Crude oil comment

12 October 2026

The Trump diesel charade

Brent higher last week and today as fresh attacks by Iran and the Houthis shattered a sense of temporary normality exports from the Persian Gulf. Brent crude traded in a range of $97.06 - 105.92/b and closed the week at $104.72/b. The Brent Dec contract gained $2.47/b on the week. Fresh attacks by Iran on ships in the Gulf and the SoH probably reduced exports of oil through the SoH last week. Exports from the Persian Gulf had reached close to normal levels in the second half of September and into early October. This has led to a large increase in oil on water globally which has helped to ease and reduce November and December prices over the past month. The sense of some kind of normality of exports from the SoH was shattered last week. Fresh attacks by the Houthis on Saudi Arabia added to this and helped to lift prices. It is well known that the US and its allies in the Gulf are running low on defensive rockets. Hard choices over what to defend will increasingly have to be made: Oil infrastructure, military installations, royal palaces, civilian airports or other. The US will also have to decide how many defensive rockets it can provide to its ME allies versus what it needs for its own defenses. Ukraine is at least not getting any of these defensive rockets however much needed for defense against a continuous barrage of Russian attacks on Ukraine. The front-month ICE Gasoil 10ppm (essentially ULSFO Diesel) is down 3.8% this morning (due to Trump's diesel charade) to $1427/ton ($191/b) which is where it traded last Thursday.

Trump's diesel charade. The site "535" now puts the probability for control of the US Congress and Senate following the midterm elections at 99% and 61% respectively. Trump's war in the Middle East with high or record high gasoline and diesel prices at the pump in the US is largely to blame. Trump's diesel deal with Russia is clearly Trump trying to shift the blame from his own war in the ME to Ukraine instead. He could of course have placed the blame on Putin and Russia for its war against Ukraine, but no, it is Ukraine who gets the blame and not the least Zelenskyy. Physically it is of course correct that it is Ukraine who is destroying Russian refineries to the point where 45% of Russian refineries are out of operation. The result is that there is too little gasoline for domestic Russian consumption and no diesel, VGO and Jet fuel left over for exports. Russia normally (pre-war 2022) exports some 1.3-1.4 mb/d of diesel products of which a lot used to go to Europe.

Russia/Putin would happily export diesel products to the world, but it can't because Ukraine is destroying its refineries. Russia implemented export restrictions of diesel already in July this year and the plan was to extend that to early 2027.

The only way that Putin/Russia can start sustained diesel exports, is if Trump is able to discipline and prevent Ukraine from attacking and destroying Russian refineries. Then Russian refineries can be repaired, ramp up, produce more diesel and potentially export what ever is of surplus to the world. Trump has threatened Ukraine that if it doesn't stop its attacks on Russian refineries, then there will be no more indirect sales of weapons from the US via Europe to Ukraine and the intelligence which US currently is providing to Ukraine will stop.

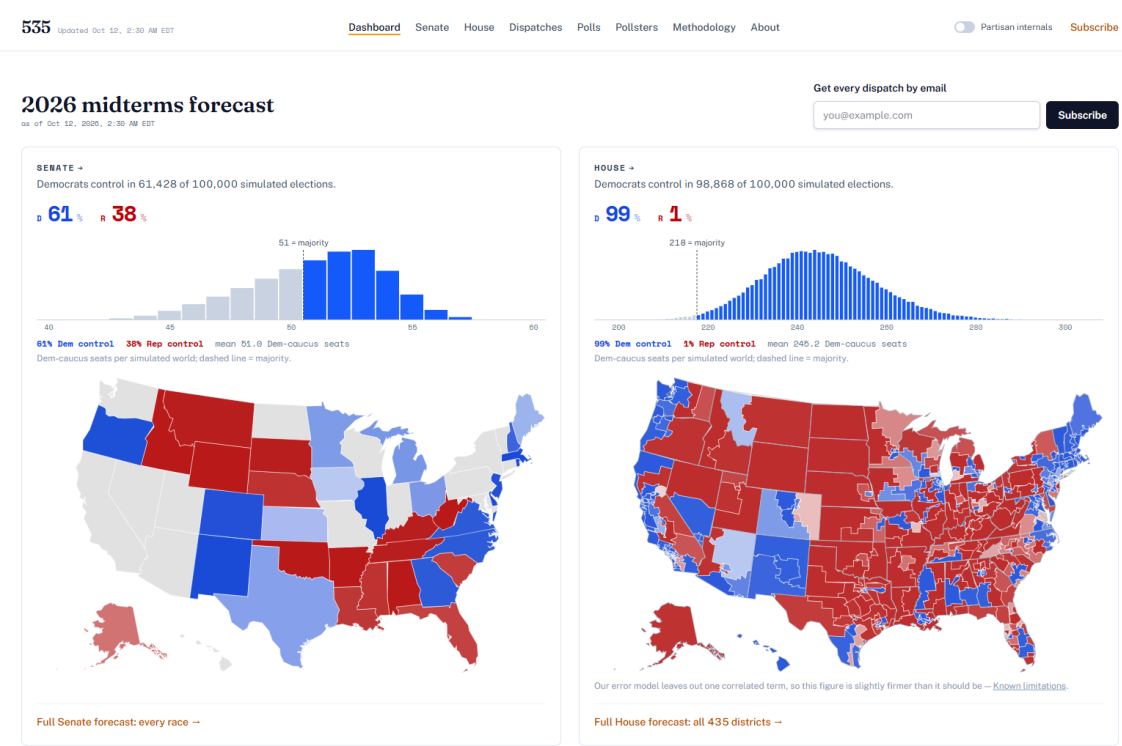
It is clear that if Russia stops its attacks on Ukraine, then Ukraine is prepared for a energy infrastructure cease-fire.

Trump very well knows that he has himself to blame for the terrible stats for the upcoming midterm elections where Republicans looks set to lose both the Senate and the House. This is a charade for the US public to shift the blame over to something or someone else than himself. His easy choice falls on Ukraine and Zelenskyy for which he has shown little love, affection and support. Nothing of the one way bromance which Trump has shown versus Putin.

At most a three-week holdup in Ukrainian attacks on Russian refineries. Ukraine accepting to play scapegoat. Ukraine's attacks on Russian refineries and oil infrastructure is a key element of Ukraine fighting back and defending itself against Russia. Ukraine has no choice but to continue its attacks as long as Russia keeps attacking Ukraine. But maybe there can be a three week holdup where Ukraine is forced by the US to step down its attacks on Russian refineries to please Trump until the US midterm elections are behind us. I.e. Ukraine accepting to be the scapegoat for Trump's missteps in the Middle East for a three week period. Thereafter it will revert back to well thought out strategy of attacking Russian oil and refinery installations.

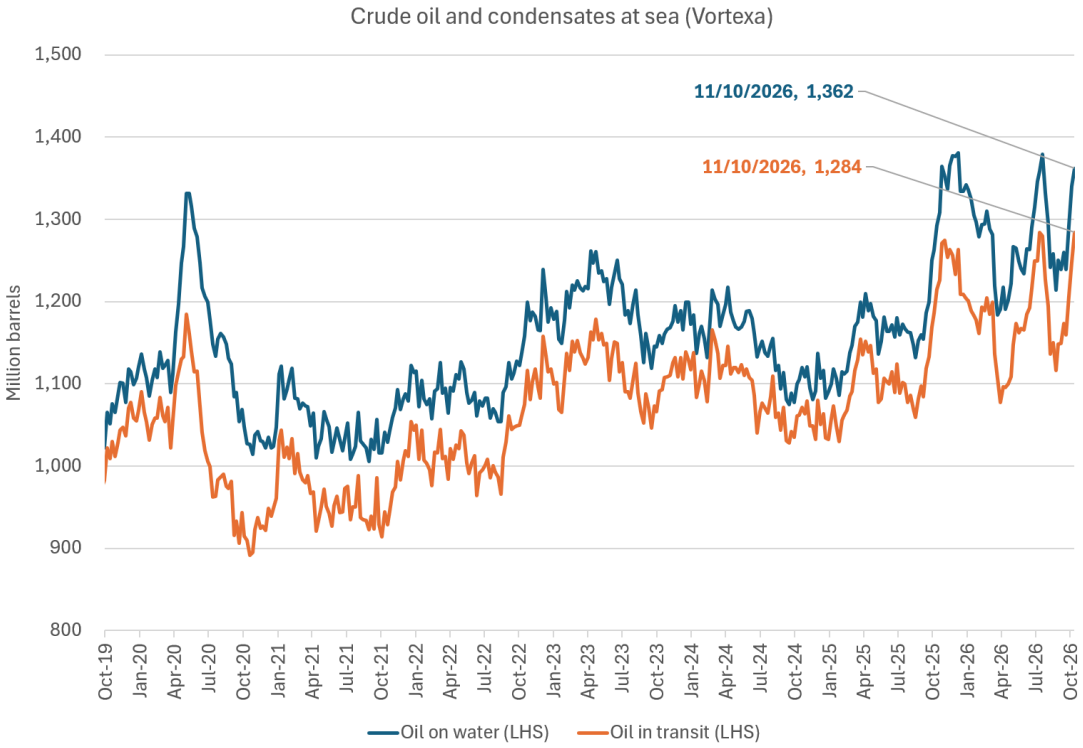
Trump under increasing pressure as there is increasing probability for Democratic victory in US midterm elections. Desperate times and desperate measures from Trump as a result. More to come

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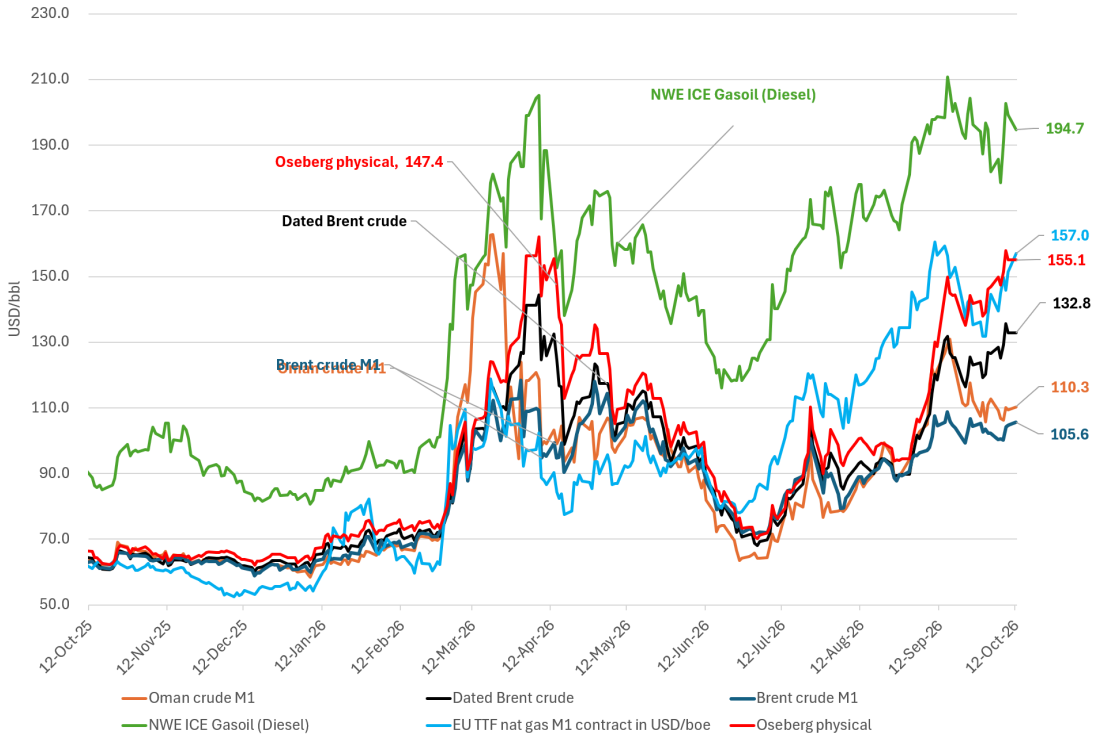
Source: 535 — 2026 midterms forecast, https://535.wtf/

Large increase in oil on water heading for consumers around the world following a sharp increase in exports of oil from the Persian Gulf to close to normal from mid-Sep. Lower exports last week after new hostilities most likely.



Source: SEB graph and highlights, Bloomberg data feed from Vortexa

Crude, products and natural gas prices in USD/boe. ICE gasoil slightly lower today, but still $195/b



Source: SEB graph and calculations, Bloomberg data

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