بنك الإمارات دبي الوطني
Emirates NBD

Oil spikes to more than USD 100/b as buffers under strain

9 March 2026 – Commodities

- Oil prices have spiked to more than USD 100/b for the first time since 2022 as production and exports that rely on the Strait of Hormuz are beginning to be materially impacted.
- National energy companies from the Gulf region have begun to shut-in production and declare force majeure on exports as threats and attacks on shipping halt flows through the strait.
- Importing countries have started to take action to try and limit the inflationary pass through of higher energy prices to their economies, including a possible coordinated SPR release from G7 economies.
- However, oil and gas market buffers are at risk of being eroded if the blockage of the strait persists, risking oil and gas prices holding onto recent elevated levels.

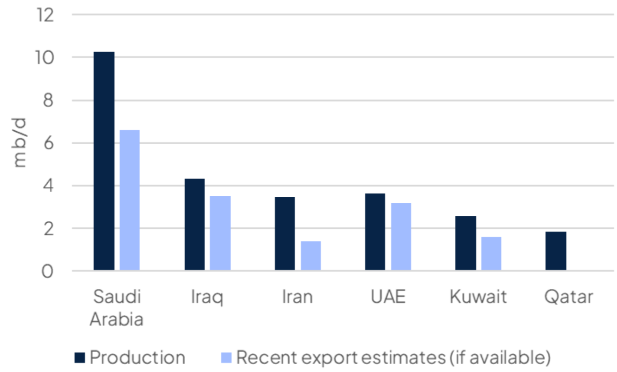
Oil prices have spiked to their highest levels since 2022 as the Strait of Hormuz remains blocked by Iranian attacks and threats to shipping. As of 9 March 2026, Brent and WTI futures had both surged to more than USD 100/b in response to production and shipment disruptions from Middle East producers. The calculus now shifts to how long oil and gas market buffers can withstand a prolonged interruption to roughly 20% of global supplies in the short-run and a potential lengthy period of limited volumes from the Middle East if shut-in production takes time to recover.

Oil spikes on Middle East risk

Source: Bloomberg, Emirates NBD Research.

Oil and gas producers in the Middle East are highly reliant on oil exports passing through the Strait of Hormuz. In 2025, total vessel visits at oil terminals inside the strait accounted for an average of nearly 80% of total GCC terminal visits. For LNG, the share is even higher as nearly 90% of all regional LNG berth visits. Oman's oil exports are loaded outside of the strait while the UAE and Saudi Arabia also have export terminals on the Indian Ocean and Red Sea respectively. Tankers transiting through the Strait of Hormuz (oil, products and LNG carriers) have essentially dropped to 0 as of 9 March 2026.

Recent estimates of Middle East output/ exports



Source: IEA, Emirates NBD Research

Status of oil and gas production / shipments from the Middle East producers as of 9 March 2026:

- QatarEnergy has halted LNG production and declared force majeure on shipments of LNG to impacted buyers.

- Iraq's oil ministry has cut crude oil production as export channels through the Strait of Hormuz are blocked by Iranian attacks and threats to shipping. Production has reportedly dropped to less than 2m b/d from 4.3m b/d prior to the start of the war.

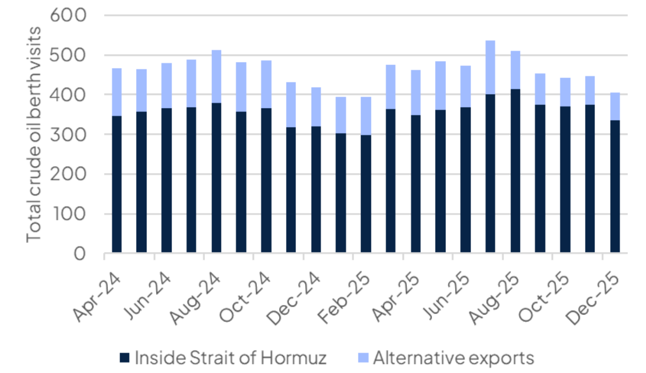
- Kuwait Petroleum Company has cut production and declared force majeure on oil shipments.

- Bahrain's BAPCO has declared force majeure following attacks on its refinery complex.

- ADNOC has said that it was "managing offshore production levels to address storage requirements" but was using export infrastructure that "bypasses the strait and international storage facilities."

- ARAMCO has "adjusted crude cargo operations" to divert cargoes to the Red Sea.

Flows through Strait of Hormuz key



Source: Bloomberg, Emirates NBD Research.

Importing countries have also begun to take action to limit the inflationary impact of high oil and gas prices on their economies:

- South Korea has announced a cap on domestic fuel prices and will release inventories from strategic reserves.

- Japan has informed strategic reserve facilities to prepare for a release of stockpiles.

- Vietnam is planning to lift all import duties on fuel.

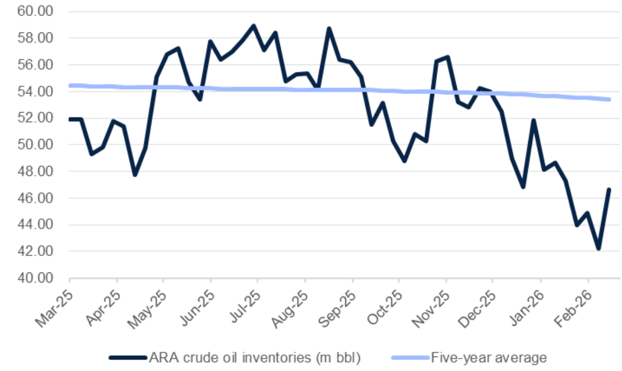
- G7 finance ministers will discuss a coordinated release of strategic reserves

Oil market buffers at risk

Oil markets entered 2026 with substantial buffers in place as oil demand growth had been modest last year and was expected to be at a similar pace this year. Supply growth was also built into expectations of a substantial carryover of inventories. As of the end of 2025, commercial inventories in OECD stocks represented around 62 days of demand, close to long-run averages. Oil-on water inventories also started 2025 at historically high levels though much of that likely reflected sanctioned or politically sensitive crude.

However, some measures of inventories were tight ahead of the conflict. Crude oil inventories in ARA (North-west Europe) have drawn steadily since the start of 2026 while middle distillate stocks in Singapore were already heading substantially below long-run averages as of the end of February.

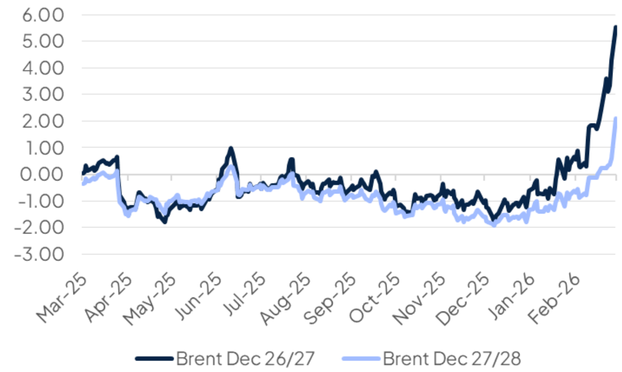
ARA inventories had drawn ahead of conflict



Source: Bloomberg, Emirates NBD Research.

If the strait remains blocked for a prolonged period – a month or longer- then the oil and gas markets' buffers will erode quickly and allow prices to be sustained at high prices for longer. Markets are pricing in a considerable and lengthy disruption with an enormous steepening in time spreads: 1-2 month spreads in the Brent curve are trading close to USD 7/b, not far off the widening seen during the 2022 Russian invasion of Ukraine. December spreads for 26/27 have pushed to nearly USD 6/b.

Crude oil time spreads spike



Source: Bloomberg, Emirates NBD Research.

A coordinated SPR release from G7 economies, if it materializes, will offset some of the impact of supply and export disruptions but isn't a lasting solution to the effective blockage of one-fifth of global flows of oil and gas inside the Gulf.

Edward Bell *Acting Chief Economist and Group Head of Research / edwardpb@emiratesnbd.com*

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