Crude oil comment

29 September 2026

Oil prices are rising, but a picture of the future ME order may start to emerge

Spot crude oil prices at very high levels. The Brent 1M (November) contract yesterday traded between $103.76 - 108.83/b before settling the day at $105.28/b. This morning it is trading up 1.4% to $106.8/b. That is not much of a price given that the ME crisis has been ongoing since 28 February. The Dated Brent spot price however settled yesterday at $123.78/b and averaged $120.6/b last week. Even stronger were the individual North Sea spot crude prices where Johan Sverdrup crude averaged $144/b from 21 to 24 September. And Johan Castberg was said to have traded at a premium of $32/b to the Dated Brent price last week which potentially would have placed it closer to $150/b.

A steady trend higher since $70/b in early July. Crude oil prices have been on a steady trend upwards since they bottomed out at around $70/b in early July following the discharge of some 200 million barrels of crude, products and liquids from the Persian Gulf during a two week MoU window. from 20 June to 7 July when hostilities again resumed.

The oil market today is split apart in time, space and molecules. Financial crude oil prices for November delivery are trading at $106/b (Brent) and $93.3/b (US WTI) and $107/b (Oman). But spot crude oil prices are much higher at $120-150/b as described above. But consumers do not consume crude oil, they consume diesel and gasoline and other products. And diesel prices are closer to $200/b in ARA due to destruction of Russian refineries and locked-in refineries in the Persian Gulf. Oil markets are very stressed with respect to products, but not so stressed with respect to crude oil. But refineries are eager to pay up for crude deliveries right here and now so they can convert that crude to products and make a killing profit. They are not willing to pay up for November crude deliveries in the same way as uncertainties on the Middle East situation is so high. Exorbitantly expensive VLCC freight rates is also driving prices apart. VLCC freight rates are today running at 500,000 to 1,000,000 dollar a day rather than the normal 20,000 a day. This typically adds $10-20/b for crude oil between the point of origin and the point of delivery some 30-50 days out in time when the crude is delivered. This creates a lot of confusion of what really is the price of crude oil these days. Prices are very different in time and space.

Bonds and equity markets are starting to feel the heat. The Middle East crisis is starting to feed risk and pain into financial markets where the US 10-year rate is rising along with crude and product prices with equity market indices starting to pull back in response.

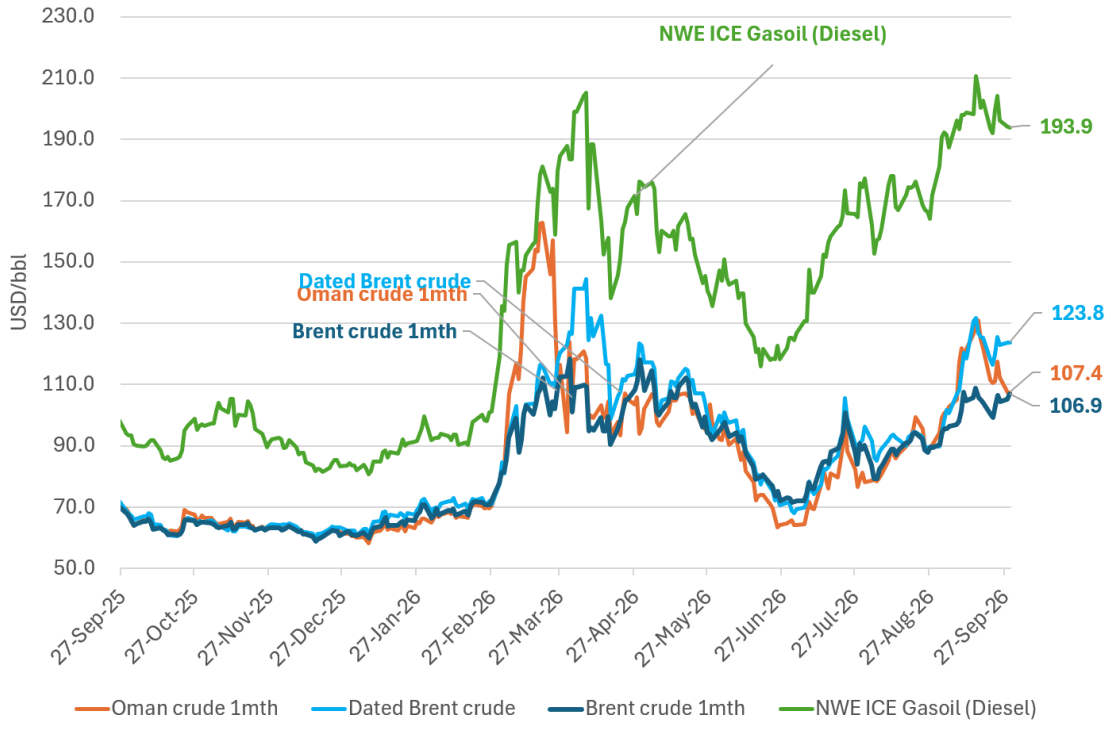
The risk is rising that the "Trump war" in the Middle East may lead to the "Trump recession". A legacy Trump would not likely want to have. Feed-through to financial markets, rising risks for US financial and economic recession, rising risk to Trump's legacy, declining US stocks of Patriot and THAAD rockets could be forcing mechanisms towards a resolution of the Middle East crisis.

A picture of the future Middle East order is starting to emerge. There seems to be a lot of discussions between different parties going on and a picture of a new Middle East order is starting to emerge. A post Middle East pax Americana order. Where the different countries in the Middle East are taking much more responsibility for the security order in the region. The US provides intelligence and sell weapons to the region but is reducing its military presence. Iran is recognized as a regional power, but not the dominant

one and is part of the security order in some ways. Trump can say that he reshaped the Middle East order. Exports of oil restored. The region now paying for its own defense. US soldiers pulled out to a minimum. China part of the diplomatic solution and taking some responsibility for keeping Iran in check.

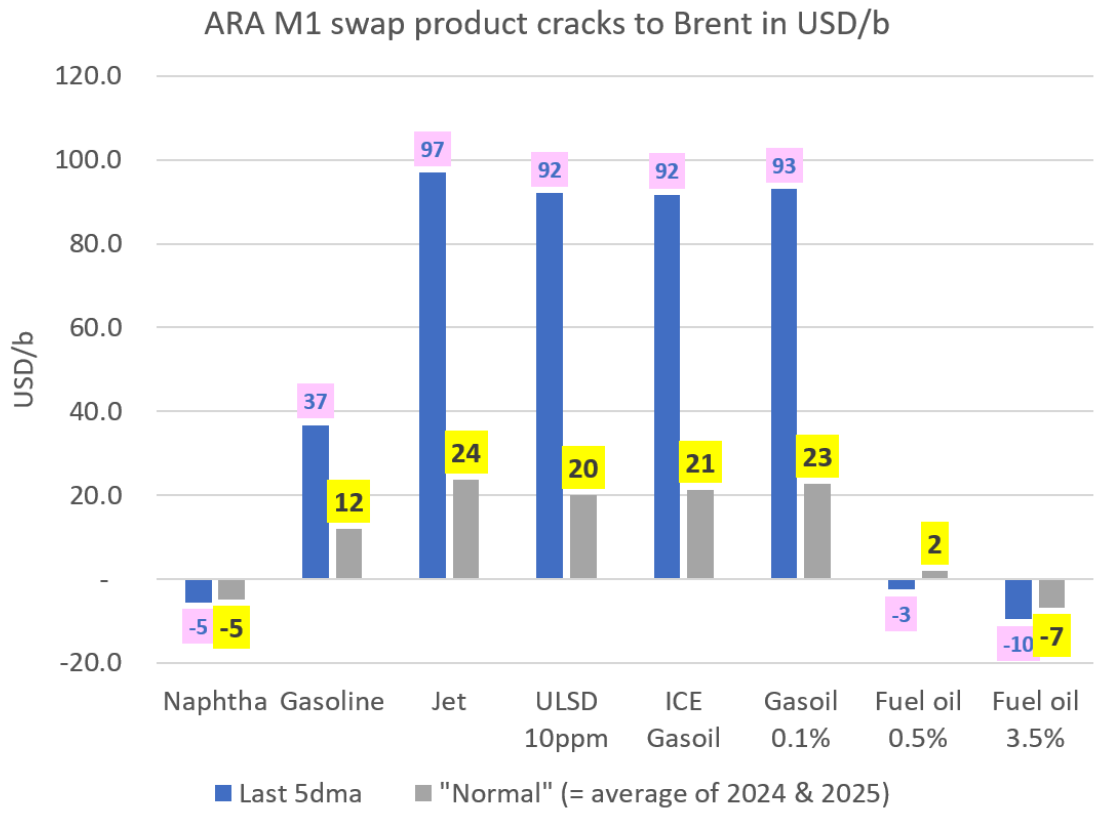
Time to some kind of ME resolution? Forcing mechanisms: Declining stocks of defensive US rockets + rising crude and product prices + rising economic and financial pain and rising risk to Trump's legacy. A window of resolution could be November to January maybe. Markets will likely increasingly price in a resolution as the picture of the future security order in the Middle East emerges further.

Crude and diesel prices in USD/b



Source: SEB graph, Bloomberg data

European M1 refinery margins at record high.



Source: SEB graph, Bloomberg data

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