

Energy Market Drivers:

Dated Brent and soaring tanker rates highlight physical market tightness

October 9, 2026

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Crude oil and geopolitics: Middle East oil exports under pressure and tanker rates skyrocketing

Middle Eastern crude exports remain close to pre-war levels, but the security situation has deteriorated again. Iranian attacks have reduced flows through Hormuz, while higher pipeline exports through Saudi Arabia and the UAE have compensated. The key question is whether these export levels can be sustained.

Trump said Thursday evening that the US would not attack Iran before the midterm elections on 3 November. He referred to productive talks, but the US blockade of Iranian ports remains in place. Iran is reviewing the US response to its proposal to reopen Hormuz within seven days. No agreement has been reached.

The pace of attacks on shipping has increased sharply in October. UKMTO had recorded 12 security incidents by Thursday, including an attack near Qatar. This extends the threat beyond the Strait itself and is particularly concerning for LNG exports. Crude flows through Hormuz have fallen, but pipeline exports across Saudi Arabia and the UAE have risen to around 6.7 mb/d.

Developments in Yemen offer some relief. Saudi-backed government forces say they have retaken the coastline around Bab el-Mandeb as far north as Mocha. The Houthis dispute these claims. If sustained, the advances would reduce the immediate threat to the chokepoint and Saudi Arabia's export route through the Red Sea. However, the East-West pipeline and Yanbu remain exposed to attacks.

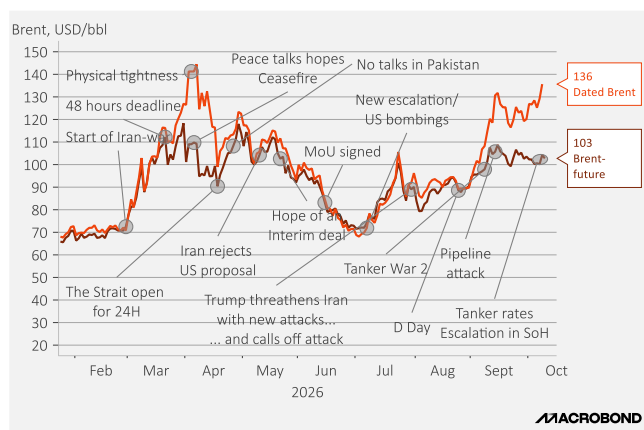
The physical oil market also remains much tighter than futures prices suggest. Dated Brent was assessed at USD 135.7/bbl on Thursday, compared with Brent futures around USD 103 on Friday morning. The benchmarks cover different delivery periods, but the gap highlights the cost of securing prompt supply.

Exceptionally high tanker rates are a major part of the problem. Based on the Platts data discussed in our morning updates, shipping crude from the US Gulf Coast to China now costs more than USD 40/bbl. From the Arabian Gulf to the Far East, the cost is around USD 35/bbl. This also helps explain Saudi Aramco's sharp cut in November selling prices to Asia. Lower prices at the loading port partly compensate for higher transportation costs. The chart below shows how the cost of transporting one barrel of crude has developed.

Hurricane Isaias adds a near-term risk. By Thursday, around 1.28 mb/d of US Gulf oil production had been shut in, while around 500,000 b/d of refining capacity was in or near the projected path.

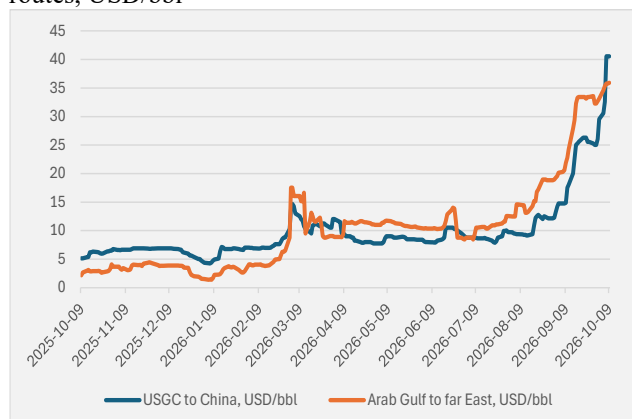
We maintain our view that a lasting US–Iran agreement before the midterms is unlikely. Our central scenario remains a more durable reopening of Hormuz in Q2 2027. High current exports are welcome, but do not mean that the supply risk has disappeared.

Dated Brent spread to the ICE Brent futures widen further, USD/bbl



Source: GRM, Macrobond, Bloomberg

Price of transporting one barrel of crude oil on major routes, USD/bbl



Source: GRM, S&P, Bloomberg and own calculations

Diesel, gasoil and MGO: No new IEA barrels, and the US export-ban risk remains

The initial optimism over the G7 stock release last week has faded. Wednesday's IEA meeting confirmed that the roughly 100 million barrels still to be released are part of the March agreement. Countries will accelerate deliveries and prioritise diesel, but the agreement does not add new barrels to previous commitments.

France will release 10 million barrels of diesel. Contributions and timelines from other countries still need to be finalised, with further discussions expected on 14–15 October. This is hardly the rapid response Washington had hoped for. Relatively little additional diesel may reach consumers before the US midterms.

We therefore maintain our assessment that the probability of a US diesel export ban before the election is 50/50. The G7 commitment to avoid export restrictions does not guarantee that the White House will refrain from acting if prices remain high. Broader access to red-dyed diesel and tax relief can reduce costs for some US consumers, but do not create new refinery production.

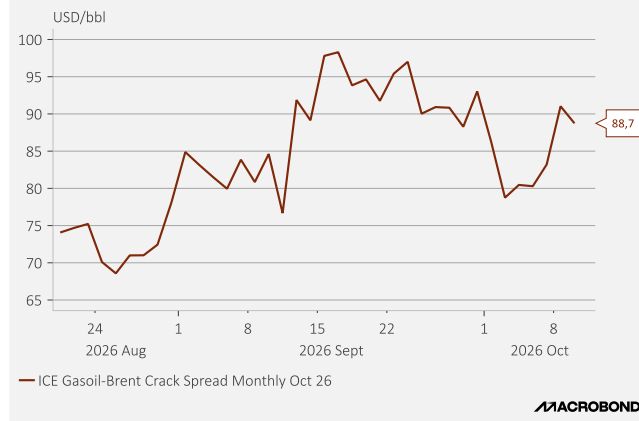
US data underline the risk to international markets. Distillate inventories were broadly unchanged at 105.1 million barrels last week, 12% below the five-year average. Diesel and gasoil exports rose to 1.75 mb/d. Restrictions on these flows would be a serious problem for Europe and Asia.

China provided some relief this week. Reuters reported Friday that around 3.7 million tonnes of diesel, gasoline and jet fuel have been approved for October exports. Shipments will therefore resume after the Golden Week pause.

However, product supply remains considerably tighter than crude supply. Middle Eastern refined-product exports have recovered much less to around 50-60 %, while Russian refinery problems and export restrictions continue to constrain availability.

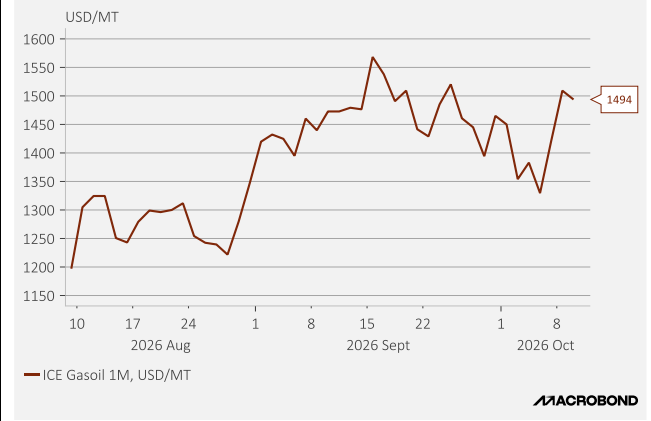
Stock releases can ease the immediate pressure, but they move supply from the future into the present. They remain a bandage on an open fracture. We continue to favour adding near-term product hedges on price declines, including using the discounts available further along the forward curve.

ICE gas oil (diesel) crack for October, USD/bbl



Source: GRM, Macrobond, Bloomberg

ICE gas oil (diesel) front-month future, USD/MT



Source: IEA

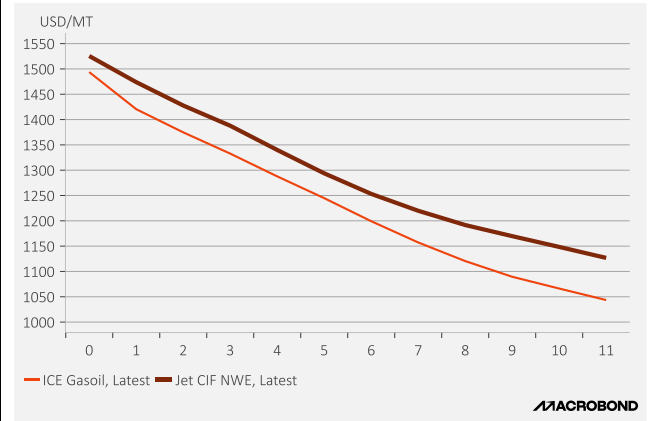
Our conclusion remains that consumers should use the easing to add product-specific hedges ahead of winter. Forward discounts (backwardation) can offer better entry levels, while purchased calls retain participation in further declines if diplomacy and stock releases deliver more lasting relief.

ICE gas oil (diesel) crack 1M, USD/bbl



Source: GRM, Macrobond, Bloomberg

ICE gas oil (diesel) and Jet CIF NWE 1M forward curves, USD/MT



Source: GRM, Macrobond, Bloomberg

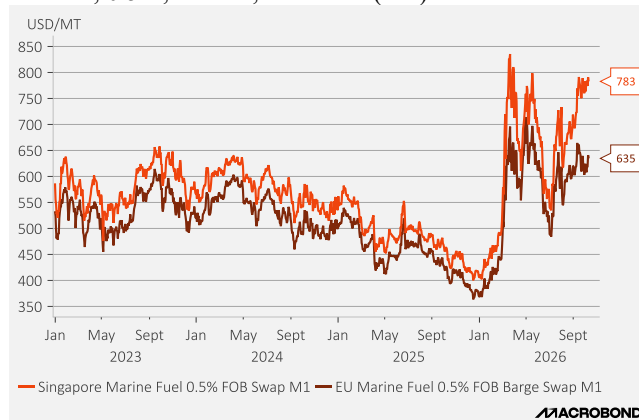
Bunker markets: Wider East-West spreads and high freight costs

MGO remains the bunker product most exposed to the tight middle-distillate market. Renewed Chinese exports may help, but local availability and delivery premiums remain important.

East-West fuel oil spreads have widened, with Singapore strengthening relative to Rotterdam. Asian HSFO supply is tight, while ARA VLSFO is better supplied. Rising HSFO prices in Singapore have also narrowed the regional HI5 spread.

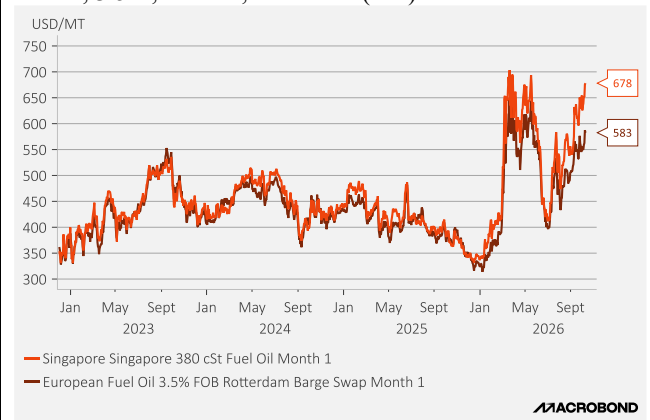
Normally, wider price differences would encourage more cargoes to move east. Exceptionally high tanker rates are limiting that adjustment. Bunker consumers therefore need to consider both the product and the delivery region. Brent alone gives an incomplete picture of the price exposure.

VLSFO, 0.5%, fuel oil, USD/MT (1M)



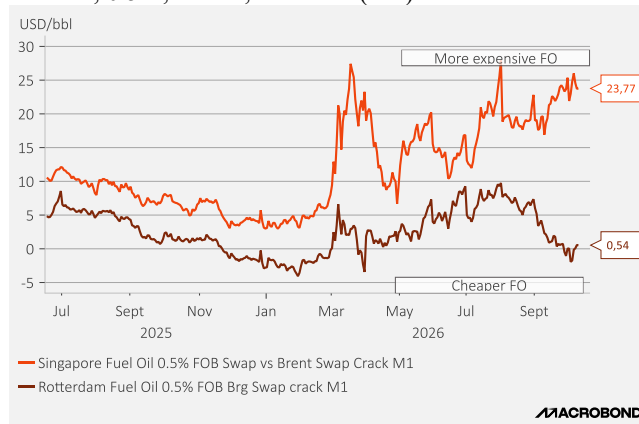
Source: GRM, Macrobond, Bloomberg

HSFO, 3.5%, fuel oil, USD/MT (1M)



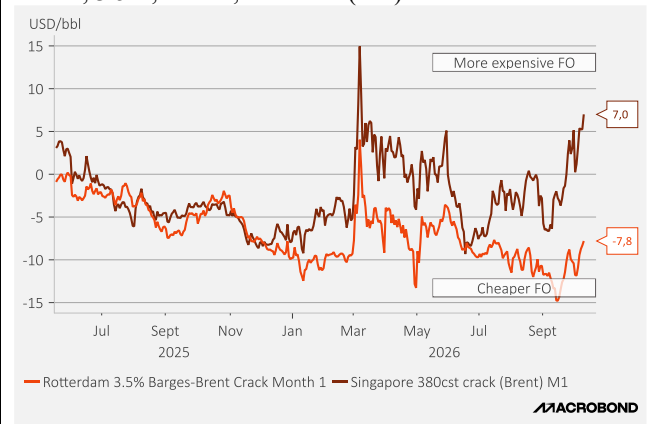
Source: GRM, Macrobond, Bloomberg

VLSFO, 0.5%, cracks, USD/bbl (1M)



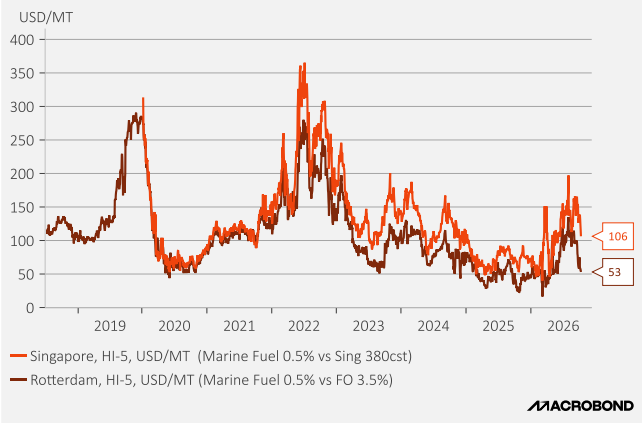
Source: GRM, Macrobond, Bloomberg

HSFO, 3.5%, cracks, USD/bbl (1M)



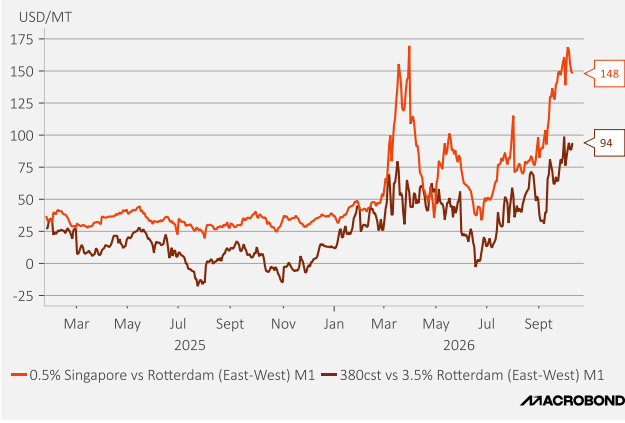
Source: GRM, Macrobond, Bloomberg

HI5-spread, USD/MT (1M)



Source: GRM, Macrobond, Bloomberg

East-West spread, USD/MT (1M)



Source: GRM, Macrobond, Bloomberg

European gas: Low inventories leave Europe exposed to a cold winter

TTF traded close to EUR 80/MWh this week before easing to around EUR 77.6/MWh today. Uncertainty over Middle Eastern LNG exports and renewed attacks near Qatar continue to support prices.

EU storage is around 73% full, while German storage is only around 59.3%. Mild weather has supported injections, and Germany's requirement for additional SEFE purchases has helped. However, colder weather would increase heating demand and slow further injections the coming week.

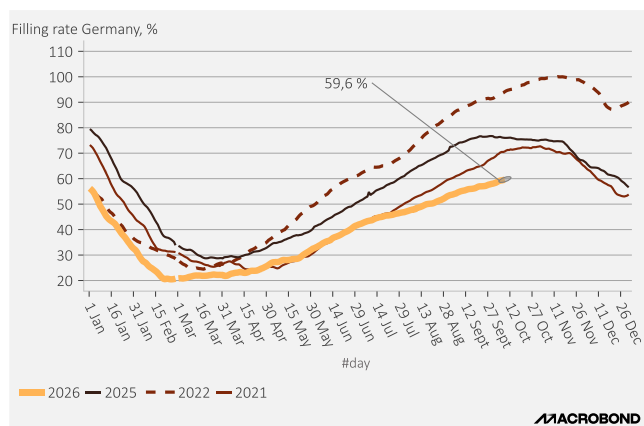
ENTSOG's new winter outlook shows the risk. Under its reference winter, with Russian pipeline supply minimised, EU storage falls to 29% by the end of March with optimal LNG supply and 13% with tight LNG supply.

Under a cold winter, storage falls to 11% in both scenarios. Even with optimal LNG supply, 7% of demand, equivalent to 237 TWh, would require demand reductions or remain unmet. With tight LNG supply, the share rises to 12%. These are scenarios, not forecasts, but they show how dependent Europe is on continued LNG arrivals.

The recovery in crude exports cannot be translated directly into LNG. Gas lacks the same pipeline bypass options, while LNG shipping relies on specialised vessels and has less scope for ship-to-ship transfers. LNG freight rates have nevertheless fallen sharply from their spring peaks. The main constraint is access to supply, rather than the extreme transportation costs seen in oil.

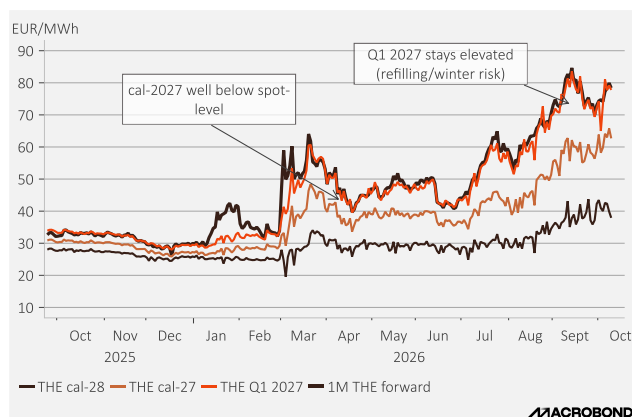
Low inventories at the end of winter would also increase next summer's refill requirement. The risk therefore extends beyond the heating season. We remain concerned about winter exposure and continue to recommend high hedge ratios over the next six months.

Still low German inventories



Source: GRM, Macrobond, Bloomberg

THE gas prices, EUR/MWh



Source: GRM, Macrobond, Bloomberg

EUAs: The recovery continues after September's compliance buying

The EUA market has recovered most of the decline following the 30 September compliance deadline. The Dec-26 contract rose 3.6% during the week. Noteworthy, earlier in the week, buyers quickly absorbed a sell-off of more than EUR 2/t. This supports our view that the market remains relatively tight.

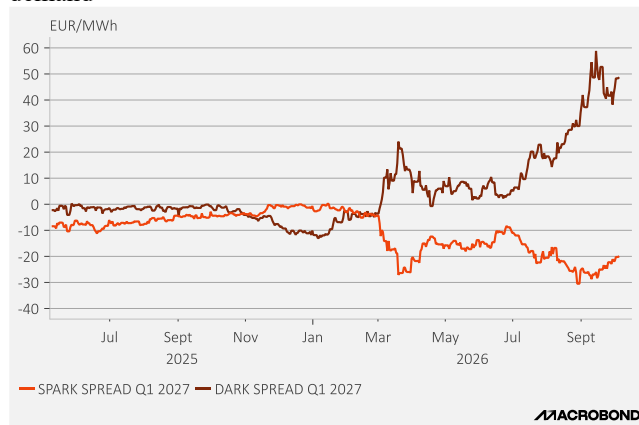
Higher gas prices remain an important driver. Coal prices have not risen to the same extent, making coal-fired generation more competitive. German clean dark spreads remain attractive relative to clean spark spreads. More coal in the power mix means higher demand for allowances both from spot purchases and as power producers lock in attractive spreads in the forward market.

Political developments are also somewhat more supportive. The European Parliament's Greens, Socialists & Democrats and Renew favour stronger annual reductions in the emissions cap than proposed by the Commission and oppose international credits in the ETS reform. The Commission has also warned against proposed carbon-price controls.

In our view, this reduces the risk of a substantial weakening of the ETS. However, negotiations continue, and proposals should not be confused with agreed changes to allowance supply. We still have little interest from speculative accounts in going long EUAs, which differs sharply from H2 2025.

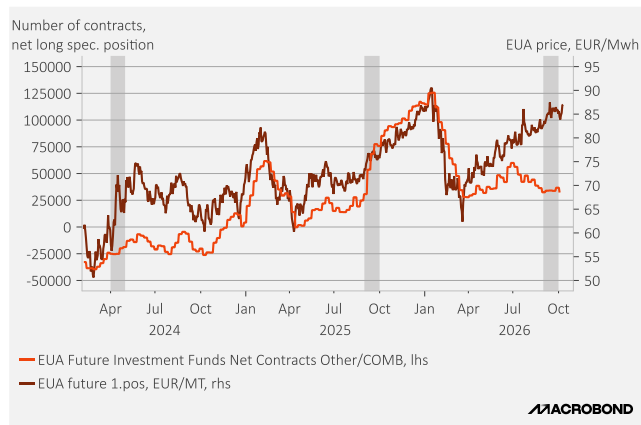
Stronger wind generation and weak industrial activity pull in the opposite direction. Nevertheless, the recovery after the compliance deadline, support from coal-fired generation and our expectation of a tighter balance in 2027–28 support adding consumer hedges on price dips.

Positive dark spread (Germany) adds to coal use and EUA demand



Source: GRM, Macrobond, Bloomberg

EUA price and speculative interest



Source: Bloomberg BI, GRM * grey bars are surrendering month

Hedging views (all products): Hedge ratio above benchmark. Length/duration below benchmark*. Consider options as a hedging instrument

We published our Budget Commodity Outlook 2027 two weeks ago. See the link [here](#).

Oil and oil products

From a risk-and-reward perspective, consumers should consider increasing hedge ratios for oil and oil products over the next three to six months. The geopolitical situation remains challenging.

We expect better opportunities to enter full calendar 2027 and 2028 hedges. Hence, keep the length/duration below benchmark.

In general, we say, “buy on dips”.

EUAs

We see value in adding to consumer hedging positions at current EUA price levels, given the continued tightness of the underlying market balance. Buying related to the 30 September surrender deadline may now fade, while attractive coal-generation margins can add to demand. Political intervention remains a risk as the ETS reform debate develops.

Gas and LNG

We remain concerned about gas consumers ahead of winter. European inventories are low, Hormuz may stay restricted for longer, Europe faces competition for LNG and Russian LNG imports are being phased out. Further precautionary buying could add to price pressure.

The risk-reward balance favours high hedge ratios for gas and LNG exposure over the next six months, particularly winter. Better entry levels for H2 2027 and 2028 may materialise later.

Instruments

We generally recommend linear instruments, such as swaps and futures, for consumer hedging. Where curves remain in backwardation, they offer opportunities to lock in prices below spot, particularly in diesel, gasoil, jet fuel, VLSFO, natural gas and power.

Purchased call options offer an alternative: consumers can cap their purchase price while retaining the benefit of falling prices. The premium adds to the effective price cap, and the maximum mark-to-market loss on the purchased option is limited to the premium.

Contact

For structures tailored to your exposure, needs and risk profile, contact your sales contact at Global Risk Management. Our Budget Commodity Outlook 2027 provides further guidance for the budget process.

**) By benchmark, we refer to the single company and its benchmark for hedge ratio and length/duration of the hedge*

Oil, Gas, EUA, and FX price forecasts from GRM

Oil and Bunker fuel

	Spot	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	avg. 2026	avg. 2027	avg. 2028	avg. 2029
Brent GRM Forecast avg., USD/bbl	104	102	92	78	75	75	92	80	82	84
ICE Gasoil 1M., USD/MT (GRM Forecast)	1479	1450	1279	1028	931	931	1195	1042	1074	1095
LSMGO (1M 0.1% Gasoil FOB ARA Barge) , USD/MT (GRM Forecast)	1330	1410	1244	998	902	903	1159	1012	1042	1063
VLSFO (1M 0.5% Rotterdam Barge), USD/MT (GRM Forecast)	587	595	525	438	432	432	539	457	470	480
HSFO (1M 3.5% Rotterdam Barge), USD/MT (GRM Forecast)	587	595	525	438	432	432	539	457	470	480
SING 10ppm gasoil FOB Cargo, USD/bbl (GRM forecast)	168	192	170	130	130	125	157	150	154	157
Sing Marine Fuel 0.5% FOB Swap, USD/MT (GRM Forecast)	788	795	715	598	555	556	714	606	624	637
FO 380 CST 3.5% FOB Spore Cargo 1M (GRM Forecast)	682	645	575	478	472	472	592	499	514	524

EUA

	Spot	Q3 2026	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2028	2026	2027	2028
Forward	84,3	83,6	85,6	86,5	87,3	88,0	89,1	79,8	87,8	91,4
Consensus		80,0	85,0	84,0	85,9	86,0	89,1	80,0	88,0	88,0
GRM		84	92	93	94	95	96	82	95	103

TTF

	Spot	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2028	2026	2027	2028
Forward	86,0	86,9	87,8	88,6	89,2	90,3	80,2	89,0	92,6
Consensus		85,0	84,0	85,9	86,0	90,3	80,0	88,0	88,0
GRM		92	93	94	95	96	82	95	103

FX

	Spot	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	2026 (avg)	2027 (avg)	
EUR/USD	Consensus	1,15	1,15	1,15	1,17	1,18	1,17	1,17	
	GRM	1,12	1,10	1,08	1,05	1,07	1,10	1,14	1,08
GBP/USD	Consensus	1,33	1,33	1,33	1,35	1,36	1,35	1,35	1,34
	GRM	1,32	1,31	1,30	1,27	1,26	1,28	1,34	1,28
EUR/GBP	Consensus	0,87	0,87	0,87	1,35	0,87	0,87	0,87	0,99
	GRM	0,85	0,84	0,83	0,83	0,85	0,86	0,85	0,84
USD/DKK	Consensus	6,48	6,48	6,48	6,37	6,31	6,38	6,38	6,41
	GRM	6,68	6,77	6,90	7,10	6,96	6,77	6,52	6,93

Source: GRM, Bloomberg (Consensus)

Recent price developments

	Last	1D Δ	1D %	1M Δ	1M %	YTD Δ	YTD %
Brent Crude 1st pos., USD/bbl	104,11	(0,17)	(0,2%)	2,9	2,9%	43,3	71,1%
WTI Crude 1st pos., USD/bbl	91,51	0,02	0,0%	(4,5)	(4,7%)	34,1	59,4%
ICE Gasoil 1st pos., USD/MT	1481,50	(27,75)	(1,8%)	8,8	0,6%	858,8	137,9%
Diesel ULSD 10ppm CIF NWE Cargo 1M, USD/MT	1415,38	(27,65)	(1,9%)	34,2	2,5%	808,3	133,1%
Jet Fuel NWE CIF 1M, USD/MT	1518,58	(47,66)	(3,0%)	91,6	6,4%	873,8	135,5%
0,1% Gas oil Fob Barge Rotterdam 1M, USD/MT	1327,28	(32,11)	(2,4%)	43,6	3,4%	747,2	128,8%
0,5% Fob Barge EU Marine Fuel M1, USD/MT	635,49	(8,34)	(1,3%)	5,2	0,8%	252,2	65,8%
3,5% Fob Barge Rotterdam 1M, USD/MT	586,45	(0,99)	(0,2%)	50,9	9,5%	263,5	81,6%
TTF gas 1M, EUR/MWh	80,47	1,62	2,0%	1,2	1,5%	52,3	185,7%
TTF Cal 2027, EUR/MWh	64,91	0,80	1,2%	6,8	11,7%	39,4	154,4%
TTF Cal 2028, EUR/MWh	41,35	0,16	0,4%	5,4	15,1%	17,3	71,7%
THE gas 1M, EUR/MWh	81,46	2,37	3,0%	0,3	0,4%	52,1	177,3%
THE gas cal 2027, EUR/MWh	65,35	(0,43)	(0,6%)	3,6	5,9%	38,1	139,7%
Henry Hub gas 1st pos., USD/MMBtu	3,20	0,03	1,1%	0,4	13,5%	(0,5)	(13,1%)
JKM LNG Cargo Swap M1, USD/MMBtu	26,82	0,81	3,1%	1,9	7,7%	17,2	179,3%
EUA spot, EUR/MT	85,97	(0,46)	(0,5%)	1,1	1,2%	0,7	0,9%
EUA Dec-26, EUR/MT	86,61	(0,27)	(0,3%)	1,0	1,2%	(0,8)	(0,9%)
German day-ahead, EUR/MWh	178,79	95,79	115,4%	(15,2)	(7,8%)	164,3	1133,1%
German month-ahead, EUR/MWh	184,34	2,04	1,1%	22,5	13,9%	86,4	88,2%
German Cal 2027, EUR/MWh	139,70	1,09	0,8%	10,0	7,7%	56,6	68,1%
German Cal 2028, EUR/MWh	106,10	3,50	3,4%	8,5	8,7%	26,8	33,8%
API 2 coal Cif ARA 1M forward, USD/MT	145,52	(0,67)	(0,5%)	5,1	3,6%	49,1	51,0%
API 2 coal Cif ARA Cal-27, USD/MT	140,25	1,17	0,8%	4,7	3,5%	42,7	43,8%
EUR/USD	1,119	(0,00)	(0,2%)	(0,0)	(3,8%)	(0,1)	(4,7%)

Source: GRM and Bloomberg

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