

Oil pops higher on rising geopolitical premium

9 January 2026 – Commodities

Spot oil prices had their strongest single day move so far in 2026 on 8 January with both Brent and WTI rallying more than 3%. March Brent added USD 2/b to close overnight at USD 61.99/b while February WTI was up almost USD 1.8/b to USD 57.76/b.

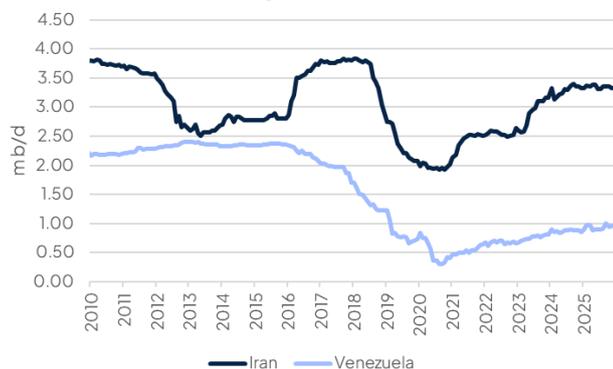
Oil jumps on geopolitical risks



Source: Bloomberg, Emirates NBD Research.

The near-term catalyst for the rise is market attention shifting from the US capture of Venezuela's president Nicolas Maduro to the growing political unrest in Iran. While there is no apparent immediate interruption to supplies from the country, Iran is a much larger oil producer than Venezuela and any disruption to output would have a more meaningful impact on oil market balances.

Iran and Venezuela oil production levels



Source: Bloomberg, Emirates NBD Research.

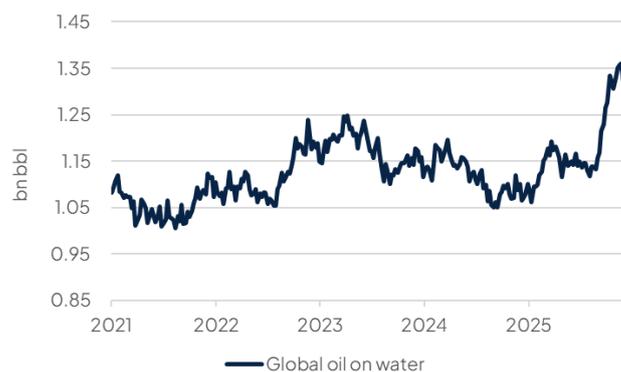
Iran's oil production ended 2025 at 3.3m b/d, roughly where it had spent most of 2025. Over the last three years, however, Iran has increased production by nearly 700k b/d. In contrast,

Venezuela's oil production ended 2025 at less than 1m /bd and remains well below historic levels.

Stockpiles can absorb risks

Global oil market balances entered 2026 well supported with large inventories "on water." Reported inventories in markets like the US and North-west Europe are tighter, however, so a widening of perceived geopolitical risks will lead to the kind of moves reported overnight. Sizeable year/year increases from OPEC+ producers will contribute to an overhang in oil market balances in 2026, weighing on prices overall.

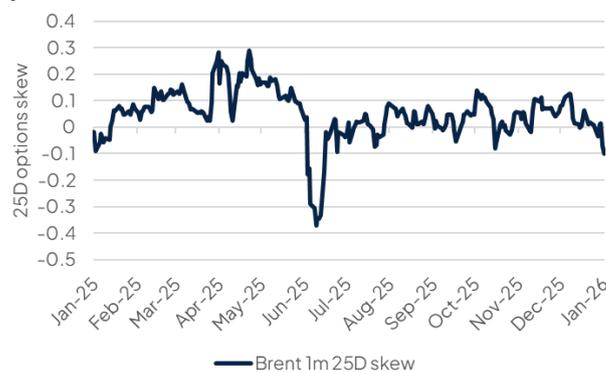
Oil on water at elevated levels



Source: Vortexa, Emirates NBD Research.

Nevertheless, options markets are becoming less overtly bearish. The 25-delta Brent 1m skew has moved negative (calls more expensive than puts) albeit only tentatively. Longer dated options skews have also seen put premiums narrow.

Options skews tilts bullish



Source: Bloomberg, Emirates NBD Research.



بنك الإمارات دبي الوطني
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Our fundamental view on oil markets for 2026 remains intact – modest demand growth will fail to match the substantial increase in supply leading to a build in inventories and thereby weighing on prices. Geopolitical dynamics in the last several years have tended to burn hot – a sharp impact with minimal lingering effects.

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