

35 YEARS ON



Sitting in the office at 2.35 am on August 2nd 1990, watching Iraq invade Kuwait, I thought we'd never see such lightning-fast oil price volatility again.

When Russia invaded Ukraine in 2022, oil prices moved steadily upward, creating risk but without wild swings. Seven weeks ago, Israel and Iran went to war, but oil supplies remained unaffected, and the market created a \$6-\$8 per barrel "buffer zone" in case the Middle East supply hub got pulled into prolonged conflict.

This week, however, felt like August 1990 all over again.

So what happened?

Last weekend, the US joined the Israel-Iran war by launching airstrikes on Iran's nuclear facilities. As markets opened on Monday, they expected major supply disruptions. Brent, which had closed Friday at \$77, quickly soared above \$81 in Asia trading.

However, confusion soon set in when Iran's Supreme Leader claimed the US strikes missed their targets. Prices then stabilised back to \$78 by the time Europe opened. Then came the shock.

The US announced it had brokered a ceasefire between Israel and Iran within hours. As fears of prolonged Middle East supply risks evaporated instantly, traders rushed to cut long positions, and Brent crashed from \$81 to \$68 in less than 24 hours – a \$14 per barrel drop, the fastest

since the Gulf War in 1990.

By week's end, markets were battered and reluctant to trade, with ICE Brent closing at \$67.77, down \$10.51 for the week.

What began as a potential record-breaking bullish week ended in a spectacular crash. In other key oil market news this week, Shell denied speculation that it is in talks to acquire BP, stating that under UK market rules it cannot make BP-related moves for six months. Meanwhile, Saudi Arabia's oil export revenue fell to \$16.5 billion, down 21% year-on-year, risking Vision 2030's funding. In Russia, the FAS proposed a total gasoline export ban to tackle high domestic prices, potentially removing around 100,000 barrels per day from the market.

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	\$67.77	-10.51
WTI	\$65.52	-9.58
Ice gas oil	\$675.00	-103.75
Euro Mogas swaps	\$678.25	-86.75
Euro naphtha swaps	\$540.50	-74.50
Nymex gasoline	\$2.0898	-27.48 cpg
Lpg swaps	\$455.00	-35.00
OPEC basket	\$68.13	
Gold	\$3306	