

# Crude Compass: IEA Response to Supply Fears

Weekly Oil Market Dossier March 12, 2026

## What has happened:

- Brent prices are trading around USD97/b (up 5% from March 11, 2026) at the time of writing of this report.
- IEA has released 400 million barrels of crude oil into the market. However, the discharge rate remains capped at 2 million barrels per day (mbd). During the Russian – Ukraine war, the rate of discharge was approximately 1.1mbd.
- Three vessels in the Strait of Hormuz have been attacked on 11<sup>th</sup> March 2026. The shipments through the Strait of Hormuz remains close to zero.

## In our opinion:

- In the current market conditions, as Strait of Hormuz remains closed, for the market to rebalance, roughly **20 million barrels of demand destruction** may be required – a level we believe could occur if **Brent reaches above USD130/b**. The balancing threshold is elevated because the supply deficit is likely to widen in the near term as: (a) floating inventories (oil on water) decline over the coming weeks, (b) flows through the **Strait of Hormuz remain disrupted**, and (c) curtailed production will require **~15–20 days to ramp up** even after maritime transit resumes.
- To explain the current oil price environment, we split the trajectory of rise in oil prices into **three parts: (i) the initial supply shock (below USD 90/b), (ii) precautionary demand necessitated by hoarding and inventory builds (USD 90 to 130/b), and (iii) a scarcity premium that ultimately forces demand destruction (beyond USD 130/b).**
- Despite a **physical disruption of 7–11 mb/d**, the surge in Brent suggests the market is **pricing a much larger effective deficit of ~20 mb/d, reflecting precautionary demand and panic-driven hoarding to gather pace over the coming days**
- Provided Hormuz maintains status-quo into 4<sup>th</sup> week without negotiations between US-Israel and Iran in place, the market may enter the **scarcity-premium phase** as floating inventories diminish and marginal storage tightens. In such a scenario, price moves tend to **accelerate sharply**, which could push **Brent towards ~USD 130/b by end of next week.**

## Bear case scenario:

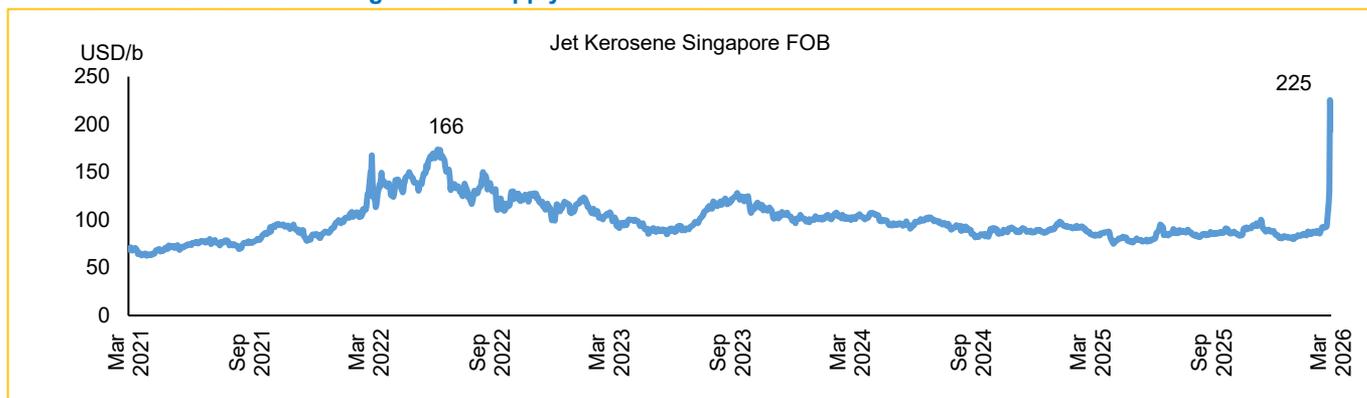
- If **US-Israel intervention leads to renewed negotiations and the reopening of the Strait of Hormuz**, Brent prices could **retreat towards ~USD 80/b over the coming weeks**. This would largely reflect the **unwinding of the precautionary demand premium**, although a **residual geopolitical risk premium may persist**.

## Implication on Indian Refineries and OMCs

- For Indian equities, the surge in **diesel cracks is supportive for pure-play refiners**. Data from the Petroleum Planning and Analysis Cell shows **international Diesel (FOB) prices rising 65% MTD in March to USD 142.34/b, versus USD 86.03/b in February**. As opposed to this, **Brent has increased ~25%**. This divergence implies **stronger refining margin for pure-play refiners relative to integrated OMCs**. Meanwhile, **at the current price level, the marketing margin turns negative for OMCs**.

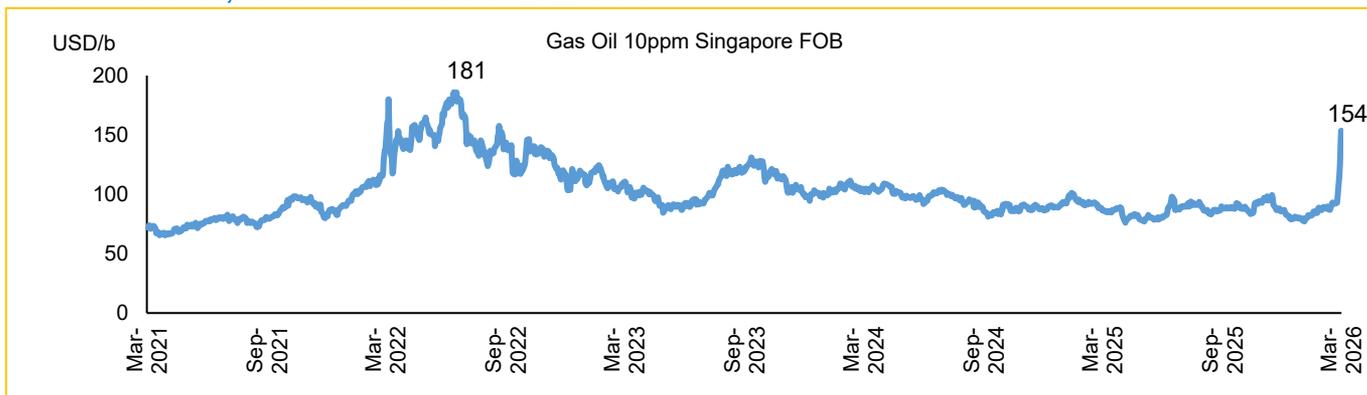
We raise our Brent estimate for Calendar Year 2026 from USD61.5/b to USD66/b, as previous estimate was based on catalyst that Russia – Ukraine war to end and possible lifting of sanctions on Rosneft and Lukoil. However, it is significantly delayed. Moreover, based on geopolitical developments, we have raised our estimate.

## Jet Fuel Prices rise to record high due to supply constraints



Source: Price as of 4<sup>th</sup> March 2026, Refinitiv, Choice Institutional Equities

## Gas Oil Prices rise; however still lower than 2022 levels



Source: Price as of 4<sup>th</sup> March 2026, Refinitiv, Choice Institutional Equities

**Dhaval Popat**

Email: dhaval.popat@choiceindia.com

Ph: +91 22 6707 9949

Institutional Research Team			
Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmabhatt	Analyst – Realty & Building Materials	fenil.brahmbhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Komal Jain	Associate – Healthcare	komal.jain@choiceindia.com	+91 22 6707 9513
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

#### CHOICE RATING DISTRIBUTION & METHODOLOGY

<b>Large Cap*</b>	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
<b>Mid &amp; Small Cap*</b>	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
<b>Other Ratings</b>	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
<b>Sector View</b>	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

\*Large Cap: More Than INR 20,000 Cr Market Cap

\*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

## Disclaimer & Disclosure

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited is a registered Research Analyst Entity (Reg. No. INH00000222 ) CIN. NO.: U65999MH2010PTC198714. Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400099. Tel. No. 022-6707 9999 . Compliance Officer-Prashant Salian. Tel. 022-6707 9999-Ext. 896. Email- Compliance@choiceindia.com. Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834.

Email- ig@choiceindia.com

### General Disclaimer:

**Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors**

This report ("Report") is prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as "CEBPL") in its capacity as a SEBI-registered Research Analyst and is intended solely for informational and educational purposes. This Report is meant exclusively for the recipient and shall not be circulated, reproduced, or distributed, in whole or in part.

This Report does not take into account the specific investment objectives, financial situation, risk profile, or particular needs of any individual or class of investors and does not constitute a personal recommendation or investment advice. Any views, opinions, or recommendations expressed herein are based on publicly available information and internal analysis and are subject to change without notice.

Nothing contained in this Report shall be construed as an offer, solicitation, or inducement to buy, sell, or subscribe to any securities, derivatives, or other financial instruments, nor shall it be considered as investment, legal, accounting, or tax advice. Recipients are advised to conduct their own independent analysis and are encouraged to seek independent professional advice before making any investment or trading decisions.

The information contained in this Report has been compiled from sources believed to be reliable; however, CEBPL does not represent or warrant the accuracy, completeness, or reliability of such information. CEBPL, its directors, employees, or associates shall not be liable for any losses, damages, or expenses arising directly or indirectly from the use of or reliance upon this Report.

Investments in securities are subject to market risks. The price and value of investments and the income from them may fluctuate, and investors may incur losses. Past performance is not indicative of future results. Opinions expressed herein are as of the date of this Report and may differ from views expressed in other research reports due to differences in methodology, assumptions, or time horizons.

### Disclaimers in respect of Jurisdiction:

This Report is not intended for distribution to, or use by, any person or entity who is a citizen or resident of, or located in, any jurisdiction where such distribution, publication, or use would be contrary to applicable laws or regulations, or would subject CEBPL to any registration or licensing requirements in such jurisdiction.

No action has been taken or will be taken by CEBPL in any jurisdiction outside India where such action would be required for distribution of this Report. Accordingly, this Report shall not be directly or indirectly distributed, published, or circulated in any such jurisdiction except in compliance with applicable laws and regulations.

Recipients of this Report are required to inform themselves of, and comply with, all applicable legal and regulatory restrictions at their own expense and without any liability to CEBPL. Any dispute arising out of or in connection with this Report shall be subject to the exclusive jurisdiction of the competent courts in Mumbai, India.

### Disclosure on Ownership and Material Conflicts of Interest:

- "CEBPL", its Research Analyst(s), their associates and relatives may have any financial interest in the subject company covered in this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have actual or beneficial ownership of one percent (1%) or more of the securities of the subject company, as on the last day of the month immediately preceding the date of publication of this Research Report.
- "CEBPL", its Research Analyst(s), their associates and relatives may have any other material conflict of interest at the time of publication of this Research Report.

### Disclosure on Receipt of Compensation:

- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months.
- "CEBPL" or its associates may have managed or co-managed public offerings of securities for the subject company during the past twelve months.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates may have received compensation from the subject company during the past twelve months for products or services other than investment banking, merchant banking or brokerage services.
- "CEBPL" or its associates have not received any compensation or other benefits from the subject company or any third party in connection with the preparation or publication of this Research Report.
- Research Analyst may have served as an officer, director or employee of the subject company covered in this Research Report.
- "CEBPL" and Research analyst may engage in market-making activity in the securities of the subject company.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. [www. https://choiceindia.com/research-listing](http://www.https://choiceindia.com/research-listing)

### Copyright:

This research report is confidential and intended solely for the recipient. Unauthorized reproduction, distribution, or disclosure of this report, in whole or in part, in any form or by any means, without the prior written permission of the Company is strictly prohibited.