

# January Market Report

26 February 2026



Keeping you updated  
with the latest trends,  
news and forecasts in  
the UK energy market.

ENERGY MARKET WATCH



# Market analysis

January 2026

## Commentary

A much more unstable, bullish market, compared with a bearish second half of Q425 was driven by colder weather, strengthening Asian LNG demand, rising pressures in the US, and persistent concern over EU storage levels. The move away from oversupplied and comparatively bearish conditions seen late last year has extended beyond gas and power, with oil markets also reflecting tightening fundamentals and renewed geopolitical uncertainty.

## Key drivers

**US natural gas** – Henry Hub natural gas prices climbed sharply compared to lows in November and December, when markets were held down due to overproduction of oil and gas. The shift was predominantly weather driven, as temperatures plummeted to record lows in much of the US. This materially increased domestic gas usage which limited LNG export to Europe. Rising geopolitical tensions, particularly surrounding Venezuela, amplified the effects on oil and gas markets.

**European storage and trends** – Storage levels have remained in traders' sights for a long time now given the depressions experienced over the past half a decade. January saw extreme lows of 41.53% of max capacity, not seen since 2022 (and a 12%+ gap compared to 2025) – raising alarm bells for Summer 2026 injection rate feasibility. Some stability, however, has come from strong Norwegian gas output, regularly nominated at 320-345mcm/d. However, strong flows alone have not been sufficient to fully alleviate storage related concerns.

**Global politics** – Asian demand shifted positively, increasing LNG competition. As a result, a general heightening of European markets amplified the other bullish effects mentioned in the final half of the month. Figures suggest China had seen the largest demand for LNG imports in over 9 weeks. The trend is uncertain due to economic instability in the region – however we have noticed a slight improvement in confidence going into a 'fresh' year for commodity markets in China, which may justify some of the premiums incorporated into the European market.

## Commodity overview

\*Note that the profiled rate differs to the wholesale market rate, taking into account estimated consumption of Zenergi customers.

Commodity	Unit	Price – 01/01/26	Price – 31/01/26	% Change
Gas (12-Month profiled*)	p/therm	67.28	81.14	+20.60%
Power (12-Month profiled*)	£/MWh	73.58	81.81	+11.19%
Brent Oil	\$/bbl	60.85	70.71	+16.20%
Coal	\$/tonne	97.63	99.51	+1.93%
Carbon	£/tonne	67.07	65.13	-2.89%

Gas prices increased by:

# 20.6%

Power prices increased by:

# 11.19%



Generally, we expect a volatile start to most years, and market fluctuations witnessed throughout January were not against the normal trend in terms of overall volatility; bullish outcomes are also expected in most years through early Q1"

# Wholesale market graphs



Electricity market prices (p/kwh)



Gas market prices (p/kwh)



## Recommendation

The first quarter of the year is often turbulent, with significant shifts observed over the past decade's worth of data.

As such, decision-making around contracts can be more difficult. Finding the right time to commit is key.

To discuss options and the latest position, please contact your dedicated risk management, procurement, or client partner representative who will be able to guide you through the process of renewal.

A two-year (ideally three+ year) hedging horizon is still advised in most cases as markets are still more favourable further out.

**Callum Taylor**  
Energy Market Analyst, Zenergi

## About the Market Watch team

Whether you are looking for a fixed price contract and want to ensure you are buying at the right time, or are embarking on a more flexible arrangement, our team are here to support you.

We are energy industry experts dedicated to continuously monitoring market conditions on your behalf. We play a crucial role in delivering valuable insights and empowering you to make well-informed decisions. With a deep understanding of your needs and risk appetites, we tailor our approach to suit your requirements.



## Daily market insights straight to your inbox

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# Powering a sustainable future

## About Zenergi

Zenergi supports and empowers organisations' journey to net zero. With a unique range of services, we tailor sustainable solutions for our customers. What sets us apart? We drive major reductions in costs, energy consumption and carbon emissions with our market-leading procurement service; informed advice, and unrivalled engineering expertise.

Let us simplify and accelerate your journey to a more sustainable future, we're here to guide you every step of the way.

## Find out more

For more information about Zenergi's Social Value strategy, visit [www.zenergi.co.uk/social-value](http://www.zenergi.co.uk/social-value)

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