

Middle East Conflict Reshapes Global Gas Market Dynamics

March 2026

Executive Summary

The conflict in the Middle East shut down Qatar's Ras Laffan liquified natural gas (LNG) facility, the world's largest, and has effectively prevented safe passage through the Strait of Hormuz to tanker traffic, taking roughly 20% of global LNG supply off the market. The disruption coincides with the start of Europe's gas storage injection season, when countries build up their inventories ahead of the winter. European storage stands at about 30% of capacity as of March 2026, its lowest seasonal level since the winter (2021/22) before Russia's invasion of Ukraine.

A global supply shortfall will likely keep global gas and power prices elevated while the conflict lasts, forcing buyers to choose between locking in long-term power and gas contracts at high prices or remain exposed to further spot market volatility.

Key Market Trends

1

Qatar LNG replacement options are limited.

U.S. and Australian LNG terminals are already operating near full capacity, and European buyers are now competing with Asian importers for available cargos. Asian buyers are willing to pay higher premiums given their outsized reliance on Qatari LNG, which would pull flexible cargos away from Europe.

2

Markets are still pricing a short-lived disruption.

Gas forward curves across Asia and Europe have risen sharply since the conflict began, but remain in steep backwardation, where near-term prices trade well above longer-dated contracts. If the Strait of Hormuz remains constrained beyond a few weeks, the rally could extend along the full price curve, pushing summer and winter contracts higher.

3

U.S. gas and power markets are not entirely insulated.

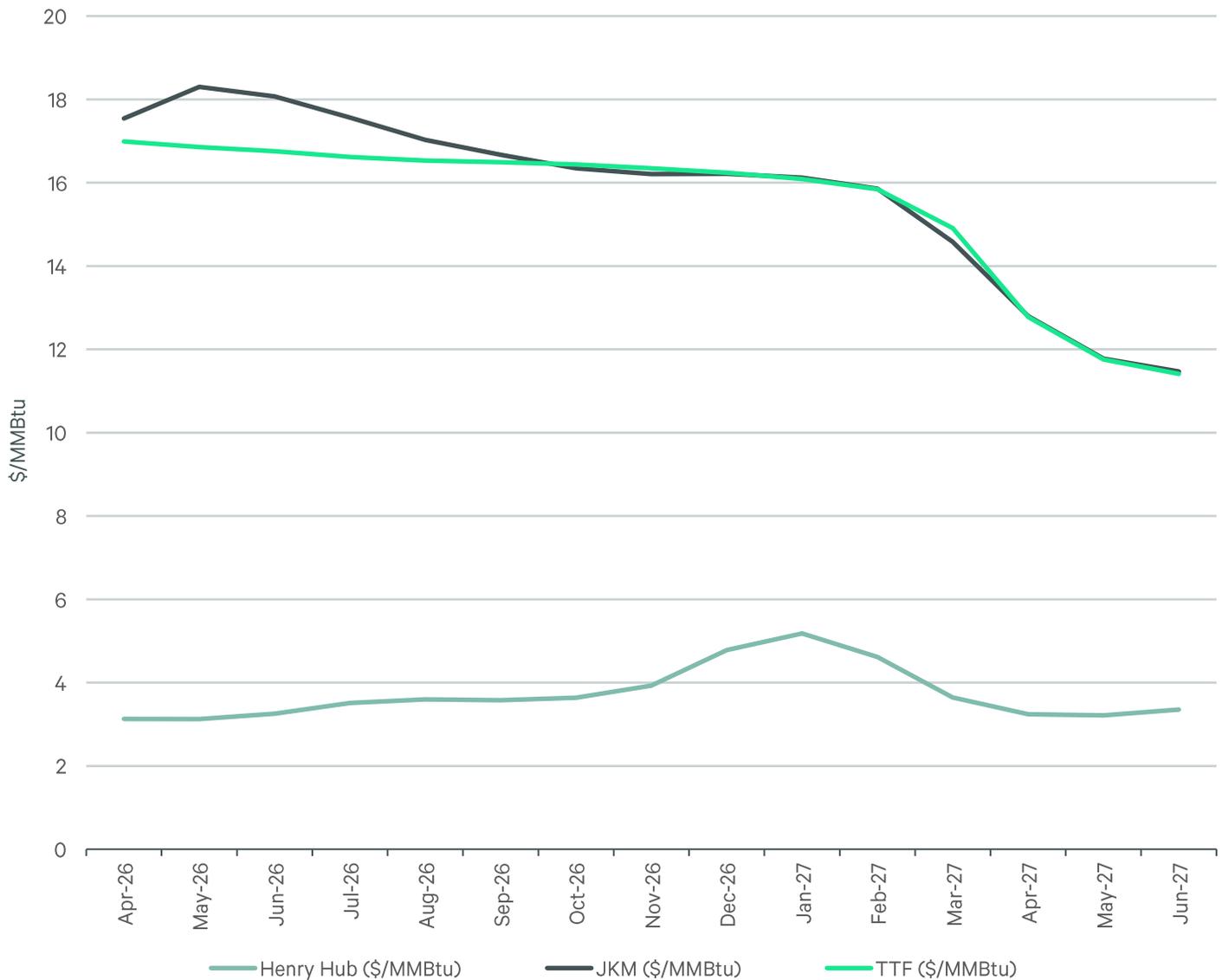
But widening U.S. LNG export margins to Europe and Asia are pulling more domestic gas toward exports. Additional LNG demand, on top of rising U.S. AI power and gas demand, could tighten gas storage levels through the summer. This would put upward pressure on U.S. forward gas and power prices heading into the next winter season.

A quick resolution of the Middle East conflict could see European and Asian gas prices for near-term delivery retrace below longer-dated contracts. Buyers anticipating a short-lived disruption can avoid locking in summer and winter future prices now, which would also fall in such a scenario. For those that expect a persistent supply disruption, the backwardation in current forward curves could offer a window to hedge summer and winter supply below today's front-month prices. This option might narrow if the conflict persists and the curve flattens upward.

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Figure 1) Global Forward Gas Contracts, by Delivery Date as of March 13, 2026



Source: CBRE, Bloomberg, ICE, Nymex. Note: JKM stands for 'Japan Korea Marker' and represents Asia's yen-denominated gas benchmark price. TTF stands for 'Title Transfer Facility' and is the European benchmark price traded in the Netherlands. All values adjusted to \$/MMBtu. Prices and exchange rates as of March 13, 2026, market closing. MMBtu = million British thermal units.

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Macro Scenario Assessment

Category	Short-lived Disruption (4–5 weeks)	Prolonged Disruption (2+ months)
Strait of Hormuz / Qatar LNG	Strait of Hormuz fully reopens. Qatari LNG plants, which shut down within a week of the conflict as on-site storage filled, take days to weeks to restart and resume loading. Force majeure is lifted and the prompt (near-term delivery contracts) price premium unwinds.	Strait remains constrained, Qatar force majeure extends, and 20% of global LNG supply stays offline. Once local on-site storage is full, Qatar's LNG plants shut down with no way to export, facing an extended restart timeline. LNG buyers without alternative supply must cut gas demand or switch to coal.
Gas forward curves	Backwardation holds for April/May delivery and near-term prices ease back toward pre-conflict levels. Summer and winter forward contracts retrace most of the March repricing.	Forward prices rise across the entire curve, reflecting expectations of sustained tightness. Summer and winter contracts rise sharply as markets price in a structural supply deficit through the gas injection season and into winter 2026/27.
European gas storage levels	Gas injection season proceeds with a delay. Refilling from ~30% toward the ~90% target is much more expensive but achievable.	Gas injection season is severely disrupted. Europe risks entering winter 2026/27 with storage below target, repeating the conditions before the 2022 energy crisis. Gas and power prices would surge accordingly.
U.S. gas storage levels	U.S. LNG facilities continue operating near full capacity. Maintenance proceeds on schedule as export margins normalize. Gas storage, depleted by Winter Storm Fern's record drawdowns in January, rebuilds broadly in line with seasonal averages. Henry Hub prices stay range-bound.	U.S. LNG operators defer maintenance to capture elevated export margins, pulling gas away from domestic storage. Inventories enter summer tighter than expected, compounding the deficit left by Winter Storm Fern. Storage heading into winter 2026/27 falls below the five-year average, raising the risk of price spikes.

Source: CBRE. Note: The scenarios above are hypothetical outcomes for the near term, only illustrative possible implications and don't reflect any CBRE forecast or prediction. The scenarios above aren't all encompassing and other outcomes could happen. They assume the current global gas supply and price conditions reverse in the case of a short-lived disruption or evolve in line with past gas supply disruptions.

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Market Trends to Watch

Duration of Hormuz constraints and Ras Laffan restart timeline.

Likely the single biggest variable determining global gas supply and prices. Every additional week of closure can tighten global balances and raise the probability of a structural repricing along the full forward curve.

European storage injection pace in April and May.

Whether buyers begin refilling early at current prices or delay in hopes of a price pullback could determine how tight the summer injection window becomes. Weekly storage data from Gas Infrastructure Europe (GIE) will serve as the key indicator.

U.S. LNG maintenance schedules.

U.S. Gulf Coast operators could announce deferrals or keep above-average utilization rates to maximize output, as some [major U.S. LNG operators](#) did after Russia's invasion of Ukraine. That could signal sustained export demand and a tighter domestic gas balance through summer.

Japan Korea Marker (JKM) vs Title Transfer Facility (TTF) spread trajectory.

The spread between Asian and European gas benchmarks could determine where flexible LNG cargoes flow. A sustained spread above \$5-6/MMBtu would favor Asia and limits Europe's access to spot LNG supply.

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The Supply Disruption

Qatar's Ras Laffan complex, the world's largest LNG facility, shut down after military strikes in late February. The simultaneous constraints at the Strait of Hormuz has taken roughly 20% of global LNG supply off the market. On-site gas storage at Qatari and United Arab Emirates (UAE) facilities can buffer roughly one week of output. Beyond that, large-scale liquefaction shut-ins become unavoidable. The full extent of infrastructure damage remains unclear, and the longer the conflict continues, the greater the risk of lasting disruption to global gas supply.

Key Highlights

- 1 No immediate substitute for Qatari LNG likely exists in the market, as other LNG export terminals are running near full capacity and Europe's pipeline suppliers have limited headroom to increase flows.
- 2 Replacement options for Qatari LNG might be more constrained than in 2022, when U.S. LNG terminals still had spare capacity to ramp up exports to Europe and Russian gas limited by international sanctions.
- 3 European buyers are competing for available U.S. LNG cargos with Asian importers that are likely willing to pay much higher premiums given their outsized reliance on Qatari LNG.

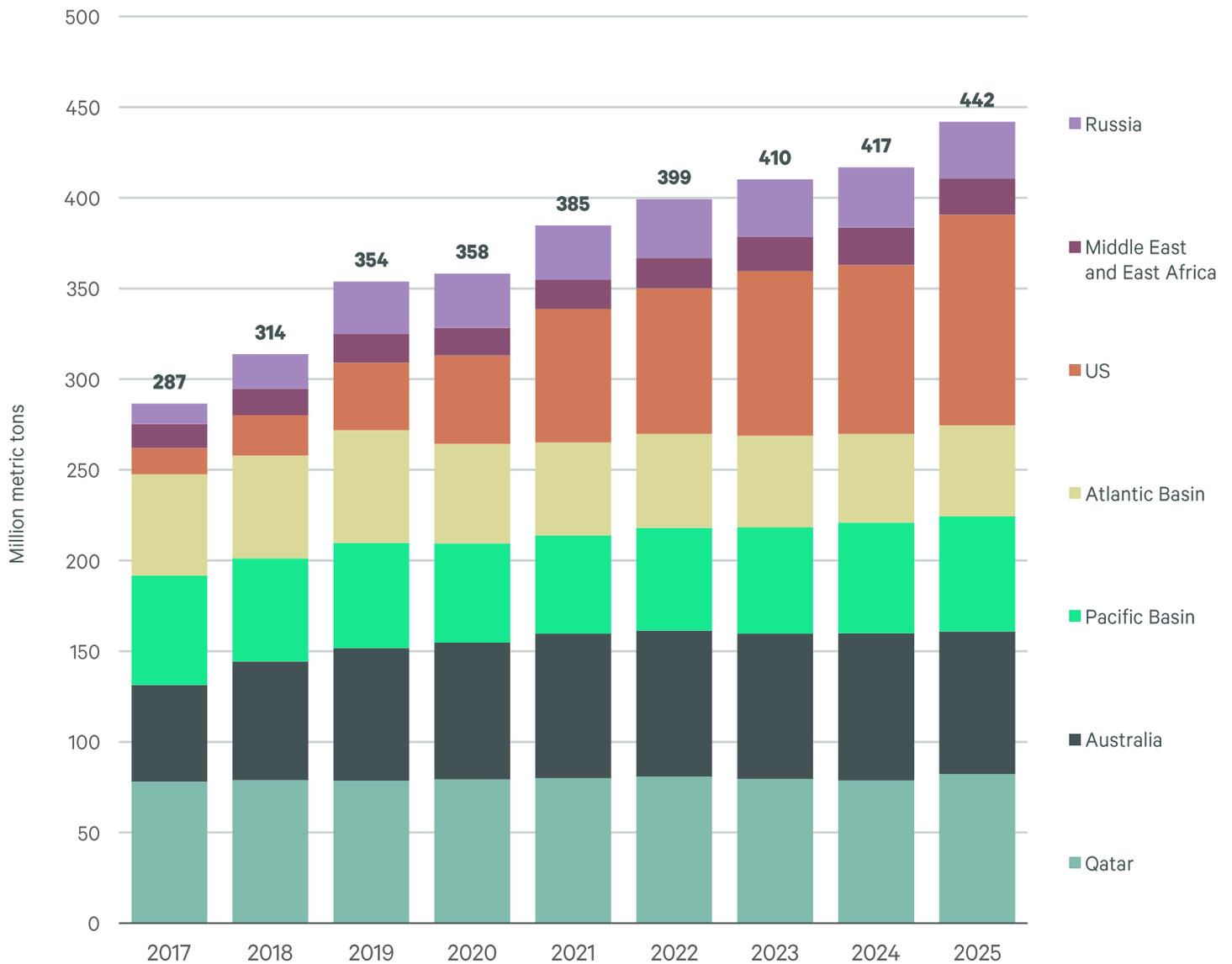
The disruption in global gas flows also coincides with the start of Europe's gas storage injection season. EU storage stands at approximately 30% of capacity, its lowest seasonal level since the winter before Russia's invasion of Ukraine.

European countries face a decision as they begin refilling gas storage ahead of winter 2026/27. Buying now likely locks in elevated prices in a severely undersupplied global market. **Waiting could risk even higher costs if the conflict persists but would pay off if the disruption is short-lived and prices retrace.** EU regulation requires storage to reach at least 80% by November 1. With inventories starting below 30%, the narrow refilling window and substantial volumes required likely limits the time available to delay procurement decisions.

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Figure 2) Global LNG Exports by Region



Source: Bloomberg.

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Global Gas Markets Reaction

Gas Importers: Europe and Asia Pacific

Europe's benchmark Title Transfer Facility (TTF) and Asia's Japan Korea Marker (JKM) gas forward curves remain in steep backwardation, where near-term prices exceed longer-dated forward contract prices. As of March 13, this signals markets expect the disruption to last weeks, not months. Prolonged constraints at the Strait of Hormuz would shift the price rally from near-term delivery contracts into the full summer and winter forward contracts.

Europe is now likely more resilient to gas shocks than during the 2022 energy crisis. U.S. LNG exports have more than doubled since 2020, improving the global gas supply mix. Power demand has also fallen by about 5% below 2021–22 levels, and solar and wind now account for 34% of annual power supply, up from 24% in 2021. However, gas still sets the marginal power price in most European markets, and April delivery prices across gas-heavy markets, such as Germany, the U.K. and Italy, are already up an average 23% as of early March. Italy, Europe's most exposed market to Qatari LNG, saw month-ahead around-the-clock power prices rise 46% to €135/MWh in early March.

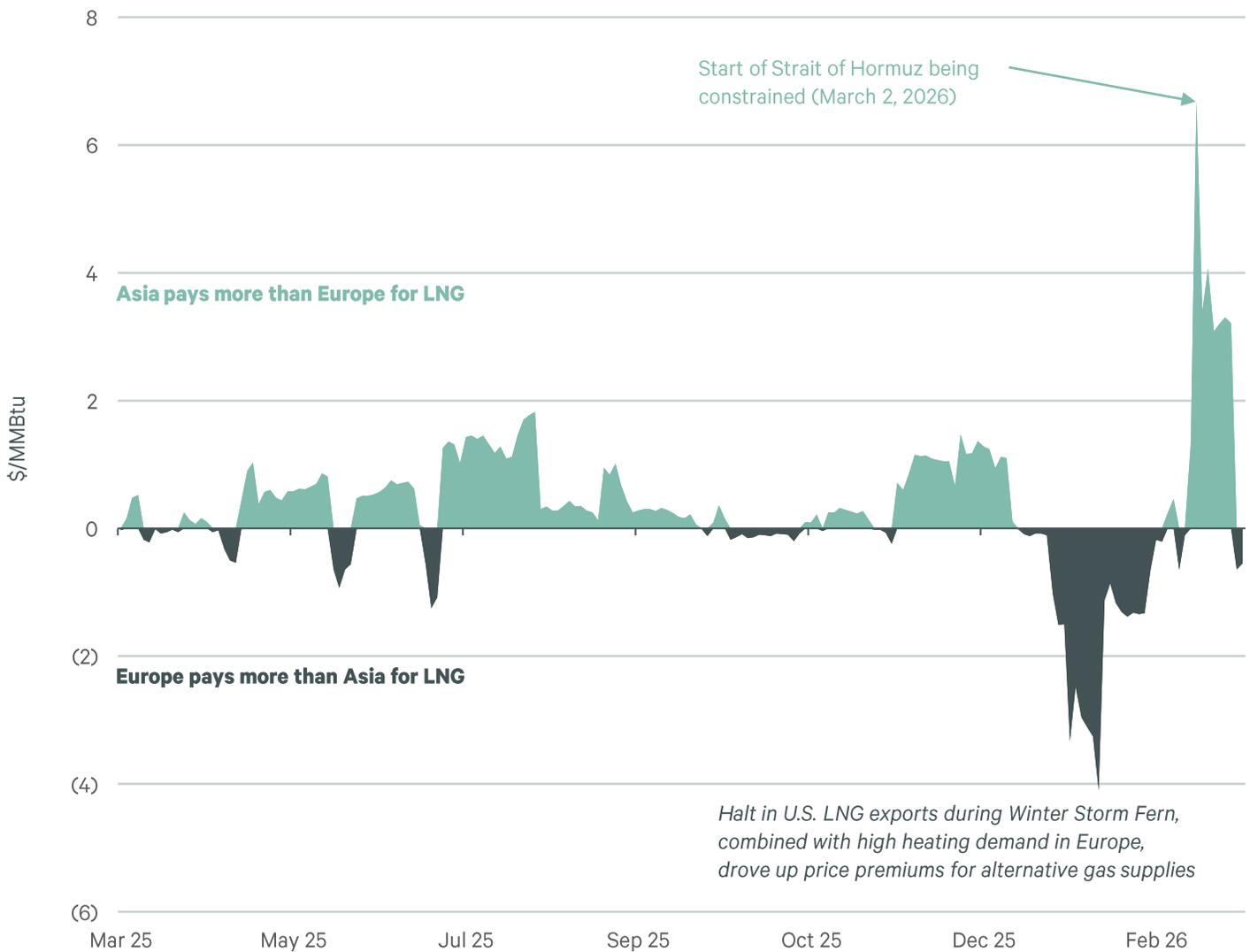
Key Highlights

- 1 As of March 13, TTF front-month futures have jumped 56% to €51/MWh compared with a month ago, but that's still well below the €311/MWh price reached during the 2022 energy crisis.
- 2 The U.K.'s National Balancing Point (NBP) futures have risen by nearly 70% to over £44/MWh (€51/MWh), also well below the 2022 highs of £218/MWh (€259/MWh).
- 3 Asia receives roughly 80% of Qatari LNG exports, making it the most exposed region to the supply loss. Europe buys less than 10% but competes with Asian buyers for the same pool of replacement cargoes.
- 4 Asian spot LNG prices more than doubled in the first week of the conflict, with JKM benchmark prices reaching \$25/MMBtu, its highest level since prices hit \$68/MMBtu in 2022.
- 5 The JKM-TTF spread rose to near \$7/MMBtu after passage through Strait of Hormuz was constrained, pulling flexible LNG cargoes away from Europe and into Asian markets.

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Figure 3) Asia JKM LNG vs Europe TTF Natural Gas Front-Month Forward Prices (\$/MMBtu)



Source: Bloomberg Commodity Fair Value Calculator.

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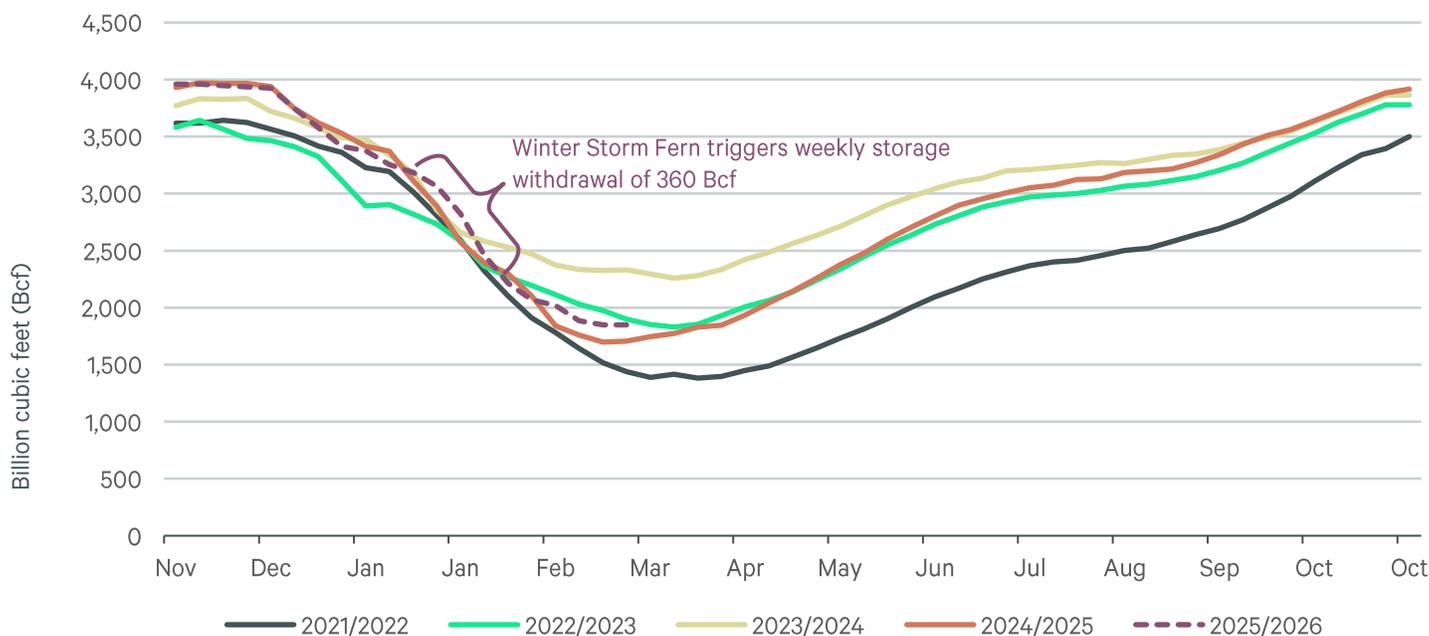
United States

U.S. LNG export margins to Europe and Asia nearly doubled between February 27 and March 10 as the gap between Henry Hub and international benchmarks widened. This price premium will likely incentivize U.S. LNG facility operators to defer scheduled maintenance and maximize output. **If the conflict persists and longer-dated European and Asian gas forwards rise above near-term prices, LNG operators would have a sustained incentive to maximize output**, tightening domestic gas storage heading into winter 2026/27.

U.S. gas storage was below seasonal norms when the conflict began, but still tracking just above last gas year's levels spanning from November through October. Winter Storm Fern in late January triggered a record single-week storage withdrawal of 360 billion cubic feet (Bcf), pushing Henry Hub spot prices to an all-time high of \$30.72/MMBtu. Prices have since normalized. Henry Hub front-month prices are trading at \$3.3/MMBtu as of March 13, up 18% since the conflict began, but still in the range seen in early February.

If storage levels trail last year's heading into summer, forward gas and power prices could remain high through winter 2026/27, particularly as [industry estimates](#) of growing AI data center demand add a structural floor under U.S. gas consumption.

Figure 4) U.S Total Gas Storage Levels by Gas Year (November through October)



Source: U.S. Energy information Administration, S&P CapIQ. Note: Shows gas years from November to October of the following year. 2025/26 gas year as of week of March 3, 2026.

Thank you.

FOR MORE INFORMATION

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