



# Energy Market Update

6<sup>th</sup> January 2026

# FLAME UK ENERGY MANAGEMENT - WEEKLY MARKET INSIGHT

05 January 2026



## Wholesale Market Prices and Trends

Wholesale Gas Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	2.34	↓ -15%	↓ -22%	↓ -27%
Apr-26 24m	2.27	↓ -15%	↓ -20%	↓ -23%
Apr-26 36m	2.22	↓ -14%	↓ -18%	↓ -21%
Oct-26 12m	2.24	↓ -16%	↓ -21%	↓ -23%
Oct-26 24m	2.18	↓ -14%	↓ -17%	↓ -20%

Wholesale Power Element (p/kWh)	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Apr-26 12m	7.35	↓ -4%	↓ -5%	↓ -1%
Apr-26 24m	7.25	↓ -3%	↓ -3%	↑ 1%
Apr-26 36m	7.18	↓ -3%	↓ -2%	↑ 3%
Oct-26 12m	7.14	↓ -5%	↓ -4%	↑ 1%
Oct-26 24m	6.87	↓ -6%	↓ -5%	↓ -2%

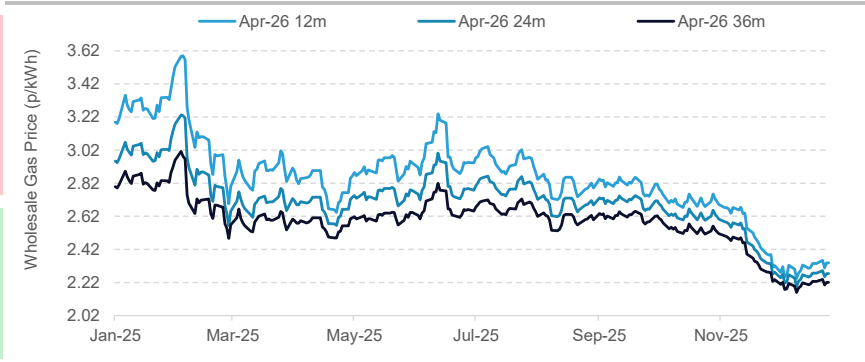
Wider Energy Complex	Indicative Price	3-Month Variance	6-Month Variance	12 Month Variance
Brent (\$/bbl.)	60.75	↓ -7%	↓ -9%	↓ -4%
Coal (\$/t)	97.69	↓ -5%	↓ -5%	↓ -19%
UK Carbon (£/t)	68.70	↑ 16%	↑ 29%	↑ 52%
EU Carbon (€/t)	88.31	↑ 9%	↑ 21%	↑ 41%
€/£	0.87	↓ -35%	↔ 0%	↑ 2%

## UK NBP Gas

### Wholesale Market Drivers

<b>Bearish (Falling)</b>	<p>A forecasted ramp-up in global LNG supply in 2026 is continuing to contribute to a bearish market view, as US exports broke record levels in 2025 and analysts suggest that US output could increase by a further 27 bcm this year.</p> <p>Egypt and Qatar's LNG cooperation, including up to 24 summer cargoes, strengthens Middle East supply flows, eases US spot market competition for European buyers, and reinforces bearish sentiment across near-term LNG markets.</p>
<b>Bullish (Rising)</b>	<p>Ukraine's gas imports surged to a five-year high in 2025 after Russian attacks cut domestic output, reinforcing structural import dependence and supporting regional gas demand into 2026.</p> <p>EU storage levels are currently 60% full, down 10% compared to last years levels, with persistent cold weather weighing on withdrawals, which could boost summer replenishment needs ahead of winter-26.</p>

### Wholesale Price Graphs

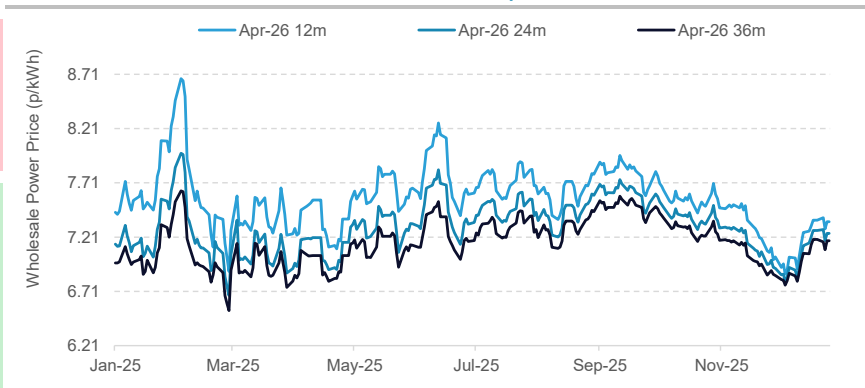


## UK Baseload Power

### Market Drivers

<b>Bearish (Falling)</b>	<p>Revisions to legislation on cross-border power flows subject to the EU CBAM levy are underway, easing concerns over interconnector flows, particularly between the UK and Denmark.</p> <p>Ongoing weakness in gas prices, which remain near yearly lows amid comfortable supply fundamentals, continues to provide a bearish backdrop for power prices</p>
<b>Bullish (Rising)</b>	<p>The EU's CBAM rollout in Jan-26, along with a tighter EU ETS balance and ongoing UK ETS linkage developments, continue to support to power markets</p> <p>Despite lifespan extensions to several UK nuclear reactors, a couple in question, Hartlepool 1 and 2 have been offline for 66% of 2025, suggesting concerns over output longevity.</p>

### Wholesale Price Graphs



## Energy Market News:

**Hamas warns Gaza ceasefire at risk after Israeli killing.** Hamas said Israel's killing of senior commander Raed Saed threatens the viability of the Gaza ceasefire, calling on the United States to pressure Israel to adhere to the truce agreed in October. The assassination, the highest profile since the ceasefire began, prompted large funeral rallies in Gaza and renewed accusations of ceasefire violations. While Israeli forces continue to control eastern Gaza and Hamas retains authority in the west, talks on the next phase remain deadlocked over disarmament, governance and the deployment of an international stabilisation force. Renewed instability risks reigniting broader regional tensions, keeping geopolitical risk elevated for energy markets, particularly given the Middle East's role in global oil and LNG supply and the sensitivity of prices to any escalation that could disrupt flows or shipping routes.

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05 January 2026

Market Prices and Trends

Gas (p/therm)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	78.50	79.00	0.6%	4.0%	11%
Feb-26	75.76	71.37	-5.8%	2.6%	-11%
Mar-26	70.72	66.99	-5.3%	2.4%	-14%
Apr-26	68.22	65.04	-4.7%	2.1%	-13%
May-26	67.48	64.54	-4.4%	2.1%	-11%
Q2-26	67.35	64.39	-4.4%	1.3%	-14%
Q3-26	66.70	64.09	-3.9%	1.6%	-12%
Summer-26	67.02	64.24	-4.1%	1.8%	-12%
Winter-26	72.21	69.83	-3.3%	1.2%	-14%
Summer-27	60.87	59.59	-2.1%	1.3%	-15%
Winter-27	70.12	69.00	-1.6%	1.1%	-12%
Summer-28	58.00	57.15	-1.5%	0.6%	-13%
Winter-28	66.74	68.99	3.4%	0.5%	-12%

Current Market Drivers

- Despite a drop in wind generation to below seasonal levels tomorrow, day-ahead power remains bearish, as a slight rise in temperatures helps offset some demand signals, alongside stable supply conditions.
- Gas prices have retraced Friday's upside, as markets have reacted softly to the crisis in Venezuela due to its negligible gas exposure, with TTF down 3% while weather and oversupply dynamics continue to dominate near-term pricing.
- The Brent Crude benchmark is trading bearish this morning amid expectations of Venezuelan supply returning under US control, persistent global oversupply concerns, and subdued market reaction to the geopolitical developments.
- Two additional UK LNG cargoes lift Jan-26 deliveries to 16, around 60% above last year, reinforcing strong supply and helping to offset upside risk from ongoing UK and EU storage withdrawals amid colder temperatures.
- China's receipt of 22 LNG cargoes from sanctioned Russian projects in 2025 highlights resilient Russian flows into Asia, easing regional supply tightness and underlines the limited effectiveness of Western sanctions on Russia.

Yesterday's Session

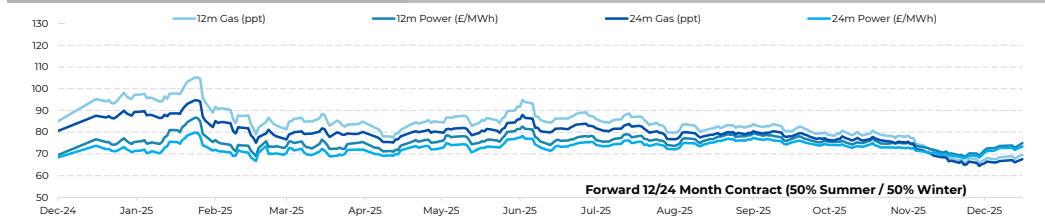
Markets shifted to the upside on Friday amid revised colder UK and Continental temperatures into late-Jan-26 and concerns around ongoing storage depletions. Meanwhile comfortable supply fundamentals helped limit further upside. Power market gains were strengthened by support from carbon markets.

Market Focus

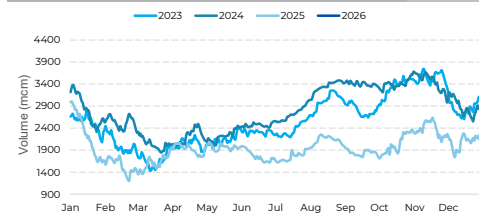
Venezuela turmoil deepens as US raid prompts UN legal scrutiny and oil supply uncertainty.

Venezuela's acting president and oil minister, Delcy Rodríguez, has offered to work with Washington on an agenda of "shared development" after US forces captured President Nicolás Maduro at the weekend, signalling a shift towards dialogue. President Donald Trump said strikes remain possible if Caracas does not cooperate with US efforts to open the oil sector and curb drug trafficking, while framing the raid as a law-enforcement operation tied to narco-terrorism charges. The UN Security Council is due to discuss the legality of the operation, with Washington expected to cite self-defence under Article 51, even as legal experts argue it lacked UN authorisation and Venezuelan consent. For energy markets, the current response has remained muted as traders are weighing the near-term broader impact against the prospect of higher oil output if policy shifts allow foreign firms to return.

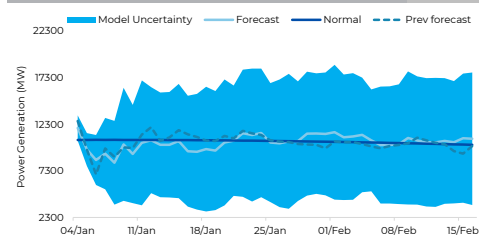
Forward Curve Price Action



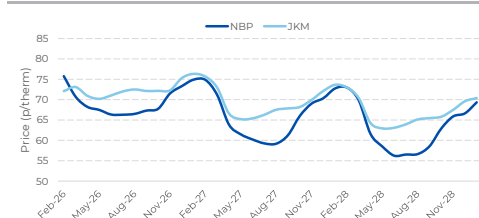
UK Gas and LNG Storage Levels



Wind Power Generation Forecast



Global Gas Benchmarks



Baseload (€/MWh)	Close	Indicative Price*	Change Today	Change Yesterday	3-Month Variance
Day-Ahead	118.00	102.25	-13.3%	67.4%	5033%
Feb-26	83.76	81.20	-3.1%	2.2%	-2%
Mar-26	75.21	74.00	-1.6%	0.7%	-3%
Apr-26	73.01	73.01	0.0%	2.4%	-3%
May-26	72.42	72.42	0.0%	2.3%	1%
Q2-26	72.34	71.00	-1.9%	1.7%	-5%
Q3-26	71.83	70.50	-1.9%	2.3%	0%
Summer-26	72.09	70.25	-2.6%	2.3%	0%
Winter-26	77.91	76.70	-1.6%	1.8%	-4%
Summer-27	66.71	66.95	0.4%	0.8%	-3%
Winter-27	76.83	76.95	0.2%	0.2%	-2%
Summer-28	66.48	67.00	0.8%	1.0%	-1%
Winter-28	75.42	75.42	0.0%	0.6%	-3%

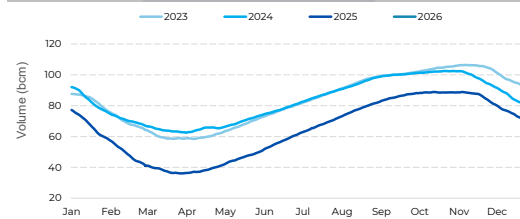
Weather Fundamentals

Temperatures across the UK and NWE are still forecast to remain below seasonal levels until late Jan-26, although temperatures will moderately rise from current lows. The latest wind generation outlook remains broadly unchanged and aligned with seasonal norms through much of Jan-26.

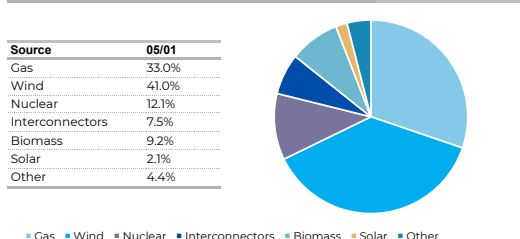
Ukraine won't agree to a weak peace deal.

During his address to the nation on New Year's Eve, Ukraine's President Zelenskyy stated that "Ukraine wanted the war to end, but not at any cost, adding he would not sign a "weak" peace agreement that would only prolong the war". Iterating that Ukraine wants to secure a strong agreement to ensure lasting peace. After weeks of US led diplomacy, including talks last weekend with Trump in Florida, have brought a peace deal close to completion. "The peace agreement is 90% ready; 10% remains," Zelenskyy said. "That final 10% contains everything. It will determine the future of peace, the future of Ukraine and Europe, and how people will live." The key obstacle to finalising the deal remains control over Ukrainian territory. Russia currently occupies about 19% of Ukraine, mainly in the south and east, but Putin is demanding that Ukraine withdraw from additional areas of the eastern Donbas region that Russian forces have not captured. Kyiv wants the front lines frozen at their current positions, with Zelenskyy rejected Russia's demand for a full withdrawal from Donbas.

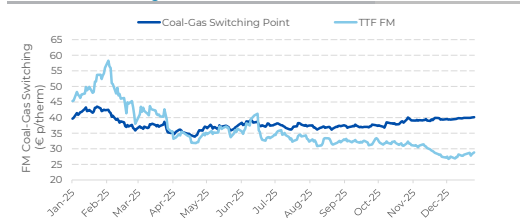
EU Gas Storage Levels



Power Generation Mix (Last 24 Hours)



EU Coal-Gas Switching



Wider Energy Complex	Close	Current Offer	Change Today	Change Yesterday	3-Month Variance
Brent (\$/bbl)	60.75	60.86	0.2%	-0.2%	-5.9%
Coal (\$/t)	94.50	0.00	-100.0%	0.0%	5.8%
UKA Dec-26 (€/t)	68.70	68.89	0.3%	2.3%	15.3%
UKA Dec-27 (€/t)	71.74	71.96	0.3%	2.2%	17.0%
EUA Dec-26 (€/t)	88.31	88.59	0.3%	1.0%	8.8%
EUA Dec-27 (€/t)	90.97	91.25	0.3%	0.9%	9.0%
€/€	0.870	0.87	-0.2%	-0.2%	0.3%
€/€	1.172	1.168	-0.3%	-0.2%	0.8%

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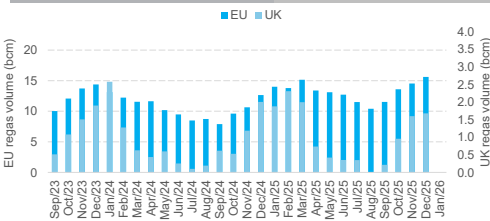
Gas Supply/Demand Fundamentals

A slight uptick in temperatures into tomorrow, though they remain unseasonably low is aiding to reduce LDZ demand day-on-day. Norwegian flows are expected to remain steady, despite a one-day maintenance at Aasta Hansteen and Dvalin with a combined reduction of 15mcm/d, which is likely to impact flows to the Continent.

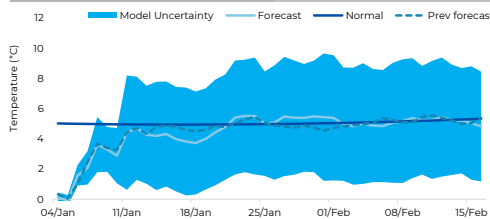
Analysts flag 2026 as a potential year of surplus across global energy markets.

Energy markets are entering 2026 under a cloud of oversupply, with analysts warning that swelling oil and gas production could weigh heavily on prices. According to the International Energy Agency, global oil supply may exceed demand by nearly 4 million barrels per day this year driven by rising output from the US, Canada and Brazil, alongside OPEC+ easing production cuts. At the same time, liquefied natural gas markets are bracing for a sharp increase in export capacity, led by the US, potentially squeezing producer margins which could provide a floor to prices for consumers in Europe and Asia. Diesel markets remain a notable exception, with tight refining capacity and supply disruptions supporting margins into 2026. Meanwhile, renewable growth has slowed, but rising electricity demand keeps clean energy firm in the mix. Nevertheless, despite near-term headwinds, major oil companies are maintaining a bullish longer-term view, continuing to invest in future projects.

Historical Monthly LNG Supply



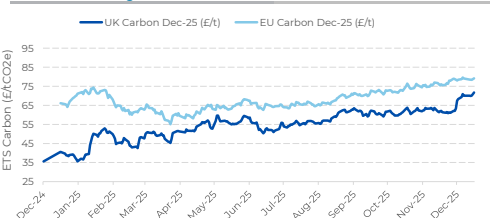
Temperature Forecast



Nuclear Outages

Facility	Capacity (MW)	Start Date	End Date
Hartlepool 2	595	04/06/25	21/01/26
Hartlepool 1	595	31/10/25	16/01/26
Current online capacity	6500 MW		100%

Emissions Trading Scheme Carbon



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