

Crude Compass: Attack on Energy Infrastructure

Weekly Oil Market Dossier March 19, 2026

What has happened:

- Brent price spiked to ~USD112/b on March 18, 2026, 9% higher compared to closing price of USD103.42/b the previous day. The spike in Brent prices is on the back of an attack on Iran's South Pars gas field, part of the world's largest natural gas deposit.
- According to S&P Global Platts, Dubai spot crude assessments for May-loading cargoes hit a record USD157.66/b on March 17, 2026, surpassing the previous all-time high of USD147.5/b set by Brent crude oil futures in 2008. Meanwhile, Oman crude futures hit a record high of USD152.58/b respectively.
- Singapore refining margins have turned negative during the week. According to market reports, the negative margin is on the back of feedstock shortage which led to lower throughput and negative impact on margins.

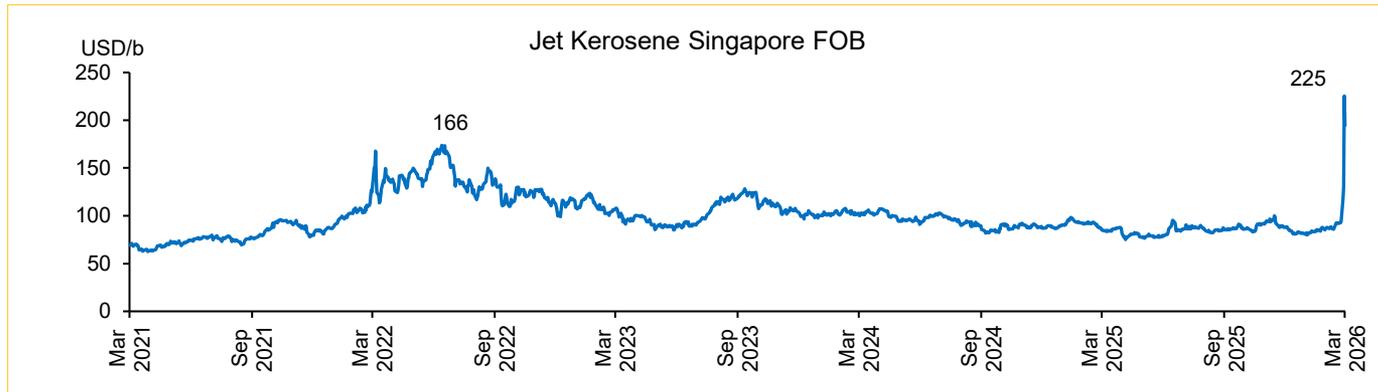
In our opinion:

- The **rise in Dubai and Oman crude prices reflect the scarcity premium** that we have discussed in the earlier editions of Crude Compass. However, the **increase in Brent is limited** – which we believe is underpriced at the current levels.
- Despite a **physical disruption of 7–11 mb/d**, the **current Brent** prices are not yet baking in **precautionary demand or hoarding premium**. Therefore, we see upside risk to Brent prices.
- If the Hormuz situation remains status quo without progress in US–Israel–Iran negotiations, declining floating inventories and tightening marginal storage could drive a sharp increase in oil prices. This could push **Brent towards ~USD 130/b over the coming weeks**.
- The stark difference between the Singapore GRMs and the margins for Indian pure-play refiners lies in the fact that product slate for **Singapore GRM is skewed towards gasoline**. However, **most Indian refiners have a middle-distillate-heavy product slate**. The **increase in diesel cracks is expected to more than offset the impact of lower utilization**. Moreover, negative Singapore margins are against Dubai crude. Meanwhile, Indian refiners are currently replacing Middle East grades by Urals, **therefore we see healthy margins for pure-players**.

Bear case scenario:

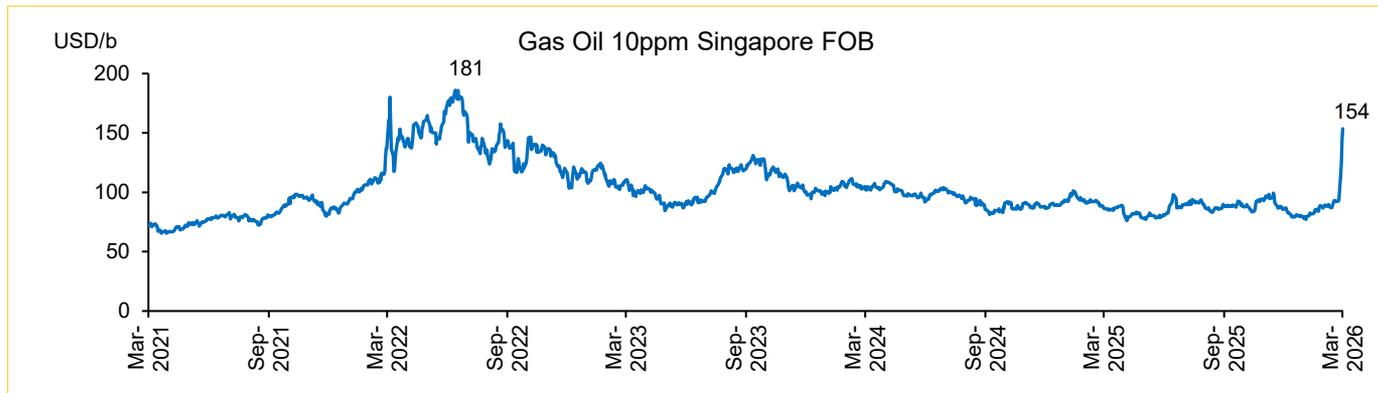
- If **US-Israel intervention leads to renewed negotiations and the reopening of the Strait of Hormuz**, Brent prices could **retreat towards ~USD 80/b over the coming weeks**. This would largely reflect the **unwinding of the precautionary demand premium**, although a **residual geopolitical risk premium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

Jet Fuel Prices rise to record high due to supply constraints



Source: Price as of 4th March 2026, Refinitiv, Choice Institutional Equities

Gas Oil Prices rise; however still lower than 2022 levels



Source: Price as of 4th March 2026, Refinitiv, Choice Institutional Equities

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Large Cap*	
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
Mid & Small Cap*	
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
Other Ratings	
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
Sector View	
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

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