

MNI: Political Drivers for Energy Markets Feb. 16-22

By Lawrence Toye (16/02/2026)

Executive Summary:

- **Another round of talks between Washington and Tehran** is due this week, with Trump so far appearing to **prioritise nuclear enrichment** over Iran's ballistic missile programme.
- Negotiators from **Russia and Ukraine** are also set to meet as **key issues on territory and security guarantees** are **unresolved**.
- OPEC+ is **considering supply increases from April**

U.S.-Iran Set for Further Round of Talks

A further round of US-Iran talks is due to take place in Geneva tomorrow (Feb. 17), following indirect negotiations in Oman earlier in the month. Attendees will be Iranian Foreign Minister Abbas Araghchi, Jared Kushner, and Steve Witkoff. Araghchi is also set to meet IAEA chief Rafael Grossi and Oman's Foreign Minister today.

- When asked what he wanted to see from the talks, Trump said that the US does not want any enrichment. He also said that the talks could drag on for up to a month. While a complete end to enrichment may still be viewed as unacceptable to the Iranian side, Trump's apparent focus on the nuclear issue, rather than including Tehran's missile programme, could raise the possibility of some form of agreement. Nonetheless, The President is maintaining pressure on Iran, not only via the military build up in the region, but also via comments Feb. 13 where he said that "regime change" would be the best outcome for Iran.
- The US push for a diplomatic deal with Iran has alarmed officials in Israel, particularly Trump's indicated support for a deal limited to the nuclear issue. The Israelis have been pushing the Trump administration to also include limiting Iran's missile programme as part of the discussions. Given that its ballistic missiles function as a clear deterrent against further Israeli attacks, Iran is very unlikely to accept any compromise on the programme.
- Despite the ongoing talks, CBS reported that Trump told Israeli PM Netanyahu that the U.S would support Israeli strikes on Iran's ballistic missiles if a deal could not be reached. According to CBS' sources, internal discussions between senior U.S. military and intelligence figures are contemplating the possibility of supporting a fresh round of Israeli strikes on Iran

OUTLOOK: It is unlikely that any military action will take place before tomorrow's talks. The headlines from both Tehran and Washington will then offer a further indication on how likely a future deal is. For now, Trump appears to be in favour of a negotiated settlement focused on ending Iran's enrichment of Uranium. While this narrower scope appears like a U.S. compromise, it may still prove a step too far for the Iranians who reiterate their right to a civilian nuclear programme.

Russia Ukraine Talks Continue

Russia and Ukraine are also set for a new round of US-led peace talks in Geneva from Feb. 17. These will be attended by representatives on both sides, but there will not be a meeting between Zelenskiy and Putin.

- The Kremlin is holding firm on demands that Ukraine cede territory in its eastern Donetsk region that is not currently under Russian control. As a compromise, the U.S. is proposing to establish a free economic zone

in the area along with overall security guarantees for Ukraine against any future Russian attack. However, Ukraine's president Zelenskiy said neither side is keen on that idea.

- There are also questions over future security guarantees for Ukraine. Zelenskiy also told journalists that the U.S. had offered a 15-year security guarantee, but that Kyiv was seeking a longer-term deal.
- While Zelenskiy has said publicly that the U.S. is exerting equal pressure on Kyiv and Moscow to end the war, he warned that without a clear stance from Washington, Russia would face no real consequences for prolonging talks. There also appears to be haste on the U.S. to bring Kyiv to acquiesce to less than favourable terms. Zelenskiy said that Washington wants peace as quickly as possible and that the US team wanted to sign all the agreements on Ukraine at the same time. Conversely, Ukraine wanted guarantees for the country's future security signed first.
- Trump has pressed Zelenskiy to move quickly, saying Kyiv risks missing a "big opportunity." Yet the Ukrainian leader has insisted he would rather prolong the war than accept what he calls humiliating terms, underscoring the high stakes as Geneva's talks approach.
- Domestically, Zelenskiy faces calls to hold elections if a ceasefire is reached. Analysts say Kyiv is considering a two-month ceasefire to facilitate a vote over relinquishing ceding the remainder of the Donbass.
- Outside of the diplomatic theatre, strikes on energy infrastructure in both Russia and Ukraine have resumed.

OUTLOOK: Deep divides between both sides remain, and despite U.S. pressure, there may be no incentive on either side to reach a deal. Trump may continue to pressure Zelenskiy, with a "take it or leave it" approach on security guarantees. However, Kyiv is likely to retain support, at least rhetorically, from European allies wary of a deal seen as a capitulation.

OPEC+ Considers Output Boost in April

Some OPEC+ members see scope for the alliance to resume supply increases in April, believing concerns of a glut in global oil markets to be overblown, according to media reports.

- Much of the surplus appears to be coming in the form of sanctioned barrels on the water, which the global market is largely cut off from. Moreover, China's appetite for stockpiling is also absorbing additional barrels, helping tighten balances.
- Reuters reported that the bloc is now leaning towards increasing, although OPEC+ has not committed to any course of action or begun formal discussions ahead of its meeting on March 1,
- Their ultimate decision may depend on whether US President Donald Trump launches military action against — or reaches a nuclear deal with — OPEC member Iran.
- OPEC+ tends to make its decisions based on actual volumes in the market, rather than sentiment or fears of lost supply at a later date. Given the spare capacity of members such as Saudi Arabia and the UAE, it also has the potential to boost output at short notice if needed.

OUTLOOK: Sentiment around surpluses continues to add bearish pressure to markets, which will only intensify if OPEC further raises output. However, it will be important to look at where those increases come from, given that some members are struggling to hit current quotas due to a lack of spare capacity. Meanwhile, Russian barrels remain hampered by sanctions on some producers and limits to global shipping access.

- While Gulf producers like Saudi Arabia and the UAE have the capabilities to raise output, they are also set to be hit hardest if U.S.-Iran-Israel tensions lead to conflict and threaten shipping via the Straits of Hormuz.