Press Release

GME'S NEWSLETTER – Issue no. 206 now online

Rome, 10 August 2026 – The new issue of the newsletter of *Gestore dei Mercati Energetici* (GME) is now available at www.mercatoelettrico.org.

The newsletter opens with an article by Lisa Orlandi (from *Ricerche Industriali Energetiche* – RIE) about the anatomy of the Hormuz crisis: Orlandi points out that *the global energy equilibrium suddenly collapsed on 28 February 2026, when the United States and Israel launched a joint attack on strategic targets in Iran. The ensuing military response by Teheran, including a* de facto *closure of the Strait of Hormuz and threats to set passing ships on fire, materialised the worst-case scenario dreaded by energy analysts, triggering a systemic breakdown in global maritime supply routes, and the most severe crisis in the past 70 years. Within a matter of days, the impossibility for oil tankers to cross this vital chokepoint (whether carrying crude oil, refined products, or liquefied natural gas) brought about the largest supply shock in contemporary history. The Gulf producing countries, unable to store crude oil indefinitely, were forced to shut in their wells, facing the risk of altering reservoir pressure and inflicting permanent structural damage.* In terms of prices, *the initial reaction of markets revealed a striking paradox. Despite a real supply interruption far longer than that of all previous major oil crises (when reductions typically amounted to 4–5 million bbl/d), price hikes were more moderate. Starting from a pre-war level of about $70 /bbl (27 February), Brent rose by slightly more than 60% with respect to its maximum peak, reaching $118/bbl both at the end of March and at the end of April, before falling back to around $100/bbl, and even below this threshold in the last ten days of May. This moderate price response was supported by financial markets' expectations of a temporary blockade, a feeble demand growth, the extraordinary measures adopted by the IEA (a record release of 400 million barrels from strategic reserves), and the use of floating storage.* The Memorandum of Understanding (MOU), signed on 18 June 2026 by US President Donald Trump and Iranian President Masoud Pezeshkian, marked a diplomatic turning point, with the reopening of the Strait to shipping without tolls for at least 60 days. Orlandi stresses that *financial markets reacted immediately, with crude collapsing below $80/bbl. However, while finance responded within minutes, the real economy was confronted with serious structural delays.* The truce proved to be short-lived. *By mid-July, the MOU broke down* *altogether, and Iran once again declared the closure of the Strait. With the renewed halt to all naval passages starting on 14 July, global stocks reduced by 800–820 million barrels since the beginning of the war, and the US Strategic Petroleum Reserve at its lowest level in 43 years (316.5 million barrels), Brent quickly climbed back towards $100/bbl, recording crack spreads and record refining margins on finished products, such as petrol and diesel.* For the remaining part of the year, the situation remains uncertain. Orlandi clarifies that, *when projections for the second half of 2026 appeared to foreshadow a definitive tightening of supply, the beginning of August introduced an unexpected shift in market dynamics. President Donald Trump's decision to suspend the planned military operations against Iran, in order to prioritise peace talks, prompted an immediate shift across international financial markets.* Orlandi emphasises that, during this stage, Brent prices slipped below the $90 threshold. *However, market analysts remain highly cautious. Despite OPEC+'s decision to marginally increase production by around 188,000 bbl/d starting in September, the actual impact of these volumes remains constrained by the logistical bottlenecks that are still in place. In conclusion, the events of the first seven months of 2026 have shown that a single crisis can take on radically different aspects. While, in the initial stage, reserve buffers had made it possible to absorb the shock, the second stage revealed the system's true vulnerability: a global economy left with no fallback option, with stocks at all-time lows and refining capacity pushed to the brink. The diplomatic turn in August prevented a plunge into the abyss. However, the newly regained 'stability' remains fragile, heavily dependent on the outcome of diplomatic talks and on the safe and effective reopening of Middle Eastern waterways.*

This issue of the newsletter comes with the usual technical commentaries about European and national power exchanges and environmental markets, a section focused on the analysis of Italian gas market trends, and a section with insights into the trends of the main European commodity markets.

As has become customary, the publication also reports the summary data of the electricity market for July 2026.

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