The Investment Institute
by UniCredit

Coffee Break

Coffee Break is our daily publication, offering topical insights as an intellectual ingot to start the day.

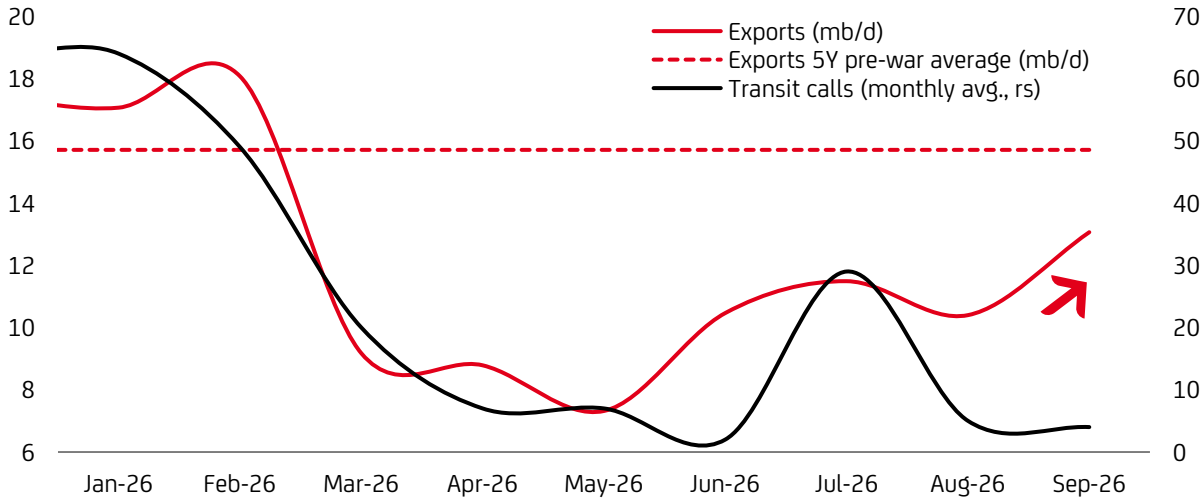
Oil flows recover, but normality remains elusive

12 October 2026

Gulf oil exports recovered in September, but the improvement in physical supply has yet to translate into meaningful price relief. Elevated delivery costs, renewed attacks on shipping and the unresolved political stalemate between the US and Iran leave the recovery incomplete and fragile.

MIDDLE EAST CRUDE OIL EXPORTS REBOUND DESPITE LIMITED VISIBLE SHIPPING ACTIVITY

MB/D AND NUMBER OF TRANSIT CALLS, RESPECTIVELY



Source: Bloomberg, Macrobond, IMF, The Investment Institute by UniCredit

THE CONTEXT

Gulf oil flows rebounded in September, led by a sharp recovery in Saudi shipments. Yet Brent remains above USD 100/bbl. Renewed attacks on commercial shipping have cast doubt on the sustainability of higher exports. More barrels are reaching the market, but future flows remain uncertain. Over the weekend, the US temporarily eased sanctions to allow additional Russian diesel exports, while US President Donald Trump announced a ceasefire between Russia and Ukraine covering attacks on energy infrastructure. While the news offered some limited near-term relief, the implementation and durability of the measures remain uncertain.



THE DATA

Our chart shows a pronounced gap opening in September between Gulf oil exports and officially recorded transit calls. Export volumes rebounded during the month, while observed transit activity remained close to zero. This discrepancy reflects the growing use of "dark transits", whereby tankers switch off their tracking systems while operating in the region. The September data therefore point to a recovery in physical exports that is only partially visible in official shipping data.



OUR VIEW

The recovery in Gulf exports reduces the risk of an acute physical shortage, but it does not signal a return to normality. Freight, insurance and operational costs remain elevated, while costly shipping arrangements continue to constrain the delivery of the marginal barrel. Inventories also remain depleted after months of disruption, leaving the market with little buffer against renewed shocks. Meanwhile, shortages in refined products such as diesel persist. Stronger crude flows therefore do not necessarily imply an equivalent easing in overall energy market tightness. Gulf producers and shipping companies have adapted through rerouting and ship-to-ship transfers, but renewed attacks on commercial shipping around the Strait of Hormuz highlight how fragile that adjustment remains.

The rebound nevertheless demonstrates a remarkable capacity to maintain substantial oil flows under stress. Yet adaptation is not the same as normalisation. Inventories cannot be drawn down indefinitely, alternative routes remain costly and vulnerable, and higher production elsewhere has only partly offset the disruption. The recovery in flows has therefore not yet demonstrated that supplies are secure or sustainable.

That fragility ultimately reflects a more fundamental geopolitical issue. The US and Iran remain divided over the terms and sequencing of a settlement. Tehran has sought to separate the reopening of the Strait of Hormuz from subsequent negotiations, while Washington has insisted that outstanding issues, particularly Iran's nuclear programme, be addressed as part of a broader agreement. Sanctions relief and frozen Iranian assets remain further areas of disagreement. Without progress on these questions, the increase in oil flows represents an operational adaptation to the conflict rather than a durable resolution of it.

This helps explain the persistence of the geopolitical risk premium. The market is pricing several developments at once: more oil is reaching the market today, but uncertainty around future flows remains unusually high. Inventories remain depleted, refined fuel markets are tight and transport costs have yet to normalise. Higher realised supply can therefore coexist with elevated prices as risks to future supply remain skewed towards further disruption.

TODAY'S DATA RELEASES

Time (CET)	Country	Data	Period	UniCredit	Consensus	Previous
-	-	IMF and World Bank annual meetings begin	-	-	-	-

Source: The Investment Institute by UniCredit

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