

MNI Oil Weekly: Hormuz Disruption in Full Flow

By Andrew Couper & David Lee (04/03/2026)

Executive Summary:

- **Hormuz Disruption in Full Flow:** Touted as a near worst case-scenario in recent months, we are seeing in real time the impact of Hormuz disruptions and how crucial the narrow strait is for global energy systems. See highlights of the key factors impacting energy in the early stages of a potentially longer-term conflict.
- **Oil Markets:** Crude oil prices surged following a major escalation in the Middle East that has triggered fears of significant global supply disruptions. Brent crude spiked to a 14-month high of \$85.12/bbl as the scale of Iran's retaliations caught markets by surprise. Diesel and gasoline cracks are also surging, given disruption to exports in the Middle East and damage to refinery infrastructure.
- **Analyst Views:** See oil market views and outlooks from key analyst names

Hormuz Disruption in Full Flow

It's a challenging time to stay on top of the Middle East conflict. For oil, two things crop up as key areas to watch. How long are attacks set to last and what's the impact on energy systems? The first question is clearly a difficult one to answer but see what officials are saying in the early days (below). For the second question, it's becoming very apparent what parts of the energy system are starting to not just bend but break (See 'Impact on Producers'). Note as well, what does the US class as 'winning' in this conflict? Our final section highlights long term drone warfare could be on the cards, a devastating tactic for shipping/energy infrastructure.

Duration:

- **March 2 – U.S. President Donald Trump** - "We projected four to five weeks, but we have capability to go far longer than that." "Whatever it takes... We're already substantially ahead of our time projections. But whatever the time is, it's OK... as long as necessary."
- **March 3 – Israeli PM Benjamin Netanyahu** - In a Fox News appearance (early Tuesday, March 3), Netanyahu reiterated urgency due to Iran's underground sites nearing "immunity" but denied an "endless war," insisting the operation would "end quickly."
- **March 4 - Israel's Channel 13 reports:** "Senior IDF officers say today (Wednesday) that we have two more weeks of bombings across Iran ahead of us, with the plan being to attack thousands of targets with heavy bombers from the United States military - including all targets of the regime, the Revolutionary Guards, Basij, satellites, drones and tanks."
- **March 4 – U.S. Defence Secretary Pete Hegseth:** "America is winning." He says the US has "only just begun" its campaign against Iranian military targets. He says the Iranian air force "is no more" and their navy "rests at the bottom of the Gulf." He adds that the US can sustain this period of the campaign for "as long as needed."
- **March 4 - Joint Chiefs of Staff General Dan Caine:** Echoes Trump's Oval Office comments yesterday in saying that the US has sufficient munitions to continue operations but declines to provide details. He says over the next 24-48 hours, the US will continue to strike infrastructure and Iranian naval capabilities.

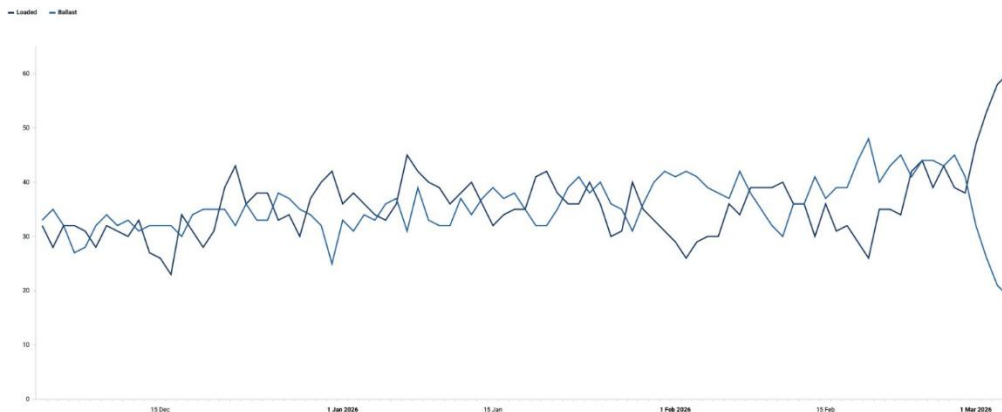
Conclusion: There’s a lot of variety in the deadlines and ever moving targets, however nothing so far has suggested the current bombing campaign is designed to last longer than 4-5 weeks with frequent claims by various sources of being ahead of schedule.

Disruption:

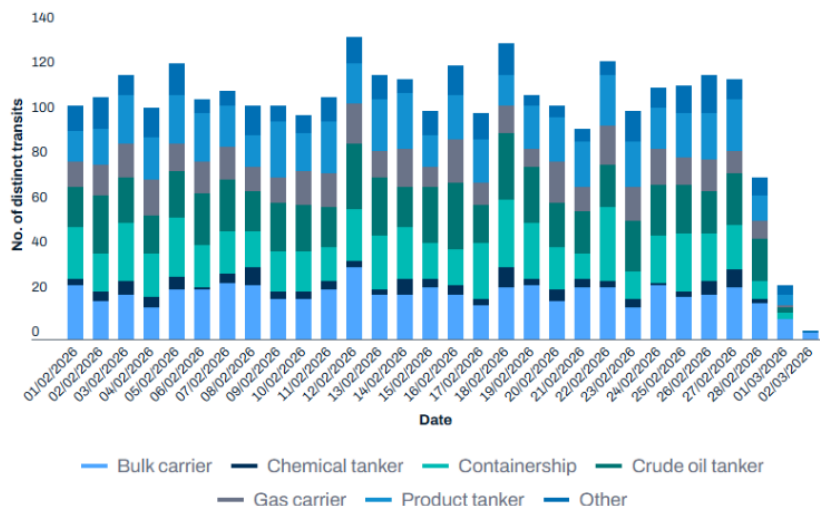
Looking at the numbers, its significant for energy markets. Kpler on Wednesday places Hormuz tanker transits down 88% and LPG transits down 94% vs last week.

- +247 tankers are stuck in the MEG – accounting for 6% of global fleet. 10% of compliant VLCC’s are stuck in the MEG.
- MEG-China VLCC freight rates increased +107% to \$13.60/bbl.
- Below: VLCCs currently in the Mideast Gulf, loaded vs ballast. Growing divergence is underway as loaded tankers can't leave, ballast (empty) tankers can't get in. Loadings will continue until ballasters all used up, as Middle East oil producers simply don't have a lot of storage from a days of cover perspective. (Chart source: Kpler)

Mideast Gulf VLCC’s Loaded vs Ballast – Source: Kpler



Strait of Hormuz: traceable transit plummet – (Source: Lloyd’s List)

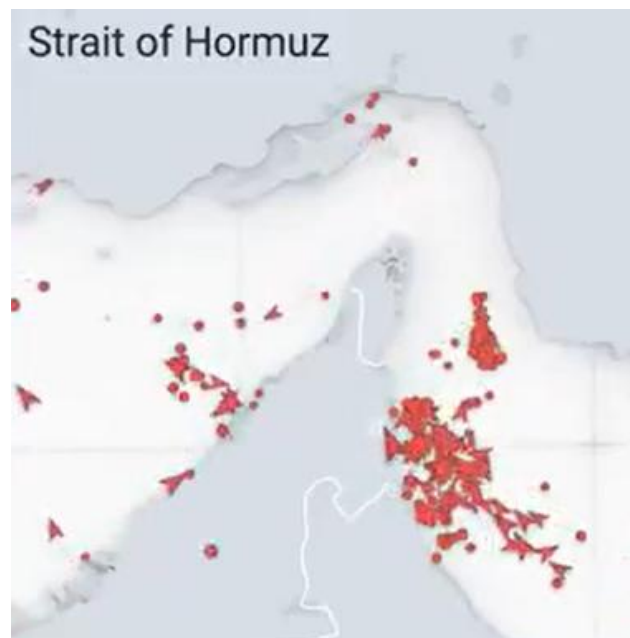


Strait of Hormuz Traffic Slowdown

Last Week:



This Week:



Tanker traffic above ~90% lower w/w – vessels congregating at either side while some on eastern side also diverting (Source: MarineTraffic)

Vessel Escorts: Market Sceptical on Trump Plan to Reopen Hormuz

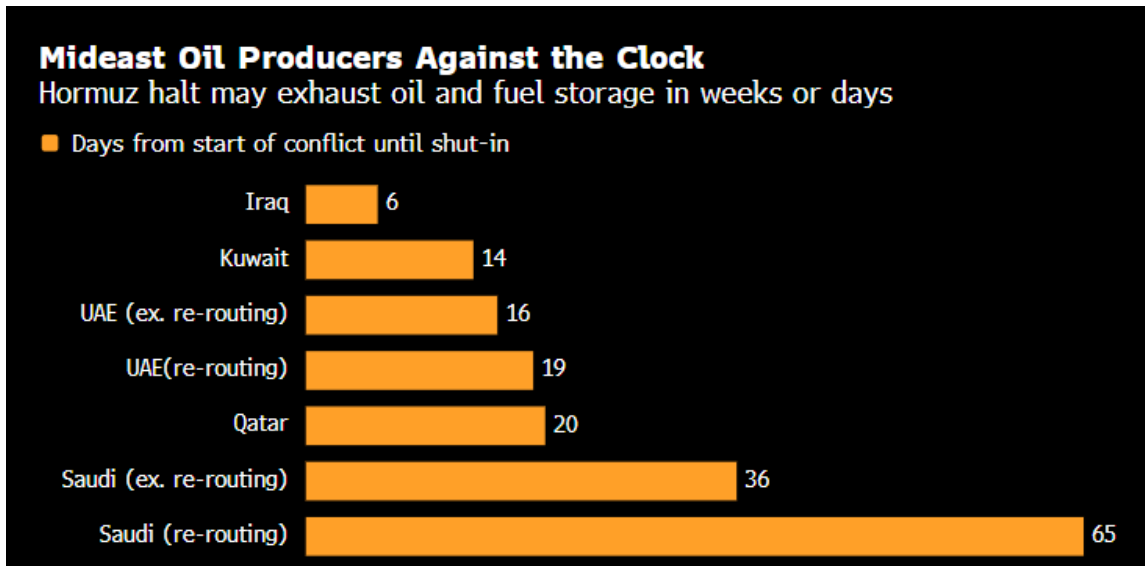
The global shipping community is waiting to see the fine print on Trump's plan to get oil and LNG flowing through the Strait of Hormuz by providing risk insurance and possibly tanker escorts. The freight market is likely to remain cautious and sceptical, given the risks of strikes on tankers.

- This appears to be a U-turn as the US Navy had said March 2 that there would be no availability of naval escorts and no timeline for if/when they would be available, Lloyd's List reported.
- Trump's plan will take a few days to organise, during which time the Gulf producers will struggle to deal with rising inventories.
- Reuters analysts said the plan can only work if it provides both insurance guarantees and navy cover. The US backed premiums would also have to be competitively cheaper, Bloomberg noted.
- While the US provided escorts to ships in the region during the Iran-Iraq war of the 1980s, the volume of ships has risen since, and the number of escorts is likely to be limited. Moreover, Iran's adoption of cheaper and mass-produced drones also adds complexity to such an operation.
- "A single Iranian attack on a passing ship could bring things to a new standstill," Reuters said.
- Kpler's Head of OPEC Amena Bakr posted on X that the company remains sceptical towards the plan's success: "Our experts don't think Trump's vessel escort idea will work as vessels will be heavily exposed to Iranian missiles. And even if they do manage to escort the vessels the cost will be too high."

Impact on Producers:

Notable news on producers first emerged for Iraq and then Saudi this week. The just in time nature of placing oil production onto ships rather than filling storage has been particularly noticeable for Iraq.

- Iraq has cut oil production by nearly 1.5 million barrels a day and those cuts could widen to more than 3 million bpd within days as the country runs out of storage officials told Reuters on Tuesday.
- Major oil storage sites in Saudi are filling rapidly due to an inability to export via Hormuz according to Kayrros.
- The Ju'aymah terminal on the country's east coast "was quickly running out of spare capacity" according to chief Kayrros analyst Antoine Halff on LinkedIn.
- Four of the six tanks at the Ras Tanura refinery — halted after attacks by Iran this week — were full.
- "Iraq's low storage capacity is a structural vulnerability," Halff said. "Others are poised to follow if the blockage of the Strait continues."
- Aggregate storage capacity for the 5 main Arab producers totals ~350 mb. As of March 1, observed crude stocks in those countries reached ~175 mb, or ~50% of nominal capacity.
- Due to low design capacity, spare storage capacity in Basrah as of yesterday was thus only 6 mb -- less than two days' worth of exports. Hence the talk of imminent field closure today.
- See Iraq most exposed below – source JP Morgan/Bloomberg Graphics.



East-West Pipeline: Saudi Crude Lifeline

Saudi Aramco is understood to be trying to move as much volume as possible through its East-West pipeline to Yanbu to try and overcome Hormuz difficulties this week giving it a lifeline vs other producers in the region.

- Consistently cited as 5 million barrels per day (bpd) design/standard capacity. Some outlets note it was raised to 7 million bpd (March 2025 report; untested for sustained flows) or expandable to 7 million bpd with drag-reducing agents.
- Saudi Arabia exported around 7.2 million barrels per day in February, according to ship tracker Kpler. Of that, 6.38 million bpd went through the Strait.
- Kpler analyst Matt Smith said via X – "Saudi crude exports starting to rip higher from Yanbu in the Red Sea"

- It is unclear, however, if Yanbu has the capacity to load that amount of crude the pipeline can carry onto ships, traders and buyers said to Reuters. Vessel constraints at Yanbu are said to be the key constraint.
- Kpler said in January: We estimate the pipeline is currently operating at roughly 35% utilisation, implying around 4.5 mbd of theoretical spare capacity.

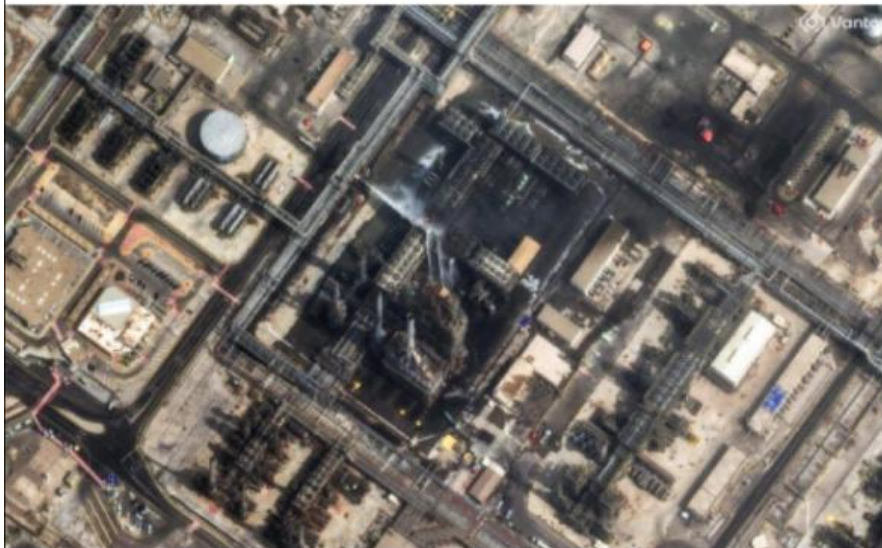


Ras Tanura

Satellite images by Vantor show significant damage at the Ras Tanura refinery in Saudi Arabia following drone strikes on Monday.

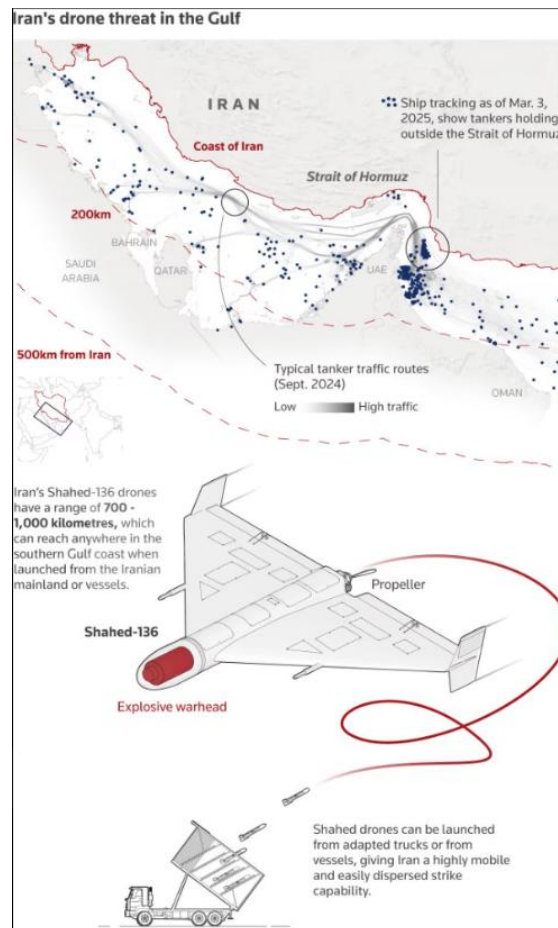
- The level of damage would likely counter the official company reports yesterday that debris from intercepted drones had caused “limited damage”.
- Official reports also suggested a “small fire”, something the image would counter.
- Its consequent shutdown resulted in significant product crack support, especially for gasoil. The scale of the damage suggests it may not return to full capacity for a longer period of time.
- Kpler plus other reports two units were struck.
- Four of the six tanks at the Ras Tanura refinery — halted after attacks by Iran this week — were full, Kayrros reported on Wednesday.

- Saudi Arabia says there was an attempted attack on Aramco's Ras Tanura refinery, reports no damages, according to state-run SPA.
- Initial reports suggest it was a drone. Even if not damaged, it raises the risk profile again for key energy assets in the Gulf. Ras Tanura attacks have been a key gasoil crack driver this week.
- Image source below: Vantor



Hormuz Drone Threat May Persist

Despite US/Israeli claims of air superiority and knocking out Iran’s naval and air capabilities as well as WSJ report Iran is running out of missiles – Iranian drones could be the long-term threat for Hormuz traffic and Middle East energy infrastructure. (Image source: Reuters)



These are cheap and easy to produce and if the Russia/Ukraine conflict is anything to go by – devastating for energy infrastructure.

- With increased pressure on its top ranks, officials may find themselves increasingly more desperate to cause significant damage to energy in hopes it stops the US and Israel under international pressure. The longer and more severe this goes on, the closer +\$100/bbl oil becomes.
- If Trump's disdain for Powell's rate cut pace highlighted anything, higher energy inflation is not what he is after at present in his quest for quicker domestic rate cuts.

Oil Markets:

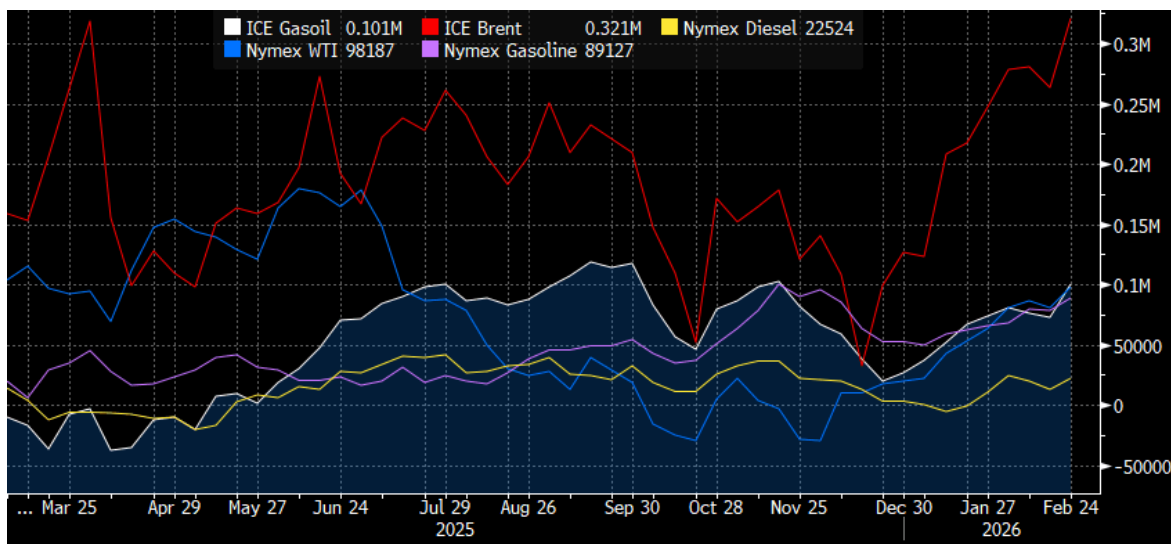
Crude oil prices surged following a major escalation in the Middle East that has triggered fears of significant global supply disruptions. Brent crude spiked to a 14-month high of \$85.12/bbl. The scale of Iran’s retaliations caught markets by surprise, while the duration of the US-Iran conflict stands out as a primary risk driver for energy markets.

Market:

Brent curve backwardation has strengthened with a surge in spreads reflecting tighter global supplies. Options are holding onto a skew to the upside with a rally in both call and put options as the market tries to assess the potential for a prolonged conflict and impact on future supplies.

- Crude second month 25 delta call option implied volatilities have rallied to over 75% and the highest since the 12-Day War in June 2025.
- The Brent 1-2 month spread spiked to a high of nearly +\$4/bbl while the Jun26-Dec26 spread rose over +\$9/bbl.
- Money managers raised net long Brent and WTI crude positions to the highest since Jan 2025 in the week to Feb. 24. Brent net longs were the highest since April 2024 while WTI positions were the most bullish since early July.
- WTI widened to its biggest discount to Brent in almost three years as soaring tanker rates reduced overseas demand for US Gulf Coast barrels, Bloomberg said.
- Cash differentials for key Middle East sour crude markers rose to a more than three-year high.
- Mounting uncertainty in the Strait of Hormuz drove a 85% surge in VLCC freight futures on Mar. 2 driven by the limited number of completed fixtures, Kpler said. “Roughly 6% of the global tanker fleet by deadweight tonnage is stranded in the Gulf, including 9.6% of compliant VLCCs.”

Oil Market Managed Money Net Positions – Source: Bloomberg Finance L.P.

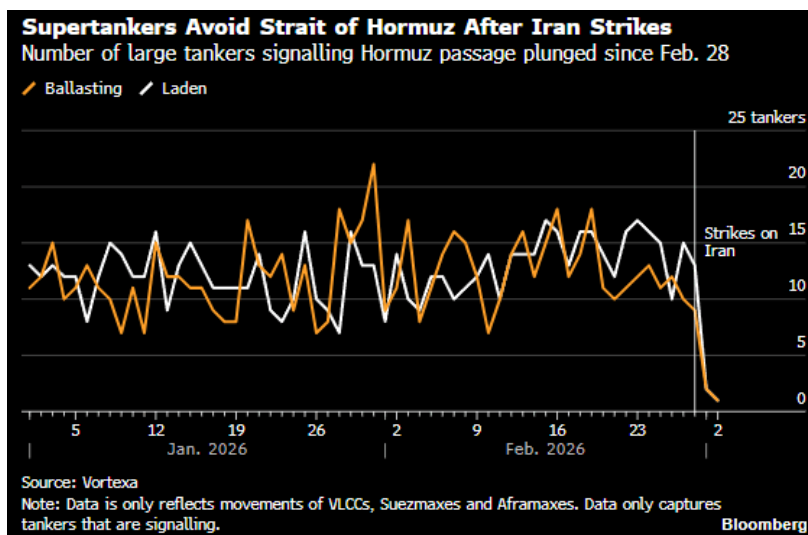


Iran:

Strait of Hormuz tanker flows have been heavily disrupted since Middle East conflict escalated at the weekend, only a trickle of vessels is reported to have been passing in early days since the first US and Israeli strikes on Iran on Feb 28. Iran has been launching retaliatory strikes across the Middle East.

- The Strait of Hormuz is under wartime conditions and vessels sailing through it "could be at risk from missiles or rogue drones," Iran's Islamic Revolutionary Guard Corps said cited by Fars news.
- At least 40 VLCC are idling within the Gulf near the Strait of Hormuz, waiting for the security situation to become clearer. Vortexa ship tracking showed the transit of only four supertankers on March. 1 compared to 22 the day before.
- Major shipping companies advised vessels to shelter in place and some insurers have scrapped war-risk insurance for vessels entering the Gulf. The Joint Maritime Information Center raised its security alert levels to critical.
- President Donald Trump said the US will provide insurance guarantees and naval escorts to ensure safe passage for oil tankers and other vessels through the Strait of Hormuz, though doubts remain as to the viability of this. France's President Macron said he is working to build a coalition to secure global shipping lanes, including the Strait of Hormuz and Bab al-Mandeb.

Large Tankers Signalling Hormuz – Source: Vortexa / Bloomberg Finance L.P.



Middle East Storage:

Gulf Keystone Petroleum said it temporarily shut-in production operations at its Shaikan field, based in the Kurdistan region of Iraq, as a precautionary measure.

- Iraq also shut down production of 460kb/d from West Qurna 2, Iraqi oil officials told Reuters, with Hormuz disruption pushing storage to critical levels in Iraq's southern ports.
- Due to low design capacity, spare storage capacity in Basrah was thus only 6mmbbl -- less than two days' worth of exports.
- Major oil storage sites in Saudi are filling rapidly due to an inability to export via Hormuz according to Kayrros.

- The Ju'aymah terminal on the country's east coast "was quickly running out of spare capacity". Four of the six tanks at the Ras Tanura refinery — halted after attacks by Iran this week — were full.
- Aggregate storage capacity for the 5 main Arab producers totals ~350 mb. As of March 1, observed crude stocks in those countries reached ~175 mb, or ~50% of nominal capacity.
- Pakistan has asked Saudi Arabia to route oil supplies through the Red Sea port of Yanbu. Saudi is looking to avert production cuts but the East-West pipeline has limited capacity and could become a target for attacks.

SPR:

The IEA is ready to help stabilise the global oil market in the wake of the Iran conflict, noting that members hold over 1bn bbl in emergency stockpiles, according to a document cited by Bloomberg. The IEA said the oil market is adequately supplied for now.

- A US Department of Energy official said there have been "no discussions at all about the SPR," according to the FT.
- Japan's government has made no decision so far on the release of crude oil stockpiles, an official with Japan's Ministry of Economy, Trade and Industry said cited by Reuters. Japan currently holds oil stockpiles equal to 254 days of domestic consumption.

UAE:

Operations at VTTI's Fujairah oil terminal in the UAE were suspended on March 1 "in light of the developments in the Middle East" and the company is reviewing conditions, a spokesperson told Bloomberg.

- Prior to the Middle East escalation reports suggest more of Abu Dhabi's Murban crude was set to be exported in April.
- ADNOC planned maintenance in May at onshore oil fields that produce its flagship Murban grade, and would 'slightly reduce the availability of Murban crude.' Murban crude availability in May was forecast at 1.46m b/d, down from a previous 1.61m b/d forecast.

India:

India is considering options that include turning to Russian cargoes currently near its waters, Bloomberg sources said. As of late last week, there were 9.5mbbl of Russian oil sitting in Asian waters.

- Oil ministry officials are now pushing the Ministry of External Affairs to seek some room to manoeuvre from the US.

Kazakhstan:

Reuters sources said last week that Kazakhstan's Tengiz field is restoring production more slowly than planned due to loading disruption at the CPC, caused by bad weather and drone alerts.

- Tengiz oil output is almost fully recovered to full capacity, Energy Minister Yerlan Akkenzhenov said, after a power outage at the end of January. Output is about 10k tons below design capacity as minor adjustments are still being made. There are no current problems with oil shipments along the CPC pipeline.
- Oil production at Tengiz increased to 790k b/d on Feb. 24, up from 660k b/d the previous day and still short of the previously planned level of 950kb/d, the sources added.

- Production at Kazakhstan's Tengiz field collapsed by around 30% in early March to 415k b/d on Mar. 1 from an average of 590k b/d in February, Reuters sources said, with exports choked at the CPC terminal. Ukrainian drone attacks on the CPC and stormy weather have disrupted loadings.
- CPC plans to increase oil shipments to about 1.7m b/d in March, up from 1.1m b/d in the revised Feb schedule.

Russia:

Ukrainian drones struck the major Sheskhari oil terminal at Novorossiysk overnight on March 2, according to Kyiv Independent, while reports suggest a fire has broken out at the 80kb/d Ukhta refinery.

- Russia likely to cut oil exports from western ports by 10% in March from February to 1.8 mb/d, Reuters sources say. Oil loadings are expected to fall at Primorsk, Ust-Luga and Novorossiysk ports in March amid Western sanctions that are reducing Asian demand for Urals and complicating access to tanker capacity. Ice conditions have gotten worse, causing shipping routes to lengthen.
- Ust-Luga and Primorsk will not allow entry of non-ice-class vessels from March 9 if ice thickness in the area reaches 30-50cm. Ice1 and Ice2 vessels will only be allowed with icebreaker escort.
- Russia will aim to keep Urals exports steady in March by boosting shipments to China as India cuts purchases, Reuters reports. Russia says it's ready to boost oil supplies to China and India, Interfax said.
- Slovak Prime Minister Robert Fico said on Friday that Ukrainian President Volodymyr Zelenskiy was refusing to allow outside inspections of damage to the Druzhba oil pipeline and that he had the "clear impression" that Kyiv had no interest in allowing oil transit to resume, according to Reuters.
- The US has extended the deadline for companies to negotiate with Lukoil over its international assets to April 1, from the end of this month previously, Reuters reports.

OPEC:

On March 1, OPEC+ agreed to a production increase of 206kb/d starting in April to help mitigate potential supply shocks. A modest output rise had been expected but the rise is larger than some estimations of 137kb/d prior to the meeting.

- The OPEC+ output decision wasn't enough to prevent crude prices spiking higher with little ability to assure the market about supply security due to Middle East supply fears.
- The ability for actual production increases from the group remains uncertain with spare capacity largely concentrated in Saudi Arabia and the UAE.
- The next OPEC+8 meeting is scheduled for April 5.

Venezuela:

Venezuela's oil ministry has suspended 19 oil production-sharing contracts with private companies signed under Maduro, Reuters sources said. PDVSA is selling the crude produced under the contracts while they are suspended. There is no impact on the country's oil and gas output so far.

- Flows of Venezuelan crude to the US have increased after the US seized Maduro in January, but not at the 80m bbl level claimed by Trump during the State of the Union address. The US has imported around 17.7m bbl, or 300k b/d of Venezuelan crude in Jan and Feb, Vortexa data showed.

- PDVSA inked supply contracts with companies trading crude oil and refined products destined for the US market, according to company statement. Venezuela is readying larger crude cargoes for export beginning in March, according to Reuters sources.

China:

China’s onshore crude inventories have reached a record high of 1.26 billion barrels and above the previous peak seen in August, according to Kayrros cited by Bloomberg.

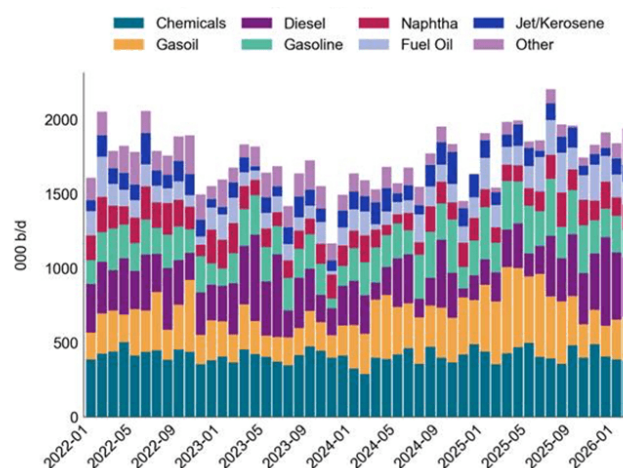
- Onshore commercial stockpiles were at 851mmbbl, while strategic storage levels remain largely stable at around 413mmbbl. Shandong onshore storage levels rose to a record high of nearly 400mmbbl.
- No unusual draws have been observed so far following the Middle East conflict escalation.

Oil Products:

Diesel and gasoline cracks are also surging, given disruption to exports in the Middle East and damage to refinery infrastructure. Diesel futures rose above \$1,000/mt to the highest since 2023.

- **ICE Gasoil net longs** increased to the highest since November while Nymex diesel longs also rose to reverse a decline seen the previous week in the week to Feb. 24. Nymex gasoline net long positions also increased to remain at the most bullish since December.
- Data last week showed **European ARA Gasoil stocks** around 0.4% below the five-year, US distillate stocks 5.2% below normal and Singapore Middle Distillates inventories 24.9% below.
- Saudi Aramco has **halted operations at its 550kb/d Ras Tanura** refinery in Saudi Bloomberg sources said on Mar. 2. A blaze was reported to be under control and was shut as a precautionary measure to assess the damage. Two units at the Ras refinery were impacted by the drone attack according to Kpler’s Amena Bakr on X citing sources.
- Satellite images by Vantor **show significant damage at the Ras Tanura refinery** (See main story) in Saudi Arabia following drone strikes. The level of damage would likely counter the official company reports that debris from intercepted drones had caused “limited damage”.
- A few outlets also reported an **attempted attack on Saudi’s Ras Tanura refinery on Mar. 4** but with reports of no damages, according to state-run SPA.

Saudi Arabia Refined Product Exports – Source: S&P Global Commodities



- **Missile debris fell on Kuwait's 346kb/d Al-Ahmadi refinery** early on Mar. 2 but operations and production were not disrupted, according to QNA.
- **Asian refiners** are considering run cuts of 20%-30% with difficulty accessing crude with dozens of tankers stuck in the Persian Gulf, Bloomberg sources said. Chinese and Japanese refiners are most likely to reduce rates, particularly state-owned and larger companies, given heavy reliance on crude from the gulf.
- Refineries typically have **at least two-to-three weeks of crude inventories** to cushion them from any short-term delays or supply disruptions.
- **India is the most vulnerable to crude supply shocks** from a prolonged disruption in shipments from the Middle East, mainly because of its thin reserves, Reuters sources said.
- **India's MRPL** has declared force majeure on all gasoline export cargoes March/April due to the Middle East conflict denting crude availability Reuters sources said. The refiner recently halted Russian oil imports to comply with western sanctions but recently said it was looking at sourcing via Venezuela.
- **South Korea has sufficient oil reserves** and will seek oil from outside the Middle East if disruption is prolonged, the finance ministry said.
- **Japan's oil reserves** are equivalent to 254 days of consumption and South Korean reserves can cover about 208 days, Reuters said.
- Zheijang Petrochemical Corp., a major Chinese refiner backed by Saudi Aramco, is **shutting a 200k b/d CDU** as it brings forward maintenance at a time when the Middle East conflict is tightening crude supply, Reuters reports.
- **CDU capacity utilisation rates** at China's state-owned refineries are expected to remain stable in the week to March 5, according to OilChem, with no overhauls or resumptions planned. Among independent refineries in China's Shandong province, CDU capacity utilisation rates are estimated to increase with Shench Petrochem and Lanqiao Petrochem raising the production after resumption.
- **CDU capacity utilisation rates at China's state-owned refineries** was flat in the week to Feb. 26 to average at 82.17%, OilChem said. CDU capacity utilisation rates at independent refineries in China rose by 0.62%pts on the week to 60.63%.
- **China's gasoline demand** is projected to weaken from the holiday peak, OilChem said. Gasoil demand is likely to see a boost as logistics services and some engineering projects restarting post the Lunar New Year holiday. Fuel oil supply is seen tightening amidst overhaul of a state-owned refinery and restarts in Shandong. There is set to be stable coking demand.
- **China's refined product exports** fell about 5% month on month in February to 1.59m t, according to OilChem shipping data. Strong domestic gasoline demand during the Lunar New Year and weak export margins curtailed overseas sales. Volumes comprised 0.27m mt of gasoline, 0.49m mt of gasoil and 0.83m mt of kerosene.
- **Looking ahead, March exports** are scheduled at 3.84m mt, up 23% month on month. Post-holiday demand for gasoline and kerosene is expected to ease, while gasoline and gasoil arbitrage windows are expected to support stronger export activity in March.
- **Russia's seaborne diesel and gasoil exports** fell 21% month on month in February to around 2.85m tons amid harsh winter weather at key ports and refinery maintenance, Reuters reports. Shipments of ULSD via Primorsk fell to 1.563m tons from a record 2.256m tons in January amid a shortage of ice-class tankers. Novorossiysk diesel loadings fell 21% in February to 0.66m tons after a suspension of oil processing at the Volgograd refinery following a drone attack.
- **Diesel and gasoil exports** are expected to rise in March supported by oil products in storage, improving ice conditions, demand driven by the Middle East conflict and the return of Volgograd and Tuapse refineries from unplanned maintenance.

- **Russian oil product exports** from the port of Tuapse are set to rise to 755k tons in March, up 118% m/m on a daily basis from 312k tons planned for February, amid the resumption of oil processing at the export-oriented Tuapse refinery, Reuters sources said.
- **SK Energy's 840kb/d Ulsan refinery** is conducting maintenance on multiple crude distillation units in the coming months, according to Bloomberg sources. Works include the 240kb/d CDU No. 4 maintenance which started end-February and expected until the second half of March.
- **Pemex's seven refineries** processed 1.058m b/d in January, down 13% m/m but up 19% y/y after fires struck the country's two largest refineries, according to company data compiled by Bloomberg. Refineries ran at 53.8% of capacity, the fourth straight month that utilization was above 50%.

Analyst Views:

Morgan Stanley:

Morgan Stanley has raised its oil price forecasts after US-Israeli strikes on Iran and attacks by Tehran around the region, according to a March 2 note cited by Bloomberg.

- There's no lost barrels from any shut-in production yet but markets are likely repricing deliverability of supply from the Middle East.
- The tanker market was already tight, so any incremental disruption would magnify delays and the effective supply hit.
- The bank raised its Q2 2026 Brent price forecast to \$80/bbl from \$62.5/bbl previously, its Q3 forecast to \$70/bbl from \$60/bbl and its Q4 forecast to \$65/bbl from \$60/bbl.

Goldman Sachs:

The Brent forecast for Q2 has been raised by \$10/bbl to \$76/bbl on lower OECD stockpiles due to Strait of Hormuz disruptions, Goldman Sachs said.

- The Q2 WTI forecast was raised by \$9/bbl to \$71/bbl.
- Brent will trade in the \$80s in March amid mixed signals with some relief from a potential gradual recovery in Hormuz flows but renewed concern for production cuts.
- Forecasts remain heavily skewed to the upside, with risks including a longer than expected disruption to exports through Hormuz and potential damage at oil production facilities.
- "If Hormuz volumes were to remain flat for 5 additional weeks, Brent prices would likely reach \$100, a level associated with larger demand destruction to prevent inventories from falling to critically low levels,"
- The Brent forecast for Q4 2026 was revised \$6/bbl higher to \$66/bbl and 2027 to \$70/bbl while WTI is forecast at \$62/bbl in Q4 and \$66/bbl in 2027.

Goldman Sachs:

The risk premium in crude oil prices was estimated up to \$18/bbl based on the 15% weekend price gain, according to Goldman Sachs.

- The premium corresponds approximately to the estimated fair value effect of a six-week full halt in Strait of Hormuz flows, with a partial offset from use of spare pipeline capacity.
- The risk premium was \$7/bbl on Feb. 27 compared to a fair value of \$65/bbl based on fundamentals such as OECD stocks.
- The impact moderates to +\$4 if only 50% of the flows are halted for one month.
- Oil prices can rise substantially more if the market demands a premium for risk of persistent supply disruptions.

JPMorgan:

A 3–4 week squeeze on Strait of Hormuz traffic could force gulf cooperation council output shut-ins and push Brent above \$100/bbl, according to JPMorgan cited by Reuters.

- Crude oil exports through the Strait of Hormuz have declined to 4 mmb/d versus a typical run rate of 16 mmb/d.

Natixis:

Natixis in its base-case forecast expects a Brent price rally towards \$80/bbl in the event of a US strike on Iran, before both parties ultimately de-escalate, the bank said in a Feb. 25 note.

- More sustainable oil price gains would require sustained supply losses and a credible threat to regional oil facilities or transit via Hormuz, which are low probability, Natixis said.
- Once geopolitical risk prices out of the market, traders will be more willing to deploy risk to express a bearish view, the bank said.
- Natixis estimates stock builds of 2m b/d over March-May, implying builds of 180m bbl, triggered by the seasonal drop in refinery crude throughput.
- The bank expects a \$60/bbl floor to hold for Brent, attributed to an expectation that above average Chinese stock building continues through the year.
- Natixis also expects that projected price moves towards \$60/bbl in April 2026 would trigger OPEC to cut in May 2026, provided Iranian export risks have receded by that point.

Standard Chartered:

Standard Chartered raises Q1-2026 Brent forecast to \$74/bbl (from \$62/bbl), q2 to \$67/bbl (from \$63/bbl) and 2026 average to \$70/bbl (from \$63.50/bbl), Reuters said.

- Standard Chartered sees asymmetric upside risk to these forecasts if the conflict escalates further and impairs production from Iran and any of the regional producers.

Carlyle Group:

There is a 70% likelihood of a “protracted asymmetric campaign” involving “cyber activity, terrorism, and proxy forces that could engulf Iraq,” according to Carlyle Group cited by Bloomberg.

- The probability of regime change in Iran is about 30% or less.
- “Without Chinese cooperation it would be nearly impossible for Iran to close” the Strait of Hormuz “for an extended period.”
- Buyers will seek energy sources that “do not require crossing borders and global chokepoints.”
- “In the immediate term, we may see large releases from already depleted US strategic reserves.”
- Oil prices will “remain high and volatile” reflecting a security premium amid hoarding and asymmetric Iranian aggression.
- Oil market balances are set to tighten materially in H2 2026 with OPEC+ closer to full capacity, and its remaining 3mb/d looking “increasingly theoretical” outside Saudi Arabia and the UAE.