Crude oil comment

27 October 2026

Oil on edge with fear of new attacks on Iran after US midterm elections

A slight pause after a rally to a high of $117.45/b last Friday. But market is on edge. The Brent Dec-26 contract has paused a little over the past two days with a price this morning of around $116.5/b. That is a strong upwards gain since the M1 Brent contract traded at around $102/b in early October with intraday low all the way down to $96.55/b on 1 October.

Trump's threats of massive new attacks on Iran sent crude sharply higher in October. Trump started in mid-September to talk about "approaching a major decision" to resume massive attacks on Iran or not. Reach a deal or destroy Iran was Trump's line in late September. Through October this line of argument has been reiterated. In addition there has been increasing reports that the US military was developing new strike plans, starting to move more military material towards the Persian Gulf and preparing for new, extensive combat activities.

To strike or not, that is the question. The impression now is that there is a significant risk premium in crude oil prices for the risk that the US/Israel will attack Iran in the coming weeks. Donald Trump has clearly wanted to delay fresh strikes against Iran till after the US midterm elections on 3 November, while Netanyahu wanted fresh strikes before today's Israeli elections. Netanyahu risks losing power as he is criticized for not having bombed Iran enough. The US republicans and Trump risks losing congressional power (the House and possibly the Senate) due to high gasoline and diesel prices with too much bombing of Iran.

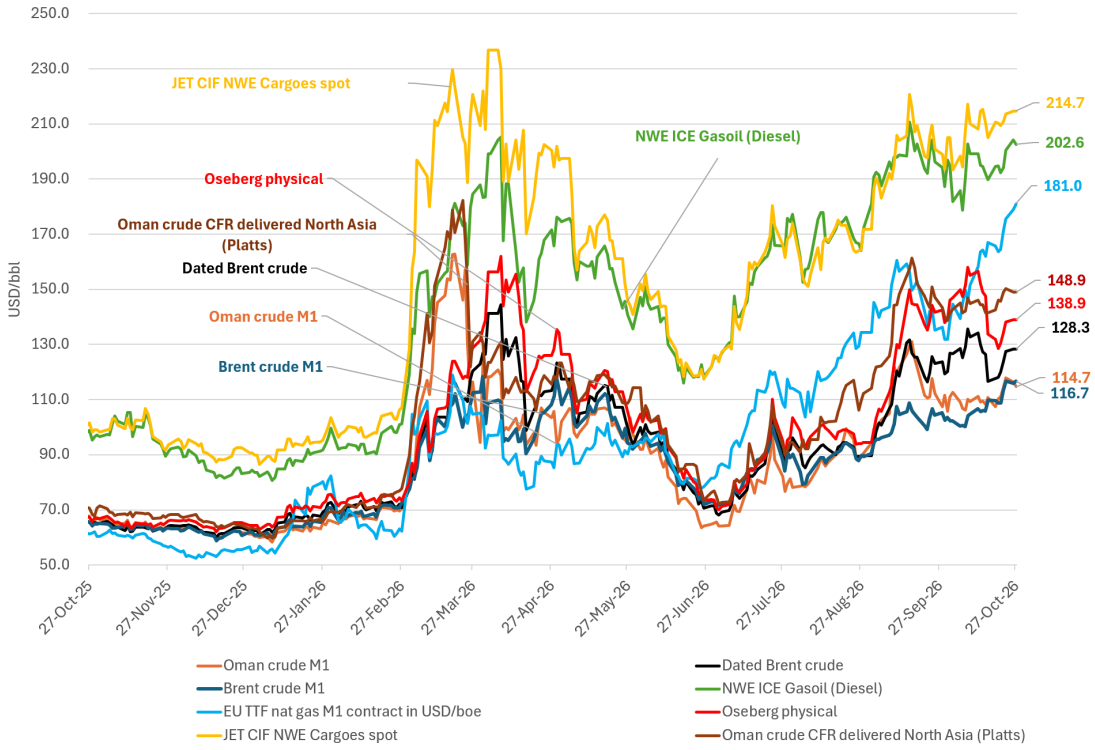
The price to strike could be high. Risk of more lasting energy infrastructure damage. The price to strike hard at Iran now might be high. The US/Israel has already done it again and again and achieved very little. The US/Israeli argument is to bomb Iran until it concedes to all the demands of the US/Israel. Not the least to hand over 440 kg of highly enriched uranium. Very little chance of that happening. If the US/Israel strikes at Iranian energy infrastructure, then Iran will respond in kind. Risk then is much more lasting energy supply disruption from the Middle East until infrastructure has been repaired and that could take quite a bit of time.

Hectic efforts to defuse the situation and avoid fresh strikes. Iran yesterday hosted a meeting in Tehran where security, defense and intelligence ministers from Saudi Arabia, Turkey and Pakistan met to discuss the situation. Obviously all wanting to prevent fresh attacks from US/Israel. At another meeting, Oman's foreign minister Badr Albusaidi said that: the Gulf can “no longer rely upon the co-operation of external partners” (i.e. the US). And further that the Gulf states’ goal should be to reach a non-aggression pact with Iran, saying any regional “security architecture that doesn’t include them is inherently unstable” (FT today). This shows the direction of developments in the Middle East. The US is no longer going to be the key security provider in the region. The countries there have to be in charge of security and stability. And Iran will have to be an integrated part of the security solution.

Oil at sea continues to rise. Oil at sea reached 1357 mb on 25 October which is getting close to the 7 Dec 2025 high of 1381 mb when Brent traded at $62/b. Not quite comparable since ships are sailing much longer journeys today. But oil at sea rising strongly and by 145 mb since late August with continued rise,

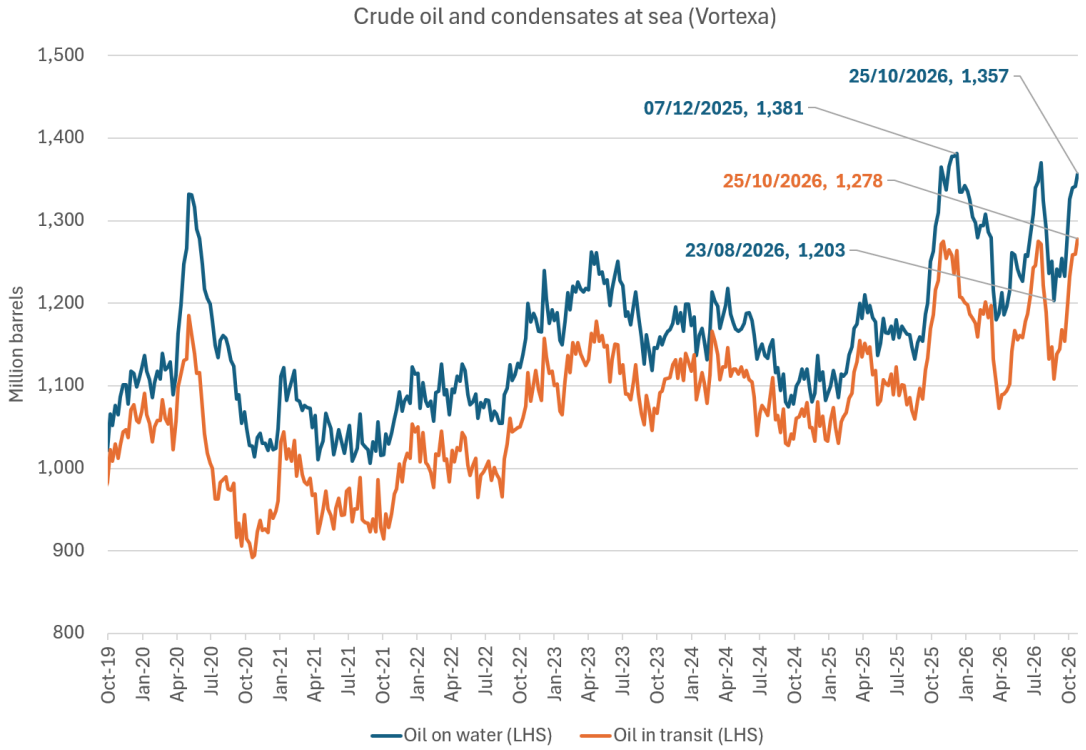
indicates that oil is flowing out of the Middle East. From Yanbu into the Red Sea, through the SoH and also out through the UAE ADCOP pipeline. Varying measures of how much is exported from week to week. But overall the exports looks to be in the range of 15-18 mb/d in October overall. Though what the flow has been over the past week is uncertain.

Crude, oil products and natural gas prices in USD/boe



Source: SEB graph and calculations. Bloomberg data feed.

Oil at sea sharply higher since late August as exports out of the Middle East rose towards pre-war levels at times. Oil at sea is oil on route to refineries and consumers around the world



Source: SEB graph and calculations. Bloomberg data feed.

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