CMA ROAD FUEL MONITORING

Enhanced monitoring report in response to the Middle East conflict

1 June 2026

Competition & Markets Authority

Website: www.gov.uk/cma

The Competition and Markets Authority has excluded from this published version of the final report information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂]. Some numbers have been replaced by a range. These are shown in square brackets. Non-sensitive wording is also indicated in square brackets.

Contents

Summary: Impact of the conflict in the Middle East on the UK road fuel market

1. This report forms part of the CMA's statutory monitoring role to scrutinise competition in the road fuel market, and resulting prices and margins, on an ongoing basis. This follows our 2023 market study which found that competition at the pump was not working as well as it should be. In response, we recommended that the UK government establish a new monitoring function to scrutinise prices and margins on an ongoing basis[1] and an Open Data scheme for fuel prices (Fuel Finder).

2. The conflict in the Middle East has resulted in a significant increase in the price of road fuel. To understand whether this increase results simply from the increase in the underlying costs faced by retailers or has been exacerbated by retailers earning higher margins, the CMA has stepped up its statutory monitoring of petrol and diesel prices. Retailers responsible for thousands of fuel stations across the UK were put on notice in March 2026 that formal requirements to supply revenue, costs and sales data would be brought forward. This was to enable the CMA to accelerate its review of fuel margins – the difference between the price petrol stations pay for fuel and the price they sell it at – made by retailers since the conflict began.

3. In our previous report, published on 1 May 2026, we found that the conflict in the Middle East had caused a rapid increase in the wholesale cost for fuel, which had been passed on to drivers in the form of higher prices at the pump. We found that, on average across large retailers, fuel margins were broadly unchanged between February and March this year and were close to the average margin in 2025, although they remained at historically high levels as reflected in our previous reports.

4. For a minority of these retailers, we observed some increases in fuel margins during March 2026, but we were not in a position to determine the precise reasons for these increases as we received the margin data within the week prior to publication. We committed to investigate at pace the reasons for these increases. We also committed to continue to monitor prices and margins closely (including in the event that wholesale costs begin to fall). This report includes our analysis of: (i) the drivers of increases in some retailers' margins in March 2026, (ii) retailer margins for April 2026, (iii) prices up to the week commencing 18 May 2026.

[1] The Digital Markets, Competition and Consumers Act 2024 gave the CMA statutory information gathering powers so that it could undertake this monitoring function.

5. Our previous report also found a period of higher margins in December 2025 and January 2026 compared to the rest of 2025, prior to the conflict in the Middle East. We have also investigated what has driven these increases.

Our findings

6. In a well-functioning road fuel market, we would expect that retailers with relative cost advantages would reduce prices to win market share from their competitors, with rivals being forced to respond to remain competitive. However, we have continued to see retailers pursuing largely passive pricing policies, rather than actively competing to win customers, consistent with our 2023 market study findings. We remain concerned that drivers are likely to be paying more than they otherwise would in a more competitive environment.

March 2026 market outcomes

7. In March, we observed that the conflict in the Middle East caused a rapid increase in both the wholesale price for fuel and prices at the pump. Although prices increased for all retailers, supermarket prices remained below those of non-supermarket retailers on average and motorway retailers were the most expensive. This reflects our market study findings that supermarkets are generally the cheapest places to buy fuel.

8. We found fuel margins had been broadly unchanged on average across retailers in March and compared to 2025. However, within this overall picture we found four individual retailers saw their margins (measured in ppl) increase in March 2026.[2]

April 2026 market outcomes

9. Higher pump prices for diesel and petrol persisted into April (on average 157.6 ppl for petrol and 191.2ppl for diesel in the week commencing 20 April) while wholesale prices remained inflated and very volatile but stopped increasing.

10. Most (but not all) retailers saw an increase in ppl margins in April compared to March and, overall, average ppl margins are slightly above the 2025 average at 11.3 ppl compared with 10.7 ppl. Supermarket retailer average margins were broadly unchanged, with non-supermarket margins increasing in April and now in line with their 2025 average at 11.3ppl.

[2] We also expressed concerns regarding a margin increase for another retailer in our 1 May report. However, that retailer subsequently clarified the data provided and its margin decreased in March.

11. The majority of retailers in our dataset had opposing margin trends in March and April 2026, ie those who saw a decrease in ppl margins in March experienced an increase in April and vice-versa.

Drivers of these market outcomes

12. Our focus has been on the extent to which changes in retail prices can be explained by wholesale price changes and on what is driving increases or decreases in the profit margins being made. Insofar as margins are increasing or decreasing, we consider whether these changes are attributable to factors such as (a) managing inventory pressures in response to increases in demand; (b) the terms on which retailers are purchasing fuel; (c) uncertainty regarding future market volatility; and/or (d) retailer pricing strategies.

13. Overall, our analysis indicates that elevated wholesale prices continue to explain most of the increase in pump prices in March and into April and we have not seen evidence of retailers actively changing their pricing strategies to take advantage of the crisis.

14. Alongside wholesale price increases, a range of factors particular to the current crisis may be reducing retailers' incentives to offer lower prices, including: wholesale price volatility and uncertainty as to how wholesale prices will evolve; supply constraints and increases in demand; and the need to manage inventory – which may particularly be the case for diesel.

15. Consistent with this, the rapid increase in prices at the outset of the conflict appears to be linked to an increase in demand at the start of the crisis, combined with concerns about security of supply, with retailers using pricing to manage inventories. Our investigations also indicate that, where retailers have increased margins in March, this is due in part to retailers following competitors' price increases and setting prices to mitigate supply constraints and inventory pressures, alongside differences in their purchasing costs.

16. However, we also note that, throughout this period, average fuel margins (measured in ppl) for both supermarket and non-supermarket retailers have remained at historically high levels and in a number of cases individual retailer margins increased slightly in April. This is the case even though supply conditions in April have improved to some extent. For example, inventories have increased and wholesale prices, while still volatile, have stopped increasing.

17. We have some concerns about persistently high and in some cases increasing margins in April. Whilst this may reflect continued wholesale price volatility driving continued high retail prices, high retail prices and the increase in ppl margins in April could also result from weak price competition including the continued use of passive pricing strategies by retailers rather than retailers responding promptly to

wholesale price movements and/or trying to win market share by reducing retail prices. We will be monitoring this closely as we scrutinise data for May and June and will provide an update on our findings in our next report, with an expectation that any reductions in wholesale prices are rapidly and fully passed through in lower retail prices.

Pre-Middle East conflict outcomes and drivers

18. We have also investigated the drivers for increased margins in December 2025 and January 2026, prior to the conflict in the Middle East. Our analysis shows that margin increases are explained by a range of retailer-specific factors, comprising improved market conditions in this period following weaker market conditions in October/November 2025; wholesale price volatility; and increasing prices to build up inventories.

19. However, throughout this period, retailers generally continued to use passive pricing strategies, rather than responding promptly to wholesale price movements and/or trying to win market share.

Delivering better outcomes for drivers

20. Market conditions since the start of the Middle East conflict have been difficult – with wholesale price increases and periods of sudden demand increases with retailers needing to manage inventory pressures – and this is what appears to have driven price increases. With some improvements to supply conditions becoming apparent in April (for example inventories being restored) we would however be concerned if current high retail prices were to persist and not follow any declines in wholesale costs. We therefore will be paying close attention to whether improved market conditions are reflected in retail prices. Specifically:

    (a) To enable us to report on a fuller series of price and margin data (and robustly determine whether margins have inflated as supply conditions improve) we will consider market developments up to the end of June in a further monitoring report to be published in August. Retailers are therefore on notice of our intention to closely monitor market developments over that time, with an expectation that any reductions in wholesale prices are rapidly and fully passed through in lower retail prices.

    (b) Alongside this, as it is now three years since we completed our market study and given our ongoing concerns about weak price competition in the sector, we will conduct a targeted update to that work that will include a more detailed assessment of the competitiveness of current retailer pricing strategies across the market. We expect to publish the results of that assessment in the autumn, to allow for an assessment of the impact of the introduction of the Fuel Finder scheme. We will be engaging directly with retailers to get a full understanding of their competitive pricing strategies and the extent to which they may be contributing to poor consumer outcomes.

21. The Fuel Finder scheme is key to strengthening competition and keeping fuel costs as low as possible for drivers. Key to the effectiveness of Fuel Finder is achieving a critical mass of third-party mapping and price comparison tools to disseminate pricing information to consumers. Once Fuel Finder is established and widely used, this will make it easier for drivers to shop around for the cheapest fuel and, as a result, we would expect competitive pressure on retail prices and margins to increase.

22. Our detailed assessment is set out in the main report which is structured as follows:

(a) Section 1: Evolution of fuel prices and margins

(b) Section 2: Drivers of trends in prices and margins

(c) Section 3: Conclusions and next steps.

1. Evolution of fuel prices and margins

1.1 In this section we consider the evolution of petrol and diesel prices, their underlying components, and margins over time. We discuss these trends and the factors which have driven them in Section 2.

Fuel prices and components

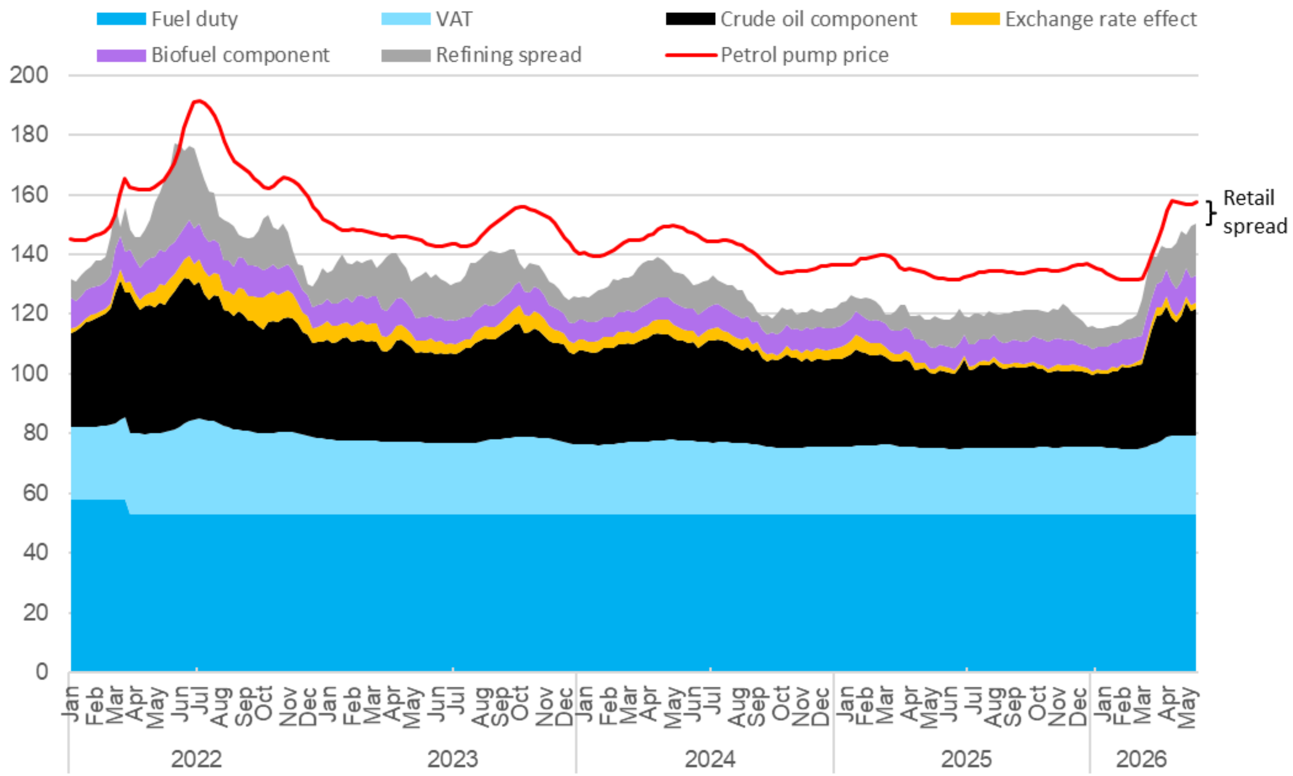
1.2 The conflict in the Middle East has led to a sharp rise in road fuel prices though the increase has not been as pronounced as during the first months of the Ukraine war which we considered in our 2023 market study. Figures 1.1 and 1.2 show the components of average petrol and diesel prices and how these components have evolved over time.[3] These charts show that:

(a) Retail prices increased significantly from the start of the war and have remained high in April and May;

(b) Our analysis of components shows that these retail price increases reflect, to a significant extent, increases in the price of crude oil and the refining spread. Average retail prices in the period since the start of the conflict in the Middle East[4] were 18.4ppl and 35.3ppl higher than average retail prices in February 2026 for petrol and diesel respectively, and this is in large part explained by increases in the price of crude oil (including exchange rate effect) and refining spread, which together account for 19.9ppl and 31.1ppl of the increase in retail prices of petrol and diesel respectively over the same period.

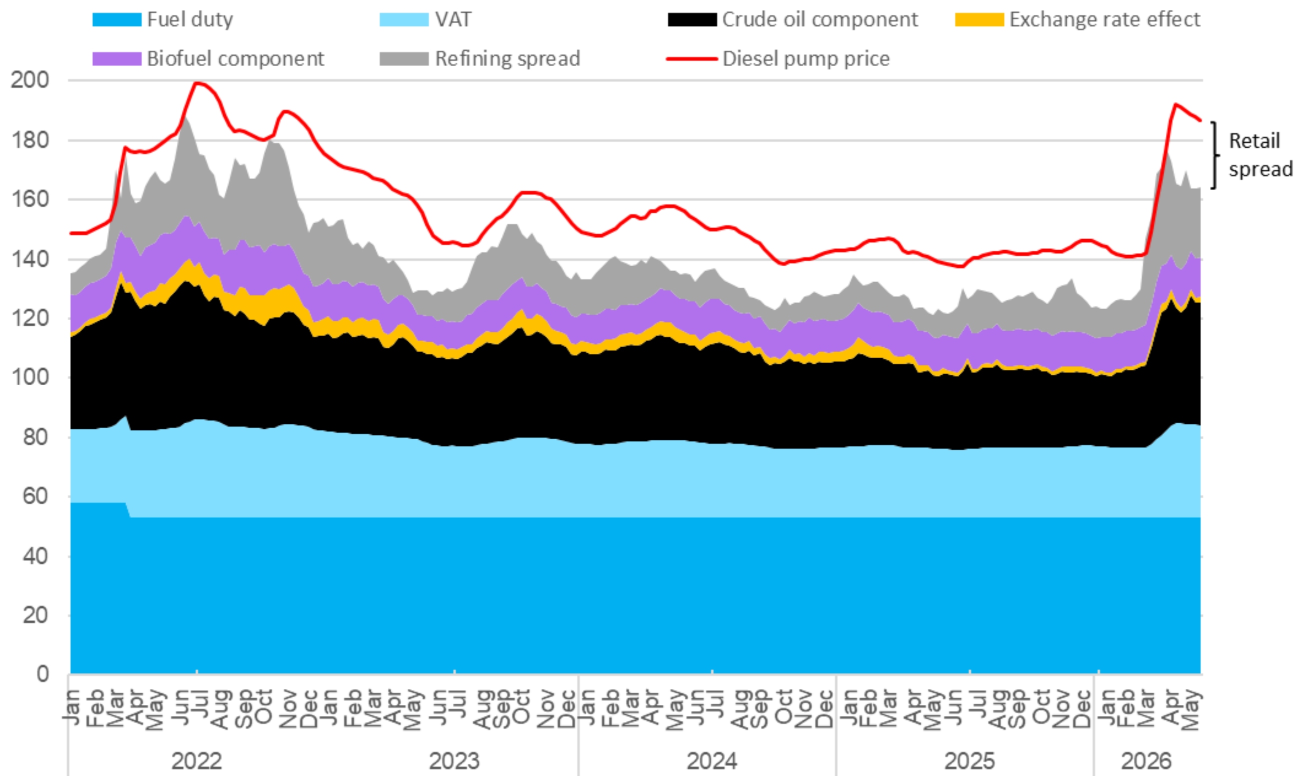
[3] To produce these charts we have used data on average pump prices (published by the Department for Energy Security and Net Zero), the price of crude oil (the Brent 1-month price), prices of biofuels (ethanol and FAME), Cost, Insurance and Freight (CIF) benchmark prices (most commonly used in contracts between wholesale suppliers and retailers), as well as exchange rates, fuel duty and VAT. This data is consistent with data we used in our market study and subsequent monitoring reports.
[4] Covering the period from the week commencing 2 March up to, and including, the week commencing 18 May.

Figure 1.1 Petrol pump price with components, January 2022 to May 2026 (ppl)



Source: CMA analysis of Department for Energy Security and Net Zero, Platts, Bloomberg and Bank of England data.
Note: The exchange rate effect is calculated relative to 7 June 2021 and could be negative in some periods. The figure covers the period from the week commencing 3 January 2022 to the week commencing 18 May 2026.

Figure 1.2 Diesel pump price with components, January 2022 to May 2026 (ppl)



Source: CMA analysis of Department for Energy Security and Net Zero, Platts, Bloomberg and Bank of England data.
Note: The exchange rate effect is calculated relative to 7 June 2021 and could be negative in some periods. The figure covers the period from the week commencing 3 January 2022 to the week commencing 18 May 2026.

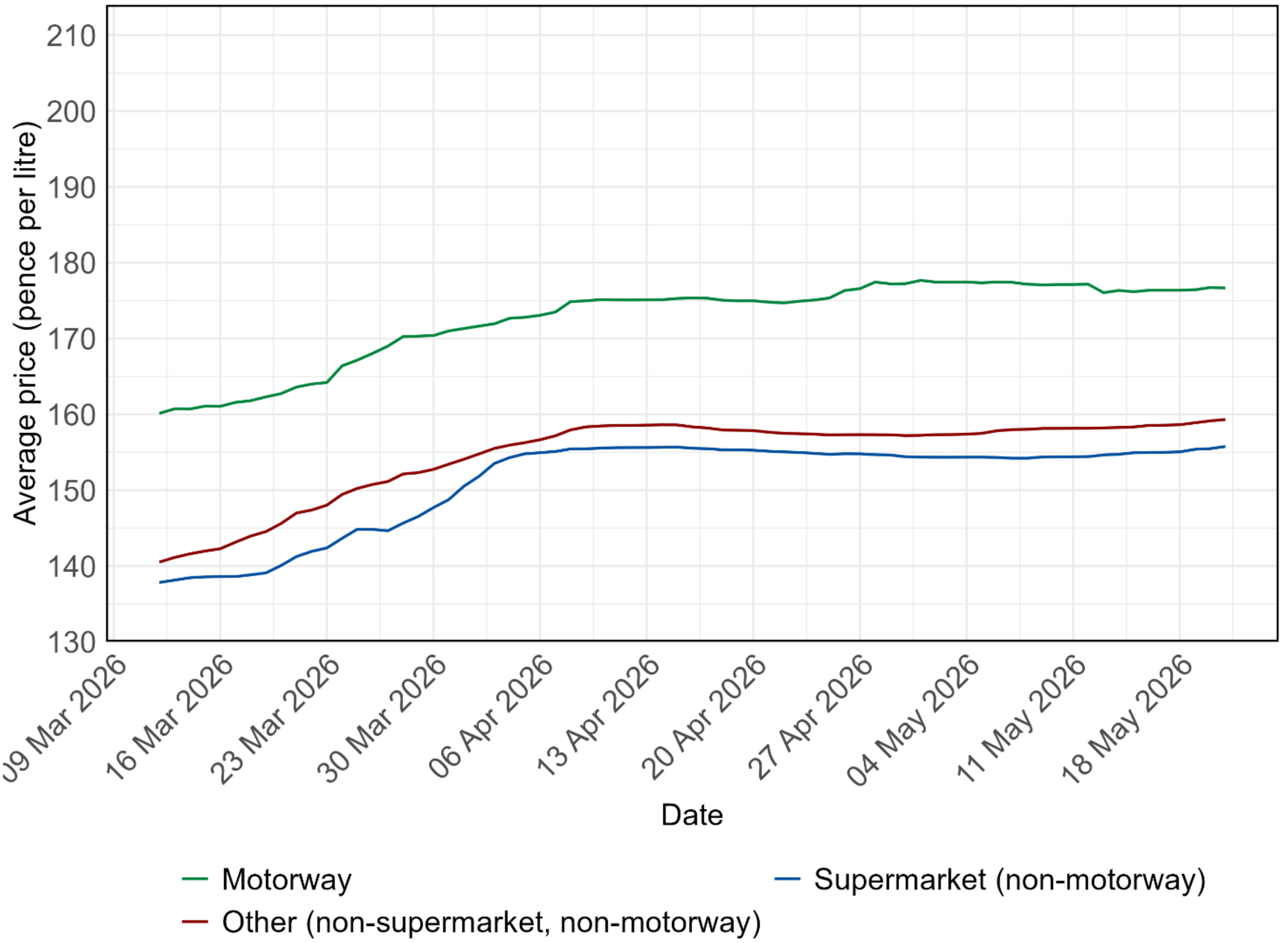
Fuel prices by types of retailers

1.3 We have also considered how prices vary by types of retailers. Figures 1.3 and 1.4 show average retail prices for supermarkets, non-supermarkets and motorway retailers.[5] Although prices have increased for all retailers, supermarket prices continue to be materially below those of non-supermarket retailers on average and motorway retailers have remained the most expensive.

1.4 Figure 1.3 shows that the average petrol price differential between supermarkets, non-supermarkets and motorway sites remains broadly stable over the period from mid-March to 21 May. Motorway sites price petrol at around 25ppl above supermarkets, while other non-supermarket, off-motorway retailers price slightly above supermarkets.

[5] These charts are based on data from Fuel Finder. They cover the period from mid-March (by when most retailers were registered and providing data) until 21 May. If a retailer has not registered an updated price in the last day, we impute the price using the last reported value. The Supermarket group includes Asda, Morrisons, Sainsbury's and Tesco, the motorway group includes, but is not limited to, pumps owned by BP, Shell, Welcome Break, Esso and Texaco, and the non-supermarkets group includes all other oil companies and dealers.

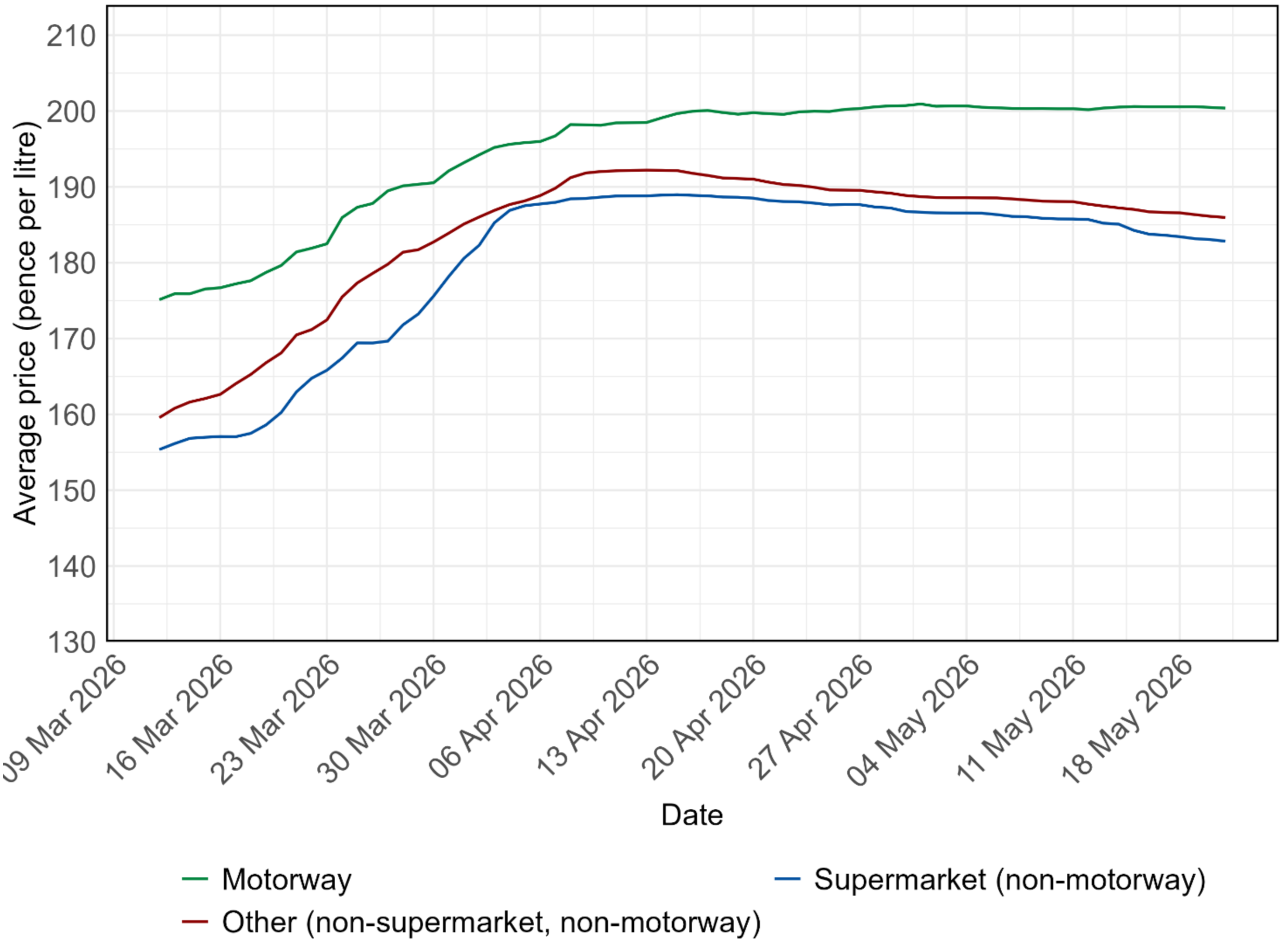
Figure 1.3: Average retail petrol prices for supermarket, non-supermarket and motorway pumps, March to May 2026 (ppl)



Source: CMA analysis of Fuel Finder data.

1.5 Figure 1.4 shows the average retail prices for supermarkets, non-supermarkets and motorway retailers for diesel. At the start of the period, motorway sites price diesel approximately 20ppl above supermarkets, while other non-supermarket, off motorway sites price only slightly above supermarkets. There is a brief period of convergence between prices at motorway sites and supermarkets at the end of March, when the differential narrows to 10ppl. This convergence coincides with a faster increase in prices among supermarkets and non-supermarkets compared with motorway sites. The differential begins to widen again through late April as prices stabilise, returning to 20ppl by mid-May.

Figure 1.4: Average retail diesel prices for supermarket, non-supermarket and motorway pumps, March to May 2026 (ppl)



Source: CMA analysis of Fuel Finder data.

1.6 Given that supermarkets are generally the cheapest providers, and as such tend to lead the overall market price and sell the largest volumes of fuel,[6] we have also considered how average fuel prices among the four largest supermarkets have evolved over time. Between December 2025 and the beginning of May 2026, supermarket fuel prices generally moved closely together, with the price gap between different supermarkets generally remaining small. This was particularly the case from the second half of December until the onset of the Middle East conflict. One retailer implemented a significant but short-lived price cut for both fuels at the end of March 2026. We discuss the circumstances surrounding this price cut in Section 2.

[6] Final report road fuel market study, paragraphs 5.65-5.66 and 5.71.

Retail margins

1.7 Trends in profits and margins can be an important indicator of whether competition is working well in a market. Here we assess retail fuel margins, that is the difference in the cost for retailers of acquiring fuel and the revenue generated from the sale of fuel.[7] Retail margins typically give us a clearer indication of how competition is working in the market than retail spreads, as they show the margins a retailer has actually made, reflecting the actual costs they incurred from buying fuel, rather than an average market pump price less an estimate of these wholesale fuel prices (the retail spread).

1.8 In the CMA's 2023 market study we found that competition between retailers had weakened, with retail margins rising significantly since 2019. In response, we recommended that the UK government establish a new monitoring body to scrutinise prices and margins on an ongoing basis and an Open Data scheme for fuel prices (the recently introduced Fuel Finder scheme). Our monitoring reports to date[8] have continued to observe margins for supermarket and non-supermarket retailers that are historically high, indicating that competition has not strengthened since our market study.

1.9 To understand how the conflict in the Middle East has impacted retail margins, we collected data from individual retailers[9] to calculate monthly fuel margins. As we are particularly focused on short-run changes in margins in March and April 2026, we have focussed our analysis on margins on a ppl of fuel sold (ppl margins) basis.[10]

1.10 There are limitations to what ppl margins can tell us about competition in the market, in particular during periods of high volatility within and between months. As an absolute value based on management accounts,[11] month-to-month ppl margin movements can be impacted by the timing of retailers' reporting periods and accounting policies and adjustments, and do not show the daily or weekly movements within the period. However, even with these limitations we consider margins to be a useful indicator of market trends, given they reflect actual financial performance for retailers.

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[7] We acknowledge that this is a simple metric and that we have not analysed in detail the other costs of doing business in this market.
[8] Road fuel monitoring and enforcement - GOV.UK
[9] We collect data from 11 retailers, representing approximately 40% of petrol stations and 60% of road fuel volume sold. These retailers are Asda Stores Limited; BP Oil UK Limited; EG On The Move Limited; Esso Petroleum Company Limited; Moto Hospitality Limited; Motor Fuel Group; Rontec Roadside Retail Limited; J Sainsbury PLC; Shell PLC; Tesco PLC; and Welcome Break Group Limited. We have been able to assess margins for 10 of the retailers from whom we collect data. Some of these retailers trade under more than one brand and are analysed separately in our margin analysis, resulting in a dataset of 12 retailers.
[10] We have focussed on ppl margins as percentage margins can be impacted by the overall wholesale fuel price (as when prices are higher, a static ppl margin, for example, would appear lower as a percentage). However, we note that percentage margins can also be informative, in particular when analysing longer term trends.
[11] We note that the ppl margins presented in our monitoring reports are not adjusted for inflation.

1.11 Figures 1.5 to 1.9 show (a) average fuel margins for all retailers in ppl terms up to April 2026; (b) average fuel margins for supermarkets and (c) average fuel margins for non-supermarket retailers.[12] This data shows that:

(a) Since the start of the Middle East conflict, on average, retail fuel margins expressed in ppl were broadly unchanged between February 2026 and March 2026, in line with the average in 2025, and then increased slightly in April 2026 to 11.3ppl, 0.6 pence above the average margin in 2025.

(b) Supermarket retailer average margins were broadly unchanged (increase of 0.1 ppl) and non-supermarket retailer average margins increased by 1 ppl in April 2026 compared to March 2026. In comparison, in March 2026 supermarket retailer average margins increased by 0.7ppl whilst non-supermarket retailer average margins decreased by 0.6ppl compared to February 2026, although as shown in Figures 1.3 and 1.4 on average supermarkets continue to charge lower prices than other retailers.

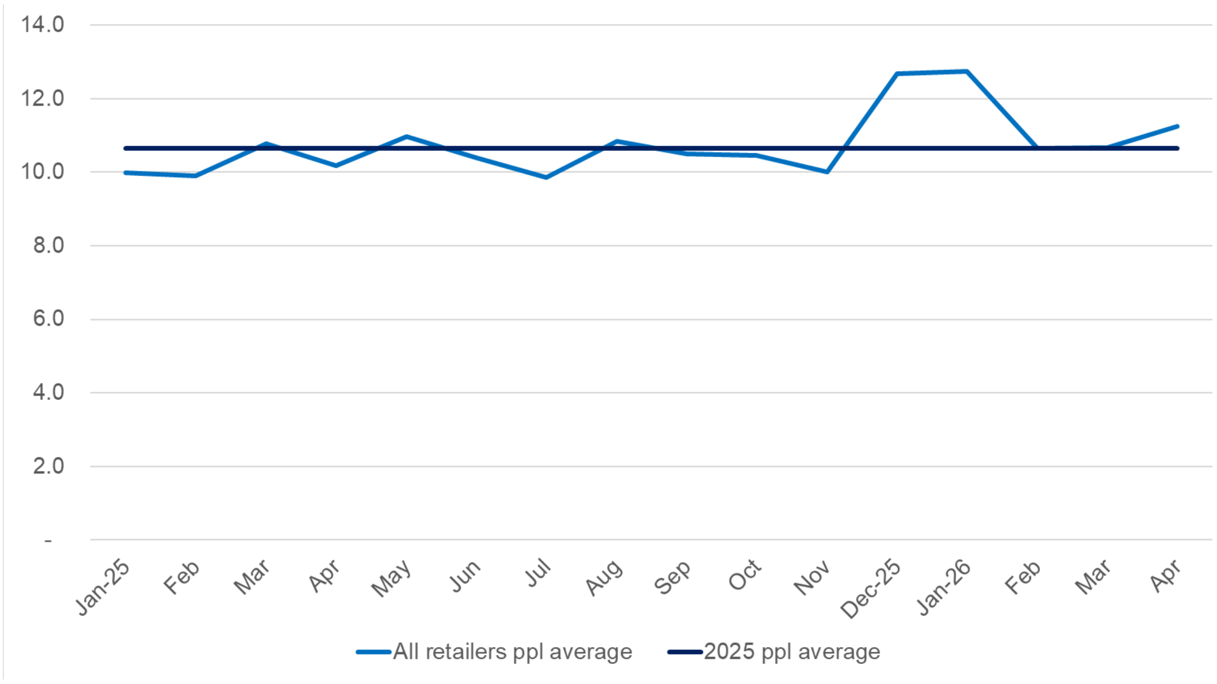
(c) The majority of retailers[13] in our dataset had opposing margin trends in March and April 2026, that is, those ppl margins that decreased in March, increased in April and vice-versa.

(d) As noted above, we have focussed on ppl margins due to our focus on the short run impact of the conflict in the Middle East on margins in March and April 2026. However, average fuel gross profit margins[14] on a percentage basis decreased in both March and April 2026 to reach 8.0%, compared to a historically high average annual margin of 9.3% for 2025 (reflecting the overall increase in retail prices).

1.12 We consider the drivers for these trends in margins in the following section.

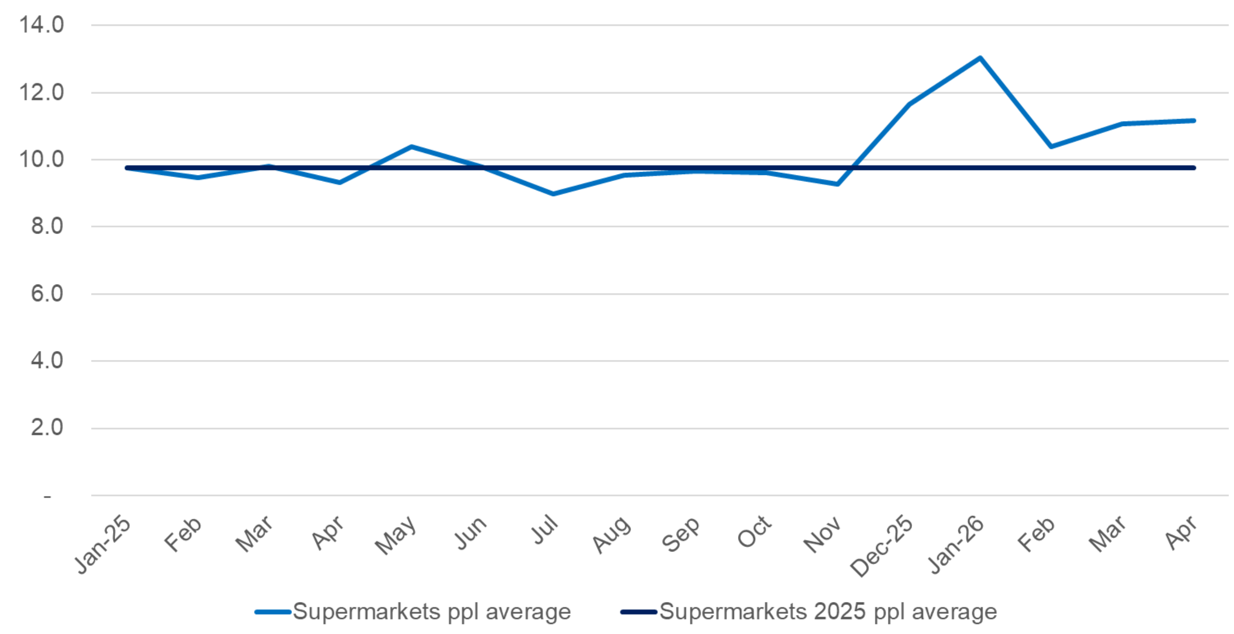
[12] The average ppl margins for February and March 2026 have been updated due to the correction of data for one retailer for the last week in February 2026 that was excluded from monthly accounts and for another retailer to adjust for the last three days of March 2026 that fall within their latest reporting period. Though this does not change the month-to-month average trends observed, it means that one retailer’s ppl margin decreased rather than increased in March, as previously identified in our 1 May 2026 report.
[13] Only one retailer had month on month small increases in ppl margin.
[14] That is fuel gross profit as % of fuel sales revenue for all retailers.

Figure 1.5: Average fuel margins (ppl) for all retailers (supermarket and non-supermarket), January 2025 to April 2026 and average for calendar year 2025



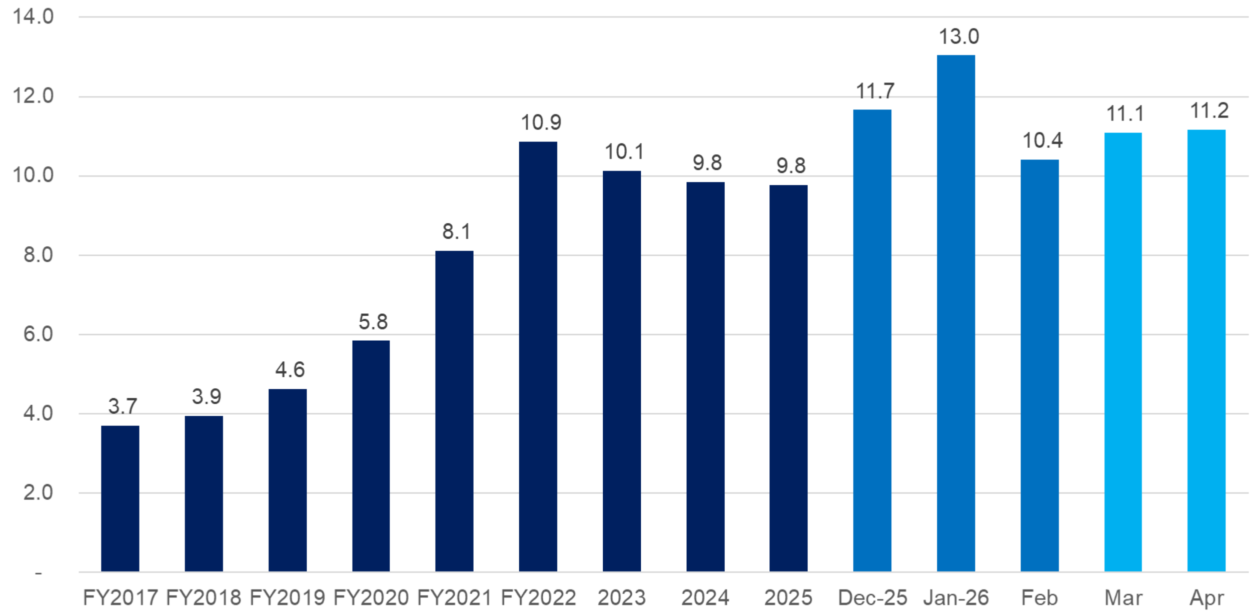
Source: CMA analysis based on parties' submissions.
Note: 2025 ppl average' is the average of all the months in the calendar year unadjusted for volumes.

Figure 1.6: Average supermarket fuel margins (ppl), January 2025 to April 2026 and average for calendar year 2025



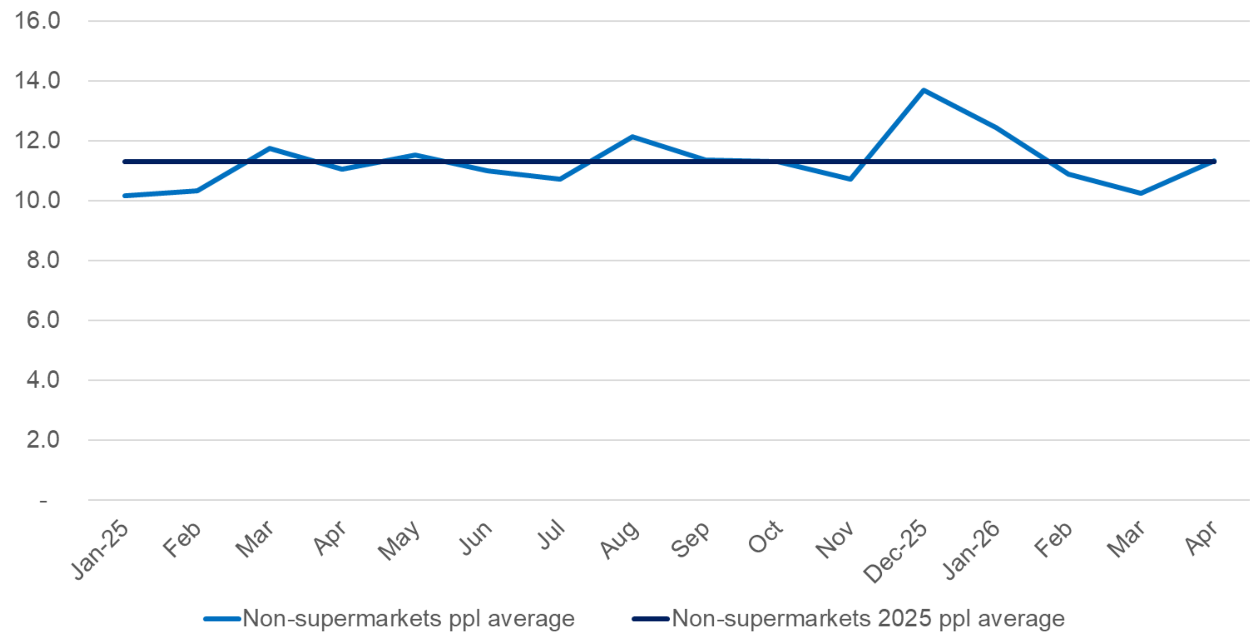
Source: CMA analysis based on parties' submissions.
Note: 2025 ppl average' is the average of all the months in the calendar year unadjusted for volumes.

Figure 1.7: Average supermarket fuel margins (ppl), for financial years (FY) 2017-2022, calendar years 2023 to 2025, and December 2025 to April 2026



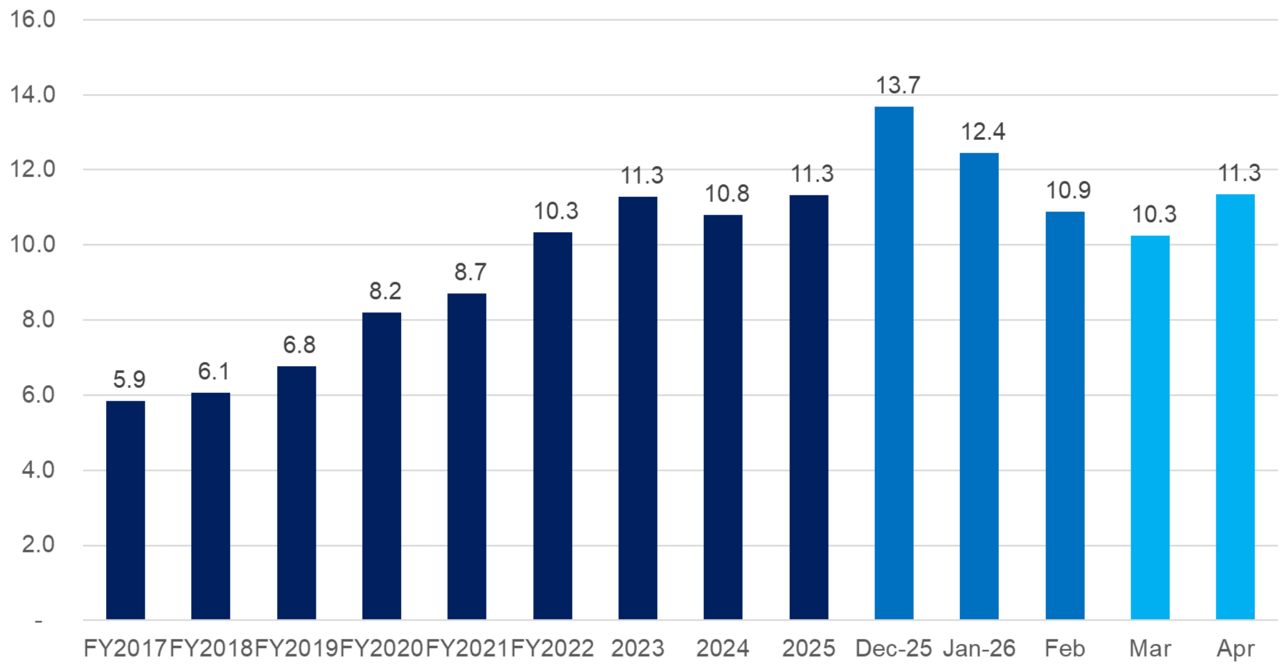
Source: CMA analysis based on parties' submissions.
Note: '2023 Ave', '2024 Av.' And '2025 Ave.' are the averages of all the months in the calendar year unadjusted for volumes.

Figure 1.8: Average non-supermarket fuel margins (ppl), January 2025 to April 2026 and average for calendar year 2025



Source: CMA analysis based on parties' submissions.
Note: 2025 ppl average' is the average of all the months in the calendar year unadjusted for volumes.

Figure 1.9: Average non-supermarket fuel margins (ppl), for financial years (FY) 2017-2022, calendar years 2023 to 2025, and January to April 2026



Source: CMA analysis based on parties' submissions.
Note: '2023 Ave', '2024 Av.' And '2025 Ave.' are the averages of all the months in the calendar year unadjusted for volumes. The months of February 2026 to March 2025 do not include the Petrogas UK Limited (Applegreen-Petrogas) UK sites purchased by EG On The Move Limited on 31 January 2025 due to data consistency issues.

2. Drivers of trends in prices and margins

2.1 As outlined in the previous section, wholesale and retail fuel prices have increased significantly since the start of the Middle East conflict. For most retailers we observed opposing trends in fuel margins in March and April 2026, with a decrease in March margin for 8 of 12 retailers followed by an increase in April for 9 of 12 retailers. We also found that average margins were higher in December 2025 and January 2026 than during the rest of 2025. In this section we consider in more detail how retail prices have evolved over this period and assess the factors that may have driven the observed trends in prices and margins to understand the extent to which they are consistent with a well-functioning market and whether there is evidence of retailers changing their pricing strategies or actively trying to use the crisis to increase their margins. Given the significant retail price increases since the start of the Middle East conflict, we first consider trends in March and April 2026. We then consider the trends observed in December 2025 and January 2026 (prior to the Middle East conflict).

Middle East conflict

2.2 In this section, we explore the drivers of the trends observed following the conflict in the Middle East, drawing on internal documents, responses to our information requests, our analysis of data on prices, costs and inventories, and submissions made by retailers. We begin by presenting general trends during this period, before considering how they varied between months and across retailers.

2.3 We have assessed detailed, daily data from the four largest supermarkets (Asda, Morrisons, Sainsbury's and Tesco) regarding their retail prices and inventory, alongside information on benchmark wholesale prices. We focused on supermarkets in this analysis because they account for a large share of volumes in the market and have generally charged the lowest prices, meaning that their data was most likely to allow us to understand market developments within the time available.[15]

2.4 In this analysis we have used benchmark wholesale prices as these are commonly used in contracts between wholesale suppliers and retailers.[16] In practice, however, the wholesale prices faced by an individual retailer, and the speed at which changes in wholesale prices impact its costs, will depend on its individual supply arrangements and contractual terms.

[15] The PRA market review 2023 found that supermarkets accounted for 43% of volume, even though they only made up 18% of sites. In the Road Fuels market study we found that, on average, supermarkets were cheaper than the other categories of retailers and had been consistently so over time.
[16] As an estimate of wholesale prices, we use the Platts CIF benchmark price, which as we found in the Road Fuels market study, is most commonly used in contracts between wholesale suppliers and retailers.

2.5 Figures 2.1 and 2.2 show benchmark wholesale prices, average retail prices (excluding VAT and duty)[17] and aggregate opening inventory for the four largest supermarkets from December 2025 to May 2026. The figures indicate that:

(a) At the start of the Middle East conflict benchmark wholesale prices increased quickly for both petrol and diesel. Benchmark wholesale diesel prices continued to increase and were volatile (when compared to the pre-Middle East conflict period) until the ceasefire announced on 8 April. Benchmark wholesale diesel prices fell following the ceasefire but have continued to be volatile. Benchmark wholesale petrol prices increased until late March (prior to when the ceasefire was announced) and have remained high and volatile since with benchmark wholesale petrol prices increasing at the start of May.

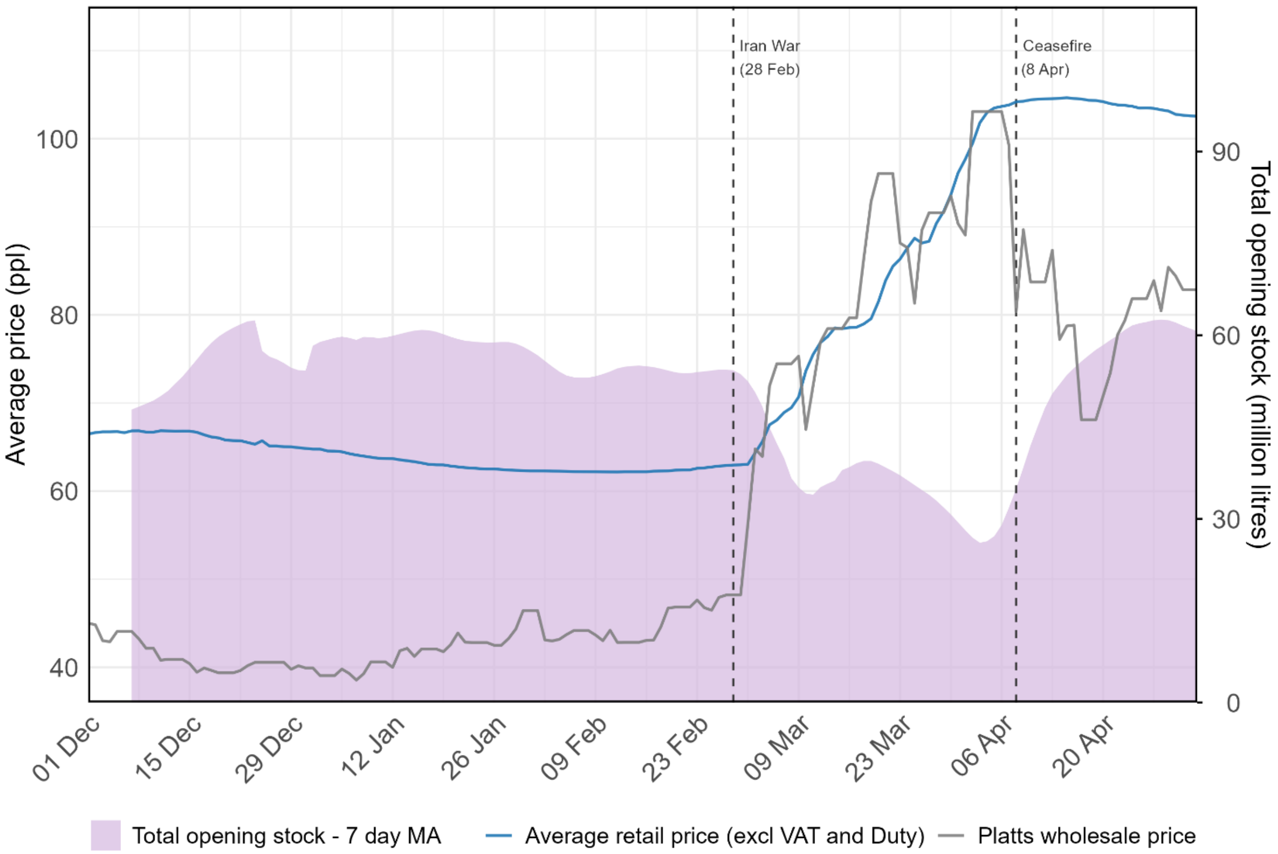
(b) Average petrol and diesel retail prices also began to rise at the same time as benchmark wholesale prices, although at a slower rate. In general, we would expect changes in wholesale prices to feed through to retail prices more slowly. The speed of this will depend on retailers' individual supply arrangements and contractual terms and will therefore vary by retailer. It might also be impacted by consumer demand, for example, in periods of high demand, retailers may raise retail prices more quickly in response to manage inventory pressures. We consider the reasons why retail prices rose at the same time as wholesale prices rather than with a lag at paragraph 2.10.

(c) Both petrol and diesel prices continued to rise until the ceasefire was announced on 8 April. Since then, retail prices have been fairly stable and have declined slightly.

(d) Inventories declined shortly after the Middle East conflict began (up to early March) and then declined again in late March prior to the ceasefire announced on 8 April. Since then, inventories have increased and are comparable to levels from before the Middle East conflict. We consider the factors affecting these changes in inventories further in paragraph 2.9.

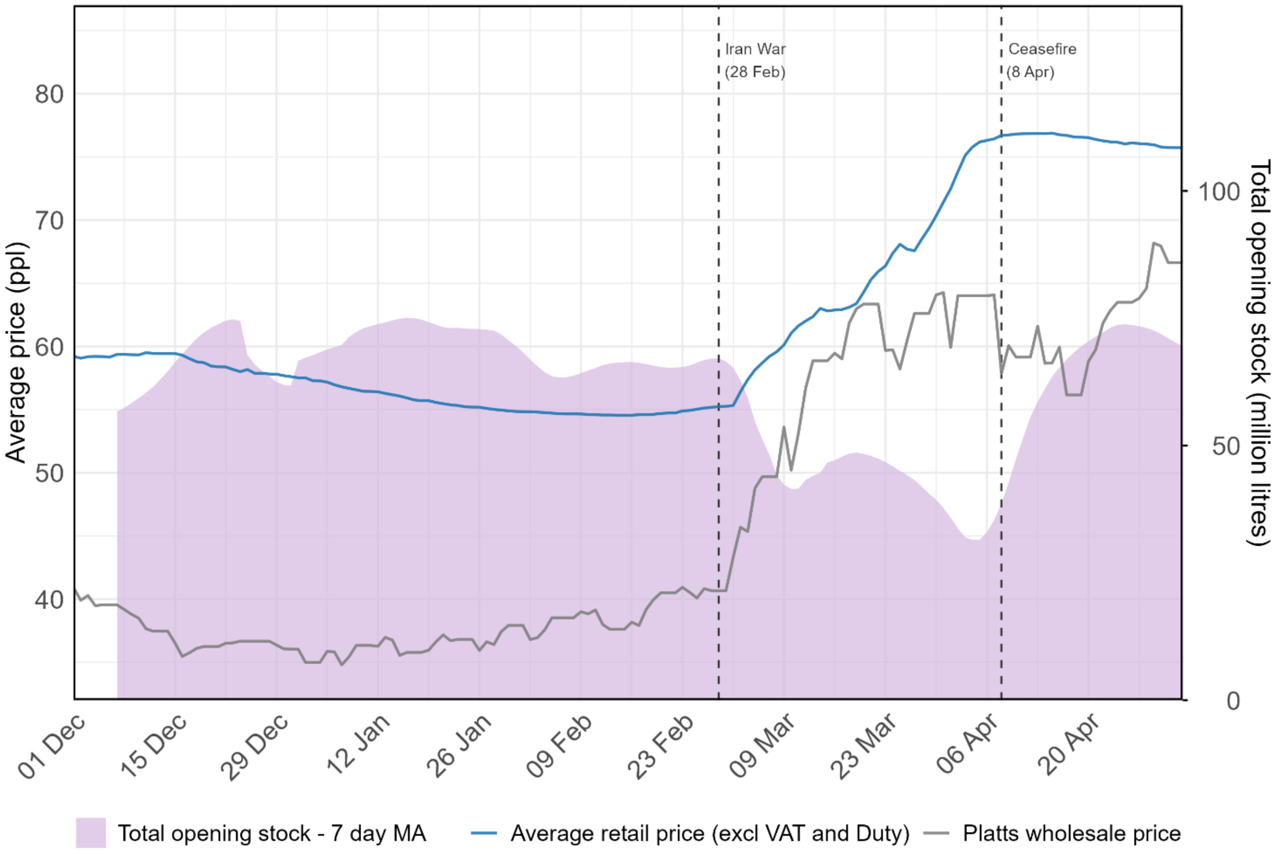
[17] The exclusion of VAT and duty explains why average prices in these figures are below those in earlier figures.

Figure 2.1: Average diesel retail price and aggregate inventories for the four largest supermarkets and benchmark wholesale diesel prices: December 2025 to May 2026



Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data
Note: Prices in these figures are lower than those in earlier figures due to the exclusion of VAT and duty.

Figure 2.2: Average petrol retail price and aggregate inventories for the four largest supermarkets and benchmark wholesale petrol prices: December 2025 to May 2026

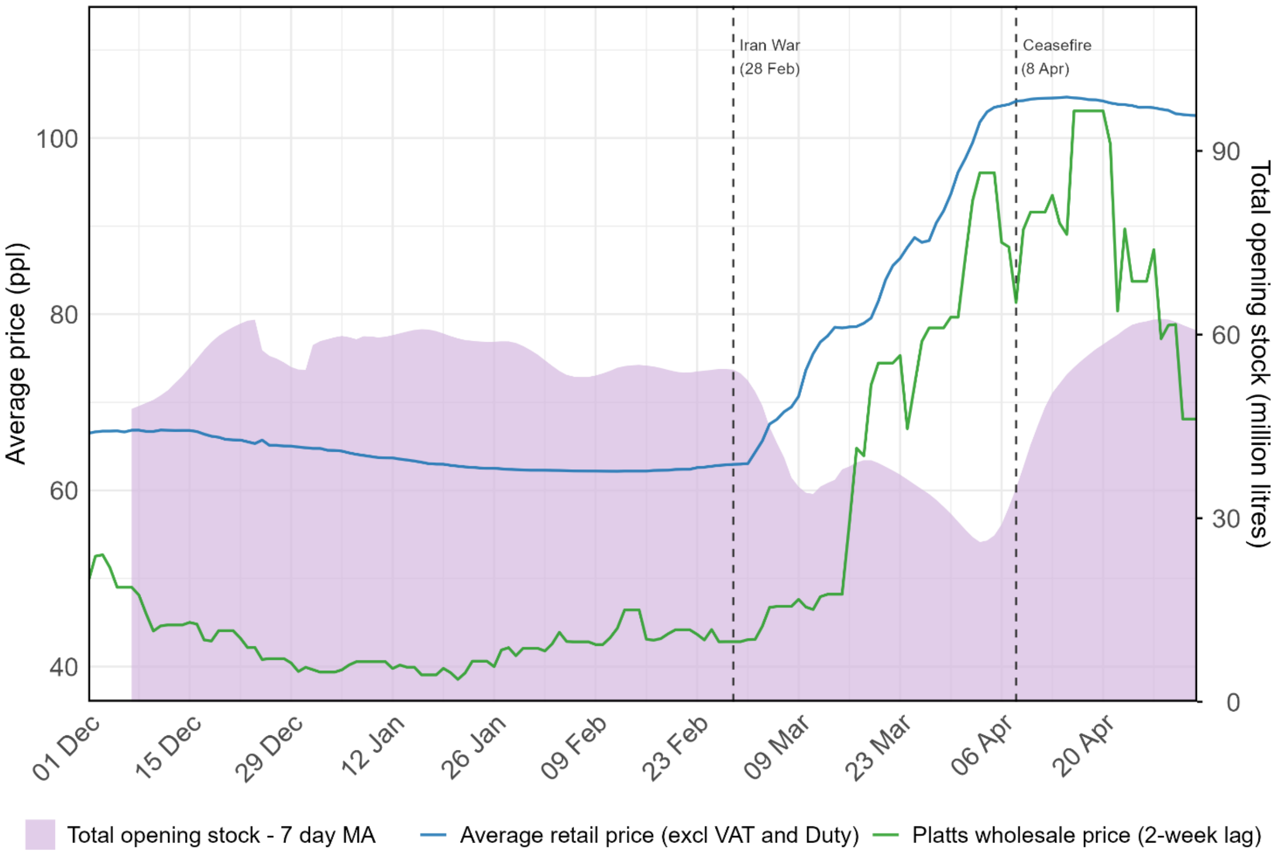


Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data
Note: Prices in these figures are lower than those in earlier figures due to the exclusion of VAT and duty.

2.6 As set out above, in practice the speed at which changes in wholesale prices affect retailers' costs will depend on their individual supply arrangements and contractual terms. We understand that the length of these lags varies between retailers. However, for the purposes of our analysis we have used a two-week lag as a proxy, recognising that some retailers will in practice face shorter or longer lags.

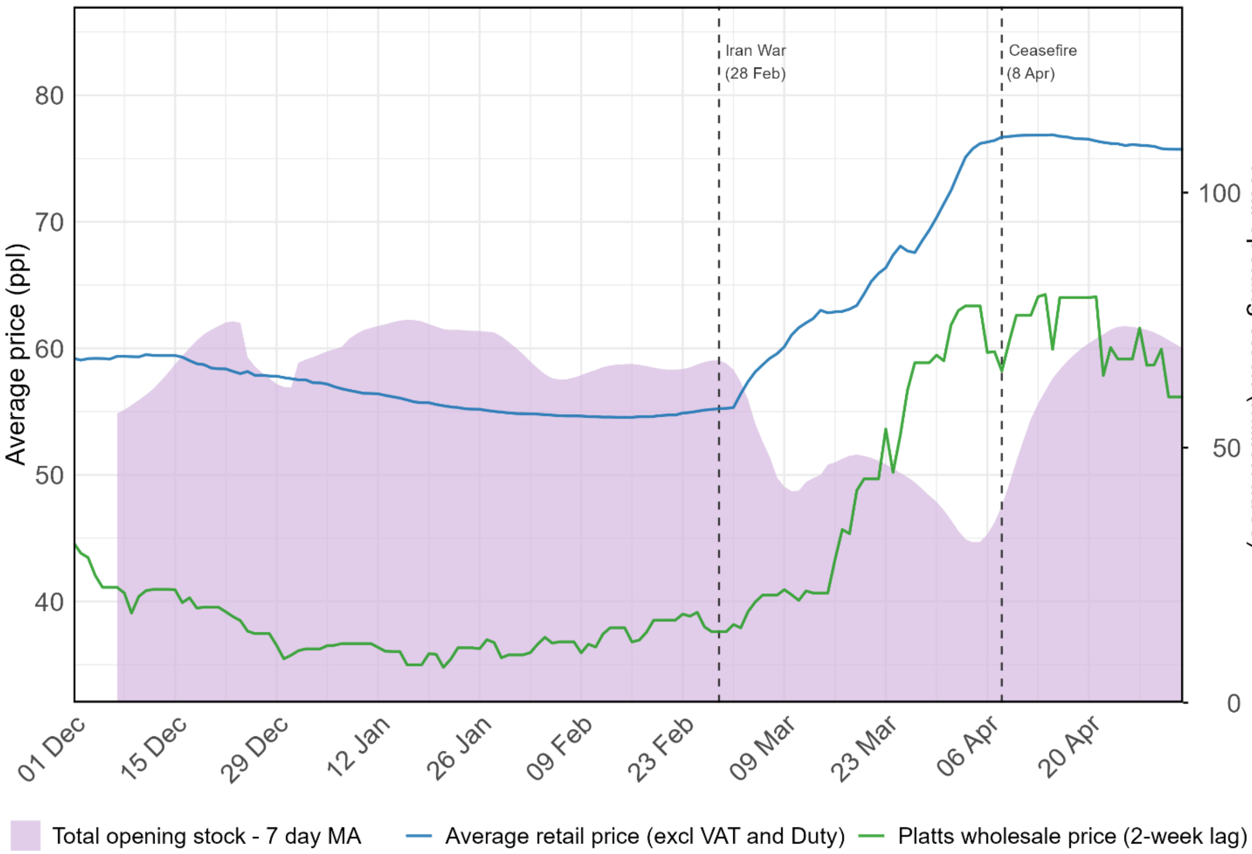
2.7 This data is shown in Figures 2.3 and 2.4 and shows that whilst average retail prices increased quickly for both petrol and diesel, lagged benchmark wholesale prices remained low and stable for the first half of the month before increasing quickly in the second half.

Figure 2.3: Average diesel retail price and aggregate inventories for the four largest supermarkets and benchmark wholesale diesel prices with a 2 -week lag: December 2025 to May 2026



Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data

Figure 2.4: Average petrol retail price and aggregate inventories for the four largest supermarkets and benchmark wholesale petrol prices with a 2-week lag: December 2025 to May 2026



Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data

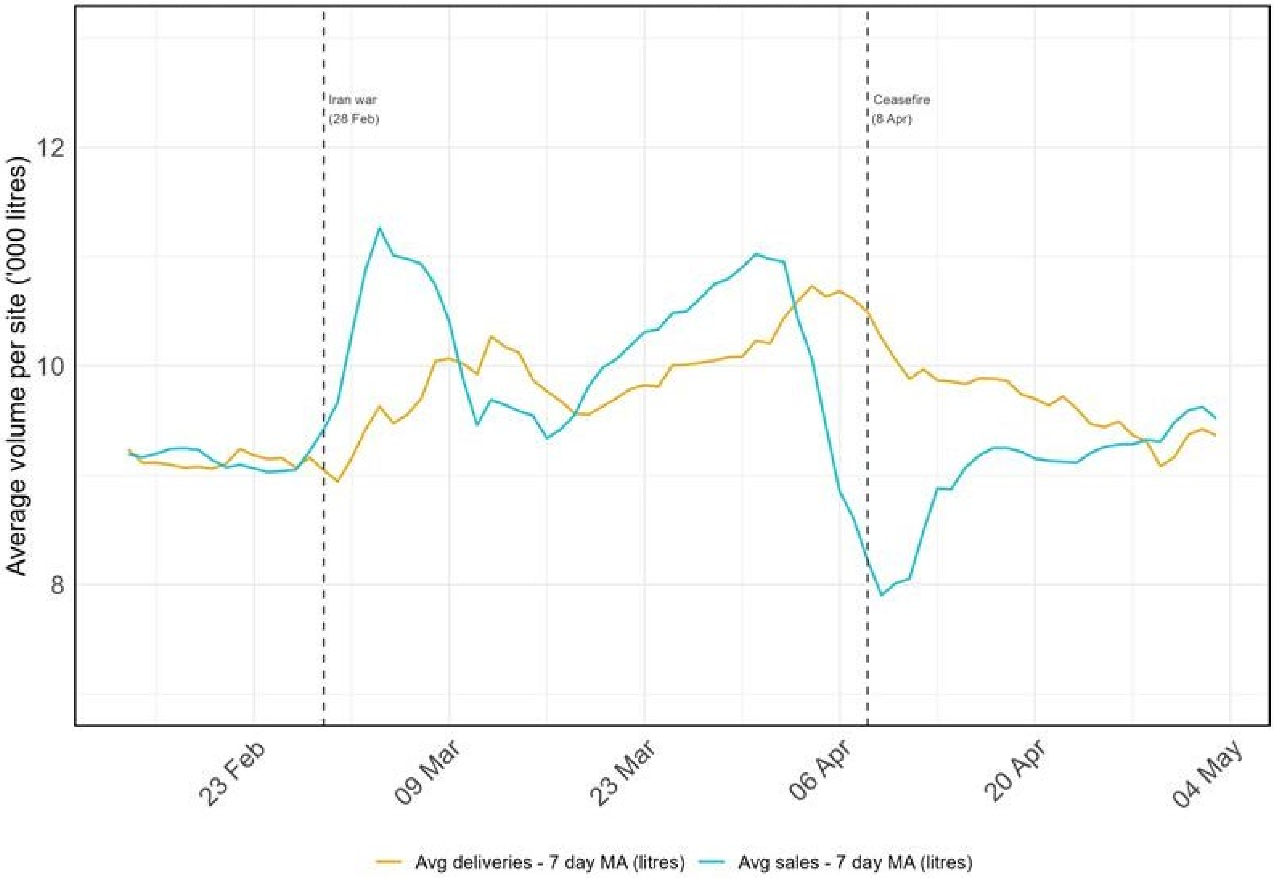
2.8 To understand the evolution of supplier inventories in more detail we also considered data on volumes sold and deliveries. Figures 2.5 and 2.6 show the average volumes sold and deliveries made per site over the course of a week across the four largest supermarkets from February-May 2026. These figures show a similar picture for both petrol and diesel with there being two periods in March where sales (demand) notably increased with deliveries increasing more gradually throughout March. Specifically:

(a) At the start of the Middle East conflict, average volumes sold increased in the first week of March. Deliveries also increased, but more slowly and with a delay, showing that demand was rising faster than supply in this period.

(b) Average volumes sold then declined gradually over the course of March, returning to levels broadly comparable to those seen before the conflict. They increased again in late March, before falling in the period leading up to the ceasefire. Deliveries steadily increased through March suggesting that retailers were increasing inventories.

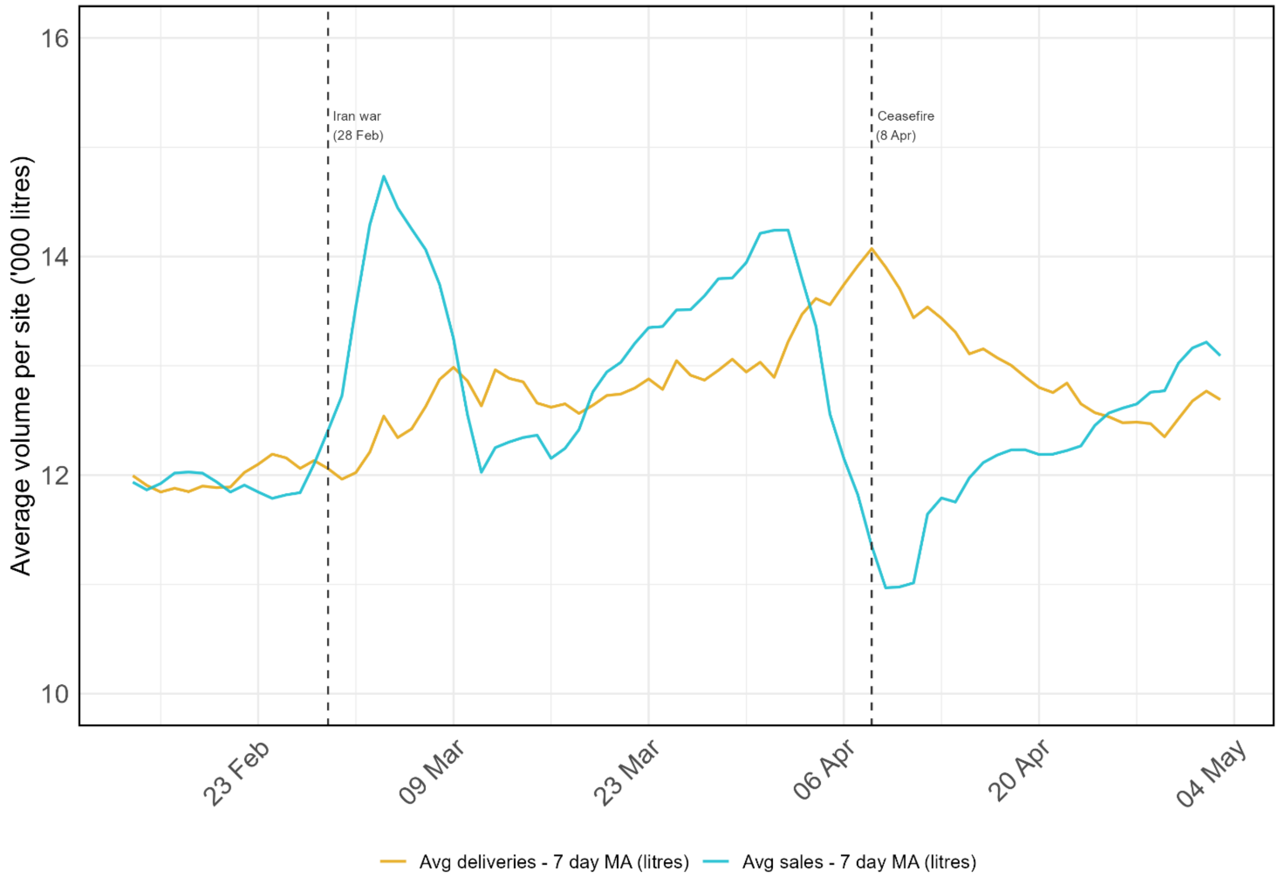
(c) In April, both average volumes sold and deliveries stabilised at levels comparable to those seen before the conflict.

Figure 2.5: Average sales and deliveries of diesel (B7) at a supermarket site



Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data

Figure 2.6: Average sales and deliveries of petrol (E10) at a supermarket site



Source: CMA analysis of Asda, Morrisons, Sainsbury's, Tesco, and Platts data

2.9 Given these patterns we have focussed on understanding the reasons for increasing retail prices in March 2026 at the start of the conflict as well as the relative stability of retail prices in April/May and the resultant impact on retailer margins. Our focus has been on the extent to which changes in retail prices can be explained by wholesale price changes and on what is driving increases or decreases in the profit margins being earned. Insofar as prices and margins are increasing or decreasing, we consider whether those changes are attributable to factors such as (a) the terms on which retailers are purchasing fuel, including wholesale prices; (b) retailers managing inventory pressures in response to increases in demand; (c) uncertainty regarding future market volatility; and/or (d) retailer pricing strategies.

Trends in March 2026

2.10 As noted at paragraph 1.2(b), cost increases were the most significant factor leading to retail price increases during March and as can be seen from Figures 2.1 and 2.2, after the start of the Middle East crisis, benchmark wholesale prices increased more quickly than retail prices. However, a variety of evidence indicates that the price rises in March 2026 were to some degree also the result of retailers using prices to manage demand and inventories and this is likely to explain why retail prices rose alongside wholesale prices rather than with a lag. Specifically:

(a) In their submissions, retailers told us that the conflict in the Middle East led to demand being higher than expected as some customers brought forward purchases. This meant that they used price increases to reduce demand and to manage inventory pressures.

(b) Consistent with these submissions our review of internal documents from retailers shows that they were considering how to manage high demand.[18] In their documents they monitored volumes and inventories and considered these factors when setting prices.

(c) One retailer also reduced its prices by several ppl for both petrol and diesel in late March. However, following this price reduction that retailer sold significantly higher volumes of fuel and several of its pumps ran out of fuel which led to it subsequently increasing prices on 28 and 29 March. This shows that retailers needed to carefully manage demand and inventories during this period. We discuss this price decrease further at paragraph 2.11.

(d) Retailer submissions that they were using price to manage demand and inventory pressures is also reflected in the inventory data. Shortly after the start of the Middle East crisis, petrol and diesel inventories for all four supermarkets decreased (see Figure 2.1-2.2) and average volumes sold exceeded deliveries (see Figure 2.5-2.6) indicating that demand exceeded supply during this period.

(e) In response to our information request, most retailers explained that while they had some flexibility to secure additional volumes (either within or outside contractual arrangements) this could take time and might require purchasing fuel at higher spot prices. As a result, in the very short-term prices enabled retailers to manage demand and their inventories.

2.11 In late March, one retailer reduced its prices by several ppl for both petrol and diesel meaning that its average prices were significantly below those of other retailers. This retailer was also amongst those identified in our May report as having an increased ppl margin in March. Therefore, we have closely examined (a) the causes of this retailer's higher margin in March and (b) the reasons for its price cut in late March and the market response to this price cut.

(a) This retailer had longer cost lags than its competitors. We also observe that it received more fuel than rival supermarkets in the early part of the crisis which

[18] We requested internal documents from the five retailers who according to our Enhanced road fuel monitoring report: May 2026 saw an increase in their margins in March 2026.

is likely to have given it a temporary cost advantage over competitors. It also raised its prices in line with competitors at the start of the crisis. We understand that there are two reasons for this price increase: first, and consistent with our 2023 market study findings, it generally adopts a passive pricing strategy which aligns to local market pricing by its competitors rather than reflecting its own cost position; and second it was concerned that pricing lower than its competitors would have led to its demand increasing and pressure on its inventories (as in fact occurred for that retailer later in March). The combination of these factors led to the increase in this retailer's ppl margin during March.

(b) We observe in its internal documents that this retailer cut prices in late March in direct response to its cost and spread movements. However, other retailers did not respond to this price cut. As a result, the retailer experienced heightened demand and reduced inventories and therefore increased its retail price to manage demand. For the retailers that did not respond with reciprocal price cuts, our evidence suggests that their pricing decisions in this period reflected ongoing wholesale price increases and volatility, and concerns about the need to manage high demand. Under normal market conditions (ie when wholesale prices are comparatively stable rather than increasing or highly volatile) we would expect such a price reduction to result in a competitive response from other retailers and we will be closely monitoring the market for enhanced competitive pricing dynamics as market conditions stabilise.

2.12 We have also explored the reasons why margins rose in March 2026 for three other retailers, and found that:[19]

(a) Two retailers saw a slight increase in margins due to a combination of their use of passive pricing policies, concerns about stock availability (implying a need to manage demand) and timing differences for fuel card pricing and reimbursement. One of these retailers was also impacted by a cost lag on its wholesale costs for bunker fuel.

(b) A final retailer explained that it had changed its pricing strategy around November/December 2025 to focus on higher margins to recover capex investment in its estate.

2.13 In summary, during March 2026, cost increases were a significant driver of higher retail prices (see paragraph 1.2(b)). However, a range of evidence indicates that

[19] We also expressed concerns regarding a margin increase for another retailer in our May report. However, that retailer subsequently clarified the data provided and its margin decreased in March.

retail price rises in March 2026 were also, to some extent, driven by retailers using prices to manage demand and inventory pressures.

2.14 We have not seen evidence of retailers changing their pricing strategies or actively seeking to use the crisis to increase their margins. However, consistent with the findings of our 2023 Market Study, we have observed the continued use of passive pricing strategies by some retailers. Whilst the main drivers of higher retail prices in March are the direct result of the Middle East conflict, we remain concerned about the absence of more proactive and competitive pricing strategies by the retailers. As set out below, we will be examining this further in a future report.

Trends in April 2026

2.15 Our evidence indicates that supply conditions improved to some extent in April 2026 with some of the factors, such as increases in wholesale prices and reductions in inventories, that contributed to increased retail prices in March easing. As shown in Figures 2.1 and 2.2, across the supermarkets, inventory levels recovered over the course of April and, in the second half of the month, had returned to levels comparable to those seen before the conflict in the Middle East began. Meanwhile, whilst benchmark wholesale prices remained volatile, they were no longer rising consistently in April and there were some temporary decreases in wholesale prices, particularly for diesel. By contrast, and as also shown in Figures 2.1 and 2.2, retail prices remained high and stable and did not change in line with these temporary benchmark wholesale price decreases.

2.16 At this stage we have identified two possible reasons for continued high retail prices and the increase in ppl margins in April. First, they may, at least in part, be due to ongoing and expected future wholesale price volatility.[20] This is because retail prices are generally more stable than wholesale prices[21] and as a result retailers (who are more directly exposed to wholesale price changes) are likely to experience fluctuating margins month-to-month depending on wholesale price variations. Second, continued high retail prices and the increase in ppl margins in April could also indicate a strategy to achieve higher margins as costs fall (so called “feathering”) including potentially as a result of the continued use of passive pricing strategies by retailers rather than retailers responding promptly to wholesale price movements and/or trying to win market share by reducing retail prices. In line with previous findings of weak market competition in our market study, we would be concerned if this were the case.

[20] Most retailers’ submissions on their April margin movements cited ongoing high levels of cost volatility and uncertainty (either in relation to supply or demand) during the month, causing margin variances. Some retailers also noted that their fuel profit performance was impacted by a decrease in volumes sold in April after the increase in March.
[21] See for example Figures 2.1 and 2.2 and the extent to which estimated wholesale prices vary compared to average retail prices.

2.17 Given the relatively short period of time covered by the available data and the ongoing wholesale price volatility it is not currently possible to distinguish between these two explanations at this stage. However, we be scrutinising data for May and June to establish a clearer picture of market dynamics (to be covered in our next update report) and would be particularly concerned if market conditions stabilised and wholesale prices began to fall but retailers' use of passive pricing strategies meant that these cost decreases were not reflected in adjustments to retail prices.

Trends in December 2025 and January 2026

2.18 In our May report we also noted a period of higher retail margins in December 2025 and January 2026 relative to the rest of 2025. In this section, we explore the drivers of those trends using explanation and supporting documents from retailers and our analysis of data on prices, costs, inventories, profits, volumes and fuel margins.

2.19 Our analysis shows that during this period:

(a) Almost all retailers continued with their existing pricing strategies, including those retailers that follow passive pricing strategies. During this period retail prices were relatively stable while petrol and diesel average benchmark wholesale prices were somewhat more volatile.[22] These wholesale and retail price movements likely caused ppl fuel margins to widen over December 2025 to January 2026.

(b) Some retailers noted that improving market conditions explained the changes in margins with lower margin and/or profit performance in the preceding months, offsetting the higher-margin December 2025 and January 2026 period. Consistent with this a number of retailers had below average margins and/or gross profits in the months preceding December 2025 and January 2026, though to varying degrees.

(c) One retailer stated that its margins increased as it used price increases to dampen demand and recover stock levels which had been reduced by higher demand in November ahead of Christmas trading. The increase in volumes sold in November 2025 that this retailer said impacted its stock levels is observable in its monthly volumes data.

2.20 In summary, there are a variety of reasons which explain the changes in fuel margins during December and January including changing market conditions and retailer-specific factors (eg differences in wholesale fuel purchasing or the need to

[22] We observe somewhat of a benchmark wholesale price spike in late November 2025 followed a drop in benchmark wholesale price in December 2025. This volatility was more pronounced for diesel than petrol.

increase inventories). However, throughout this period, retailers generally continued to use passive pricing strategies, rather than responding promptly to wholesale price movements and/or trying to win market share. This illustrates the importance of understanding why retailers are not pursuing more active pricing strategies and, as noted below, we will seek further information from retailers to understand their pricing strategies as part of a more in-depth updated competitive market assessment.

3. Conclusions and next steps

3.1 Our analysis shows that the main drivers of higher retail prices in March were increased wholesale costs and increasing demand (combined with the need to manage inventories), resulting directly from the Middle East conflict.

3.2 Although a snapshot in time, the evidence available in this report indicates that certain retailers continue to adopt passive pricing strategies and we remain concerned about the absence of more proactive and competitive pricing strategies by the retailers and sustained high margins, against the backdrop of our 2023 market study findings of weak competition.

3.3 We are particularly concerned to ensure that, as and when market conditions stabilise (eg inventories are restored and wholesale cost volatility has reduced), any reductions in wholesale prices are rapidly and fully passed through in lower retailer prices. Given the volatility that has characterised the market in March and April we consider that an analysis that considers trends over a slightly longer time horizon would be more informative of whether or not such pass through is taking place. To enable us to report on a fuller series of price and margin data we will consider the market developments up to the end of June in a further monitoring report to be published in August and are putting retailers on notice of our intention to closely monitor market developments over that time.

3.4 Alongside this, as it is now three years since we completed our market study and given our ongoing concerns about weak price competition in the sector, we will conduct a targeted update to that work that will include a more detailed assessment of the competitiveness of retailer pricing strategies across the market. We expect to publish the results of that assessment in the autumn, to allow for an assessment of the impact of the introduction of the Fuel Finder scheme. We will be engaging directly with retailers to get a full understanding of their competitive pricing strategies and the extent to which they may be contributing to poor consumer outcomes.

Appendix A - Retail margins by retailer

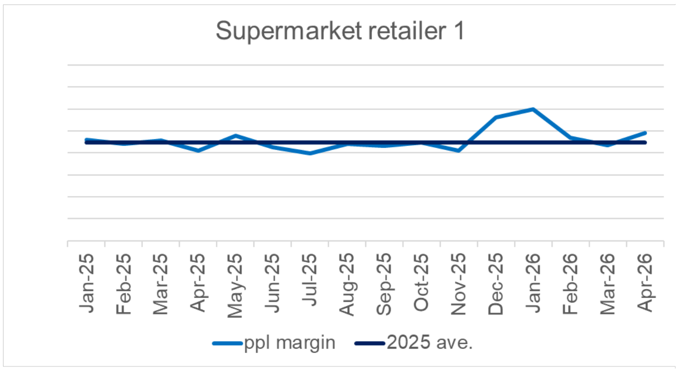
1. As explained at paragraph 1.7, the retail margin is the difference in the cost for retailers of acquiring fuel and the revenue generated from the sale of fuel. Retail margins typically give us a clearer indication of how competition is working in the market than retail spreads, as they show the margins a retailer has actually earned, reflecting the actual costs they incurred from buying fuel, rather than an average market pump price less an estimate of these wholesale fuel costs (the retail spread).

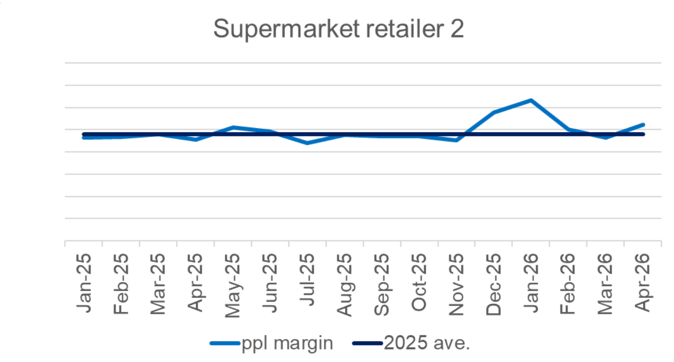
2. In the section below we set out the monthly margin movements for individual retailers on an anonymised basis.

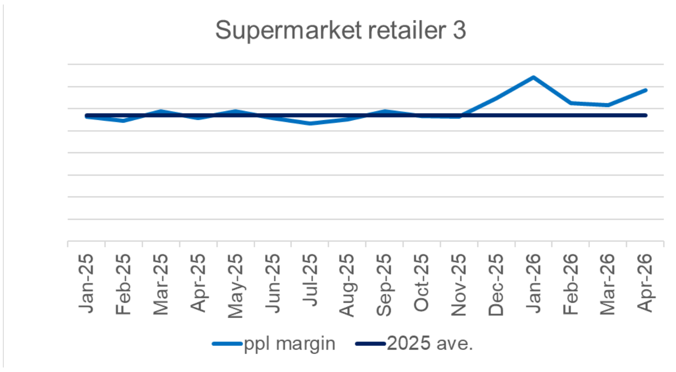
Supermarket retailer margins

3. As shown in the charts below, three of the four supermarkets had a margin increase in April 2026 after a margin decrease in March 2026.

Figures A1 to A4: Monthly supermarket fuel margins (ppl) by retailer, January 2025 to April 2026 and calendar year 2025 average



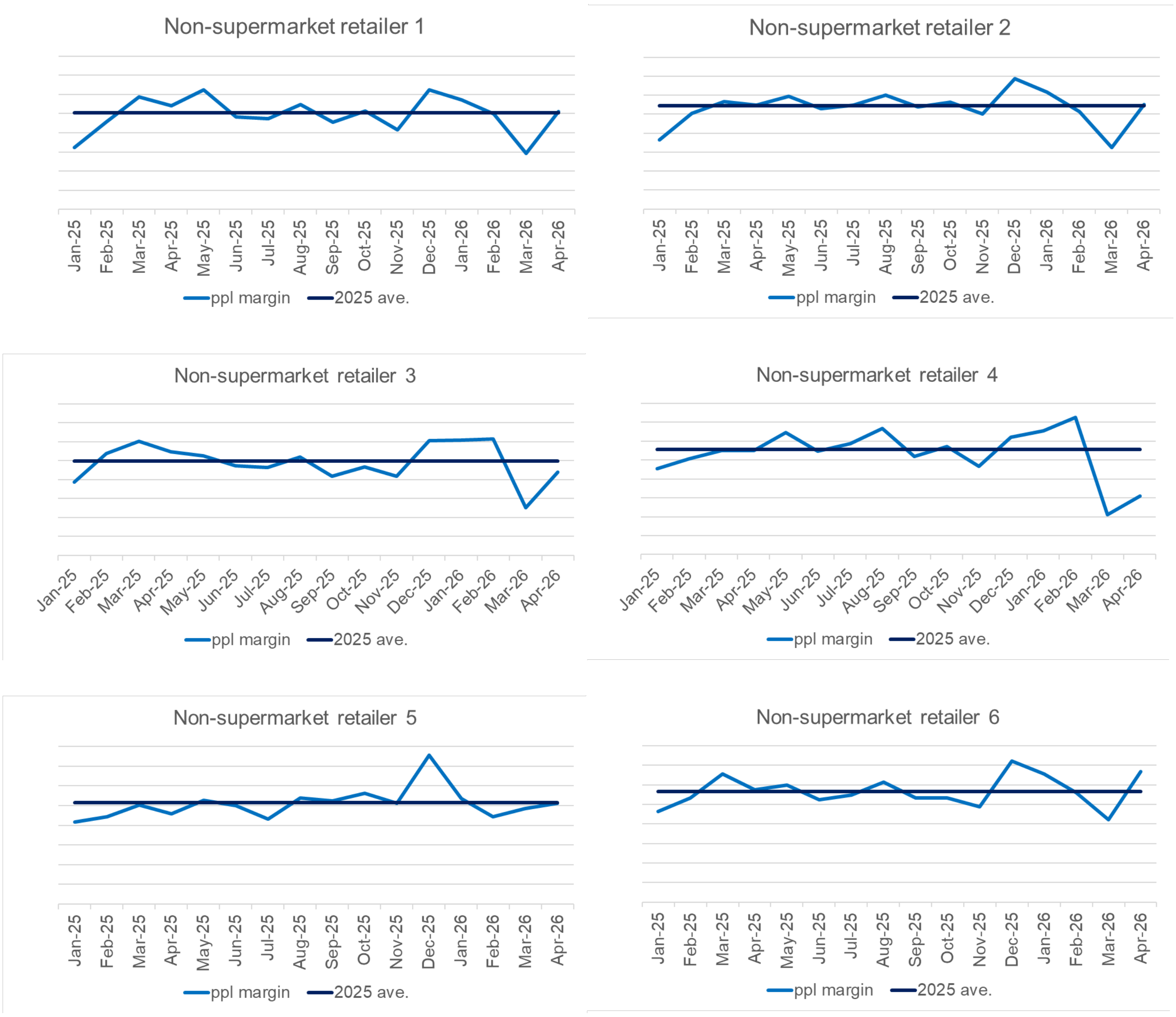




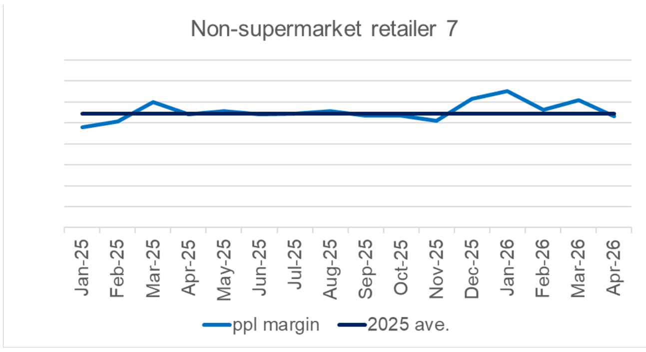
Non-supermarket retailer margins

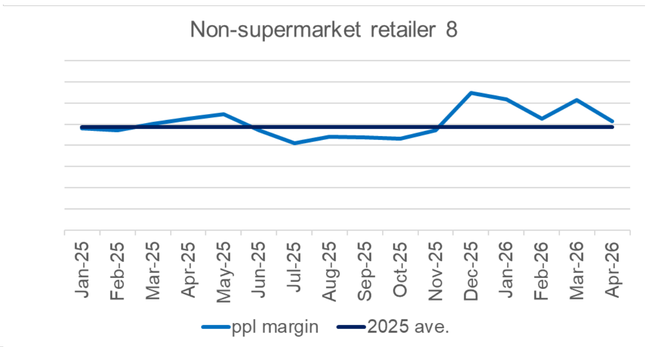
4. As shown in the charts below, six of the eight non-supermarket retailers had a margin increase in April 2026 after a margin decrease in March 2026.[23] Two retailers had a margin decrease in April 2026 that brought their margins to around 2025 average levels.

Figures A5 to A12: Monthly non-supermarket fuel margins (ppl) by retailer, January 2025 to April 2026 and calendar year 2025 average



[23] Note, where relevant we have analysed the ppl margins of retailers' company owned sites and B2C / private fuel sales.


Non-supermarket retailer 7
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
ppl margin
2025 ave.


Non-supermarket retailer 8
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
ppl margin
2025 ave.