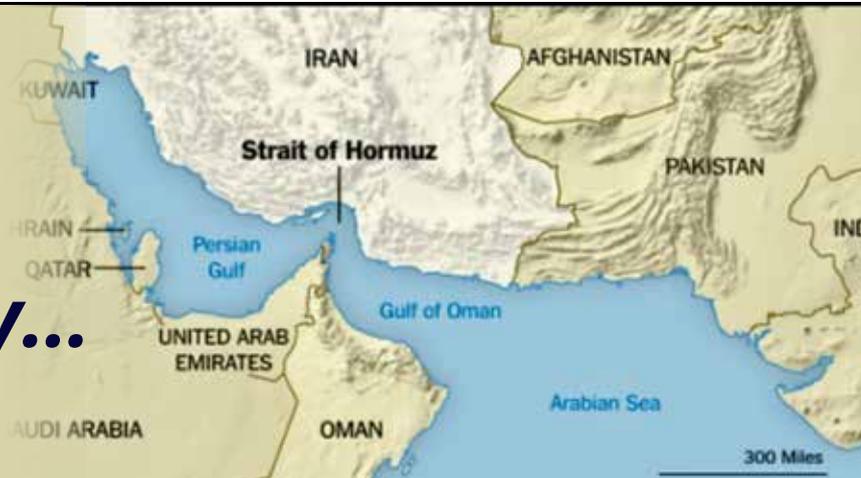


Oil market nightmares become a reality...



A week where oil prices remained strong, defying the fading echoes of an oil glut but caught in a breaking geopolitical nightmare.

For the whole 5 trading days oil markets remained hypnotised, focused entirely on what became the final chapter of talks between America and Iran in Geneva which began on Thursday, talks designed to sway Iran away from their ambitions to become a nuclear power whilst staring down the gun barrels of American warships ready to strike their country should they reject what can only be described as a fait accompli.

By Friday the Iranian Foreign Minister made optimistic signals the talks had made progress and Iran was edging closer to a solution that would appease Donald Trump's administration, but America wasn't buying it, nor was the market, oil prices picked up late on Friday afternoon, the market suddenly changing mood fearful of what could be to come, nobody wanted to face the weekend short oil futures.

Oil markets had lived in fear of the whole America /Iran situation boiling over for weeks, investors and traders had talked of little else, especially as the pride of the US Navy sat in the Arabian Seas ready for Iran to even as much as twitch in a hostile manner. Goldman Sachs had already adjusted their 2026 price forecast for ICE Brent upwards from \$56 to \$64 a barrel in anticipation of an uptick in Geopolitical chaos, the CFTC reported oil investors were long 263,186 contracts, a very bullish position, ICE Brent call (the right to buy) options had hit an all time high of 5.8 million contract, it seemed the whole market had set it's trading positions in anticipation of much higher oil prices to come, the scene looked set or would Iran rock the market's stance and surprise everybody by agreeing to slow its Uranium enrichment programme and abandon it's nuclear ambitions, or would it play for time?

During the early hours of Saturday morning we had our answer, first reports said Israel had launched a strategic attack on Iran supported by America, Israel's lead came as a surprise, however, as the joint forces continued to strike selected targets, Iranian forces were quick to retaliate with drone attacks targeting American bases and assets in neighbouring Bahrain, Kuwait, Jordan, the UAE and Qatar, suddenly the major oil producing region of the World was under fire, and oil prices sat waiting in the traps to spring higher on Asia's market opening on Monday morning.

No damage has been reported to any oil storage or pipelines in the region so far, except at Kharg Island the main Iranian loading port, however, nightmare 2 became a reality when a few hours later Bloomberg reported Oil and gas tankers were making plans to avoid the fabled Straits of Hormuz, the narrow Iranian owned waterway that links the oil-rich Persian Gulf to the open seas, after the US and Israel bombed Iran, Iranian media declared the waterway to be "practically closed."

Shortly after that news shots reported some oil tankers reported hearing a radio broadcast purporting to come from Iran's Revolutionary Guard and the Iranian navy announcing oil tanker transits through the waterway are "not safe" and are banned, given 30% of World oil supply transits the Straits we can be sure the long predicted 2026 "oil glut" will change it's status by Monday morning.

Meanwhile, as Saturday night approached, the wires were alive with reports from Israel that Ayatollah Ali Khomeini, the supreme leader of Iran, had lost his life during the initial American/ Israeli strike, despite denials on Saturday and Sunday morning, Iranian authorities confirmed their supreme leader had been lost in the opening salvos.

Clearly, this is a fast-moving, changing situation which will see oil prices rise significantly on Monday morning's market opening; however, at this stage, it's hard to say exactly by how much, especially given that an OPEC+ meeting begins on Sunday.

The alliance was expected to raise crude oil output by 137,000 barrels a day for April, but given the uncertainty of just how much Iran's 3.3 million barrels per day of crude oil output has been affected by what is now a war with America, it could be much more.

The coming week will not be for the faint-hearted.

The Middle East is in peril and awaits Iran's next reaction. America and Israel will continue their quest to remove any facility in Iran capable of creating nuclear power for any use. How Iran retaliates, and how the Middle East copes with what comes next, will be the driver for oil prices this coming week and likely the rest of 2026.

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	\$72.52	+1.57
WTI	\$67.29	+1.55
Ice Gas Oil	\$754.75	+24.75
Euro Mogas Swaps	\$678.75	+11.50
Euro Naphtha Swaps	\$591.00	+25.50
Nymex Gasoline	\$2.3011	+4.21 ¢/gal
LPG Swaps	\$563.00	+36.50
OPEC Basket	\$69.29	
Gold	\$ 5278.00	