

A large offshore oil platform is shown at sunset. The sun is low on the horizon, casting a bright yellow glow across the sky and reflecting on the dark blue ocean. The platform is a complex of yellow metal structures, including a long walkway in the foreground, various pipes, and several tall, white cylindrical towers. The overall scene is dramatic and industrial.

Submission by **The Oil Market Journal** to the  
UK Competition and Markets Authority

**Re: Heating oil Market Study**

April 2026

# 1. Introduction

Following the attack on Iran by the US and Israel on Saturday 28<sup>th</sup> February 2026, oil prices increased sharply at the start of trading in Asia when markets opened on Monday 2<sup>nd</sup> March (23:00 GMT Sunday in London).

The large rise in oil prices continued in early European trading on Monday 2<sup>nd</sup> March when the swap market for European refined products opened at 08:00 GMT. Prices extended higher when trading commenced in the United States on Monday afternoon (14:00 GMT) and increased further during March 2026 as the war continued.

News of the conflict prompted a surge in demand for crude oil and refined products from a wide range of buyers ranging from refineries to end users. Retail consumers of oil such as heating oil consumers and motorists were immediately able to purchase oil over the weekend of the 28<sup>th</sup> February and 1<sup>st</sup> March. For heating oil customers this was done by ordering from oil distributors who were open on Saturday 28<sup>th</sup> February. Consumers were also able to order online over the weekend via oil distributor websites and answerphone services. Motorists were able to fill their motor vehicles with petrol and diesel at service stations over the weekend.

As a result, by the time normal retail trading commenced on Monday 2<sup>nd</sup> March 2026 many oil distributors and service stations had already seen their stocks depleted and large numbers of orders taken to be delivered.

When distributor offices and phone lines opened on Monday 2<sup>nd</sup> March the spike in demand for oil was extremely significant with many oil distributors reporting a tenfold increase in orders on Monday 2<sup>nd</sup> March compared to the same period in previous years. On the Brent Crude Futures market demand for month 1 and month 2 (prompt months) futures spiked to 2,074,742 contracts on Monday 2<sup>nd</sup> March 2026 from 711,268 contracts on Monday 3<sup>rd</sup> March 2025. (Exhibit 1)

# Exhibit 1: ICE Brent Crude volume comparison 2<sup>nd</sup> March 2026 v same day previous year

Research Daily  
02 March 2026

ICE Brent Crude								
Contract	Expiry	Open	High	Low	Settle	+/-	Previous	Volume
May-26	31/03/2026	81.57	82.37	75.75	77.74	4.87	72.87	1117362
Jun-26	30/04/2026	80.25	80.82	74.54	76.16	3.87	72.29	957380
Jul-26	29/05/2026	75.00	79.41	73.52	74.81	3.20	71.61	525061
Aug-26	30/06/2026	80.00	80.00	72.48	73.58	2.70	70.88	323364
Sep-26	31/07/2026	76.83	76.83	71.55	72.48	2.28	70.20	272738
Oct-26	28/08/2026	74.61	75.50	70.72	71.52	1.91	69.61	123801
Nov-26	30/09/2026	73.51	74.67	70.00	70.71	1.62	69.09	82805
Dec-26	30/10/2026	74.10	74.10	69.33	70.02	1.38	68.64	329795
Jan-27	30/11/2026	72.95	72.95	68.82	69.42	1.18	68.24	36042
Feb-27	30/12/2026	72.30	72.31	68.53	68.92	1.03	67.89	29649
Mar-27	29/01/2027	71.73	71.75	67.93	68.52	0.92	67.60	34551
Apr-27	26/02/2027	68.12	68.20	68.12	68.16	0.83	67.35	7519
May-27	31/03/2027	0.00	67.89	67.89	67.89	0.74	67.15	0
Jun-27	30/04/2027	70.52	70.52	66.95	67.63	0.66	66.97	70034
Jul-27	28/05/2027	0.00	67.36	67.36	67.36	0.60	66.76	0
Aug-27	30/06/2027	0.00	67.16	67.16	67.16	0.56	66.62	0
Sep-27	30/07/2027	0.00	67.03	67.03	67.03	0.53	66.50	0
Oct-27	31/08/2027	66.75	66.89	66.73	66.89	0.51	66.38	4114
Nov-27	30/09/2027	0.00	66.78	66.78	66.78	0.48	66.30	0
Dec-27	29/10/2027	66.85	69.50	65.91	66.67	0.45	66.22	109870

Source: ICE, OMJ

Research Daily  
03 March 2025

ICE Brent Crude								
Contract	Expiry	Open	High	Low	Settle	+/-	Previous	Volume
May-25	31/03/2025	73.04	73.67	71.17	71.62	-1.19	72.81	406586
Jun-25	30/04/2025	72.52	73.14	70.73	71.16	-1.12	72.28	304682
Jul-25	30/05/2025	72.06	72.65	70.35	70.76	-1.03	71.79	130734
Aug-25	30/06/2025	71.69	72.11	69.99	70.36	-0.94	71.30	71269
Sep-25	31/07/2025	71.09	71.65	69.63	69.98	-0.87	70.85	79630
Oct-25	29/08/2025	70.90	71.26	69.28	69.63	-0.80	70.43	32620
Nov-25	30/09/2025	70.53	70.88	69.97	69.31	-0.74	70.05	18171
Dec-25	31/10/2025	70.10	70.53	68.69	69.02	-0.70	69.72	108555
Jan-26	28/11/2025	70.09	70.23	68.45	68.77	-0.66	69.43	9703
Feb-26	30/12/2025	69.54	69.96	68.24	68.54	-0.63	69.17	7115
Mar-26	30/01/2026	69.55	69.70	68.06	68.35	-0.60	68.95	9645
Apr-26	27/02/2026	69.40	69.40	68.19	68.19	-0.57	68.76	583
May-26	31/03/2026	0.00	68.06	68.06	68.06	-0.54	68.60	0
Jun-26	30/04/2026	68.91	69.20	67.67	67.94	-0.52	68.46	24496
Jul-26	29/05/2026	0.00	67.82	67.82	67.82	-0.50	68.32	0
Aug-26	30/06/2026	0.00	67.70	67.70	67.70	-0.49	68.19	0
Sep-26	31/07/2026	0.00	67.59	67.59	67.59	-0.48	68.07	0
Oct-26	28/08/2026	0.00	67.50	67.50	67.50	-0.47	67.97	0
Nov-26	30/09/2026	0.00	67.43	67.43	67.43	-0.44	67.87	0
Dec-26	30/10/2026	68.17	68.45	67.10	67.35	-0.42	67.77	31790

# Introduction

The unprecedented surge in demand for heating oil put substantial pressure on the oil distribution system. Suppliers struggled to cope with demand and the uncertainty of what price the oil would cost by the time the orders would be fulfilled while some consumers struggled to place orders and secure deliveries in “panic buying.”

The pressurised situation was further exacerbated by confusion over the level of the oil price rise due to the fact ICE Brent Crude futures prices (prompt month for May 2026 delivery) which are widely quoted in the media posted only a modest rise on Monday 2<sup>nd</sup> March 2026 of \$4.87/b. to settle at \$77.74/b; a rise of 6.68%\*1 compared to a rise in the price of Jet Kero (heating oil) of \$164/t. to settle at \$██████/t; a rise of 19.73% \*2

The outperformance of the price of Jet Kero continued during March prompting consumers, the media, and politicians to embark on a sustained campaign of misinformation highlighting a lack of understanding of the facts.

Sources:

\*1: OMJ, ICE

\*2: OMJ, S&P Global Energy (Platts); Jet Cargo C.I.F, North-West Europe Cargo, Basis ARA.



# 2. Key Issues

We believe there were three reasons which led to the claims of “price gouging” and “blatant profiteering” reported by the media.

1. It is possible that some oil distributors online ordering websites lacked a link to their physical stock levels and as a result over the weekend of Saturday 28<sup>th</sup> February - Sunday 1<sup>st</sup> March they received orders from heating oil consumers exceeding the physical stocks held in tanks at oil distribution depots.
2. Due to the surge in demand, stocks were depleted at an extremely rapid rate and new stock had to be purchased at the increased market price.
3. The price of heating oil (Jet Fuel) on the global market increased sharply, outperforming other refined products and crude oil.

# Key Issues

We aim to address the following points raised by the CMA “Statement of Scope”:

11(a) An assessment of the effects of a sudden increase in global oil prices on heating oil distributors’ retail prices and profit margins

11(b) The reasons for recent increases in retail prices and any potential increases in retail profits

# 3. Global oil prices and UK heating oil

The UK and Ireland off-grid heating market uses kerosene as the primary heating oil. This differs from mainland Europe which uses low sulphur diesel. Historically there have been a series of advantages for UK consumers by using kerosene.

1. Kero is a clean product with heating boilers requiring little servicing. It is very possible for a kerosene boiler to operate without any servicing for 20 years.
2. Historically kerosene has been cheaper than diesel and other forms of heating.
3. Kerosene works well in “wick cookers” such as AGAs which are common in farmhouses across the UK.
4. Up until the closure of the Grangemouth and Prax refineries in 2025, the UK was generally well supplied with kerosene.

However, there are three key problems with kerosene which in times of crisis can leave consumers exposed to price risk:

1. The primary use for kerosene is aviation via a direct pipeline fed supply chain from refinery to airport. Therefore, less product is held in storage.
2. About 40% of European imports come from the Persian Gulf.
3. While consumers generally benefit from a competitive marketplace and low prices, many suppliers are small and medium sized businesses who do not have the skillset to offer a futures market hedged solution which could result in less volatile retail prices. It is important to note that hedging would also result in slightly higher prices in “normal conditions.” In addition, it is difficult for oil distributors to offer customers a hedged supply as customers are not “tied” to a supplier through domestic tank ownership etc.

# 3. Global oil prices and UK heating oil

Following the commencement of the attacks on Iran by the United States and Israel on Saturday 28<sup>th</sup> February 2026 the price of Jet Kero spiked, outperforming crude prices and other refined products. Reasons include:

## 1. Fundamentals - Supply

According to S&P Global Energy (Platts) the conflict resulted in a loss of:

- Nearly 16% of world jet fuel supply.
- 42% reduction in global jet fuel tradable volumes.
- 37% of European jet fuel import supply totalling about 600,000 bpd.
- 80% of Middle East jet fuel exports.
- Crude oil supply to 68 refineries close to the conflict zone and 178 refineries outside the conflict.

In addition, the UK lost two important sources of domestic supply with the closure of the Petroineos refinery in Grangemouth and the Prax refinery in the Humber, both in 2025.

# 3. Global oil prices and UK heating oil

## 2. Fundamentals – jet fuel compared to other refined products

The fundamentals for jet fuel are also different than for other refined products.

**Jet Kero** is bought mainly by airlines and delivered “just in time.” Stocks are held in storage at terminals and at airports. Demand has been rising in the “post-COVID” aviation recovery, for example Jet Fuel demand in the United States averaged 1,635 million bpd in January 2026 compared to 1,620m bpd in January 2025, 1,536m bpd in January 2024 and 1,528m bpd in January 2023.\*1

**Diesel** demand is in long term decline in Europe due to the transition towards electric cars.

**Petrol** is produced in surplus at European refineries and was traditionally exported to West Africa. However, with the new 650,000 bpd Dangote refinery now online in Nigeria, this European export market has largely closed and there is now an oversupply of petrol in Europe.

\*1 Source: EIA monthly supply and demand reports, OMJ.

# 3. Global oil prices and UK heating oil

## 3. Fundamentals – Jet Fuel compared to crude oil

The US Department of Energy publish weekly US oil supply and demand data each week which provides the oil industry with up-to-date data which is typically seen as a proxy for the developed world. The most recent data shows:

United States government holds large emergency reserves of crude oil.

- U.S. has **461.64** mb of commercial crude oil stocks.\*
- U.S. has **415.06** mb of emergency crude oil reserves.\*
- This equates to nearly 1 barrel in emergency reserves for every barrel of commercial stocks.
- The U.S has enough crude in commercial stocks to cover 22 days of demand and enough stock in emergency reserves to cover 19.84 days of demand based on data relating to 27<sup>th</sup> March. Therefore, the US has crude stocks to cover 41.84 days of demand.

\* Sources: US Department of Energy, weekly stock report 27<sup>th</sup> March 2026. The Oil Market Journal

# 3. Global oil prices and UK heating oil

However, the US has only 24.65 days of Jet Fuel stocks. This is much lower than crude or other refined products:

- Crude 41.84 days
- Diesel 29 days
- Petrol 28 days
- Jet 24.65 days

The lower level of Jet “days cover” means the price for Jet fuel is more exposed to supply problems.

\* Sources: US Department of Energy, weekly stock report 27<sup>th</sup> March 2026. The Oil Market Journal

# 4. Impact on global oil prices

As a result of the different fundamentals for each product and the importance of Persian Gulf Jet Fuel supply, the price of Jet Fuel on the Rotterdam spot market has outperformed other refined products and crude.

## Price Performance 1<sup>st</sup> January to 6<sup>th</sup> March 2026:

Jet Kero price +119.68%

Brent Crude price + 52.58%

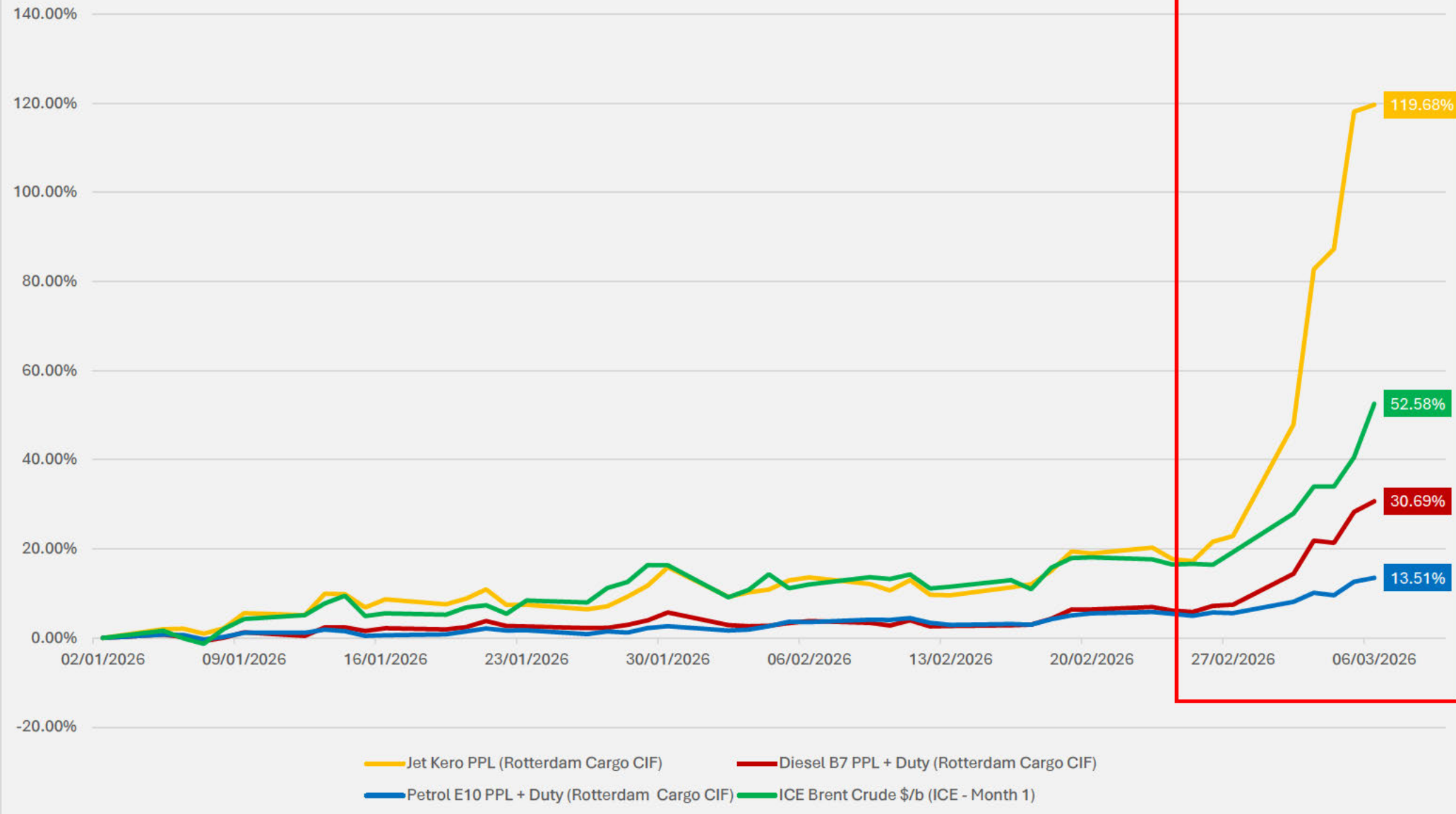
Diesel B7 price + 30.69%

Petrol E10 price + 13.51%

\*Jet, diesel and petrol prices are based on Platts North-West Europe cargoes, basis Amsterdam, Rotterdam and Antwerp converted into Sterling pence per litre including UK RTFO and taxes, excluding VAT. Sources: **The Oil Market Journal**, S&P Global Energy (Platts), Brent Crude is the front month futures price. Source: ICE, The Oil Market Journal.



Price Performance 1<sup>st</sup> January to 6<sup>th</sup> March 2026



Source: The Oil Market Journal, S&P Global Energy (Platts), ICE

# 4. Impact on global oil prices

In particular, during the first week of the crisis the price of Jet Fuel greatly outperformed other oils:

**Jet Kero price +87.33%**

Brent Crude price + 30.83%

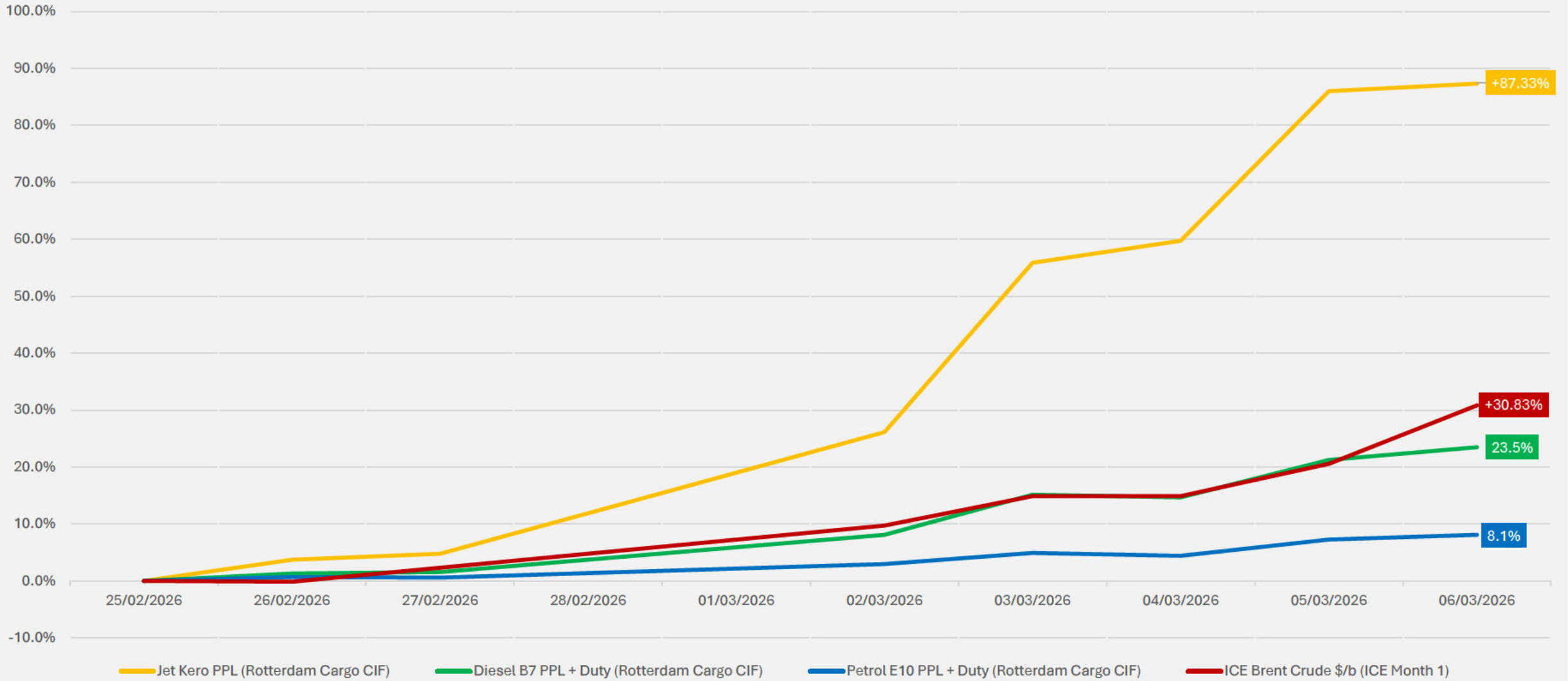
Diesel B7 price + 23.48%

Petrol E10 price + 8.10%

\*Jet, diesel and petrol prices are based on Platts North-West Europe cargoes, basis Amsterdam, Rotterdam and Antwerp converted into Sterling pence per litre including UK RTFO and taxes, excluding VAT

Sources: **The Oil Market Journal**, S&P Global Energy (Platts), Brent Crude is the front month futures price. Source: ICE

### Pence Per Litre Changes v Brent Crude 25<sup>th</sup> February to 6<sup>th</sup> March 2026



Source: The Oil Market Journal, S&P Global Energy (Platts), ICE

# 4. Impact on global oil prices

During the first week of the crisis the price of Jet Fuel was extremely volatile due to a number of events including:

- The shut-down of the important 550,000 bpd Ras Tanura refinery in Saudi Arabia following an attack by Iran.
- The banning by China of refined product exports due to the concerns over Middle Eastern supply. China traditionally exports surplus “barrels” of refined product to Europe.
- The Mangalore Refinery in India halting refined product exports on 6<sup>th</sup> March. India is an important supplier of “additional barrels” of Jet Kero to Europe.
- Extremely strong demand from Asian buyers for Jet Kero with two tankers u-turning from Europe to Asia with Jet Fuel during the first week of the crisis.\*1

\*1 Reuters news agency 6<sup>th</sup> March 2026

<https://www.reuters.com/business/energy/ships-loaded-with-reliance-diesel-jet-fuel-turn-asia-instead-europe-2026-03-06/>

# 4. Impact on UK Retail oil prices

The price of heating oil in the UK is based primarily on the price of Jet Fuel as traded on what is known as the “Rotterdam spot market.” Most supply contracts in Europe are based on prices published on an end of day basis by the “price reporting agencies” “Platts” (S&P Global Energy) and “Argus” (Argus Media.)

The price is based on cargoes and barges traded on the physical market, mainly by large oil traders, oil majors and airlines. “Swaps” are traded on the over-the-counter market by brokers.

There are there several elements to the price:

- Physical cargoes and barges traded at a differential to the ICE Gas Oil Future
- The ICE Gas Oil Future
- Swaps
- Forex exchange conversion from Dollars to Sterling
- Ports fees, storage costs, distribution costs, supplier and distribution retail margin

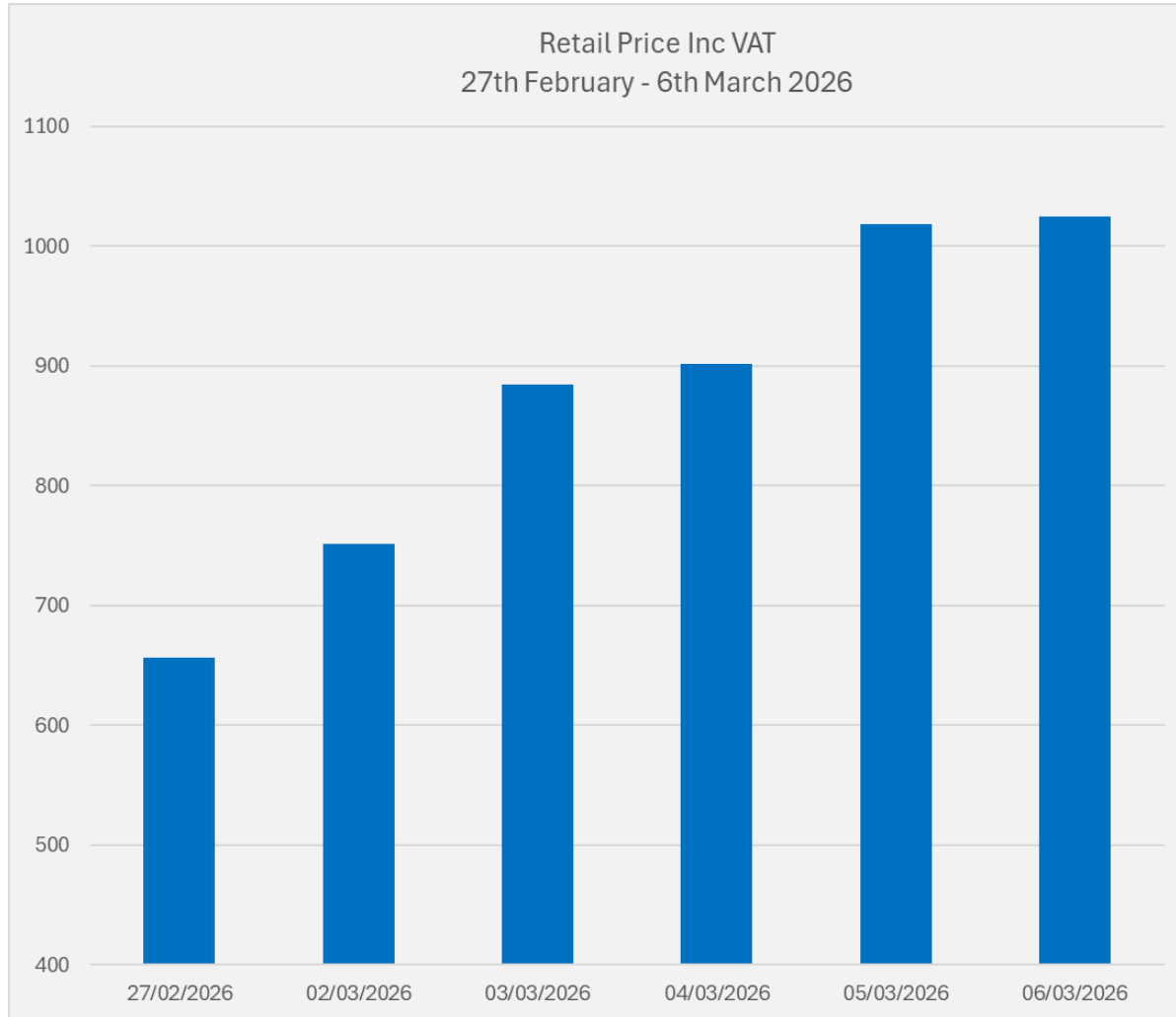
# 4. Impact on UK Retail oil prices



During the first week of the crisis the Platts price for Jet Fuel in pence per litre terms increased to [redacted] ppl on close of trade 6<sup>th</sup> March 2026 from [redacted] ppl on close of trade 27<sup>th</sup> February 2026.



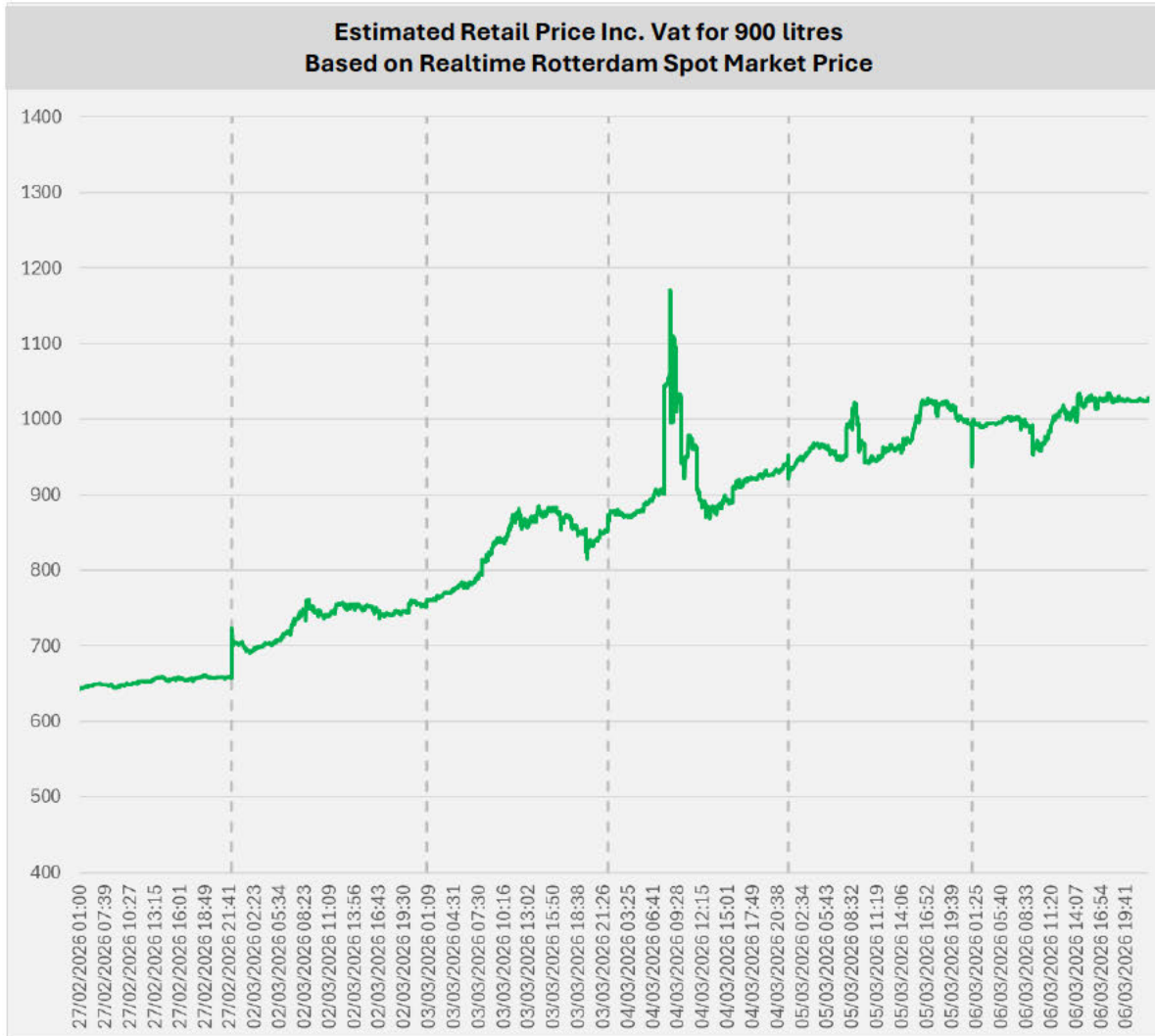
# 4. Impact on UK Retail oil prices



Based on the assumption that an estimated importer / wholesaler margin for contracted supplies was approximately 5ppl, and a retailer gross margin of 15ppl (this could vary depending on location from terminal etc) we would have expected the price of 900 litres of heating oil to have increased during the first week of the crisis from £■■■■ to £■■■■.

According to industry sources the majority of distributors purchase supplies on a spot basis due to the seasonality of the business and lack of visibility and security of demand unlike electric and gas.

# 4. Impact on UK Retail oil prices

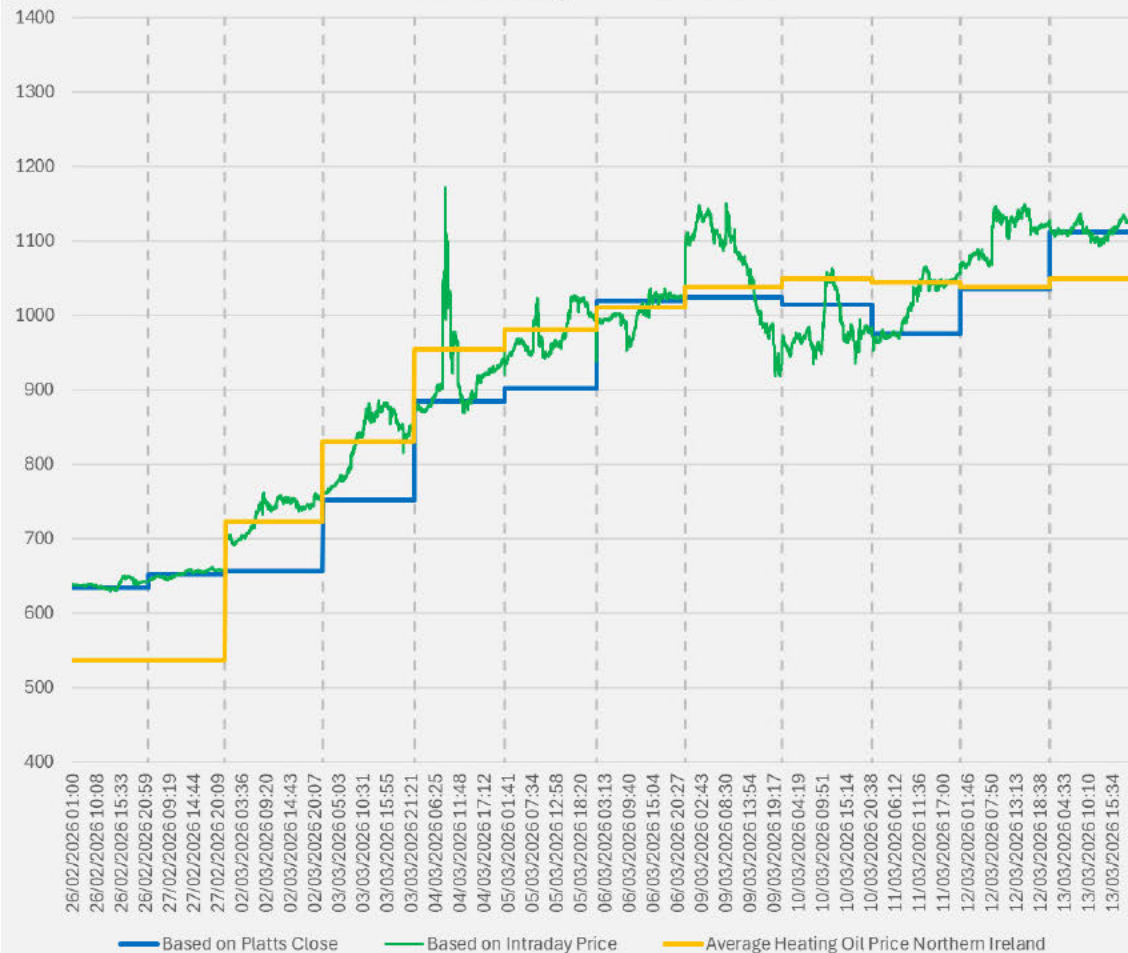


In order to try and price orders for future delivery appropriately it is likely oil distributors would have set their prices each morning and updated them several times during the day to reflect the real-time price indications from pricing systems such as OMJ. Our screens along with competitor products such as Bloomberg provide real-time price indications for next day delivery or collection from the oil terminals.

As a result, the retail prices set by oil distributors for future delivery would likely have been higher than the Platts close basis each day. For example, on the morning of Wednesday 4<sup>th</sup> March the price of Jet Fuel was up 30 pence per litre in early trading between 9am and 11am - a real-time retail price of 900 litres of heating oil could have been as high as £1,200 on that basis.

# 5. Comparison of Actual Retail Prices with Wholesale price – Northern Ireland

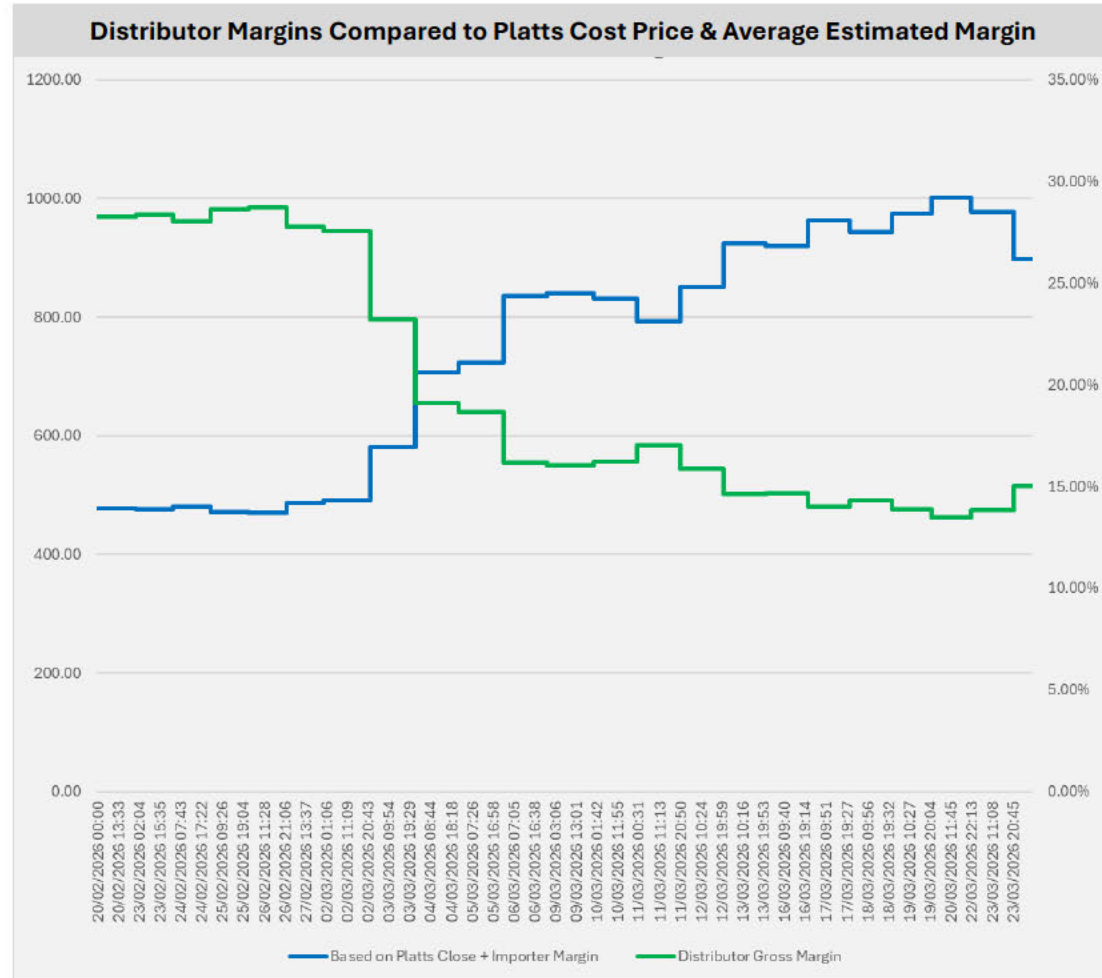
Consumer Council NI Survey of 900 litres of Heating Oil Compared to Realtime Rotterdam Spot Market Price & Platts Settlement Price Including Margins



When we compare the wholesale price on a Platts end of day basis including wholesaler and retailer estimated margin (shown in blue on the graph), and on an OMJ intraday indicative basis (shown in green), we see there is a close correlation between what we would have expected the retail price to be, and the price reported in the daily survey by the Northern Ireland Consumer Council (shown in yellow.)

(There are no Consumer Councils survey for England, Scotland or Wales, therefore, we cannot easily comment on the situation in GB.)

# 5. Distributor Gross Margins - Northern Ireland



On a percentage basis, it is estimated that the gross margin achieved by Northern Ireland oil distributors fell sharply in percentage terms as the price of oil increased.

# 6. Conclusions

Our review of the data shows:

1. During the first week of the crisis the Rotterdam spot market price of Jet Kero price outperformed Brent Crude and other refined products, increasing by +87.33% compared to a rise in the price of Brent Crude price of 30.83%, Diesel B7 price + 23.48%, Petrol E10 price + 8.10%.
2. Based on data from the Northern Ireland Consumer Council oil distributors tracked the spot market price for Jet fuel during the crisis.
3. Gross margins fell in percentage terms during the crisis.
4. In the data which is available to us we found no evidence of “price gouging” or “profiteering” by oil distributors.

An aerial view of a large offshore oil rig at sunset. The sun is low on the horizon, casting a golden glow over the sea and the rig's complex structure. The rig features multiple levels, yellow railings, and several tall, white cylindrical structures. The sky transitions from a bright yellow near the horizon to a deep blue at the top.

## The Oil Market Journal

Oil prices, news and analysis on the Rotterdam spot market and the oil futures markets in London and New York.

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