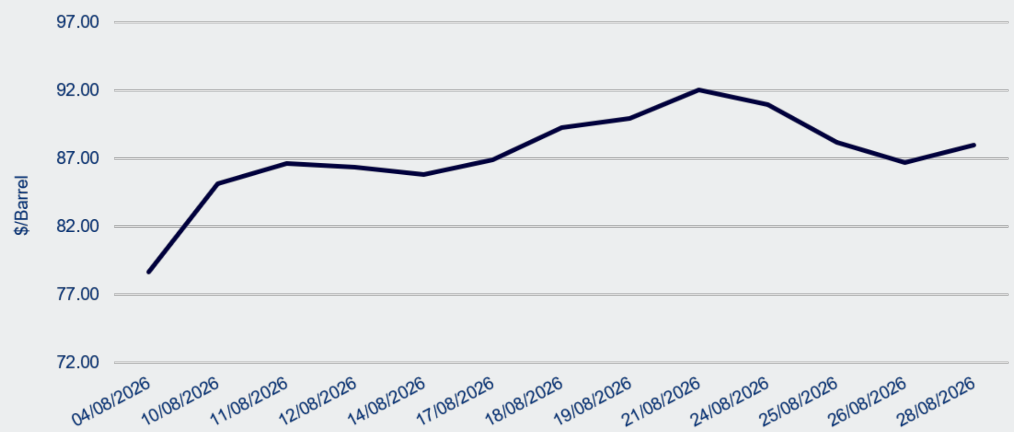
Drivers

Strait of Hormuz / Iran war: The dominant driver throughout the month. Stalled talks to reopen the chokepoint and Trump's escalating economic pressure on Iran sustained a significant geopolitical risk premium.

Supply disruptions: Middle East export curtailments, Russian crude flow reductions from Ukrainian drone strikes, and ~10m b/d of global refining capacity offline kept physical markets tight.

Demand headwinds: Both the IEA and OPEC revised demand lower, with the IEA projecting a 1.6m b/d contraction in 2026 – a partial cap on the upside.

Front Month Brent



Brent ($/Barrel)	1-Aug-26	31-Aug-26	Change	% Change
Front Month	78.66	88.00	↑ 9.34	↑ 11%

High	Low	Average
94.00	78.66	87.29

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Market Update: Carbon

Price Movement

UKA was broadly range-bound in August, trading between £58/tonne and £61/tonne.

It opened at £58.78 and rose to £60.50 in week one, before giving back gains and hitting its monthly low on 12 August.

The contract then moved sideways despite stronger NBP gas, with EU carbon also lacking direction.

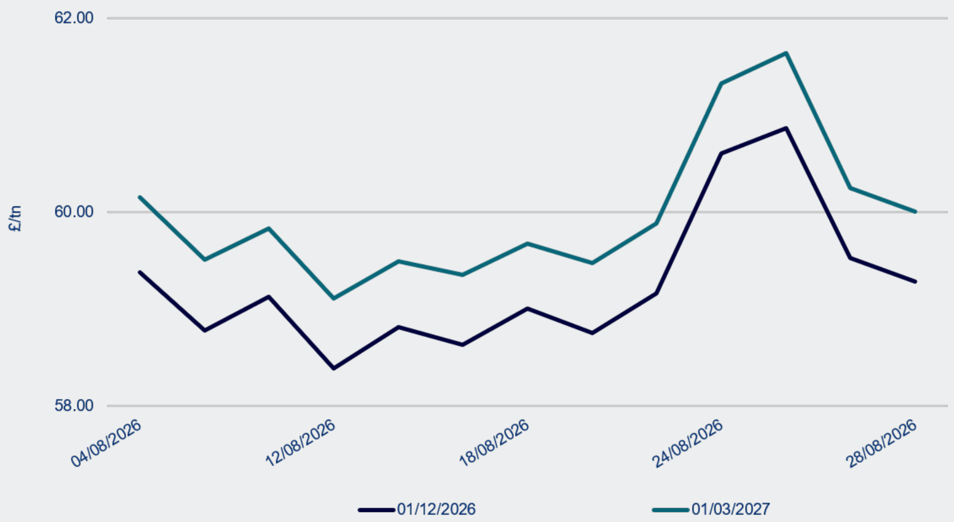
The only clear break higher came on 25 August, hitting monthly high of £60.96 amid peak gas prices and storage concerns, but the move quickly reversed. It closed 28 August at £59.39, only about 1% above the start of the month.

Drivers

Range-bound despite energy market volatility: Despite NBP gas surging ~16% and Brent crude gaining ~6%, UKA prices barely moved.

UK ETS supply/demand balance: The UK Emissions Trading Scheme operates with a fixed cap and government-managed auction schedule. With the UK power sector increasingly decarbonised, short-term gas price spikes have a more muted pass-through to UKA demand than in prior years, helping explain the divergence from energy markets.

Carbon UKA



Carbon (£/ton)	1-Aug-26	31-Aug-26	Change	% Change
Dec-26	59.37	59.28	-0.10	0%

High	Low	Average
60.86	58.39	59.25

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Weather Review and Outlook

August Review

Although not as hot as July, August still saw plenty of heatwaves. Only four days all month came in below average for UK temperatures.

Heat was again centred in West Europe, with France and Italy running the hottest and Norway and Sweden more consistently cool.

It was a wetter month than July as well, but this was backloaded in Europe with a dry start. Scotland was more consistently wet.

Winds were generally below average across the UK and Ireland while Continental winds were near normal.

Very wet weather toward the end of the month in England helped end a prolonged dry spell that lasted much of the summer.

September Outlook

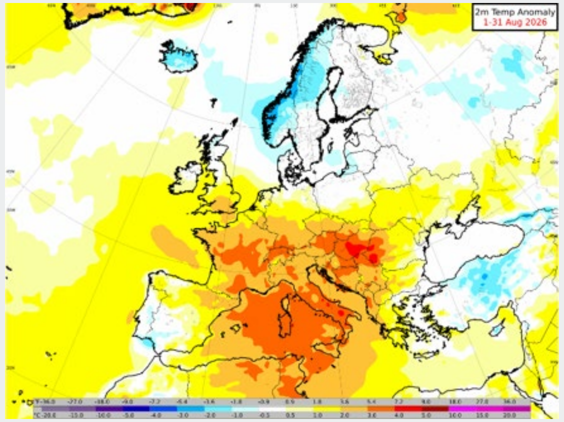
The unsettled finish in August has continued in September, and looks likely for at least the next couple of weeks.

Winds should come in above average for the month, along with precipitation. Temperatures are also likely to be above average.

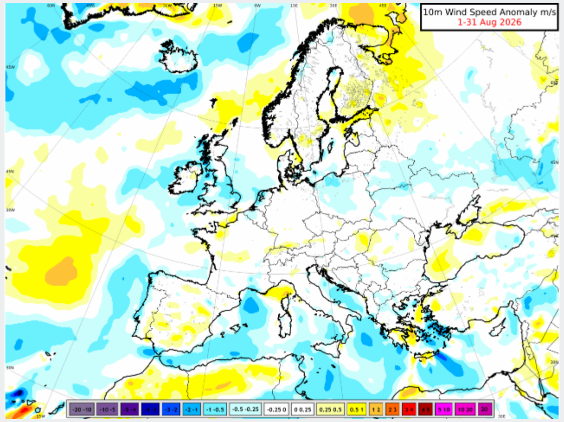
However, there is a reduced risk of heatwaves in the UK and Ireland this month. We may see some in France and Germany.

There is a moderate risk of a more blocked pattern later in September – this could mean an extended dry, sunny, warm spell.

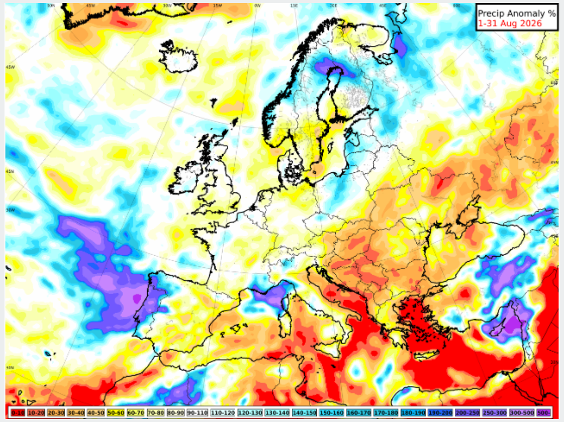
Winds may drop later in the month, but after the windier front half there is still a high chance GB winds remain above average.



Temperature anomaly



Wind Speed anomaly



Precipitation anomaly

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EU Gas Storage Watch

Storage Levels

European gas storage inventory now 67bcm, 13.1bcm behind last year.

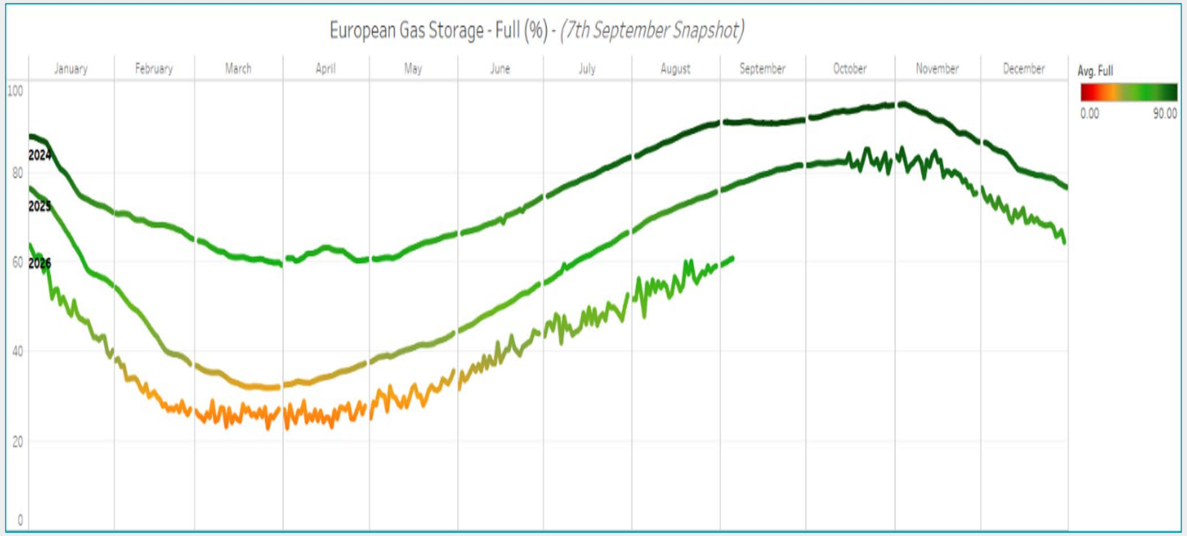
Key Headlines

Total EU storage injections stable at 2.1bcm last week. Injections remain stable despite Norwegian planned maintenance dropping flows c.60mcm/d across September.

Higher LNG receipts and renewable output allow injection levels to maintain.

EU LNG send out rises to c365mcm/d, up 85mcm/d from last month.

All spot US cargoes now more profitable landing in EU rather than Asia as spread between TTF and JKM now flat.



31 August – EU Gas Storage 65.1%

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