

Revising our oil outlook for 2026

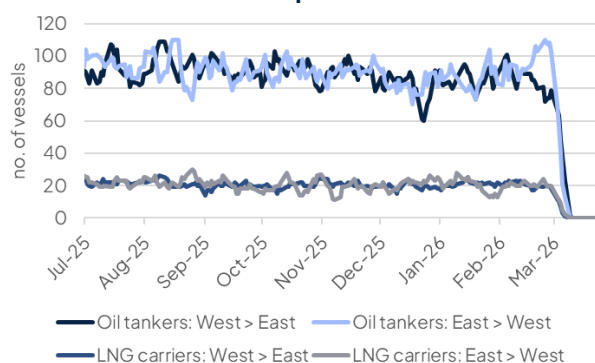
23 March 2026 – Commodities

- Oil prices are sustaining elevated levels as the war in the Middle East shows little sign of de-escalation. As of 23 March 2026, Brent futures were trading at more than USD 110/b, up more than 80% since the start of the year.
- The Strait of Hormuz remains closed, threatening energy market buffers, while shut-in production will take time to return to pre-war levels.
- The reopening of the strait to normal levels of oil and gas shipments is the key variable in determining the trajectory for energy prices in 2026.
- We are revising our outlook for oil prices and now target Brent at an average of USD 90/b in Q2 with upside risks. For the second half of the year we are expecting prices to moderate though the outlook remains contingent on oil exports from Middle East producers recovering.

The war in the Middle East shows little sign of de-escalation with both the US and Iran threatening to target civilian infrastructure such as power and desalination facilities. Global oil and gas markets remain in a condition of shock as the Strait of Hormuz remains closed by the conflict and there has been limited engagement with a US request for international assistance to reopen the strait.

With flows through the strait essentially at zero—no west to east tankers have been reported since March 10—oil and gas prices have sustained high levels and will be at risk of pushing higher as global energy buffers are wound down. An emergency stockpile release coordinated by the IEA has provided some level of comfort to the market but flows will get to the market at only a fraction of the level of crude and products disrupted by the closure of the strait.

Tanker and carrier flows plummet



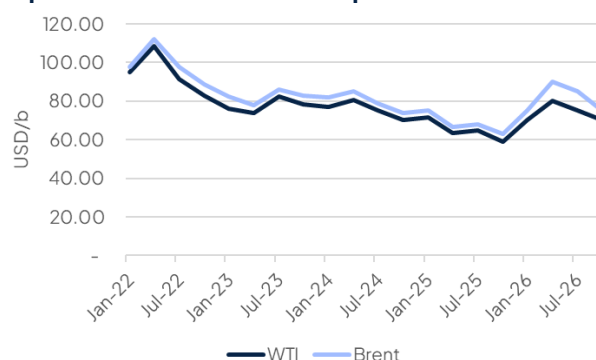
Source: Bloomberg, Emirates NBD Research.

Risks to outlook skewed to upside

We are revising our oil price expectations for 2026 considerably higher as global flows of oil are

impeded. Production across the Middle East that has been shut in while export routes are blocked will take time to return to pre-war levels. The reopening of the Strait of Hormuz to normal flows of oil, products and natural gas is the critical variable to determine the trajectory for prices this year and thus our price targets will likely need to be revisited during the duration of the conflict.

Oil prices could see further spikes



Source: Bloomberg, Emirates NBD Research.

We are targeting Brent at USD 90/b in Q2 before some moderation in the second half of the year. For WTI, with more buffers in the US market that are not directly impacted by the war in the Middle East, we have a Q2 target of USD 80/b on average. The anticipated moderation in prices is contingent on a recovery in oil export flows from Middle East producers. For 2026 as a whole we expect Brent to average USD 81/b, up 19% y/y.

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