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Nov. 23rd, 2026

# MONDAY MORNING QUARTERBACK

## ENERGY MARKETS WEEKLY BRIEFING NOTE

### "WHY THE GLOBAL ECONOMY NEEDS AN OFFICIAL END TO THE IRAN CONFLICT

*The No-War, No-Peace Status Quo is a Tax on Every Consumer Everywhere!"*

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## WHY THE GLOBAL ECONOMY NEEDS AN OFFICIAL END TO THE IRAN CONFLICT

*The No-War, No-Peace Status Quo is a Tax on Every Consumer Everywhere!*

**By Sean Evers, Managing Partner, Gulf Intelligence**

The global economy cannot afford to enter 2027 just one military miscalculation away from renewed full-scale war in the Gulf, where some of the world's most strategically important oil and gas infrastructure remains exposed to attack. Although the most intense hostilities have subsided, the absence of an official settlement to the Iran conflict continues to impose extraordinary costs on international trade, industry and consumers. Elevated energy prices, shipping and insurance premiums, persistent inflation and restrictive borrowing conditions are acting as a damp blanket over global economic growth, suppressing investment confidence and deepening cost-of-living pressures.

The oil market resembles a deer caught in the headlights, frozen between increasingly ample crude supplies and the ever-present threat that military confrontation could escalate any day of the week. Yet the greater concern is not whether Brent trades at $60 or $100 a barrel. It is whether the global economy can afford another year of wartime costs without a war officially underway.

President Donald Trump's reported suggestion that any decision on renewed military action against Iran could be revisited after January has only reinforced this uncertainty. Deferring the question of renewed confrontation into the new year does little to reassure businesses making investment decisions for 2027. The world does not simply need cheaper oil. It needs a credible end to the conflict that allows energy, trade and investment to return to more predictable conditions.

### The No-War, No-Peace Status Quo Is a Tax on Every Economy

The greatest misconception surrounding the energy crisis is that recovering physical oil supplies represent a return to normality. Gulf crude exports have recovered substantially, with regional shipments, including Red Sea loadings, rising from approximately 15.5 million barrels per day in September to 16.5 million barrels per day in October. Yet the cost of transporting that energy remains extraordinary. BAPCO Energies CEO Mark Thomas revealed that insurance for a vessel transiting the Strait of Hormuz costs approximately $17 million for just 24 hours. For a two-million-barrel crude cargo, that represents $8.50 per barrel in insurance alone. For a smaller 300,000-barrel diesel shipment, the equivalent cost approaches $57 per barrel before freight and other expenses.

These costs ultimately travel through global supply chains. Manufacturers pay more to transport raw materials, farmers face higher fuel and fertilizer expenses, and retailers pass increased distribution costs to consumers. Even when crude prices decline, households may receive only a fraction of the benefit because the broader cost of delivering energy and goods remains elevated.

The recovery in LNG shipments reinforces this disconnect. Deliveries from Qatar and the UAE have improved, with October arrivals reaching approximately 40% of year-earlier levels. However, these additional volumes have not delivered meaningful relief in European or Asian gas prices, where demand remains resilient and supply conditions tight.

The economic damage is therefore not confined to Gulf producers. Import-dependent economies across Europe, Asia and Africa continue paying a premium for keeping essential supply chains functioning under the shadow of war.

### Persistent Energy Inflation Is Deepening the Global Cost-of-Living Crisis

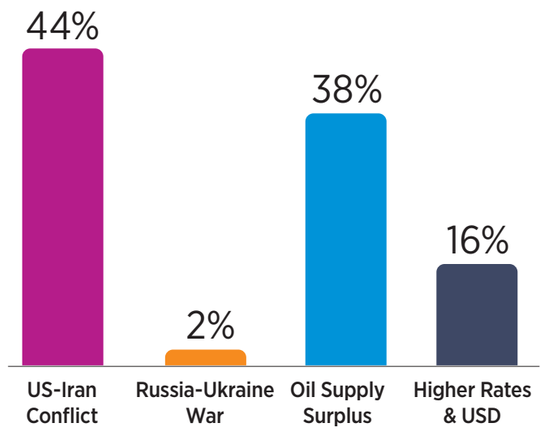
Diesel, natural gas, electricity and fertilizers are essential inputs across the global economy. When their prices remain elevated, the cost of producing, transporting and distributing almost everything rises.

The divergence between crude oil and refined-product markets demonstrates why falling benchmark prices do not necessarily bring immediate relief. Although recovering Gulf production has improved crude availability, refinery damage, shipping bottlenecks and continuing attacks on Russian energy infrastructure have kept diesel and other products relatively tight.

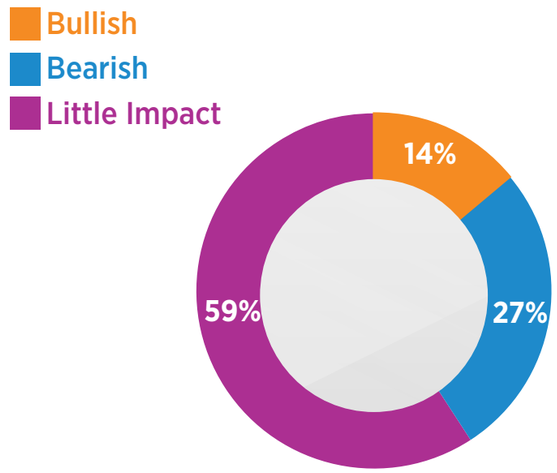
Perhaps more troubling is evidence that persistently expensive energy is now destroying the demand supporting economic growth. Elevated diesel prices have accelerated fuel substitution and reduced consumption across parts of Asia. That weakness is beginning to feed back into crude markets, creating the appearance of improving fundamentals when the underlying reality may be deteriorating economic activity.

Lower oil prices driven by consumers and industries being forced to consume less are not necessarily evidence of recovery. They may instead reveal the cumulative economic damage inflicted by months of exceptionally high energy costs.

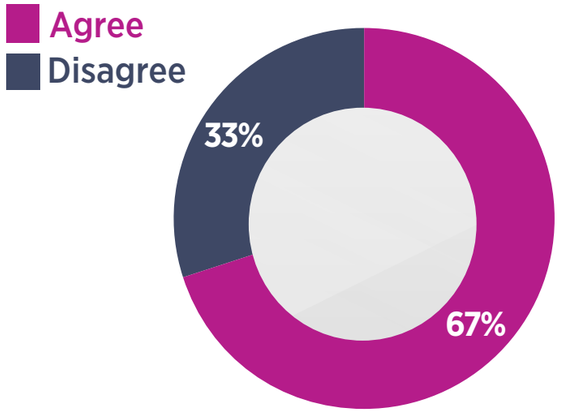
**What will be the biggest factor directing oil prices through end of the year?**



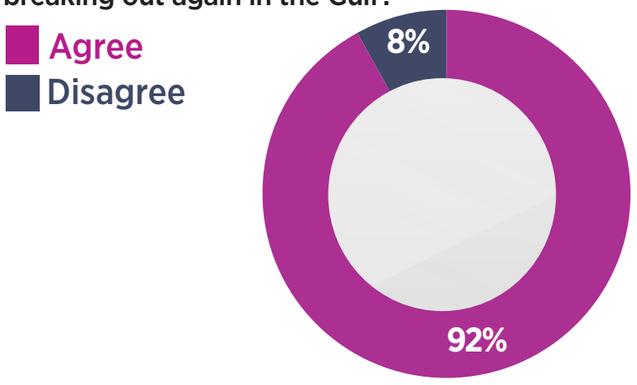

**What impact will the China, US & Russia Trilateral communique's commitment to flow of energy have on oil markets?**




**Brent crude oil has landed at no war-no peace floor above $90?**




**The global economy will see below par growth in 2027 as long as world continuously remains one trigger away from full-scale war breaking out again in the Gulf?**



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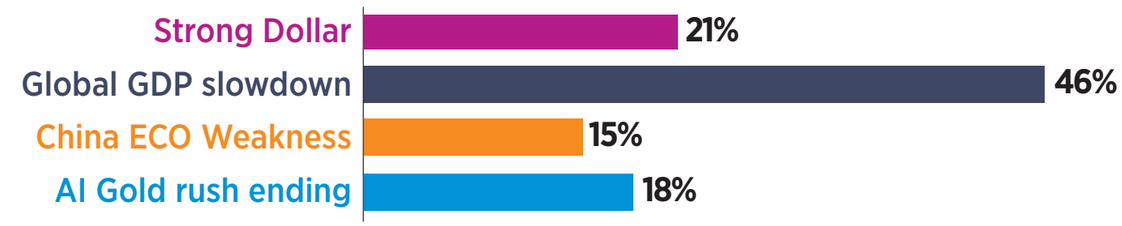
### What is main reason for price declines in commodities since September?




Europe offers a particularly stark example. Natural gas prices have remained between €80 and €95 per megawatt-hour, while storage has slipped slightly below 70%, approximately 15% beneath the five-year seasonal average. Although prices remain below the extraordinary peaks of 2022, they continue undermining industrial competitiveness and feeding into household electricity bills.

Higher fertilizer prices threaten another channel of economic hardship. Rising agricultural production costs can filter into food prices well into 2027, even if geopolitical tensions ease. For households already struggling with housing, transportation and utilities, another round of food inflation risks intensifying an affordability crisis that has persisted through successive global shocks.

**Inflation, Debt and Interest Rates Are Creating an Economic Trap**

The unresolved energy crisis is creating a damaging feedback loop between inflation, monetary policy and economic growth. Central banks confronting persistent price pressures have maintained restrictive conditions, while elevated bond yields and financing costs continue weighing on households, businesses and governments.

Higher borrowing costs are intended to restrain inflation, but they also weaken consumption, discourage investment and increase the financial burden on heavily indebted economies. Cutting interest rates too quickly, however, risks allowing inflationary pressures to persist.An additional danger is emerging from the collision between weakening growth and historically elevated debt burdens. Central banks could eventually face pressure to reduce short-term interest rates to prevent a deeper slowdown, even while energy costs remain high. Such an outcome could leave economies confronting persistent inflation alongside expensive long-term borrowing and weak economic activity.

The economic consequences extend beyond energy markets. Consumers spend more of their disposable income servicing debt and purchasing essentials, leaving less for discretionary spending. Businesses face weakening demand precisely when their financing and operating costs remain elevated.

An official settlement to the Iran conflict would not automatically eliminate inflation or guarantee interest-rate reductions. However, lowering extraordinary energy and transportation costs would remove one important obstacle preventing price stability and economic recovery.

***Until the cost of energy security declines, the global economy risks remaining trapped between the need to control inflation and the need to revive growth.***

**The Threat of Renewed War Is Freezing Investment Confidence**

Beyond the immediate financial burden, the unresolved conflict is imposing a less visible but potentially more damaging cost: investment decisions postponed because the future remains fundamentally unpredictable.

Businesses can plan around expensive energy or slower demand when they have reasonable confidence about future conditions. What is more difficult is committing capital when a single military escalation could overturn operating assumptions overnight.

Energy companies must assess whether production and refining investments can operate reliably. Manufacturers must determine whether electricity and raw-material costs will remain commercially viable. Shipping companies must decide whether to commit vessels to dangerous routes, while lenders must incorporate exceptional security risks into financing decisions.

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These uncertainties are particularly damaging when economies need substantial investment in energy infrastructure, industrial development and new technologies.

Bahrain illustrates the challenge. Mark Thomas explained that LNG prices above $30 per million British thermal units would make imported gas economically unaffordable for much of the country's existing industrial structure. The response includes pursuing additional domestic gas resources, renewable energy and longer-term nuclear development to reduce reliance on vulnerable supply arrangements.

Such investments strengthen resilience, but they also demonstrate how insecurity forces governments and businesses to devote enormous capital to managing risks rather than directing all available resources toward productive expansion.

The absence of peace does not simply make investment more expensive. It makes commercial planning less predictable, encouraging businesses to postpone expansion, hiring and other long-term commitments.

**Economic Hardship Risks Fueling Social and Political Instability**

The most consequential danger of allowing the conflict to drift indefinitely is that its economic effects could destabilize societies far removed from the battlefield.

Europe faces elevated energy costs, weakening industrial competitiveness and pressure on household finances. Asian importers confront higher energy-security expenses and demand destruction, while developing economies with limited fiscal resources may struggle to protect vulnerable populations from rising fuel, food and transportation costs.

Governments face increasingly difficult choices. Energy subsidies protect consumers but strain public finances. Higher interest rates can contain inflation but undermine employment and investment. Fiscal austerity may reassure financial markets while intensifying household hardship.

Political fragmentation can further complicate the response. France, for example, faces difficult decisions over nuclear investment, renewable energy and support for household energy efficiency amid parliamentary divisions and constrained public finances. Such uncertainty can delay precisely the infrastructure investments needed to improve long-term affordability.

Prolonged cost-of-living pressures can erode confidence in political institutions and create conditions for protests, polarization and social unrest. Although such outcomes are not inevitable, their risk grows when declining purchasing power is accompanied by weak employment prospects and limited government capacity to provide relief.

**The World Needs a Credible Peace Dividend, Not Another Temporary Pause**

The international diplomatic effort must recognize the economic difference between an absence of major military operations and an enforceable end to hostilities.

The current stalemate allows energy exports to continue while wartime costs remain embedded in transportation and distribution. Maritime attacks, security restrictions and uncertainty over renewed escalation continue influencing commercial decisions.

An official settlement capable of delivering meaningful economic relief would require credible guarantees for commercial navigation, an end to attacks on energy infrastructure and arrangements that materially reduce the security risks sustaining exceptional insurance premiums.

The potential peace dividend would extend far beyond crude prices. More affordable energy transportation could reduce imported inflation, improve industrial competitiveness and create greater scope for monetary easing when economic conditions permit. More predictable supply chains could encourage businesses to restart postponed investment and expansion plans.

Perhaps most importantly, households and businesses could begin planning for the future with greater confidence that another devastating energy shock is not waiting around the corner.

***The global economy cannot afford to enter 2027 one trigger away from full-scale war in the Gulf, with its most critical oil and gas infrastructure continually exposed to renewed military confrontation.***

*(*nb. Polling conducted November 16th- 20th with 100+ Energy Market Stakeholders)*


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