MNI Oil Weekly: Iran Progress Remains in the Balance

By Andrew Couper & David Lee (11/02/2026)

Executive Summary:

- **Iran Progress Remains in the Balance:** After signs of positivity post indirect U.S./Iran talks in Oman on Friday, oil markets are pricing risk back in with a lack of follow up date and fears the scope of talks may be expanded.
- **Oil Markets:** Crude markets have regained ground this week as the geopolitical risk premium rises with focus on US-Iran talks and India crude diversification.
- **Analyst Views:** See oil market views and outlooks from key analyst names

Iran Progress Remains in the Balance:

Indirect U.S./Iran talks in Oman on Friday have done little to dampen concerns around conflict escalations by mid-week.

- At the time of writing on Feb 11, oil prices sit not far off the peak of the premiums so far during this current period of escalations. (Brent peaked on Jan 29, just short of $72/bbl)
- The indirect talks on Friday struggled to give many clues to the direction of the situation, though provided significant volatility for oil.
- This week, fears have intensified that the next round of talks isn't materializing soon, and potential US/Israeli demands to broaden the scope beyond nuclear limits are making a deal increasingly unlikely.

U.S./Israel Meet:

Markets are on edge ahead of today's White House meeting between President Trump and Israeli Prime Minister Netanyahu, whose hardline stance on Iran is well-known. Reports indicate Netanyahu will press Trump to broaden pressure on Tehran beyond a nuclear-only deal, specifically targeting limits on its ballistic missile program (and potentially proxy support).

- Iranian officials reiterated Wednesday that including missiles in talks crosses a firm red line and remains non-negotiable. The oil market is interpreting this fundamental mismatch as a heightened risk to diplomatic progress, increasing the odds of military escalation or strikes.

Latest Trump Comments:

Trump had an interview with Axios on Tuesday night where more combative wording emerged again.

- “We have an armada that is heading there and another one might be going," Trump said, adding that he's "thinking" about sending another aircraft carrier strike group.
- "Either we will make a deal or we will have to do something very tough like last time," Trump told Axios.
- The comments marked quite a swift reversal from recent days after referring to Friday’s indirect meetings as ‘good talks’

- Vice President JD Vance said on Tuesday, “If we can't cut that deal, then there's another option on the table. So I think the president is going to continue to preserve his options. He's going to have a lot of options because we have the most powerful military in the world. But until the president tells us to stop, we're going to engage in these conversations and try to reach a good outcome through negotiation".

Next Steps:

The first significant headlines from today's White House meeting between President Trump and Prime Minister Netanyahu are expected imminently, though major shifts appear unlikely in the short term. Trump has historically resisted letting allies fully dictate U.S. foreign policy, and while Netanyahu is pushing hard to expand demands beyond nuclear limits (e.g., ballistic missiles and proxy support), any public readout may remain cautious or deferential to ongoing diplomacy.

- Iran’s Supreme National Security Council Secretary Ali Larijani stated Wednesday that the date for the next round of indirect U.S. negotiations (mediated by Oman) remains under review and will be announced following consultations. Recent comments suggest Tehran views the prior Oman round as a "relatively good" start but insists on keeping scope nuclear-only.
- Two primary catalysts to monitor for de-risking the situation: A concrete announcement of the next talks round (direct or indirect), ideally with a near-term timeline. Trump has previously signaled resumption "early next week" or similar, which could ease volatility if confirmed soon.
- Clear U.S. signals (e.g., via White House statements, Trump comments, or envoy leaks) that Washington is content limiting negotiations to nuclear related, rather than insisting on broader demands. Any softening here would counter Israeli pressure and boost diplomatic momentum.

Oil Markets:

Crude markets have regained ground this week as the geopolitical risk premium rises again, although front month remains below a peak of $71.89/bbl from Jan. 29. The Iran-US meetings in Oman last week were described as a "good start" by Tehran, although both sides remain deadlocked. India’s diversification of crude purchases is adding to tightening of main benchmark pricing.

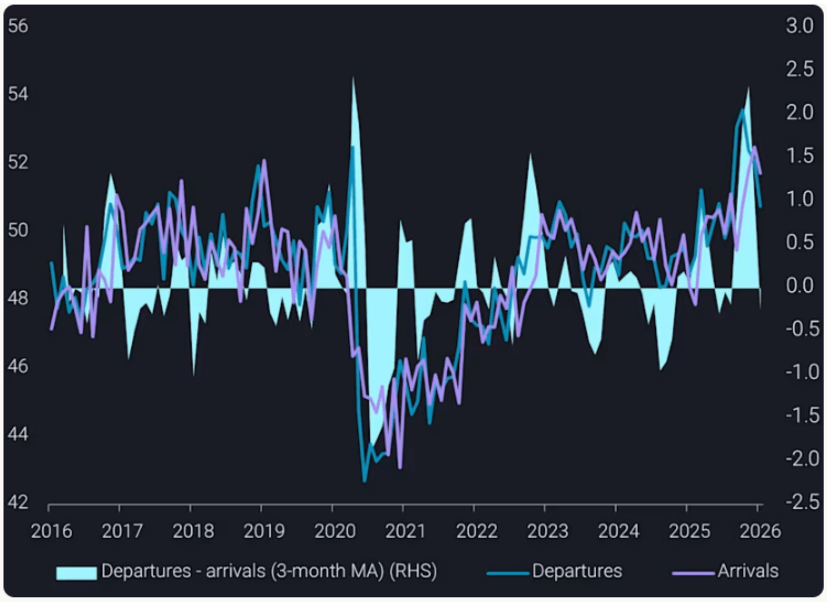
Markets:

The Brent second month call-put 25 delta spread has eased slightly to 16.3% driven by slightly lower call volatilities but the skew still reflects strong bullish market sentiment. The spread had reached the highest since June.

- Prompt crude time spreads remain strong reflecting tightening near term crude supplies. Crude departures have slowed over the past three months, while arrivals have caught up, reducing the surplus barrels in the market, Vortexa said.
- Global crude oil loadings in January fell to a six-month low below 43m b/d, down from 45.5m b/d in December, according to Kpler.
- India’s diversification of crude purchases away from sanctioned Russian supplies is helping drive a tightening of mainstream supplies. Accumulation of crude/condensate on the water to a record surplus of 234mbbl in mid-January was mostly of barrels originated from Iran, Russia, and Venezuela, Vortexa said.
- Dec26-Dec27 backwardation reached the strongest since June at +$0.92/bbl after switching from contango on Jan. 28 despite previous widely held expectations of oversupply this year.

- Money managers increased net long Brent and WTI crude positions to the most bullish since June in the week to Feb. 3. Brent net longs are the highest since early April while WTI net longs rose to the highest since July.

Global Departures vs Arrivals – Source: Vortexa



Iran:

Iran-US meetings in Oman were described as a "good start" by Tehran, although both sides remain deadlocked. US Warships have arrived in the Middle East as a counter to the talks with Tehran, reminding them that military strikes are possible.

- Iran's Foreign Minister stated that uranium enrichment is "non-negotiable" and ruled out discussing ballistic missiles or regional influence, with the US demanding a comprehensive deal covering all three areas, whilst threatening sanctions.
- Trump issued an executive order Friday enabling tariffs, but not applying them, on countries doing business with Iran.
- The US President is meeting the Israeli PM on Feb 11, with the date for the next US Iran meeting yet to be finalized. It is expected that the outcome of the US Israel meeting will influence the next steps in talks with Iran with reports suggesting he is likely to push for wider ranging action on Iran.
- On Feb. 9, the US Maritime Administration effectively extended an advisory for US vessels that traverse the Strait of Hormuz.
- Iranian crude oil loadings decelerated toward the end of January amid heightened geopolitical tensions and tightening Western sanctions, according to Kpler. Following a recent peak above 1.9m b/d in October, Iranian crude exports in January fell to below 1.35m b/d, a level unseen since January 2024.
- VLCCs are traveling through the Strait of Hormuz at as much as 17 knots amid US-Iran tensions, Bloomberg reports, citing Kpler data. 13 knots is usually the top speed for a fully laden VLCC. Meanwhile, some

operators are making vessels wait off the UAE port of Fujairah ahead of traveling through the chokepoint as they finalise berthing and cargo-loading dates within the Gulf.

Russia:

Progress on Russia/Ukraine has been limited so far this year. Ukrainian President Zelensky said that the US wants to see a Russia/Ukraine peace settlement by early summer.

- Zelensky said that Washington had proposed that Ukrainian and Russian delegations meet in the United States, probably in Miami, in a week's time. "We have confirmed our participation."
- Russian energy infrastructure is a legitimate target for Ukrainian strikes, Ukrainian President Zelenskiy said. Ukraine struck an oil depot in Russia's Saratov region and the Volgograd refinery this week while Russia continues to attack Naftogaz facilities.
- The EU has proposed sanctions against Russia to include ports in Georgia and Indonesia that handle Russian oil, the first targeting of ports in third countries, Reuters said.
- Russia's crude output declined for a second month in January amid difficulties in marketing the barrels owing to US sanctions. Russia produced almost 300k b/d lower than OPEC target at an average of 9.2m b/d of crude oil in January, Bloomberg reported.
- Exports dropped 11.3% month on month to 3.4mb/d, with deliveries to India plunging 55.2% and flows to China falling 36.6%.
- Four-week average crude shipments were 3.33m b/d through Feb. 8, relatively unchanged on the figure for the period to Feb. 1 but steeper discounts are needed to keep its barrels flowing, according to Bloomberg.
- Urals is being offered at almost $15/bbl below Brent from about $10/bbl at the start of the year, Bloomberg said. Discounts for ESPO Blend from Kozmino to China, widened to nearly $9/bbl, from $7–$8 in recent months, Reuters said.
- Russian crude on tankers continues to grow, reaching 143mbbl at the start of February, almost doubling y/y.

India:

Indian refiners are avoiding Russian oil purchases for delivery in April and are expected to stay away for longer, Reuters sources said. IOC, BPCL and Reliance are not accepting offers for Russian oil loading in March and April, the sources said. Although some March deliveries are already scheduled.

- Trump has removed the additional 25% tariff on India for buying Russian oil, in the first step of a trade deal announced last week. India and the US expect to sign a formal agreement on their trade deal in March to lower tariffs and deepen economic cooperation.
- India could cut Russian oil imports below 1mb/d by March, and eventually to 500k–600kb/d, Reuters sources said last month.
- India's foreign ministry said ensuring energy security remains the nation's key priority.

OPEC:

The January OPEC survey from Reuters has total output falling due to lower supply from Nigeria and Libya, offsetting the slight bump in production from Venezuela. OPEC countries produced 28.34mb/d in January, down 60kb/d from December.

- Saudi Aramco has cut the March Arab Light OSP by $0.30/bbl to the lowest since 2020 at $0.30/bbl above the Oman/Dubai average. The cut was less than expected suggesting a more positive signal for oil demand.

Kazakhstan:

The Tengiz field in Kazakhstan has recovered to around 60% of peak production and aims to reach full output of 950kb/d by Feb. 23, sources told Reuters. This has led to an overall increase in oil & gas condensate production in Kazakhstan to 1.6m b/d in the week of Feb. 1-8, from 1.27m b/d on average in January.

- CPC oil exports could drop from the preliminary schedule of about 1.7m b/d to around 1.1m b/d this month. January CPC Blend oil loadings fell to just 880k b/d, nearly half of the initial plan.
- The Caspian CPC Blend arb to Asia is now open with a discount of $4-$4.5/bbl to Dated Brent for March loading, CIF Augusta, compared to a discount of about $2/bbl two weeks ago, Bloomberg sources said.

Iraq:

Iraq is planning to raise exports from the country's southern hub to 3.4m b/d in the near future from the current 3.28m b/d, SOMO's Director Ali Nizar told Bloomberg. In January, Iraq's total exports were about 3.473m b/d, including about 200k b/d from Kurdistan, Nizar said.

- The agreement that led to the resumption of Kurdish exports is likely to be extended in March even if no federal government is formed by then.
- Norway's DNO is considering joining an agreement that allows companies to export Kurdish crude via a pipeline to Turkey, Executive Chairman Bijan Mossavar-Rahmani said cited by Reuters.
- Iraq has cut the official selling prices to Asia for March, according to SOMO cited by Bloomberg. The Basrah Medium OSP to Asia was cut by $0.4/bbl to a $1.7/bbl discount to the Oman/Dubai average.

Venezuela:

PDVSA has reversed most of the output cuts it had implemented at its oilfields and joint ventures in Venezuela's main crude region, the Orinoco Belt, raising total production close to 1 mbpd, Reuters sources said.

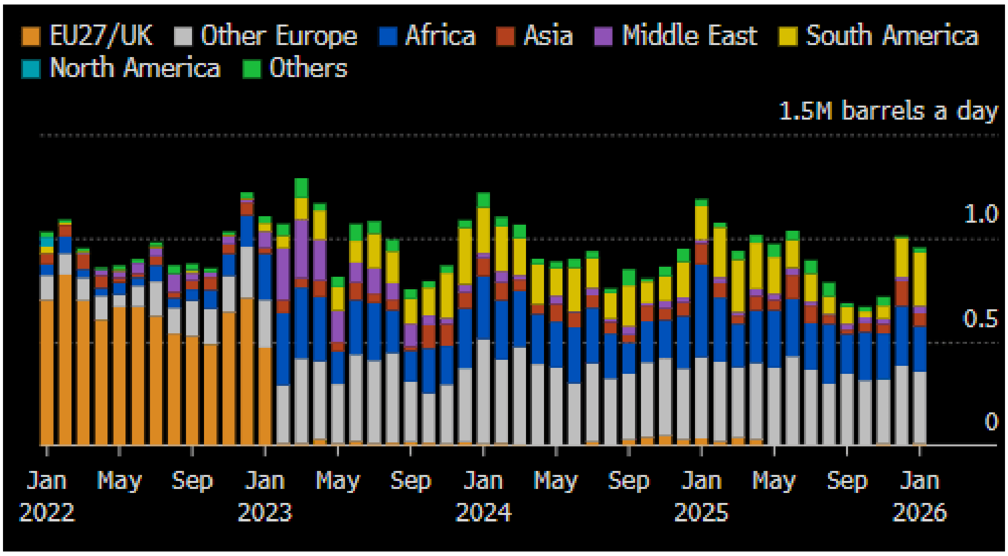
- The Orinoco region is now producing slightly over 500k bpd after increases over the weekend at several projects, the sources said, more than 100k bpd above early January.
- The US Treasury has issued general licenses broadly allowing US companies to export Venezuelan oil and provide the country with fuel, which have helped untangle exports, freeing crude and fuel that were in inventory.
- India's Reliance has returned to Venezuelan crude after pausing purchases in the middle of last year while BPCL and Mangalore have also bought Merey crude for April arrival.
- Freepoint and Citgo are seeking direct access to Venezuelan crude cargoes as sanctions are set to ease further Bloomberg sources report.
- US forces boarded an eighth tanker linked to the Venezuelan oil trade in the Indian Ocean, as the US continues to crack down on the shadow fleet used to export sanctioned crude.

Oil Products:

Diesel crack spreads have found some support after coming under downward pressure in the last week amid a rise in inventories and recent recovery in Russia refinery runs. Gasoline cracks have eased back in recent sessions after seeing support from uncertainty around a Dangote outage.

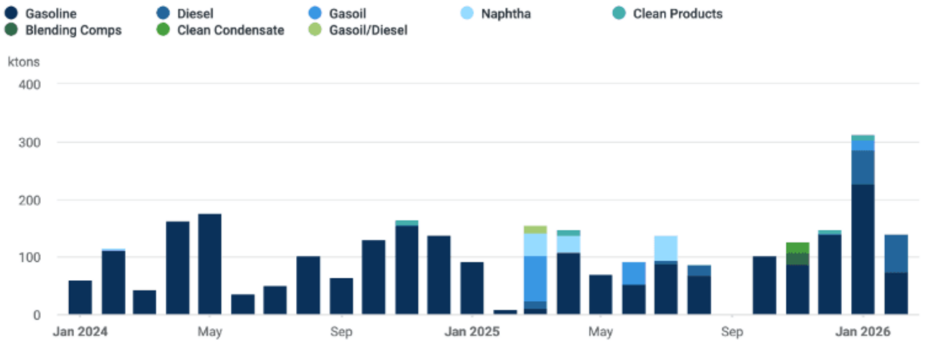
- **ICE Gasoil net longs** edged higher again in the week to Feb 3 to extend a recovery from a low in Dec while Nymex diesel net long positioning also rose, taking both to the highest since November. Nymex gasoline positions edged slightly higher to hold a steady net long position.
- Data last week showed **European ARA Gasoil stocks** have recovered to just 2.1% below the five-year average. **US distillate stocks** were 2.0% below normal and **Singapore Middle Distillates inventories** were 6.5% below normal.
- **Russian refinery runs** have rebounded to about 5.4mb/d and the highest monthly level in the past year allowing product exports of gasoil and naphtha to recover, Kpler said. Offline capacity linked to attacks has fallen sharply since December, as the impact of Ukrainian drone strikes has moderated and maintenance-driven downtime has declined.
- **Russia's domestic fuel availability has stabilised**, and gasoline market pressures have eased, with the government lifting export restrictions earlier than expected.
- Monthly shipments of diesel-type fuel from **Russia's Baltic Port of Primorsk** surged in January to the highest in data back to 2016, according to a port report and Bloomberg ship tracking data. Exports from Primorsk last month stood at 2.26m mt (546k b/d) compared to 1.67m mt (403k b/d) in December and 1.16m mt (289k b/d) in November.
- Overall **diesel and gasoil exports fell** 5.4% on the month to 954kb/d and 20% below year ago levels despite the surge in Primorsk shipments.
- **Ultra-low-sulphur diesel loadings from the Russian port of Primorsk** are expected to fall about 17% in February to 1.7m tons due to lower fuel output and Baltic weather disruptions, Reuters reports. Primorsk diesel loadings have totalled 0.6m tons so far in February, or 56k tons per day.
- Peak maintenance for **Russian primary oil refining** was expected in January and September this year, according to Reuters calculations. About 5m tons, or 1.1mb/d, of Russia's primary oil refining capacity was expected to be offline in Jan.
- **Tightness in the global diesel market** is expected to be alleviated after Spring maintenance, supported by higher Russian refinery runs, Kpler said. Russian diesel flows have headed to Brazil, freeing up volumes to head to Europe and the US.

Russian Diesel/Gasoil Shipments – Source: Bloomberg Finance L.P.



- **The surge in Russian gasoil exports** is bearish for the wider Atlantic Basin as Brazil the principal offtaker after Turkey, is seeing its import levels at their highest since Sep. 2022. This comes at the expense of USGC supply, Kpler added.
- Total **Russian refined product exports** held steady and near the highest since August at about 2.21mb/d in January, according to Vortexa data cited by Bloomberg. An increase in heavier dirtier fuels offset a decline in diesel and naphtha flows.
- **Ukrainian drones** targeted the Volgograd refinery causing a fire overnight on Feb. 11, Kyiv Independent said. The strike is the first reported refinery attack so far this month as strikes have reduced since levels seen late last year.
- The **Dangote refinery's CDU and RFCC remain offline**, with the CDU potentially offline for another week or so and the RFCC potentially offline until March, according to Sparta Commodities. Mogas inventories in Nigeria were reportedly high pre-turnarounds but are now much less likely to prove sufficient given the length of the delayed returns.
- **Nigeria's Dangote refinery** has imported six MR cargoes of gasoline and one LR3 cargo of ULSD since the beginning of the year, highlighting a growing reliance on finished clean product inflows, according to Kpler. Dangote is seen running at 400k bpd in H1, with stable full capacity still months away.
- **Dangote reduced crude imports** by 18% on the month in January amid planned RFCC maintenance works, according to Bloomberg. NNPC is scheduled to ship six cargoes of crude for loading in March to the country's Dangote refinery, unchanged from February.

Dangote Clean Product Imports – Source: Kpler



- **China's overall CDU capacity utilisation** rates at China's state-owned refineries are expected to rise on the week to Feb. 12, according to OilChem. Production at independent refineries will slow further as destocking needs are likely to continue. CDU capacity utilisation rates at China's state-owned refineries rose by 1.79%pts in the week to Feb. 6 to average at 81.81%, while rates at independent refineries fell by 0.91%pts on the week to 60.0%.
- **Gasoline demand** is anticipated to sustain the momentum ahead of the CNY holiday and expected increase in travel. For gasoil, the demand will likely contract further with outdoor projects, factories, and logistics services gradually suspending for the holiday.
- **China's refined oil exports** fell 9.19% month-on-month in January 2026 to 1.68m mt, OilChem said. Jet fuel shipments dropped sharply due to oversupply in Asia, while gasoline exports continued despite negative margins as refineries sought to ease domestic inventories. February exports are scheduled at 3.11m mt, around 9% lower than January's plan.

- **India's oil product consumption** rose 2.9% year on year but fell 3.0% on the month to 21.05m tons in January, according to provisional PPAC data. Gasoline consumption rose 6.1% y/y to 3.51m tons while diesel consumption rose 3.3% y/y to 7.99m tons.

Analyst Views:

Goldman Sachs:

Goldman Sachs has a "constructive" global oil products margin outlook for 2026, expecting higher global utilisation with capacity additions below products demand growth, the bank said in a note on Friday.

- Global refining utilisation rates are expected to rise above the 70th percentile of history as 400k b/d of expected net capacity additions falls below 900k b/d of refined products demand growth.
- The bank expects diesel/gasoline margins at $31/$18 in the US, $23/$13 in the EU and $19/8 in Asia.
- Increasing fiscal pressure on Chinese independent refiners and delays in new emerging market refining capacity additions are likely to support Asia margins.
- European margins may be supported by the ban on products refined from Russia crude.
- Risks to the forecasts skew to the upside, especially for diesel, from continuing delays in emerging market capacity additions, disruptions in Russia refinery runs, higher risks of unplanned outages and higher freight rates.
- A hypothetical escalation in Iran could boost diesel margins further, Goldman says.

Goldman Sachs further:

Global oil stocks built by 1.6m b/d in January, Goldman Sachs estimated in a note, 2m b/d lower than the bank's expectations on supply disruptions in Kazakhstan, Venezuela and the US.

- Visible stocks built by only 0.5m b/d in January, a deceleration from 1.4m b/d of builds over the prior 90 days.
- Goldman expects the January supply disruptions to be temporary.
- Oil exports from the CPC will likely remain 0.3m b/d below normal in Feb., but Chevron has kept its 2026 production target for Tengiz unchanged.
- Crude prices remain supported by geopolitics, Goldman says.
- The options-implied probability of Brent 3-month ahead futures expiring above $70/bbl stands at 26%, well above the end-Dec. 11%.
- Oil on water has picked up sharply over the last week on increasing volumes in transit, likely as buyers seek to secure oil amid higher uncertainty.
- Russian oil on water remains near record-highs as Russian production and exports rebounded in January, and despite a 1.2m b/d year-to-date decline in exports to India and China.

RBC:

Fear of higher oil prices could ultimately push President Trump to a negotiated settlement with Iran according to well-placed regional observers, RBC said cited by Bloomberg.

- "Both Washington and Tehran seem to have put a positive spin on the Oman talks, signaling that further discussions will likely be held."
- Trump backed off from his territorial demands over Greenland when faced with a sharp market selloff, RBC said.

- Lingering differences between Tehran and Washington, and the US meeting with Israeli Prime Minister Benjamin Netanyahu this week, could risk another military engagement.
- The best chance of success with Tehran would be a narrow Joint Comprehensive Plan of Action 2.0 settlement. This would likely involve Iran giving up high-level enrichment and use of high-speed centrifuges.

BofA:
Brent is forecast to average $60/bbl this year and $62/bbl in 2027, with rising supply and slowing demand to keep the oil market in surplus until 2028, BofA said cited by OPIS.

- Brent is predicted to average between $60/bbl and $80/bbl through 2031, citing slowing demand growth.
- Global oil consumption could also peak around 2030-2035 before a plateau for a few years. Consumption to rise to 108mb/d by 2031 from 104mb/d in 2025.
- Annual growth of 1mb/d expected in 2026 and 2027 before slowing down to just half of that pace by the end of the decade.
- Downside risks for the medium term from weak global economic growth, rising OPEC volumes, improvements in US shale productivity, and possible sanctions relief for Russia and Iran.
- Upside risks include heightened geopolitical tensions, deepwater project delays and a slowdown in global electric vehicle sales.

Vitol Group:
Vitol forecast for peak oil demand is pushed back to the mid-2030s, Reuters said.

- Vitol says at its height global oil demand could reach around 112 million bpd.

Kpler:
Outlook for Diesel Bearish After Spring Maintenance: Kpler

- The Most recent bullish global diesel prices have been linked to us east coast, Kpler said.
- The US has not been able to rebuild stocks during winter in PADD1 over past two years due to cold winters.
- Low stocks have meant that PADD 1 has needed to pull from the USGC, and even from Mexico and a cargo from Europe.
- Kpler see this tightness in the global diesel market being alleviated after Spring maintenance, supported by higher Russian refinery runs.
- Russian diesel flows have headed to Brazil, freeing up volumes to head to Europe and the US.
- If the US boosts buying of heavy crude from Venezuela and adjusts its crude slates, it will also raise diesel yields.
- European diesel demand looks weak, painting a bleak picture for diesel cracks post spring maintenance.

Kpler further:
H1 refining margins are set to be tighter before easing as more capacity comes online in H2, Kpler said.
Supply will struggle to match demand in H1, before catching up in the back end of this year. This is due to new refineries coming online, but also Russian refinery runs likely to improve.

- Refining capacity continues to shift eastward, with 1.4m bpd of petrochemical orientated capacity appearing in the East.
- This means we will have higher mid dist and Petchem yields due to higher capacity units coming online.
- Supply will struggle to match demand in H1, before catching up in the back end of this year. This is due to new refineries coming online, but also Russian refinery runs likely to improve.