Capital Markets Strategy
Essential inCights for the C-Suite

MUFG

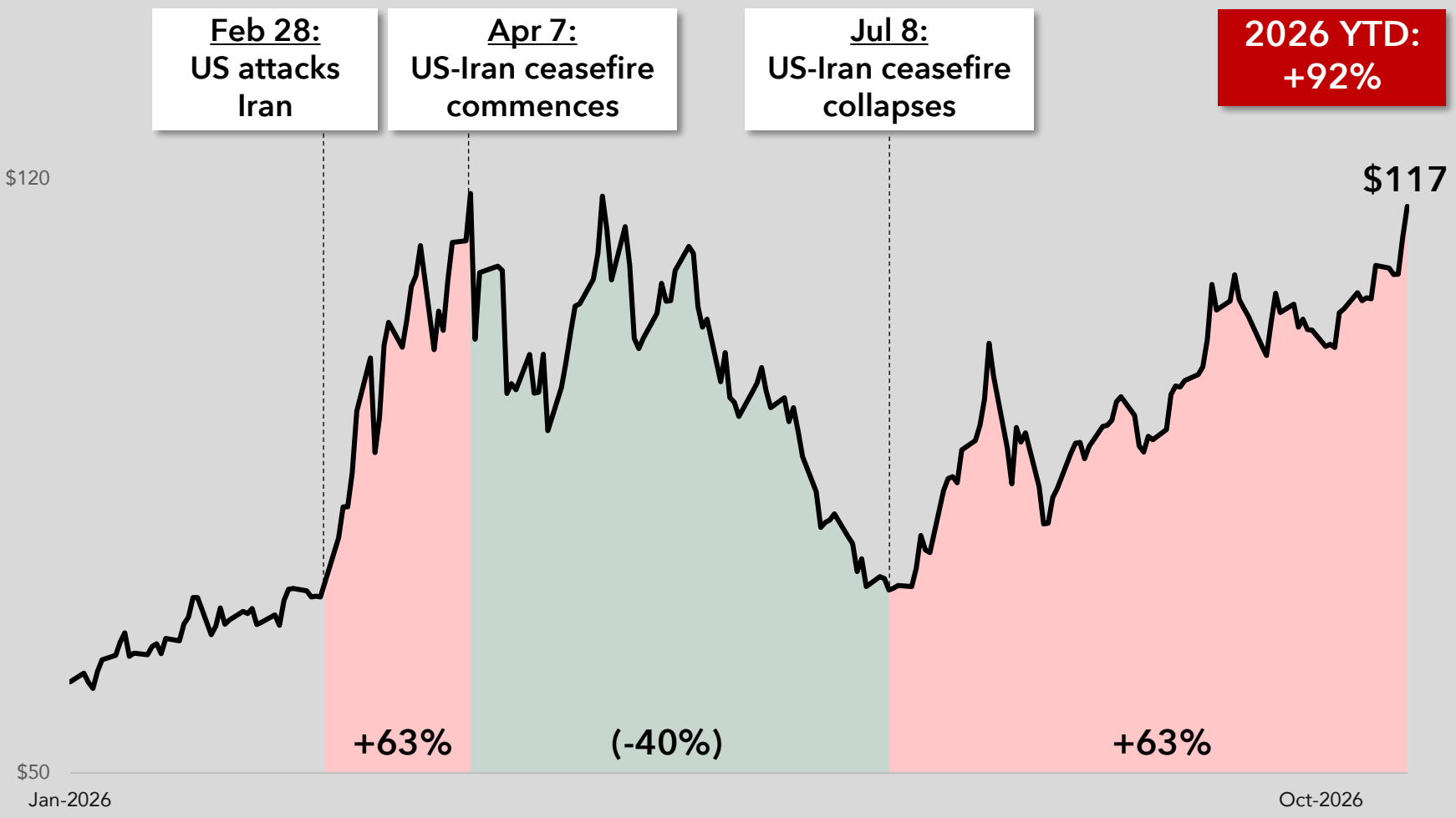
Chart of the Day

Key Drivers of Oil's Surge > $100

1. Breakdown in US-Iran **ceasefire** curtailing seaborne flows
2. Disruption to **Strait of Hormuz** chokepoint (Iran strikes, US Navy blockade)
3. Soaring freight and **war-risk insurance**
4. Direct strikes on regional **energy infrastructure** (i.e., Iran, Houthis)
5. Depleted strategic & commercial **inventory** at multi-decade lows
6. **Refinery** bottlenecks, outages & power disruption
7. Widening of attacks to **Russian energy & refiners**
8. **Strategic stock-piling** and defensive spot purchases

Geopolitical Risk Premia Returns to Oil Markets

Brent in 2026 YTD



Source: (1) Bloomberg. Data as of October 23, 2026.

Mitigating Factors in 2026 Oil Price Shock

Well diversified & oversupplied global oil markets

Land-based oil pipelines
(Saudi, Central Asia)

IEA SPR drawdowns

China policy pivot to reduce crude dependency

Modest demand destruction, rationing
(i.e., refinery closures, flight cancellations)

Shift to alternatives
(renewables, EVs, nat gas)

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"Macro stability isn't everything, but without it, you have nothing."