



# Crude, LNG and Container Shipping Market Outlook

## Middle East conflict - impact assessment

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# 1. Impact of the Iran war: Crude tanker market

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## CRUDE OIL

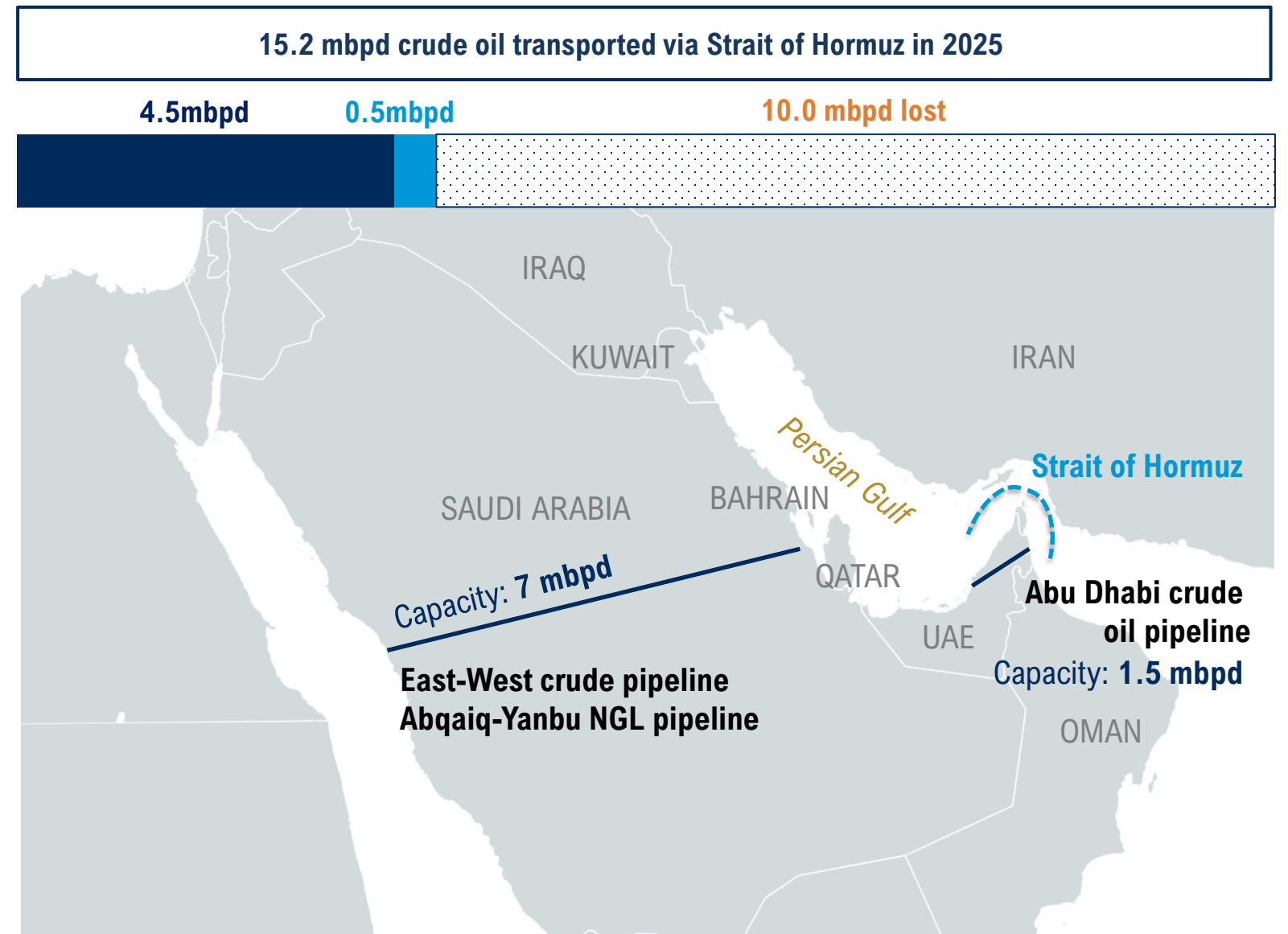
The ongoing blockade of the Strait of Hormuz has curbed crude oil supply by 10 mbpd, roughly a fourth of global crude oil trade and about 10% of global oil demand.

Asia accounts for more than 80% of the crude exports through the Strait.

As the oil market was expected to be oversupplied by 3.6 mbpd in 2026, the net supply shortage will be 6 mbpd because of crude, assuming some demand destruction.

If we add about 4 mbpd of the disruption to the refined products flows, the overall oil supply deficit will be 10% of global demand.

## Approx. 25% of the global crude oil trade is disrupted



Source Drewry Maritime Research

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## CRUDE OIL

Spot rates in both crude and product tanker markets surged after the war.

A sudden surge in demand on alternative routes tightened tonnage supply.

Despite a surge in bunker prices, TCEs climbed higher to record highs.

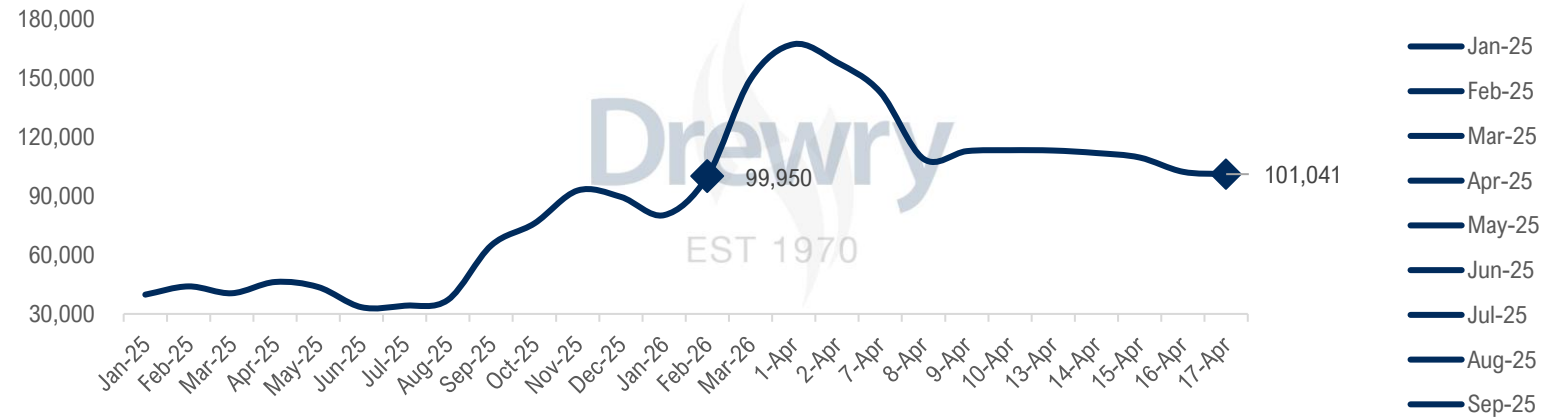
The forward curve for the VLCC TD22 route has shifted significantly higher in tandem with the spot rate.

The forward curves suggest that freight rates in the oil tanker market are expected to decline sharply in the coming months.

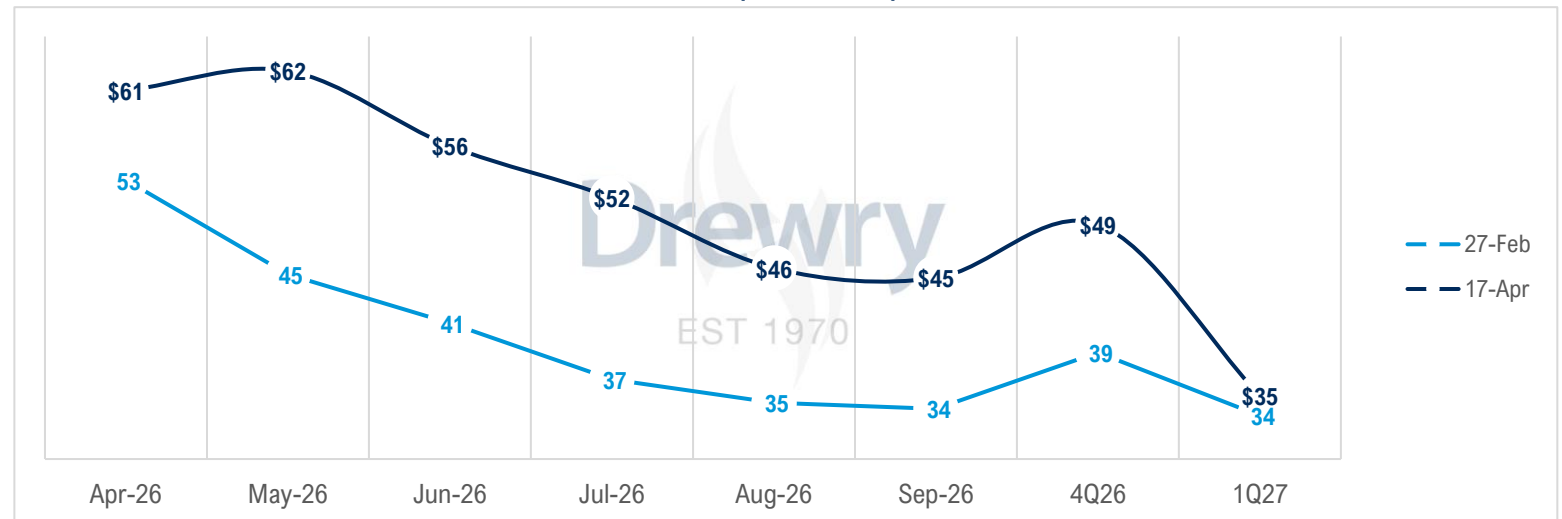


## Impact of the war on freight rates



VLCC TCE, TD 22, US-China (\$/day)



VLCC, TD22 US-China forward curve (\$/tonne)



# Impact of war on the crude tanker market based on the duration of disruption

SCENARIOS	Oil supply , demand and trade	Freight rates
 <p><b>SHORT-TERM disruption</b> Until the end of June 2026</p>	<ul style="list-style-type: none"> <li>• 2Q26: Tight supply &gt;&gt; Inventory drawdown and demand destruction to hurt trade</li> <li>• 2H26: Rebound in oil supply &gt;&gt; a surge in consumption and stocking demand to boost trade</li> <li>• 2026: overall demand to decline by about 1.8 mbpd against 0.7 mbpd increase expected before the war.</li> </ul>	<ul style="list-style-type: none"> <li>• 1H26: A shift in trade patterns to keep rates high until April, before gradually declining below pre-war levels.</li> <li>• 2H26: Rates will recover on improve demand and stocking activity, but remain below pre-war levels on ample supply.</li> </ul>
 <p><b>PROLONGED disruption</b> lasting ~12 months i.e. until Feb 27</p>	<ul style="list-style-type: none"> <li>• 2026: Tight supply &gt;&gt; a sharp drawdown in inventories and severe demand destruction to squeeze the trade.</li> <li>• The overall oil demand in 2026 is expected to decline by about 4 mbpd.</li> <li>• 2027: Oil supply and demand to rebound in 2027, trade to surge on high demand and inventory build</li> </ul>	<ul style="list-style-type: none"> <li>• 2026: Freight rates to decline well below 2025 levels, especially in 2H26, due to subdued demand.</li> <li>• 2027: Rates to rebound in 2027 with a surge in crude oil trade and tonne-mile demand, notwithstanding the expected increase in supply.</li> </ul>

## 2. Impact of the Iran war: Gas shipping market

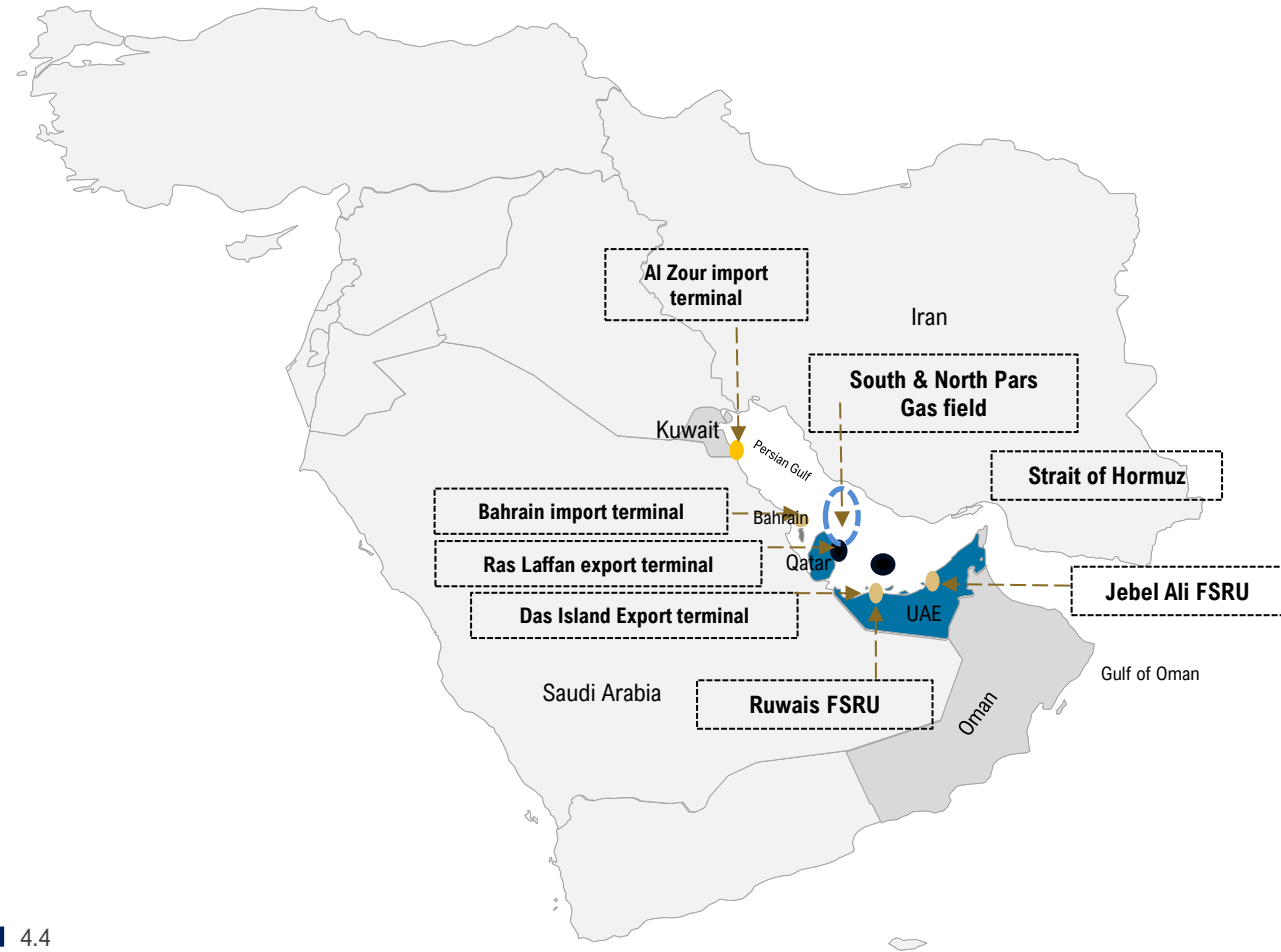
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# Importance of SoH for Gas carriers: 20% of global LNG supply disrupted

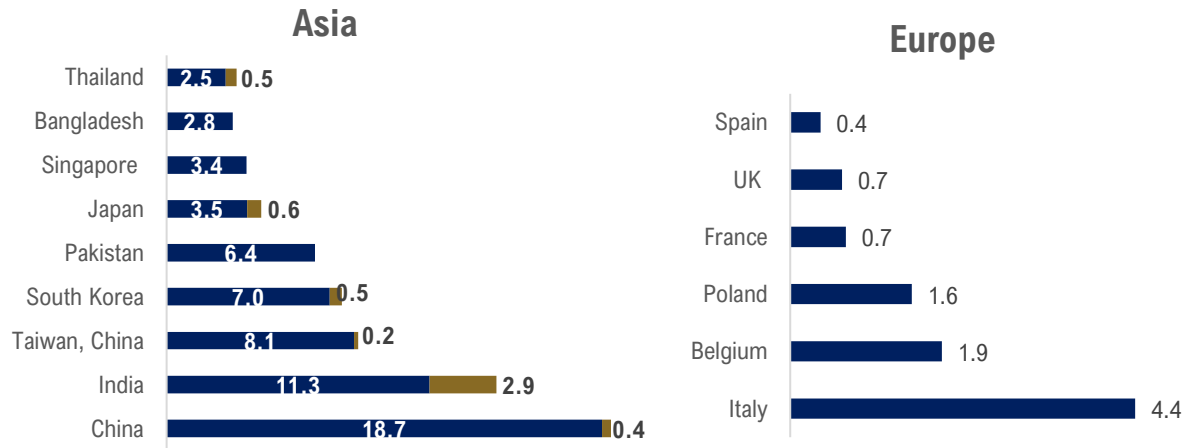
LNG transits through SoH by exporter in 2025 (million tonnes)



Key LNG infrastructure spots in the Middle East

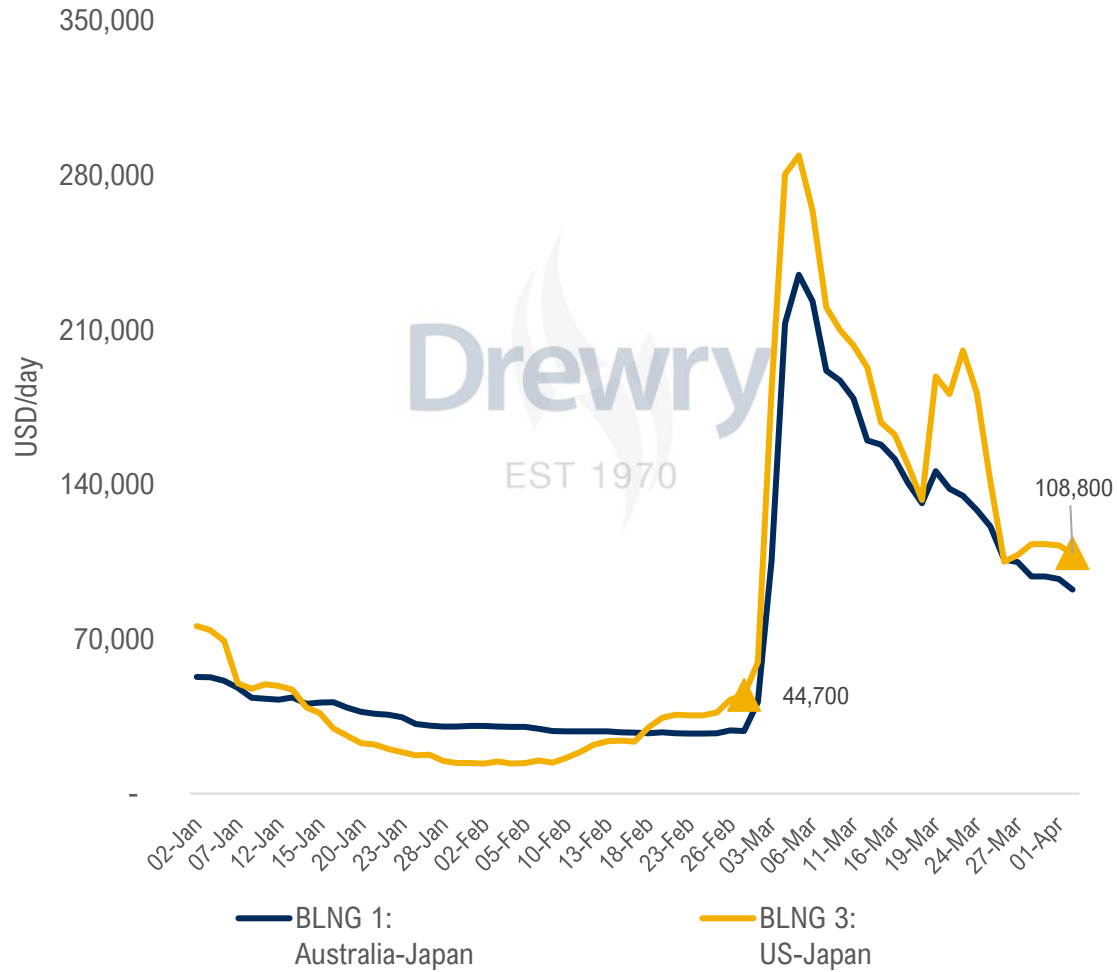


LNG imports from the Middle East in 2025 (million tonnes)

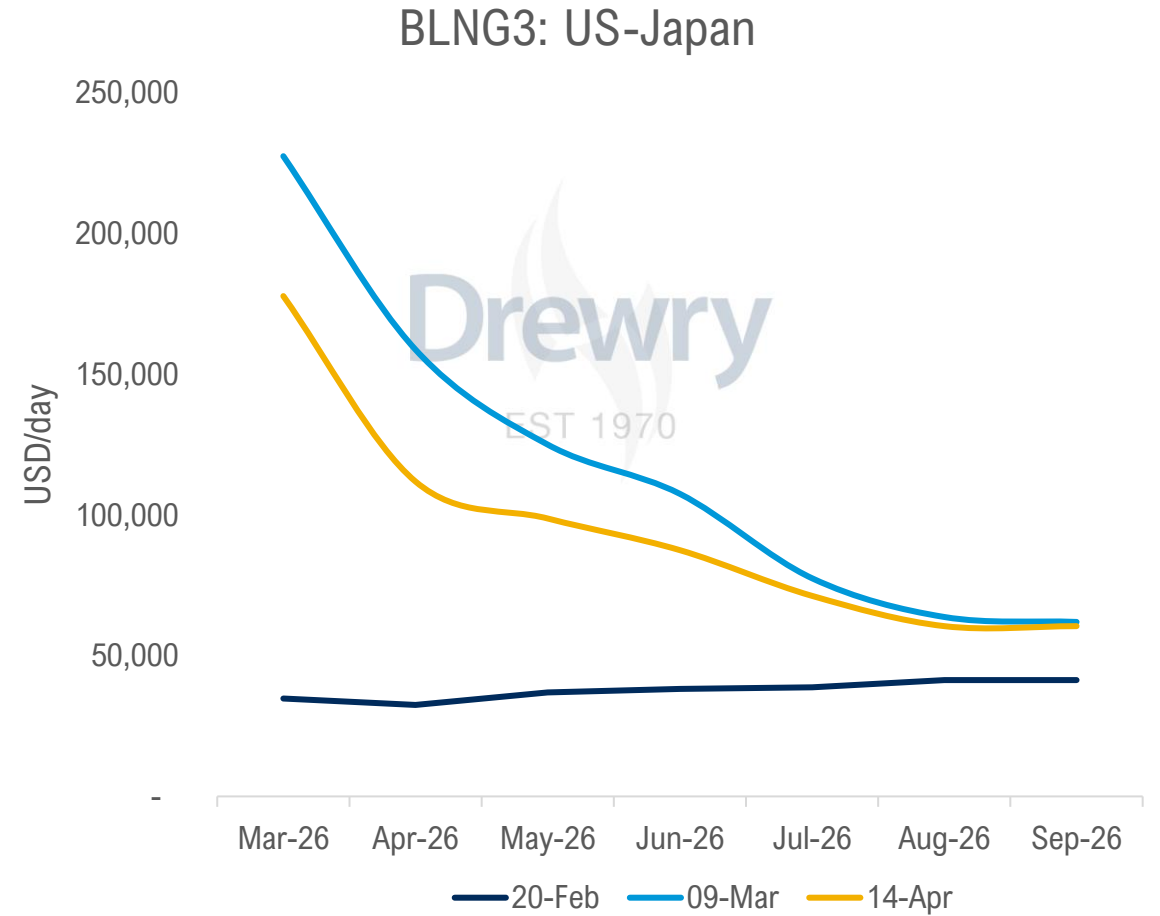


# LNGC earnings



## Baltic LNG rates 'spike-and-ease'



## Baltic forward curves



# Impact of war on LNG shipping market based on the duration of disruption

SCENARIOS	LNG supply , demand and trade	Freight rates
 <p><b>SHORT TERM disruption</b> Until the end of June</p>	<ul style="list-style-type: none"> <li>• 2Q26: Tight supply to hurt demand and trade</li> <li>• 2H26: Rebound in LNG supply after a couple of months of the reopening of the Strait will boost the trade</li> <li>• But the overall trade will remain below pre-war levels due to disruption to Qatar's LNG capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• 2Q26: Rates to gradually decline from current levels below pre-war levels on subdued demand</li> <li>• 2H26: Rates to recover to pre-war levels on high stocking demand.</li> <li>• Any surge above pre-war levels will be capped by capacity disruption in Qatar and a likely surge in tonnage supply.</li> </ul>
 <p><b>PROLONGED disruption</b> Lasting ~12 months i.e. until Feb 27</p>	<ul style="list-style-type: none"> <li>• 2026: A tight supply will severely squeeze demand, hurting the trade.</li> <li>• 2027: Supply to recover gradually after 1Q27, but will not return to the pre-war levels as Iran attacks have removed about 17% of Qatar's LNG capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• 2026: Freight rates to decline well below pre-war levels, especially in 2H26, due to subdued demand.</li> <li>• 2027: Rates to start improving from 2026 lows in 2Q27 with the recovery in trade. However, any significant surge will be capped by capacity disruption.</li> </ul>

### **3. Impact of the Iran war: Container shipping market**

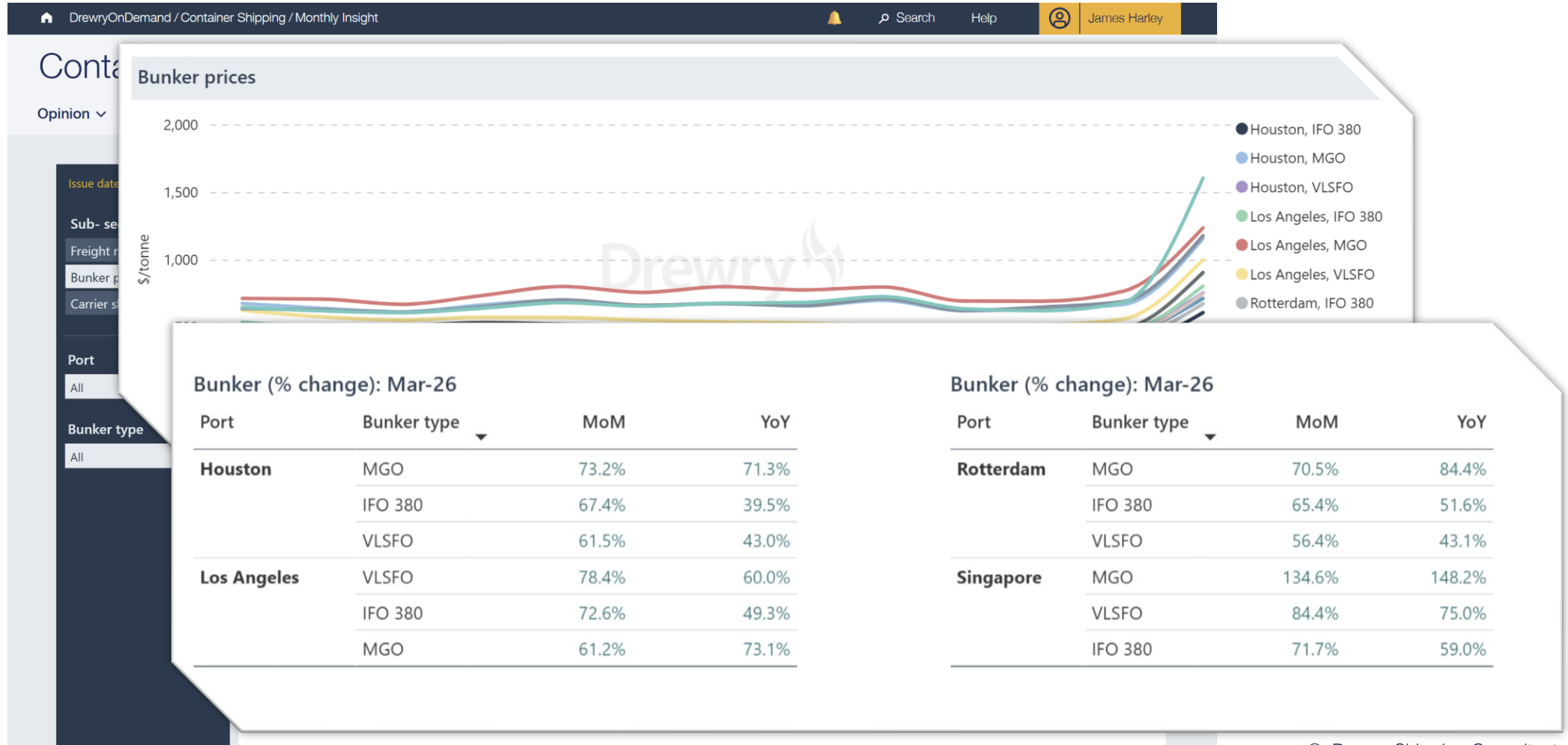
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## Iran war container shipping risks

Risk	Likelihood	Impact	Time Horizon	Drewry comment
Vessel / port attack	Very high	Severe	Immediate	Safety concerns primary deterrent to direct transits, not insurance
Service disruption	Very high	Medium	Immediate	Multimodal contingencies for Gulf activated, limited impact on wider network operations
Freight rate volatility	Very high	Medium	Immediate	Higher fuel surcharges and rapid fluctuations as events change
Port congestion	High	High	Short-term	Additional volumes will strain substitute ports
Reduced capacity	High	High	Short-term	Longer routings, slow steaming, port congestion and waiting times will all lengthen voyage cycles
Bunker shortages	Medium	High	Medium-term	High inventories provide buffer, but supply is tightening at major bunker hubs
Upstream manufacturing	Medium	High	Medium-term	Manufacturing output impacted by energy availability and cost
Demand destruction	Medium	High	Medium-term	Higher energy costs reduce personal consumption and trade volumes
Network reconfiguration	High	Medium	Long-term	Shift away from Gulf hubs and other vulnerable chokepoints

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# Impact of war on container shipping - based on the duration of disruption

SCENARIOS	Supply, demand and trade	Freight rates / Routing / BAF
 <p><b>SHORT TERM disruption</b> Until the end of June</p>	<ul style="list-style-type: none"> <li>• Overcapacity drives rates down post-conflict</li> <li>• Limited impact on global port throughput</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term spike in freight rates, driven by higher BAF</li> <li>• Return of direct Gulf liner services by 2H26</li> </ul>
 <p><b>PROLONGED disruption</b> Lasting ~12 months i.e. until Feb 27</p>	<ul style="list-style-type: none"> <li>• Less predictable transits schedules and delays (port congestion)</li> <li>• More blank sailings and idling to preserve marine fuel</li> <li>• Greater investment in alternative ports and Gulf overland infrastructure</li> <li>• Potential contraction in global port throughput</li> </ul>	<ul style="list-style-type: none"> <li>• Bunker shortages and steeper price hike</li> <li>• Long-term rerouting via Cape of Good Hope</li> <li>• Increased reliance on Gulf alternative ports &amp; multimodal logistics</li> </ul>

## 4. Q&A

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# Long-term impact of the Iran war on both the oil and gas market

## Crude tanker market

- **Oil supply:** Damage to the oil infrastructure is likely to be repaired within 1 year of the end of the war, with no long-term impact on oil supply.
- **Oil demand:** The current supply shock is likely to accelerate the energy transition and the adoption of EVs. Also, the government's push towards domestic oil production might accelerate, which would be negative for the long-term prospects of crude tankers.
- **Trade patterns:** Any permanent toll by Iran on transit through the Strait of Hormuz will increase the attractiveness of Atlantic Basin crude to Asian buyers. Any increase in long-haul trade will be positive for crude tankers.

## LNG carrier market

- **Supply:** Damage to Qatar's LNG infrastructure has wiped out the country's 17% share of global LNG supply for 3-5 years, in turn capping medium-term growth in LNG trade.
- **Demand:** As LNG is a transition fuel, the long-term impact on demand will be limited. Nonetheless, any increase in the adoption of renewables in the power sector will curb the long-term demand growth.
- **Trade patterns:** Any permanent toll by Iran on transit through the Strait of Hormuz will increase the attractiveness of the US LNG to Asian buyers. Any increase in long-haul trade in such a case will be positive for LNG carriers.



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