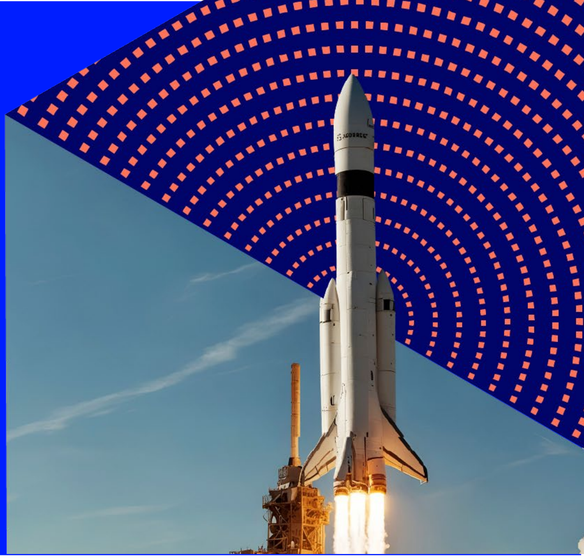
Medium Term Outlook SUM26-WIN27

Northwest Europe Summer 2026 Outlook

Executive summary



Northwest Europe Summer 2026 Outlook

Winter 2025 (WIN25) is ending with low gas storage levels, leaving the European gas market more exposed heading into Summer 2026 (SUM26). Despite this, it did not lead to significant market stress, as expected LNG supply growth supported confidence in refilling. These dynamics changed materially following the outbreak of the Middle East conflict in late February. The closure of the Strait of Hormuz — through which around 20% of global LNG supply transits — and damage to Qatar's Ras Laffan LNG infrastructure, which accounts for 17% of its production capacity, sharply disrupted global LNG supply. These developments triggered a gas price rally in March and forced significant downward revision to global LNG supply expectations.

A defining feature of this outlook is the high uncertainty around the timing of the Middle East LNG supply recovery. Our analysis is anchored in a base-case scenario, complemented by scenarios where disruption extends through the summer. Under this scenario, LNG exports partially resume from mid-May (UAE), with broader normalisation from early August (Qatar). We estimate that the global market will lose around 27.6bcm of Middle Eastern LNG supply this summer. However, global LNG supply will still grow modestly to 286bcm from 283bcm, offset by a 31bcm increase from other regions, primarily the US.

LNG deliveries into NWE and the UK are now expected to reach 39.6bcm in SUM26 — nearly unchanged from last summer's 38.9bcm.

Under these assumptions, aggregated NWE storage inventory is projected to drop to 15% fullness on 1 April and rebuild to a comfortable 87% level by November. Although still robust, this is noticeably lower than our pre-conflict projections. Importantly, the disruption does not result in a summer supply deficit, but removes the expected surplus and reduces system flexibility.

The key implication is a shift in risk from SUM26 to WIN26. Delayed LNG recovery could leave NWE stocks at record low or even fully depleted by the end of March 2027.

Outside LNG, the SUM26 supply outlook for Northwest Europe (NWE) remains relatively stable, highlighting Europe's limited supply flexibility. Norwegian output is expected to rise modestly by 1.3bcm to 55bcm due to a lighter maintenance schedule. By contrast, UK domestic production is projected to fall by 1.6bcm to 12.7bcm because of maturing fields.

On the demand side, we expect a combined reduction of 180GWh/d in NWE's gas-for-power and industrial consumption in SUM26 versus SUM25, driven by fuel switching, increased solar generation, strong nuclear availability in France, and weaker industrial sector activity amid higher energy prices and broader uncertainty. Residential demand is projected to remain stable, although slow structural demand destruction continues to increase. This is mainly driven by greater biomethane use and the uptake of retrofit heat pumps in France.

Given these dynamics, the price outlook for this summer is increasingly driven by developments in the Middle East. The timing and pace of LNG supply resumptions through the Strait of Hormuz will be a key driver of price formation. Even under the base-case scenario, we do not expect prices to return to pre-crisis levels. The damage is already done: the market has lost at least one month of Gulf LNG exports in the short term, and nearly one-fifth of Qatar's LNG production capacity will remain offline for several years. With materially lower Gulf LNG supply, Europe will need to maintain elevated prices to remain competitive with Asian buyers for the remaining flexible cargoes.