

## **Why Are Heating Oil Prices Going Up?**

**Many oil-heated households across the UK and Ireland have seen heating oil prices rise unexpectedly and quickly. This update explains what is driving the change, how the wider geopolitical situation is affecting supply, and what you can do if you need to order oil soon.**

### **Wholesale Prices**

Crude oil prices have risen sharply in recent days. However, the main market driver of heating oil in the UK and Ireland is the wholesale price of jet fuel which is traded on the European market. This is because jet fuel and heating oil are kerosene based.

The wholesale price of jet fuel has more than doubled, representing a three-and-a-half-year peak.

### **European Dependency on Jet Fuel Imports**

The price increase in jet fuel can be partly explained by Europe's and the UK's dependency on imports of this fuel from countries in the Middle East. At least 40% of Europe's jet fuel came from the Middle East in 2025 via the Strait of Hormuz, which is currently blocked.

Analysts have commented that European refiners will find it difficult to offset this loss completely and that, in addition, shipping freight rates are increasing, making imports from other regions more expensive.

This has resulted in a rapid rise in wholesale prices, which, in turn, has increased the price distributors pay for heating oil and, consequently, raised prices for customers.

### **How the Heating Oil Market Works**

Heating oil is supplied very differently from gas and electricity, and these differences help explain why heating oil prices can change quickly both up and down. Instead of a few national suppliers, the market is made up of many local, often family-owned distributors, each operating with limited storage and buying fuel at the daily market price.

This creates strong competition and in normal times helps keep prices lower. After the Ukraine conflict, heating oil prices returned to pre-crisis levels much more quickly than those of many other commodities.

There are no long-term contracts, so oil heated households can shop around, but this also means distributors cannot precisely predict demand in the same way as gas and electricity companies. When demand rises suddenly or wholesale prices shift, delivery times and pricing can be affected.

Most distributors have little or no storage. Many hold no more than two days of supply. Therefore, they collect fuel from refineries or terminals at the market price almost daily. In effect, they are price takers.

At a time of year when demand usually falls, many households have been placing orders because of the crisis in the Middle East. This has created higher than usual demand, which is affecting delivery times. With the ongoing impact of the crisis and the resulting changes in wholesale prices, many distributors are now providing prices closer to the delivery date.

### **What You Can Do**

Everyone in our industry understands the pressure this places on oil-heated households. The situation in the Middle East is changing quickly, making it difficult to predict how prices will move in the coming weeks. If your tank is running low, the best approach is to order as normal.

### **Our current advice is:**

- Talk to your local distributors and check online platforms
- If you can delay purchasing, consider waiting
- Ask about smaller deliveries but be aware that more frequent deliveries may increase your overall cost