

# Crude Compass: Geopolitics Steering Oil Prices

Weekly Oil Market Dossier March 27, 2026

## Developments over the past week:

- **The US President** informed at the time of writing this report (March 27, 2026) that he has **extended his deadline to attack Iran's energy infrastructure by 10 days to April 6, 2026**.
- Meanwhile, **Iran has put forward 5-point proposal to end the war:** (i) total halt to attacks (ii) guarantees against future conflict (iii) war damages payment (iv) cessation of hostilities on all regional fronts (v) **recognition of Iran's control over the Strait of Hormuz**.
- As per market reports, **40% of Russia's oil export capacity is offline**, factoring port outages, pipeline issues and tanker-related disruptions. The development is on the back of as fresh wave of attacks by Ukraine which knocked out key Baltic export infrastructure.
- As per the press release issued by the Government of Indian on March 26, 2026: (i) **India is receiving more crude** from across the world than what was previously arriving through the Straits (ii) Every **Indian refinery is running at over 100% utilization** (iii) Crude oil supplies for next 60 days have already been tied by Indian Oil Companies (iv) There is **no LPG shortage** as domestic refinery production has been ramped up by 40%, raising daily output to 50 TMT, accounting for >60% of nation's requirement. Meanwhile, 800 TMT of assured inbound LPG cargoes are already secured and enroute from the US, Russia, Australia and other countries. Approximately, one full month of supply is firmly arranged, with additional procurement being finalised continuously.
- The **excise duty** on petrol has been reduced from **INR13/L to INR3/L** by Indian Government. Meanwhile, the excise duty on diesel has been slashed from **INR10/L to nil**.

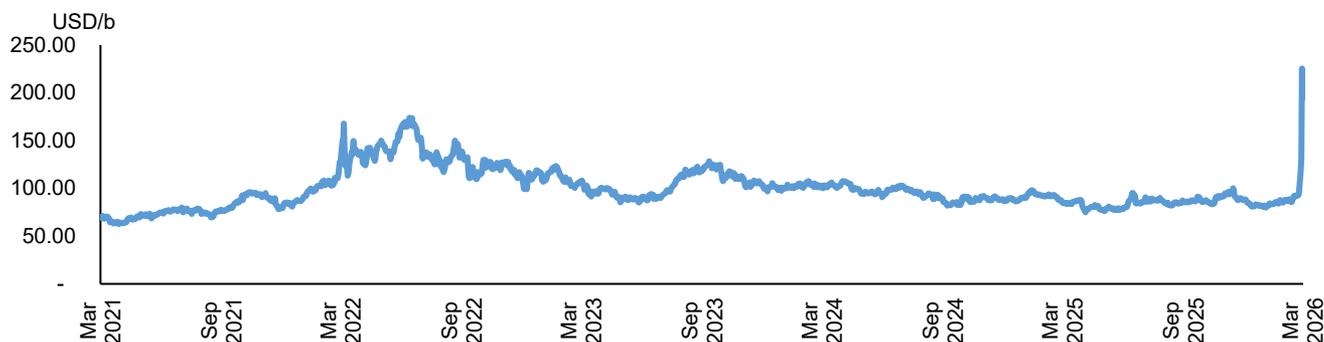
## In our opinion:

- The current **Brent prices are primarily being driven by Geopolitical risk premium** which has been building and evaporating, reflecting the ebb and flow in the intensity of the conflict. However, it is **not yet reflecting physical deficit** that is being **observed in the Southeast Asia**, as countries are importing grades of crude at a premium which were previously available at discount.
- The Brent prices would sustain at higher levels (USD110/b to USD130/b) as the market bakes in the precautionary demand and scarcity premium. 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, leading to sustained higher prices during the month of April.

We have built the following scenarios and implications of the same as below:

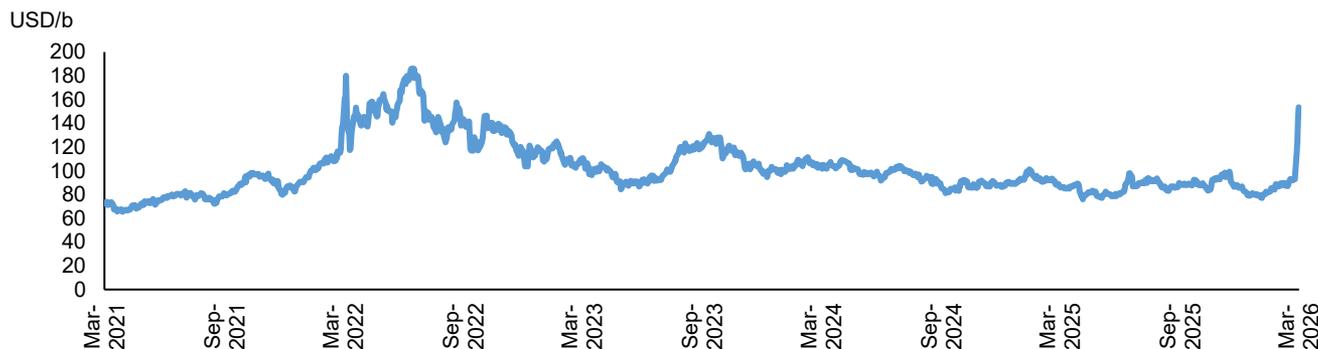
- Provided there is **escalation of conflict over the upcoming weekend and continues through the entire month of April** without abating, we expect the **Brent price to average at USD130/b** for the month of April.
- If **negotiations begin but repeatedly fail through April, we expect Brent to average ~USD 110/b for the month, with elevated volatility**. Our April forecast assumes the **current supply deficit of ~7–11 mb/d persists**, which would keep prices supported near USD 110/b. Brent has averaged USD 97.23/b between March 1 to 26.
- If **US-Israel intervention leads opening of the Strait of Hormuz, with flows resuming gradually** Brent prices could **retreat towards ~USD 90/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



Note: Jet Fuel Prices (Singapore FOB) has averaged USD187/b from March 2 to March 26. Source Bloomberg

## Gas Oil Prices rise; now comparable to 2022 levels



Note: Gas Oil 10 ppm (Singapore FOB) has averaged USD187/b from March 2 to March 26. Source Bloomberg

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<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

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