June Market Report

12 July 2026

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

zenergi

Market analysis

June 2026

Commentary

The dynamic of energy markets shifted during June, with oil prices moving lower as geopolitical concerns eased. and market fundamentals improved. The de-escalation of tensions in the Middle East, together with the optimism built around the Strait of Hormuz opening, helped reduce the risk premiums built into forward markets during the previous month. Gas and power markets saw less pronounced downwards movements, but did gain some traction mainly into the middle of the month.

Gas prices decreased by:

8.96%

Electricity prices decreased by:

5.99%

Commodity	Unit	Price – 01/06/26	Price – 30/06/26	% Change
Gas (12-month forward)	p/therm	109.46	99.65	**-8.96%**
Power (12-month forward)	£/MWh	96.73	90.94	**-5.99%**
Brent Crude Oil ($/bbl.)	$/bbl	92.05	73.15	**-20.53%**
Coal ($/tn)	$/tonne	122.98	108.46	**-11.81%**
Carbon (ETS Dec-26)	£/tonne	58.67	56.24	**-4.14%**

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Market analysis

Key drivers

US-Iran war

Unlike in previous months, the situation in the Middle East appeared to be improving quickly throughout June. Energy markets responded positively as a result of a preliminary framework agreement (12th June) between both parties being agreed, as well as a 14-point Memorandum of Understanding (17th June) being signed which saw a 60 day extension to the ceasefire window and reopened nuclear negotiations. Although geopolitical uncertainty remains and the potential for renewed disruption cannot be discounted, the easing of tensions allowed much of the risk premiums to reduce despite little change in underlying supply-demand fundamentals..

Oil markets

The most significant implications in energy this month were felt in oil pricing, with Brent crude falling over 20% from month-open to month-close as a consequence of both positive sentiment regarding the war relaxing, and also fundamentals improving. The return of cargo movement through the Strait of Hormuz, particularly towards Asian markets, marked the first real sign of improvement for global transportation of commodities. Volatility during the month was notably much higher than in the month prior, seeing swings in both directions as news developed

European weather

2026 has seen wide swings in temperatures so far, with the second major heatwave occurring through June – dramatically impacting day-ahead rates. Temperatures in the UK pushed up cooling demand as many regions hit 30C, trending much higher than the mean in a typical year. Likewise, in Europe, these effects have been amplified, with France specifically seeing output reductions on nuclear facilities to almost record-breaking levels (6.4GWs offline on one day vs the record of 6.5GWs) caused by a prolonged 'heat dome effect' which trapped heat over the continent. Forecasts showed another heatwave likely into the second week of July to follow on top of this..

Forwards pricing has retraced, with momentum building as optimism improved through the first half of the month. These downward shifts were halted into the latter half however, offering a more stable trading environment on offsetting fundamentals.

Wholesale market graphs

Gas market prices (p/kwh)

*Based on 12-month forward profiled data

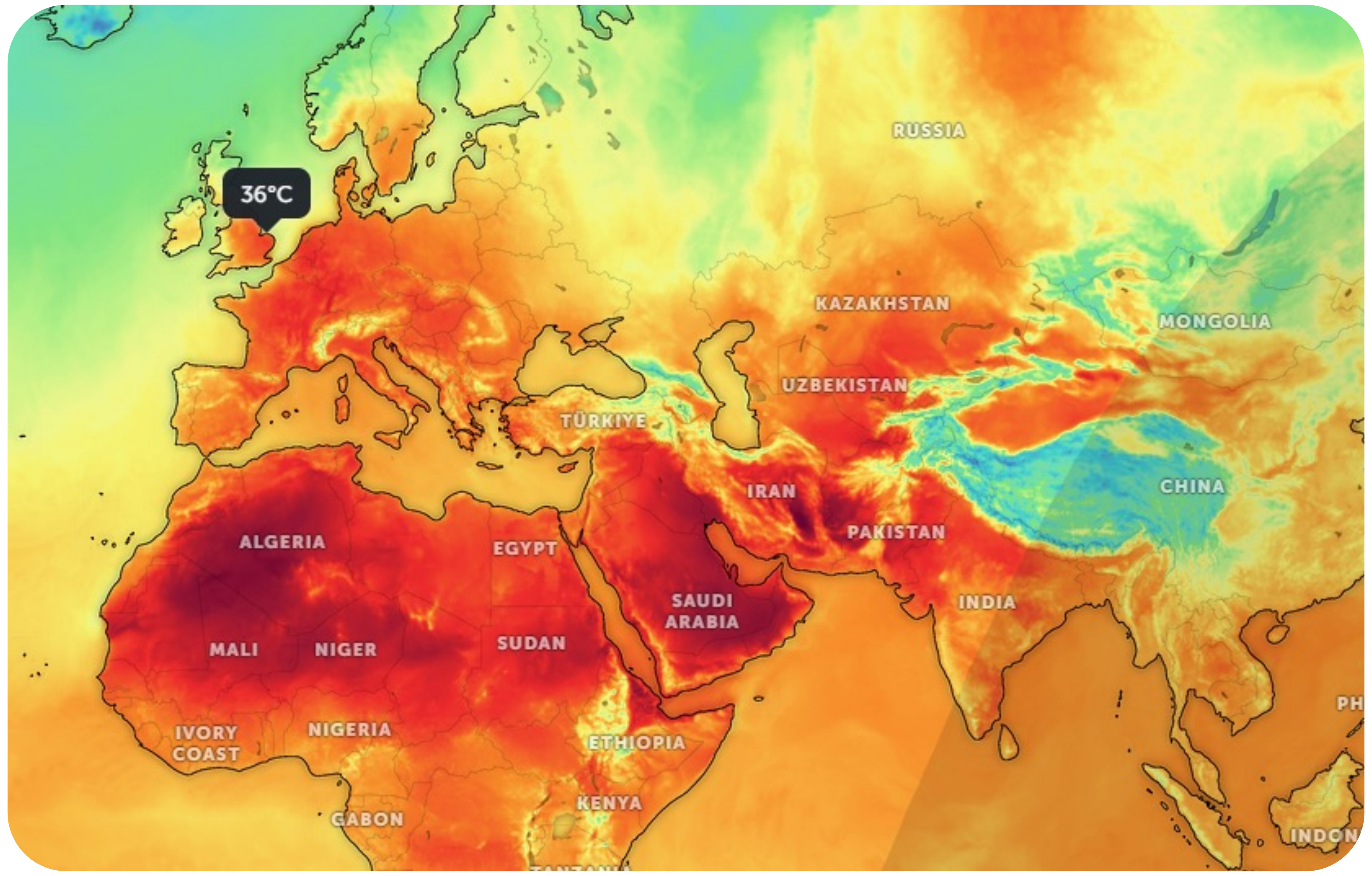
Electricity market prices (p/kwh)

*Based on 12-month forward profiled data

Zenergi Recommendation

June has seen some improvement in energy wholesale prices, and this momentum can be capitalised on or offer substantial benefits compared with just one month prior for fixed and flexible contracting. Customers are advised to catch up on daily energy market news via our 'Daily Market Report' to solidify decisions, as well as speaking with their dedicated procurement/risk team for advice in these rapidly changing times.

June's highlights



June's highlight has been extreme temperatures, dominating headlines.

- UK record breaking highs of 37.3C recorded in Suffolk on 26th, marking the highest single day in June on record
- France nuclear pressure building as a result of 40C+ temps, curtailing 6.4GWs of capacity on one day versus the record of 6.5GWs (much earlier than expected)
- Second heatwave likely to occur from 6th July onwards, peaking around 10th in the UK
- North Africa, the Middle East and North West Asia greatly impacted – blow softened by slightly cooler temps in East Asia

Why does the weather matter for energy markets?

Short-term energy markets are highly weather-driven, making day-ahead prices volatile. Extreme heat or cold increases demand for cooling or heating, while droughts, low water levels and severe conditions can disrupt nuclear output and curtail renewable generation.

In 2022, the French nuclear crisis pushed up UK rates as gas-fired generation was exported to support the continent. As climate swings become more likely, weather will be increasingly important to market volatility and grid stability.

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