The Oil Shock Hits European Retail Costs

How current oil prices feed through energy, logistics and packaging · Buyer briefing

SUBJECT	GEOGRAPHY	TIMEFRAME	CONFIDENCE
Oil-linked retail costs	**Europe (EU / euro area)**	**Aug–Sep 2026 (data to 28 Sep)**	**Medium–High**

Scope: crude oil and its main pass-through channels into retail costs — diesel and road freight, ocean freight, gas and electricity, oil-derived packaging and consumer demand. Audience: retail buyers preparing supplier negotiations. Each figure keeps the date, benchmark and basis of its source; the full source list is on page 4.

Status key: Tightening = cost pressure rising now · **Mixed** = signals differ by lane, segment or timeframe · **Watch** = material risk, but size or timing unclear or data lagged · **Stable** = no material change · **Easing** = pressure falling. **Confidence:** High = several consistent sources · Medium = credible, some uncertainty · Watch = material, but timing or size uncertain.

1. Executive Summary

- **Oil has spiked again rather than normalised.** ICE Brent spot was $105.32/bbl on 25 September. North Sea Dated averaged $91.00/bbl in August and peaked at $113.48 on 9 September (IEA, 11 Sep). Commercial traffic through the Strait of Hormuz is severely restricted, with transits far below normal levels. The US rejected Iran's latest reopening proposal on 26 September; both sides say talks may resume. **Status: Tightening.**
- **Diesel is where the cost hits hardest.** The EU consumption-weighted diesel pump price, including tax, reached €2.23/L in the week of 21 September — a record for the Commission's series, according to AFP analysis. Hauliers' fuel claims are valid in principle, but only as an indexed, reversible surcharge on the fuel share of freight cost.
- **Energy costs come next, but depend on exposure.** TTF gas for October traded at €82.52/MWh on 14 September, and EU storage was 68.5% full against an 84% five-year average. Oil-indexed LNG contracts reprice 5–6 months after oil. Suppliers on TTF, fixed-price or hedged contracts have materially different costs.
- **Not every "oil is up" claim holds.** Asia–Europe container rates fell 4–5% week on week to Rotterdam and Genoa. Euro-area food inflation is 1.2%. A €20/t resin rise adds about €0.0002 (0.02 euro cents) to a pack using 10 g of plastic. Ask for evidence per claim.
- **Timing: avoid locking in the peak.** EIA's external forecast averages $77/bbl in 2Q27 and $67 in 2H27; the ECB assumes $78.0 for 2027. Prefer terms of three months or less, or indexed pricing with caps, floors and re-openers.

2. Key Indicators

CRUDE OIL · ICE Brent spot ($/bbl)	105.32	25 Sep · Aug Dated avg 91.00
DIESEL · EU weighted pump, incl. tax (€/L)	2.23	Wk of 21 Sep · series record per AFP
ROAD FREIGHT · EU contract index (pts)	148.0	+15.2 pts YoY · Q2 (lagged)
OCEAN FREIGHT · Shanghai–Rotterdam ($/40ft)	3,485	-4% WoW · Drewry, 24 Sep
NATURAL GAS · TTF Oct-26 (€/MWh)	82.52	14 Sep
GAS STORAGE · EU fill level (%)	68.5%	15 Sep · 5-yr avg 84%
INFLATION · Euro-area energy HICP	14.3%	Aug flash · Jul 10.3%
FX · EUR/USD (ECB reference)	1.1378	28 Sep · -2.7% vs 21 Aug

3. Oil Market & Geopolitical Overview

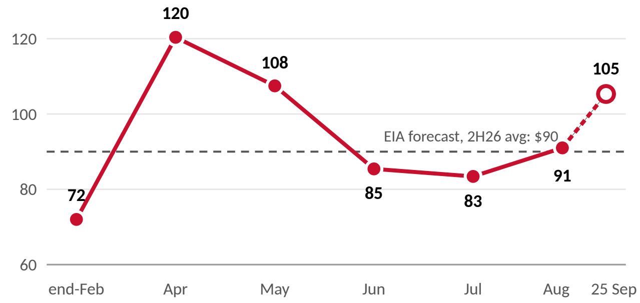
Crude oil TIGHTENING

Confidence: **High** on direction and principal drivers; **Medium** on the forward price path.

Facts. North Sea Dated averaged $91.00/bbl in August and peaked at $113.48 on 9 September (IEA OMR, 11 Sep); ICE Brent spot was $105.32 on 25 September. IEA puts 2026 world supply at 100.7 mb/d, down 5.7 mb/d year on year, with stocks down 507 mb since February.

Hormuz. Commercial traffic is severely restricted, with transits far below normal levels. IEA estimates Gulf crude exports at just under 45% below pre-war levels, with total Gulf oil exports around 13 mb/d in August, nearly half their pre-war level. Refined-product and LPG exports combined remain nearly 60% (3.7 mb/d) below February. The US rejected Iran's seven-day reopening proposal on 26 September; both sides signalled talks could resume (CBS, 27 Sep).

Products are tighter than crude. Within that product basket, Gulf net diesel/gasoil (distillate) exports were 390 kb/d in August, just over a quarter of pre-war levels; Atlantic Basin refining margins hit records (IEA).



Crude oil, $/bbl — not directly comparable. Points mix benchmarks and bases: end-Feb Brent (World Bank CMO); Apr and Aug North Sea Dated monthly averages (IEA); May–Jul Brent monthly averages (World Bank Pink Sheet); 25 Sep ICE Brent spot (hollow marker). Dashed line is an EIA forecast, not an observation.

External forecasts. EIA STEO (forward scenario, 9 Sep) assumes Middle East flows stay constrained through 4Q26 with 5.7 mb/d shut in. Its Brent spot forecast averages $90/bbl for 2H26 (half-year), $77 for 2Q27 (quarter) and $67 for 2H27 (half-year); annual averages are $91 for 2026 and $74 for 2027. ECB staff (macroeconomic assumption, cut-off 19 Aug, before the September spike) assume annual averages of $89.5 for 2026, $78.0 for 2027 and $73.6 for 2028. **Interpretation:** current spot Brent is above EIA's $90/bbl 2H26 average forecast, and both institutions expect lower prices in 2027. Suppliers pricing 12-month contracts off today's spot are building in a peak.

4. Cost Channel Deep Dives

4.1 Diesel & road freight TIGHTENING

Confidence: **Medium** — pump prices are official Commission data; the road freight benchmark is Q2 and lagged.

Facts. EC Weekly Oil Bulletin, week of 21 September: EU consumption-weighted diesel pump price, including tax, €2.23/L (weighted by each member state's 2024 fuel consumption). AFP analysis reports this as a record for the series (24 Sep). Denmark and Finland €2.56, Germany €2.46, Belgium and France about €2.40; Spain and Sweden remain below their 2022 peaks. IRU's tracker gives €2.26/L on 17 September, up 38% since 27 February; its basis is not stated, so the figures are not directly comparable.

Why. North-West Europe diesel refining margins are above $100/bbl (IRU) and Gulf net distillate exports are just over a quarter of pre-war levels (IEA). 16 of 27 EU states still had fuel support measures in September. Measures in five countries (Spain, Austria, Greece, Romania, Sweden) are due to expire on 30 September (IRU).

Road freight benchmark — Q2 2026, lagged

- Contract index 148.0 pts (+7.9 pts QoQ, +15.2 pts YoY)
- Spot index 146.8 pts (+14.6 pts QoQ, +13.9 pts YoY)
- "Driven primarily by cost rather than demand" (Ti/Upply/IRU, 11 Aug)
- Q3 benchmark not yet published

Interpretation: diesel pressure is current and broad-based. The +15.2-point index change is Q2 history in index points, not a current surcharge. **Buyer action:** require current route-specific freight cost, fuel share of freight cost, base and current diesel index, Q3 evidence where available, and contract vs spot exposure. Use the surcharge check in section 8.

4.2 Ocean freight (Asia–Europe) MIXED

Confidence: **Medium** — Drewry is the industry benchmark, but weekly lane data are volatile.

Facts. Drewry WCI, 24 September: Shanghai–Rotterdam $3,485/40ft (-4% WoW) and Shanghai–Genoa $3,835/40ft (-5% WoW). Against 21 May ($2,773 and $4,082), Rotterdam is up about 26% and Genoa down about 6%. The WCI composite ($4,468) spans global lanes and is not a proxy for any single route. Suez transits rose from 41 to 48 between weeks 37 and 38, carriers announced 15 blank sailings before Golden Week, and Drewry expects a further fall next week. **Interpretation:** North Europe costs are above spring, but the trend has turned down. **Buyer action:** require origin and destination ports, contract or spot basis, the freight invoice or rate basis, bunker surcharge methodology, and whether the shipment used Suez or another route.

4.3 Gas & electricity (stores, DCs, suppliers) TIGHTENING

Confidence: **Medium** — ECB and IEA confirm the direction; spot TTF and storage levels move fast.

Facts. TTF October futures traded at €82.52/MWh on 14 September. EU gas storage (15 Sep): **current** 68.49% · **five-year seasonal average** 84% · **same date last year** 80.6%. ECB staff assumptions (cut-off 19 Aug): gas €51.0/MWh for 2026 and €43.3 for 2027; wholesale electricity €108.7/MWh for 2026 and €90.2 for 2027. Euro-area energy inflation rose to 14.3% in August from 10.3% in July. IEA estimates about 20% of global LNG supply was cut when Hormuz traffic stopped in late February. **Interpretation:** the 5–6 month lag applies to oil-indexed LNG contracts (IEA Gas Q3), which reprice around Q1 2027. It does not apply to all European gas purchases: suppliers using TTF exposure, fixed-price contracts or hedges may have materially different costs. **Buyer action:** the claim is valid in direction for energy-intensive categories (bakery, frozen, dairy processing, glass, paper, aluminium cans) and for your own stores and refrigeration. Pass through only the demonstrably unhedged share; ask for hedge coverage (%), contract dates and pricing basis.

4.4 Packaging & oil-derived inputs WATCH

Confidence: **Watch** — supply risk is documented by IEA; price data are regional and lagged.

Facts. IEA flags LPG, ethane and naphtha as the hardest-hit feedstocks (Gulf refined-product and LPG exports combined nearly 60% below February), tightening plastics, fibres and packaging-resin availability. Central and Eastern Europe polymer prices, week 36 (published 24 Sep, five-week reporting delay — lagged): LDPE film €1,266/t (+€17 WoW), HDPE film €1,220/t (+€20), PP €1,150/t (flat). Aluminium averaged $3,161/mt in July, down 8% MoM (World Bank Pink Sheet, Aug). **Unit-cost check:** a €20/t resin increase is €0.02/kg; for a pack using 10 g of resin, the direct material impact is about €0.0002 per pack, equivalent to 0.02 euro cents, before conversion, waste, energy and margin. **Buyer action:** require packaging share of cost, polymer grade, index and cost per unit; check allocation risk for key formats.

4.5 Consumer demand, macro & FX MIXED

Confidence: **High** — Eurostat, ECB and European Commission.

Facts. Euro-area inflation rose to 3.3% in August (flash, 1 Sep; July 2.9%): energy 14.3%, services 3.0%, non-energy industrial goods 1.2%, food, alcohol & tobacco 1.2%. Retail volumes in July fell 0.6% MoM (4 Sep): food +0.4%, non-food -1.4%, automotive fuel -0.8% (-3.1% YoY). Consumer confidence fell to -16.5 in September from -15.5 (flash, 22 Sep). The ECB raised rates by 25 bp on 10 September (deposit rate 2.50% from 16 Sep) and projects 3.0% inflation and 0.9% GDP growth for 2026. The ECB reference rate was 1.1378 USD/EUR on 28 September, down from 1.1699 on 21 August; the weaker euro raises the euro cost of dollar-priced oil and freight by approximately 2.8%, all else equal. **Interpretation:** the 1.2% food figure is a euro-area consumer-price average. Use it to challenge blanket increases, not to prove any supplier's costs are stable; category and country costs differ. Weak non-food demand gives buyers leverage on promotions and volume.

5. Cost Direction Summary

Cost driver	Status	Main reason (sourced)	Supplier leverage
Crude oil	Tightening	Hormuz traffic severely restricted; stocks down 507 mb since Feb	High (headline)
Diesel / road freight	Tightening	EU weighted diesel €2.23/L, series record per AFP (wk of 21 Sep); road index Q2 (lagged)	High, if indexed to fuel share
Ocean freight Asia–EU	Mixed	Rotterdam +26% vs May but -4% WoW; Genoa below May	Moderate to weak
Gas & electricity	Tightening	Storage 68.5% vs 84% five-year average; oil-indexed LNG lag	Depends on hedging and contract type
Packaging resins	Watch	Feedstock supply risk; small, lagged polymer moves	Moderate
Food: direct oil exposure	Stable	Food, alcohol & tobacco HICP 1.2% (Aug flash)	Weak for oil-based arguments

6. Confidence & Data Gaps

- **High:** crude oil, inflation, retail volumes, FX. **Medium:** diesel, gas, ocean freight. **Watch:** packaging. Road freight is Medium but lagged (Q2).
- The June 2022 diesel peak value was not verified; the record status of €2.23/L rests on AFP's analysis of Commission data. Fuel's share of haulage cost is not sourced, so the surcharge example in section 8 is illustrative. Polymer data cover Central and Eastern Europe only. EIA and ECB figures are external forecasts and assumptions, not RedWildPig forecasts. Geopolitical status is as of 27 September and moving fast.

7. Buyer Framework

Supplier claim	Buyer response	Evidence to request
Diesel surcharge	Accept in principle: published index, monthly reset, documented fuel share, automatic downward adjustment	Base and current diesel index (EC WOB), fuel share, lane
Road-freight increase	Validate using current route data, fuel share and Q3 evidence	Route cost, contract vs spot exposure, Q3 data
Gas / electricity increase	Accept only for exposed and unhedged consumption	Hedge coverage %, contract dates, pricing basis (TTF, oil-indexed, fixed)
Ocean-freight surcharge	Challenge unless lane-specific, contract/spot based and invoice-supported	Ports, invoice, bunker methodology, routing
Packaging increase	Challenge unless converted into resin cost per unit and linked to a published index	Polymer grade, index, grams per unit, packaging share
General “oil is up”	Reject without an open-book cost bridge	Cost bridge by component
12-month fixed increase	Resist; prefer terms of three months or less, or indexed pricing with caps, floors and re-openers	Proposed index, caps, floors, re-opener triggers

8. How to Check a Transport Surcharge (illustrative only)

Only the fuel part of the freight cost should move with diesel prices — not the whole freight bill, and never the full product price.

1 **Agreed freight cost** e.g. €1,000 per load	2 **× fuel share** e.g. 30% → €300 is fuel	3 **× diesel change since base date** e.g. +38% → €300 × 38% = €114	**Fair surcharge (illustrative)** ≈ €114 per load (+11.4% on freight), not +38%

Example figures are illustrative: the fuel share must come from the supplier, and the diesel change from a published index (EC Weekly Oil Bulletin). The same logic applies to energy and packaging claims: apply the change only to the exposed part of the cost.

9. Risks & Mitigation

Risk	Watchpoint / trigger	Buyer response
Hormuz stays restricted into winter	EIA base case: flows constrained through 4Q26, 5.7 mb/d shut in	Confirm supplier continuity plans; secure logistics capacity; avoid forward cover at peak
EU gas price spike in winter	Storage 68.5% vs 84% five-year average (15 Sep)	Check suppliers’ winter hedges; second-source energy-intensive lines
Diesel squeeze deepens	NWE margins >$100/bbl; support measures in 5 countries expire 30 Sep	Agree symmetric index clauses now
Packaging availability	Gulf refined-product and LPG exports combined ~60% below Feb	Ask about resin allocation; pre-approve alternative formats
Demand erosion	Confidence -16.5; non-food volumes -1.4% MoM	Resist volume-free price increases; link to promotions
Weaker EUR / tighter ECB	EUR/USD 1.1378; deposit rate 2.50%	Watch USD-priced imports; consider FX-sharing clauses

Sources: IEA Oil Market Report, Sep 2026 (11 Sep) and May 2026 · IEA Gas Market Report Q3 2026 · EIA Short-Term Energy Outlook, Sep 2026 (9 Sep) · ECB monetary policy decision (10 Sep) and staff projections, Sep 2026 (cut-off 19 Aug) · ECB euro reference rates (28 Sep) · Eurostat HICP flash, Aug 2026 (1 Sep) · Eurostat retail trade, Jul 2026 (4 Sep) · European Commission flash consumer confidence (22 Sep) · European Commission Weekly Oil Bulletin (week of 21 Sep, via AFP 24 Sep and fuel-prices.eu) · IRU diesel price tracker (18 Sep) · Ti/Upply/IRU European Road Freight Rate Benchmark Q2 2026 (11 Aug) · Drewry World Container Index (24 Sep; 21 May) · World Bank Pink Sheet, Aug 2026 and Commodity Markets Outlook, Apr 2026 · ICE Brent (25 Sep) · ICE Endex TTF and EU gas storage (via GMK Center, 14–15 Sep) · CBS News (27 Sep) · myCEPPI polymer prices (week 36).

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