7 Things You Should Know About Why Oil and Gas Are Getting More Expensive in 2026

The world is facing an energy shock that analysts are already comparing to the 1970s oil crisis. Here's what's actually happening — and why it matters for your bills, your economy, and Europe's energy future.

1. The US and Israel attacked Iran and sparked the biggest supply disruption in history

Everything starts on February 28, 2026. The United States and Israel initiated coordinated airstrikes on Iran under Operation Epic Fury, targeting military facilities, nuclear sites, and leadership, resulting in the death of Supreme Leader Ali Khamenei. Iran responded with missile barrages on Israeli cities and US bases in the Gulf, including in the UAE, Qatar, Bahrain, Jordan, Saudi Arabia, and Iraq, causing casualties and infrastructure damage.

The consequences for energy markets were immediate and severe. The price of the benchmark Brent crude oil soared to nearly $120 per barrel, close to its highest point of $147 recorded in July 2008. The IEA described the situation as the "greatest global energy security challenge in history."

This is not a distant geopolitical event. It is the direct cause of what you are paying more for at the petrol station, on your energy bill, and in the price of almost everything that gets transported.

Source: Wikipedia – 2026 Strait of Hormuz crisis; Al Jazeera; Economic impact of the 2026 Iran war

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2. The Strait of Hormuz - the world's most critical energy chokepoint - is effectively closed

The Strait of Hormuz is a narrow channel between Iran and Oman. About 20 million barrels of oil, worth about $500 billion in annual global energy trade, transited through the Strait of Hormuz each day in 2024. The crude oil passing through originates from Iran, Iraq, Kuwait, Qatar, Saudi Arabia and the UAE.

This year, on March 5, the IRGC announced Iran would keep the Strait closed to ships from the US, Israel and their Western allies. As of March 12, Iran had made 21 confirmed attacks on merchant ships. Tanker traffic dropped by approximately 70% and over 150 ships anchored outside the strait to avoid risks.

Iran's IRGC has stated it will not allow "a litre of oil" through the Strait of Hormuz, and any vessel linked to the United States, Israel or their allies "will be considered a legitimate target."

The effective closure has forced Saudi Arabia, the UAE, Kuwait and Iraq to cut oil production as they have run out of storage capacity. In other words: even the countries that want to sell oil cannot move it.

Source: Al Jazeera; US Congressional Research Service; EIA

3. Qatar - the world's second largest LNG exporter - was hit by Iranian drone strikes

For Europeans, the oil shock is serious. But the gas shock may be worse. Iran attacked Qatar's Ras Laffan Industrial City complex, which provides about 20% of global supplies of liquefied natural gas (LNG). State-owned QatarEnergy said that Iran's attack knocked out 17% of Doha's export capacity and would affect exports for up to five

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years.

Combined with Iran's closure of the Strait of Hormuz, through which 20% of global LNG flows, Dutch TTF gas prices surged almost 70% in two trading sessions, briefly trading above €60/MWh on 3 March for the first time since February 2025. Belgium, Italy and Poland are among the EU countries most at risk of supply disruptions from Qatar.

To make the math concrete: Goldman Sachs Research estimates that a full four-week halt in flows through the Strait of Hormuz could push Dutch TTF gas prices to approach €74/MWh — and a disruption lasting more than two months would likely lift European gas prices above €100/MWh. That translates directly into higher electricity and heating costs for households across Europe.

Source: Al Jazeera; Bruegel; Goldman Sachs Research; Modo Energy

4. Europe entered this crisis with gas storage at a five-year low

The timing could not be worse. Europe has just come through a harsh 2025–2026 winter and its gas reserves are dangerously depleted.

Europe started 2026 with much lower gas storage levels than recent years: 46 billion cubic metres at the end of February 2026, compared to 60 bcm in 2025 and 77 bcm in 2024. By the time the Iran crisis erupted, European storage levels had dropped below 30% a five-year low.

This matters enormously because spring and summer are the months when Europe rebuilds its gas reserves ahead of the following winter. Under EU regulations, storage levels must reach at least 90% capacity by December. Given current conditions, Europe will need to inject nearly 60 billion cubic metres of gas during the upcoming refill season just to meet this target.

According to market analysis, daily gas storage injections are expected to reach just 34

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million cubic metres per day in April 2026: a 77% decline compared to the same period last year.

Dutch TTF gas benchmarks have nearly doubled to over €60/MWh by mid-March. The European Central Bank postponed its planned interest rate reductions, raising its 2026 inflation forecast and cutting GDP growth projections. UK inflation is expected to breach 5% in 2026. Wikipedia

Source: Atlantic Council; Bruegel; Modo Energy; Wikipedia – Economic impact of the 2026 Iran war

5. The Houthis are back - the Red Sea is no longer safe either

The Strait of Hormuz is not the only chokepoint under threat.

Houthi-controlled Yemen announced on February 28 that it would resume attacks on Israel and commercial ships in the Red Sea, forcing Suez Canal traffic to be rerouted around Africa's Cape of Good Hope. This added weeks to transit times and increased shipping costs.

The Red Sea carries roughly 12–15% of global trade, including significant volumes of energy products. Rerouting tankers around the Cape of Good Hope adds approximately two weeks to shipping times for vessels moving between the Middle East and Europe, which tightens supply, increases fuel consumption for each shipment, and raises insurance costs.

Iran also struck Oman's deep-water ports of Duqm and Salalah, which had been seen as the main alternative bypass route around the Strait of Hormuz, with at least one fuel storage tank in Duqm damaged.

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In short: the primary route is closed. The back-up route has been attacked. The alternative back-up route adds weeks of sailing time. There is no quick fix.

Source: Wikipedia – 2026 Strait of Hormuz crisis; Congressional Research Service

6. The EU's Russia sanctions are tightening, right when Europe can least afford it

Before the Iran war, Europe was already in the middle of a structural energy transition away from Russian gas. The war in Ukraine and EU sanctions had dramatically cut Russian pipeline gas from 40% of EU imports in 2021 to around 13% by 2025. Now, the EU is legally committed to going further, regardless of the Iran crisis.

For short-term supply contracts, the prohibition of Russian gas imports applies from April 25, 2026 for LNG and June 17, 2026 for pipeline gas. For long-term LNG contracts, the prohibition applies from January 1, 2027.

The EU has also renewed broader economic sanctions against Russia, covering trade, finance, energy, and transport, extended until July 31, 2026.

This is the right long-term policy, Russia's energy revenues fund the war machine against Ukraine. But in the short term, it means that the obvious "release valve" that some voices in Hungary and Slovakia have called for simply buying Russian gas again, was flatly rejected by European Commission President Ursula von der Leyen as a "strategic blunder", even as prices soar.

Russia's share of EU pipeline gas imports fell sharply from around 40% in 2021 to about 6% in 2025. Household electricity prices rose by an average of 38% across EU capitals between January 2021 and January 2026, with some cities more than doubling.

Source: EU Council; European Commission; CNBC; Euronews

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7. This is structurally different from the 2022 shock and harder to resolve

In 2022, when Russia invaded Ukraine, energy markets were shocked, but they adapted. Europe rerouted its supply chains, imported more LNG from the US and Norway, and brought gas prices back down within a year.

This time, experts say the situation is fundamentally different.

In 2022, Russia's full-scale aggression on Ukraine demonstrated that the global energy system had the capacity to absorb price shocks through rerouting, substitution, and policy intervention. In 2026, the US-Israeli war on Iran exposed a fundamental vulnerability: the physical concentration of hydrocarbon flows in critical chokepoints, which cannot be compensated for when a closure occurs. Unlike sanctions-driven disruptions, a sustained blocking of the Strait of Hormuz obstructs not only trade routes, but the very ability of producers to export.

As one analyst put it starkly: "Closure of the Strait of Hormuz would disrupt roughly a fifth of globally traded oil overnight and prices wouldn't just spike, they would gap violently upward on fear alone. The shock would reverberate far beyond energy markets, tightening financial conditions, fuelling inflation, and pushing fragile economies closer to recession in a matter of weeks."

According to the IMF, every 10% rise in oil prices corresponds with a 0.4% rise in inflation and a 0.15% reduction in economic growth. Oil is already up roughly 50% from pre-crisis levels. Do the maths.

And there is one grim irony buried in all of this: rather than slowing down the low-carbon transition**, the new tensions show that the deployment of clean, domestically produced energy sources should be accelerated**. Only by reducing structural dependence on oil and LNG imports can Europe durably shield its economy from recurrent external shocks.

Source: Al Jazeera; Bruegel; Goldman Sachs; IMF

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The bottom line: The spike in oil and gas prices in 2026 is not a single event, it is the convergence of a military conflict closing the world's most critical energy chokepoint, a damaged Qatari LNG hub, dangerously low European gas reserves, the ongoing war in Ukraine, tightening EU sanctions on Russia, and resumed Houthi attacks on the Red Sea. None of these factors is going away quickly. The IEA has called it the greatest global energy security challenge in history. The only durable answer is clean, domestically produced energy, which cannot be blockaded or bombed.

This article is for informational and educational purposes only. It is not financial or investment advice. All figures reflect publicly available reporting as of March 26, 2026.

*This article was produced as part of the **Energy Literacy for Youth (ELY)** project — a European Erasmus+ initiative building energy literacy among young adults, with a focus on those furthest from the conversation.*

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