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The Iran Oil Shock

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March 18, 2026

Agenda

1

Global Oil Market in Turmoil

2

Baseline Outlook

3

Protracted Disruption Scenario

4

Global Economic Implications

The Economic Fallout Mounts

Indicator	Feb 27	Latest	Change
Brent Crude Oil, \$/bbl	\$72.5	\$103.5	\$31
Gasoline, \$/gal	\$2.98	\$3.79	81¢
S&P 500, Index	6878	6716	-2.4%
10-yr Treasury Yield, %	3.97	4.20	23 bps
30-yr Mortgage Rate, %	5.98	6.29	31 bps
Gold, \$/oz	\$5,247	\$5,016	-4.6%
\$ per € Exchange Rate	\$1.18	\$1.15	3¢

Sources: AAA, Bloomberg, Freddie Mac, Yahoo Finance, Moody's Analytics

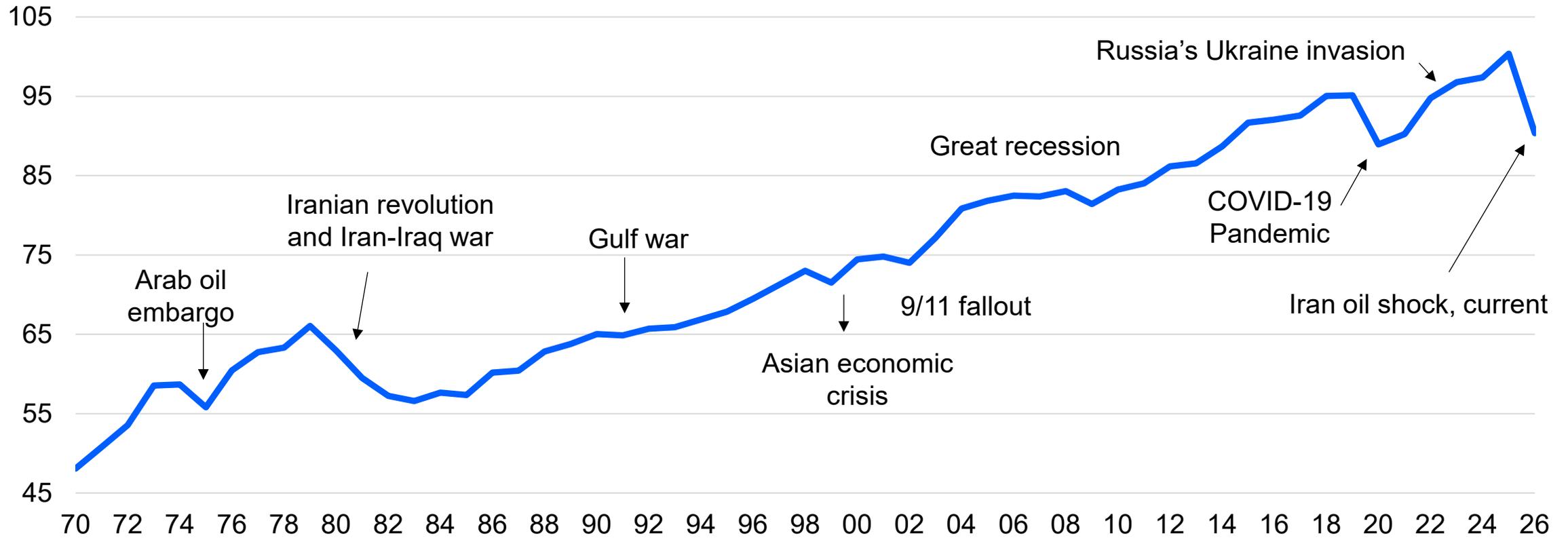
The background features a dark blue field with intricate, overlapping wavy lines in a lighter shade of blue. These lines create a sense of movement and depth, resembling a stylized topographical map or a complex data visualization. The lines are most prominent in the upper left and right quadrants, with some areas appearing more densely packed than others.

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Global Oil Market in Turmoil

The Largest Hit to Global Oil Supply in History

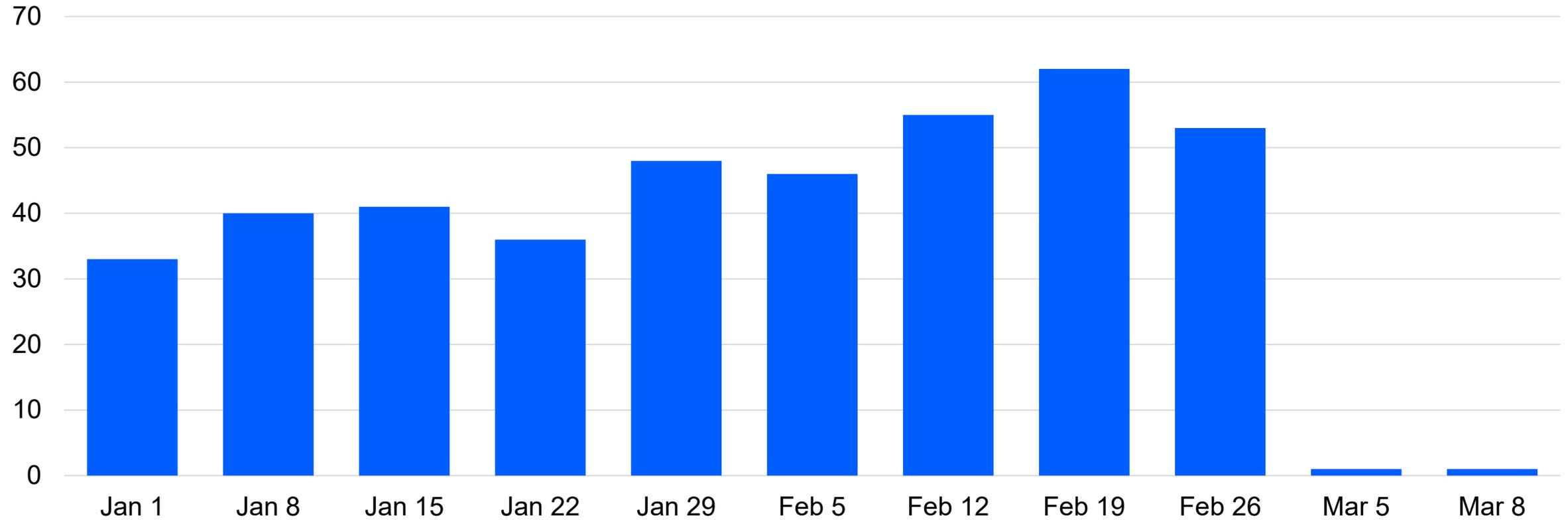
World oil production, mil bpd



Sources: IEA, 2025 Energy Institute Statistical Review of World Energy, Moody's Analytics

The Strait of Hormuz Is Closed

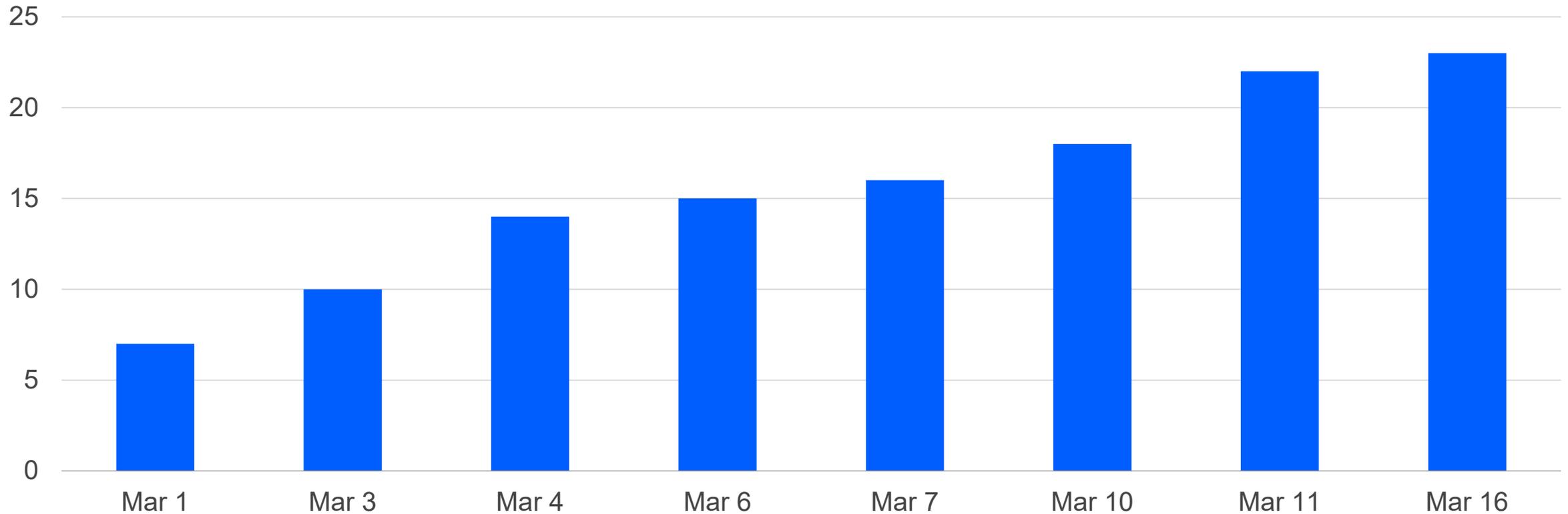
Tanker transit calls, Strait of Hormuz, #



Sources: IMF PortWatch, Moody's Analytics

Shipping Attacks Upend Insurance Market

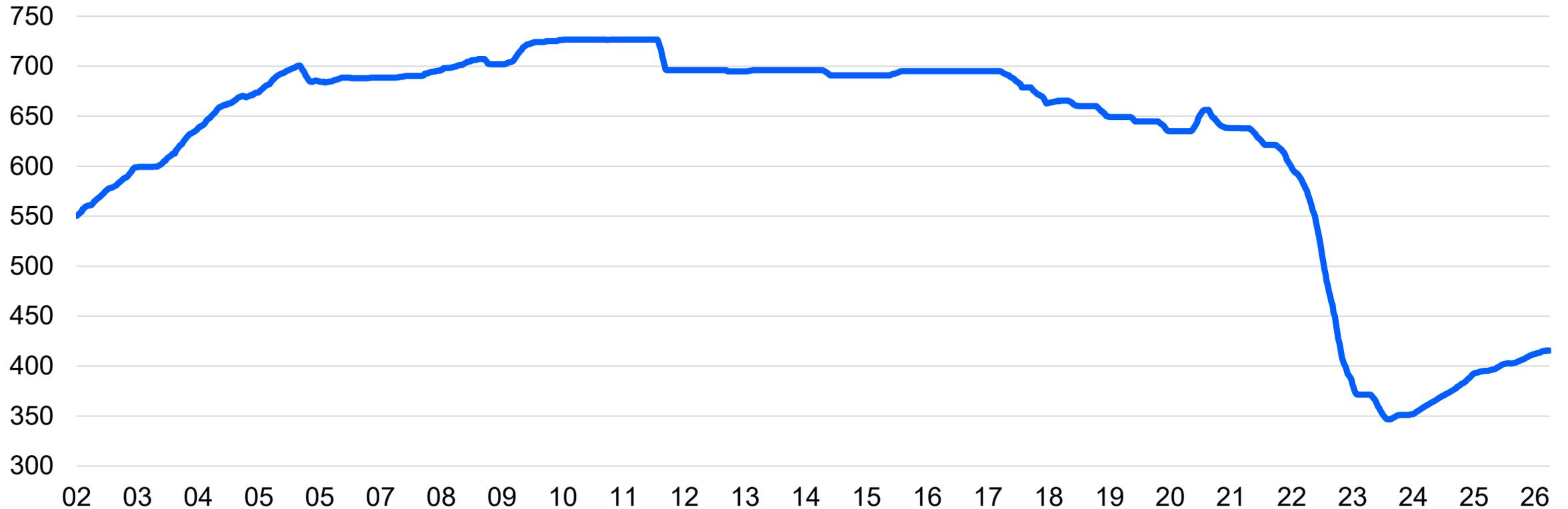
Attacks on commercial shipping vessels, #, cumulative



Sources: UK Maritime Trade Operations Centre, Moody's Analytics

The World Taps Its Strategic Oil Reserves

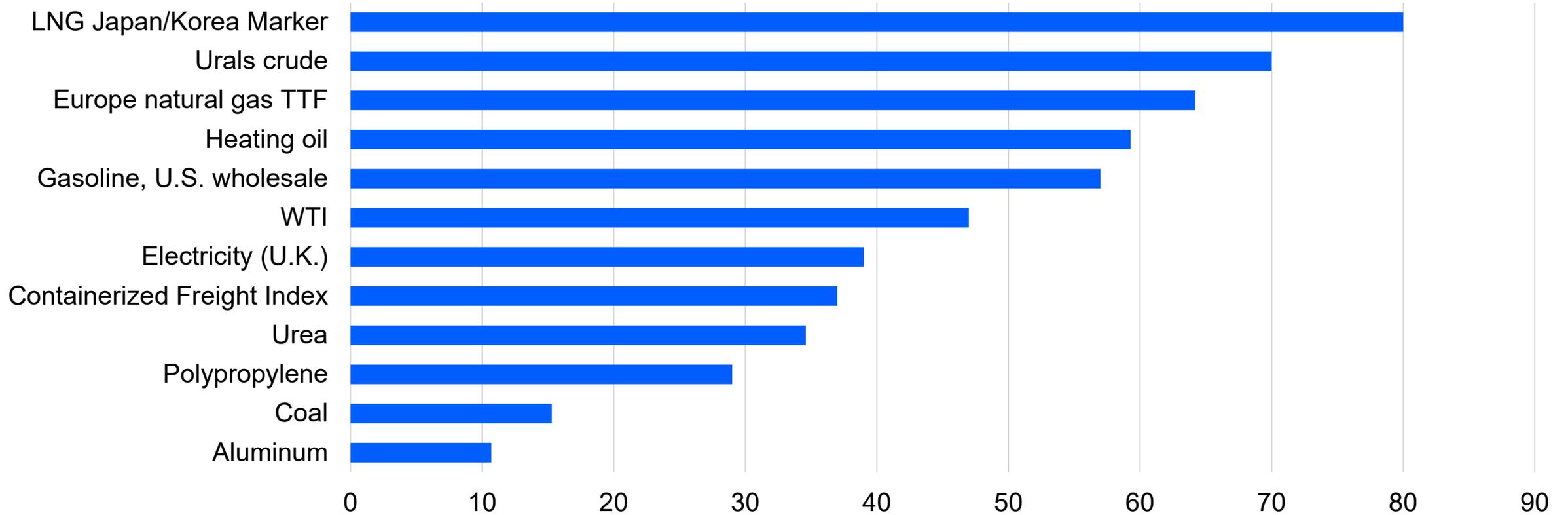
U.S. strategic petroleum reserve, mil bbls



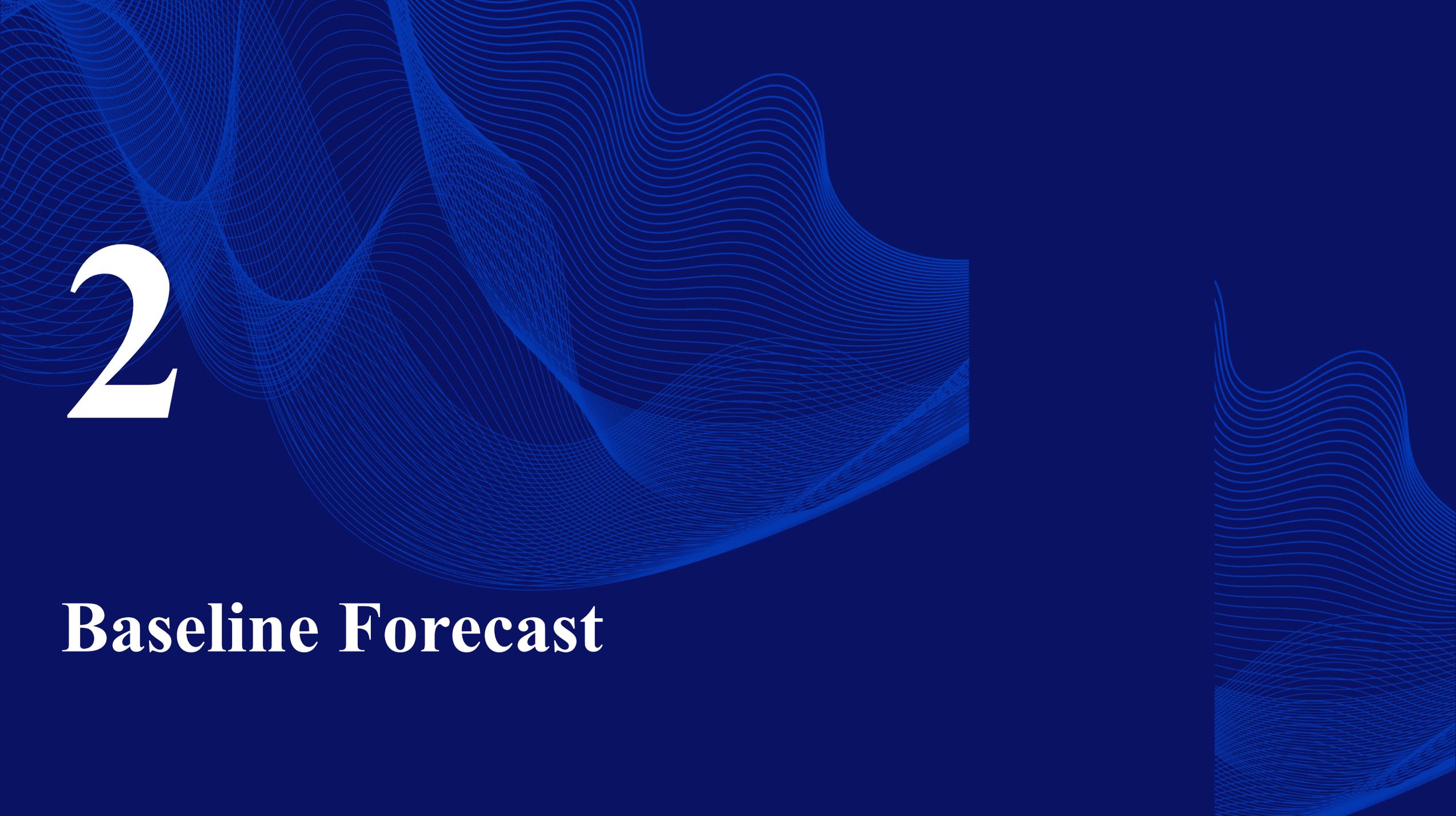
Sources: EIA, Moody's Analytics

Energy & Other Prices Jump

March increase (as of 3/17), %



Sources: Trading economics, Moody's Analytics

The background is a solid dark blue color. Overlaid on this are several layers of thin, white, wavy lines that create a sense of depth and movement, resembling a stylized wave or a digital signal. A large, white, serif number '2' is positioned on the left side of the image.

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Baseline Forecast

Baseline Forecast Assumptions



- The Strait of Hormuz begins to gradually reopen by the end of March.
- This is accomplished either through a US-Iran agreement, an increasing number of tankers getting permission from Iran to pass, or more tankers traversing the strait without permission.
- The resumption of oil shipping allows Gulf countries to restart production at major oilfields.
- Resumption of tanker insurance in the second quarter.
- Peak quarterly disruption of 3 mil bpd in crude oil supply in the second quarter.
- Rapid resumption of pre-conflict production as key energy infrastructure was not damaged.
- Oil prices peak in March at \$90/bbl and average \$71 for 2026
- U.S. and global economies avoid recession

Baseline Oil Supply Disruption and Price Forecasts

Date	Supply Disruption, mil bpd						Brent Crude Oil Price, \$/bbl	
	Iran	Iraq	Saudi Arabia	Kuwait	UAE	Total	Feb	Mar
26Q1	-0.1	-1.2	-0.8	-0.2	-0.3	-2.5	63.58	75.80
26Q2	-0.3	-1.3	-0.9	-0.2	-0.3	-3.0	62.75	76.30
26Q3	-0.5	-0.3	-0.4	-0.1	-0.2	-1.5	63.00	68.12
26Q4	-0.6	0	0.1	0	0	-0.5	63.44	65.42
27Q1	-0.6	0	0.1	0	0	-0.5	64.12	64.13
27Q2	-0.6	0	0.2	0	0	-0.4	65.49	64.49
27Q3	-0.6	0	0.2	0	0	-0.4	66.31	65.31
27Q4	-0.6	0	0.2	0	0	-0.4	67.06	66.81
28Q1	-0.5	0	0.2	0	0	-0.3	67.59	67.59
28Q2	-0.5	0	0.2	0	0	-0.3	68.05	68.05

Sources: Bloomberg, IEA, Moody's Analytics

Oil Price Impact Rules of Thumb

Every \$10 increase in the price of oil:

- Increases U.S. gasoline prices by 25¢/gal
- Costs consumers \$30 bil over the course of a year
- Costs households \$250/yr
- Reduces GDP growth by 10 bps
- Boosts the inflation rate by 15 bps

If \$40 increase is sustained for a year:

- U.S. gasoline prices rise by \$1/gal
- Consumers pay \$120 bil over the course of a year
- Households pay \$1,000 each more for energy
- 40 bps reduction in GDP growth
- 60 bps increase in the inflation rate

Higher Oil Prices Work to Offset OBBBA Fiscal Stimulus

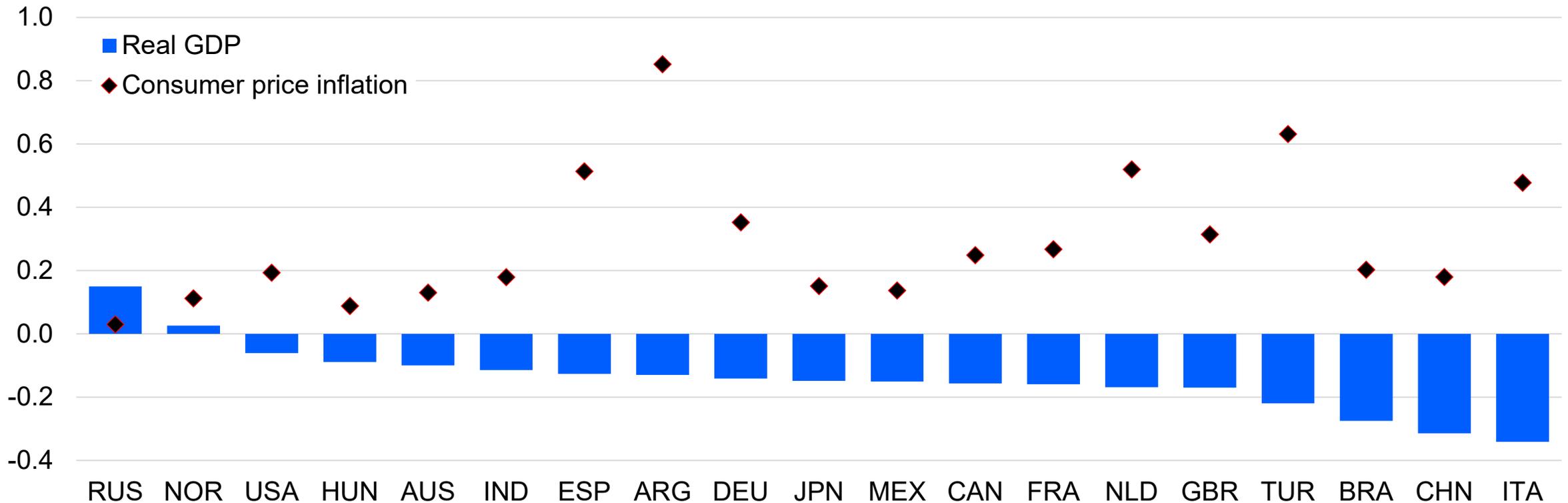
Real GDP growth, bps

Date	Oil impact, baseline forecast	Oil impact, current price	OBBBA fiscal stimulus
26Q1	-4	-4	50
26Q2	-12	-15	44
26Q3	-20	-36	36
26Q4	-15	-52	35
27Q1	-8	-62	35
27Q2	-6	-69	29
27Q3	1	-69	22
27Q4	8	-61	13
2026	-7	-11	26
2027	-8	-56	31

Sources: Bloomberg, IEA, Moody's Analytics

Higher Oil Prices Lower Growth and Boost Inflation (Mostly)

Change in GDP and inflation due to a \$10 increase in oil prices over one yr, ppts



Sources: National statistical agencies, Moody's Analytics

The background is a solid dark blue color. Overlaid on this are several layers of thin, light blue lines that form a complex, wavy pattern. These lines create a sense of depth and movement, resembling a stylized wave or a series of overlapping planes. A large, white, serif number '3' is positioned on the left side of the image, partially overlapping the wavy lines.

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Protracted Disruption Scenario

Protracted Disruption Scenario Assumptions



- The Strait of Hormuz remains closed until early to mid-June.
- No explicit assumptions about a ceasefire, only that oil begins to gradually flow again.
- This requires that drone, missile, and sea mine threats have been minimized, and also potentially requires military escorts for major commercial shipping vessels.
- Resumption of tanker insurance in the third quarter.
- Peak quarterly disruption of 7 mbpd in crude oil supply in the second quarter.
- Structural damage to the Gulf's energy infrastructure pushes a return to pre-conflict supply levels to 2028.
- Oil prices average \$101 in 2026.
- U.S. and global economic recession

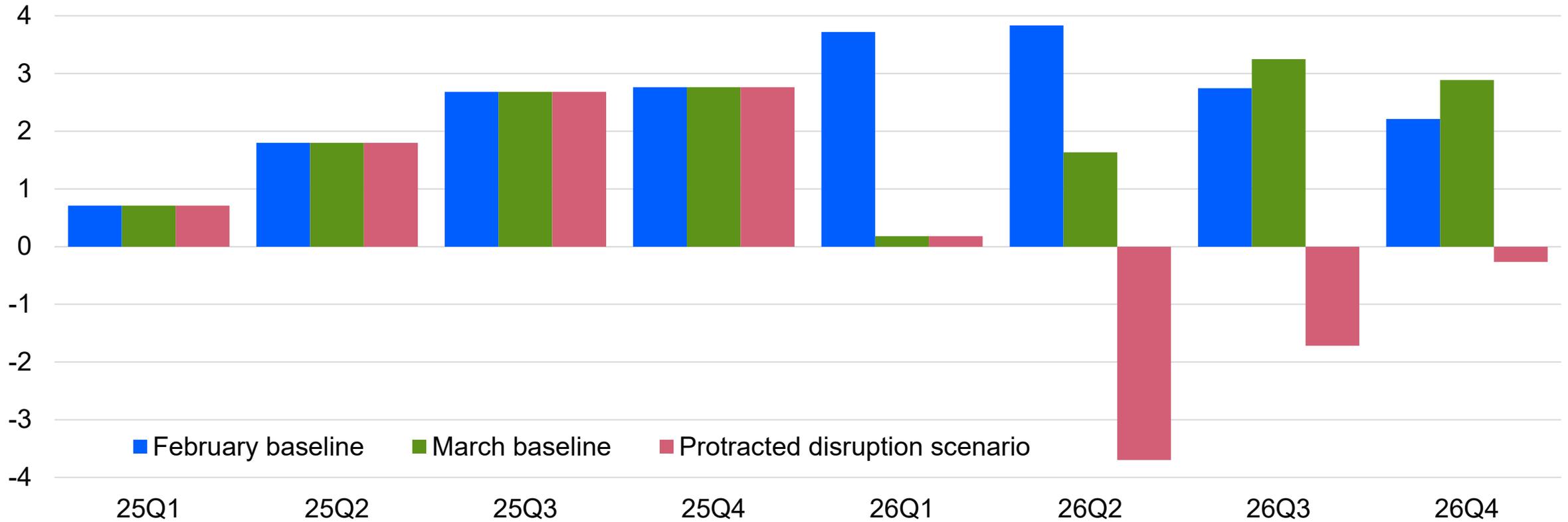
Protracted Disruption Scenario Oil Supply and Price Forecasts

Date	Supply Disruption, mil bpd						Brent Crude Oil Price, \$/bbl	
	Iran	Iraq	Saudi Arabia	Kuwait	UAE	Total	Feb	Mar
26Q1	-0.1	-1.2	-0.9	-0.2	-0.3	-2.7	63.58	75.94
26Q2	-1.1	-2.5	-2.1	-0.5	-0.8	-7.0	62.75	125.00
26Q3	-0.9	-2.0	-0.9	-0.3	-0.4	-4.5	63.00	108.50
26Q4	-0.8	-1.0	-0.4	-0.2	-0.3	-2.7	63.44	95.45
27Q1	-0.7	-0.3	-0.3	-0.2	-0.2	-1.6	64.12	91.00
27Q2	-0.7	-0.2	-0.2	-0.1	-0.1	-1.3	65.49	86.72
27Q3	-0.7	-0.1	-0.1	-0.1	-0.1	-1.1	66.31	81.49
27Q4	-0.7	-0.1	-0.1	-0.1	-0.1	-1.1	67.06	77.39
28Q1	-0.7	-0.1	0	-0.1	-0.1	-1.1	67.59	73.50
28Q2	-0.7	0	0	0	0	-0.7	68.05	71.51

Sources: Bloomberg, IEA, Moody's Analytics

Length of Oil Supply Disruption Is Critical

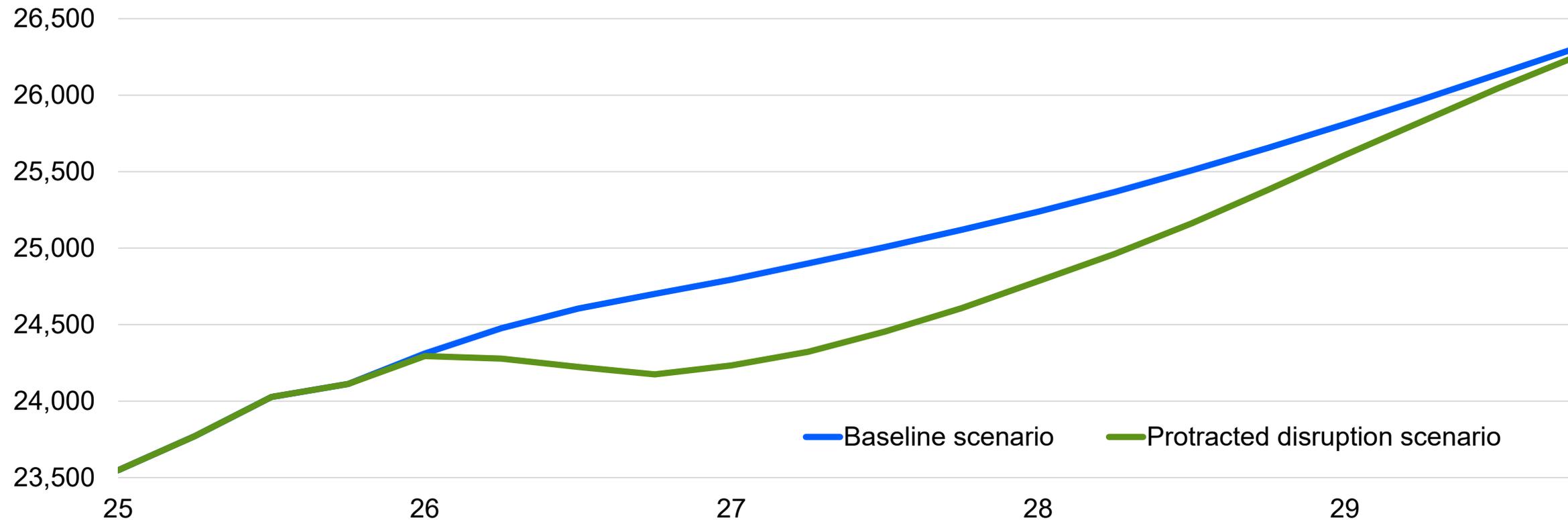
Global oil market balance, mil bpd



Sources: IEA, Moody's Analytics

U.S. Economy Suffers Recession as Consumers Get Hit Hard

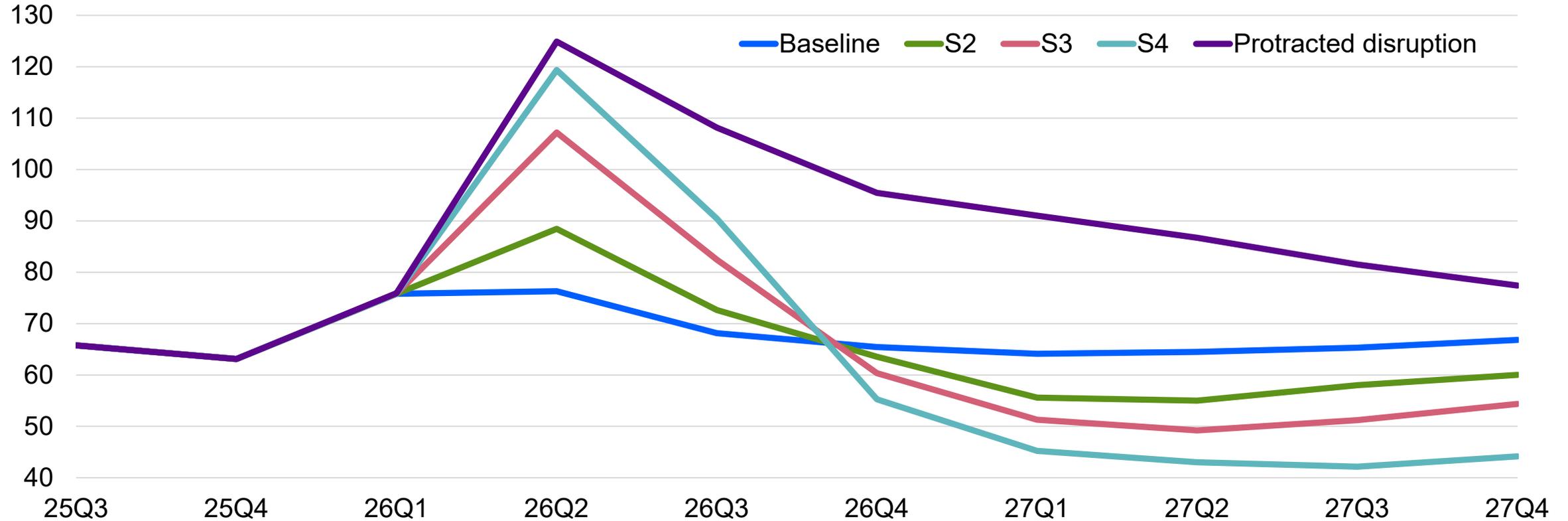
U.S. Real GDP, bil 2017\$



Source: Moody's Analytics

Higher for Longer Oil Prices if Supply Disruption Persists

Brent crude, \$/bbl



Source: Moody's Analytics

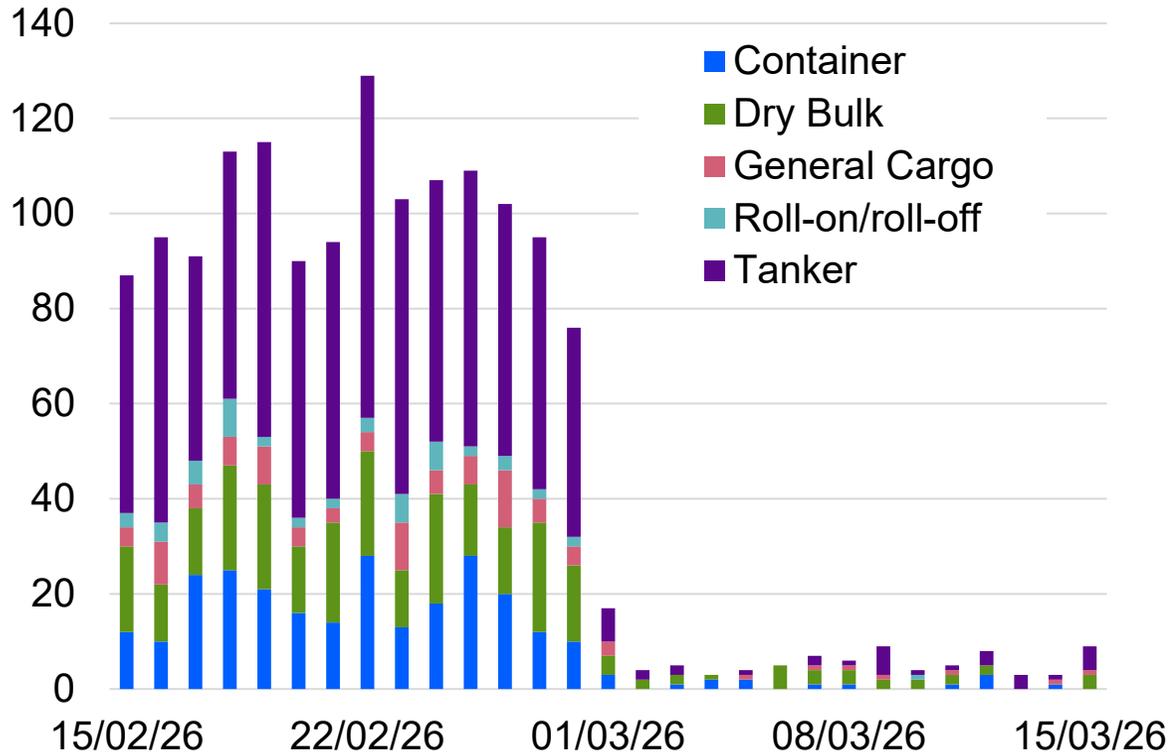
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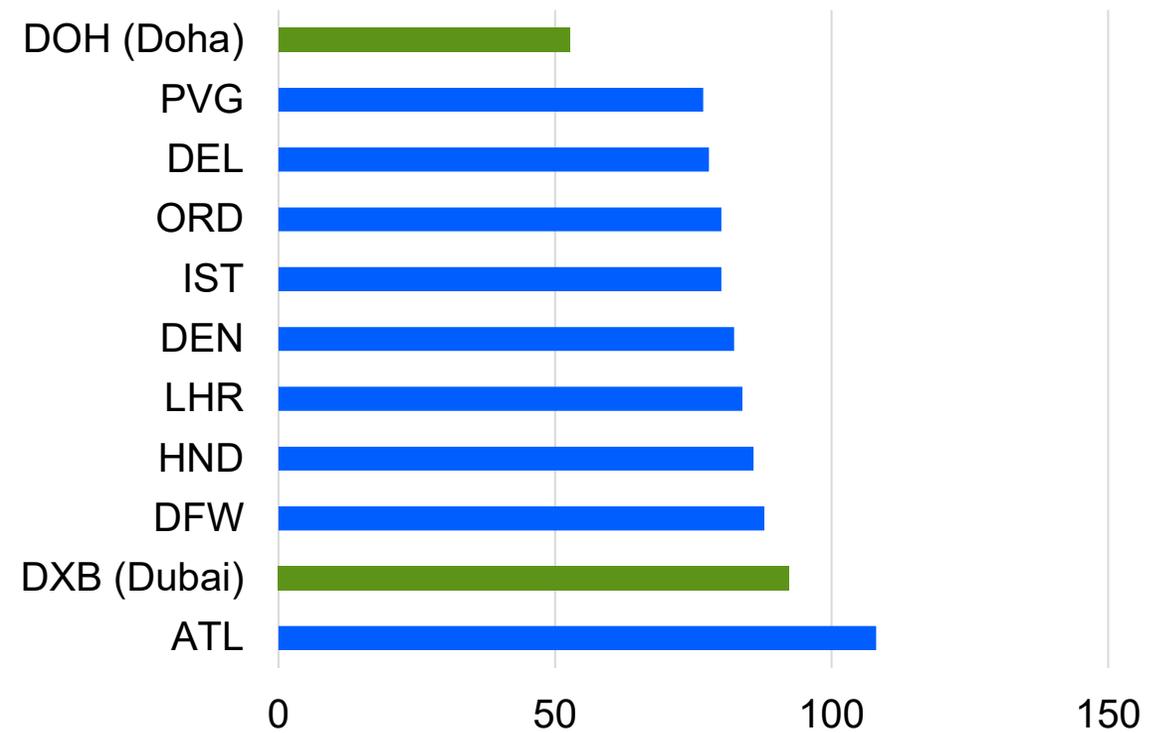
Global Economic Implications

GCC: Diversification Not a Benefit in a Crisis

of ship arrivals at the Strait of Hormuz

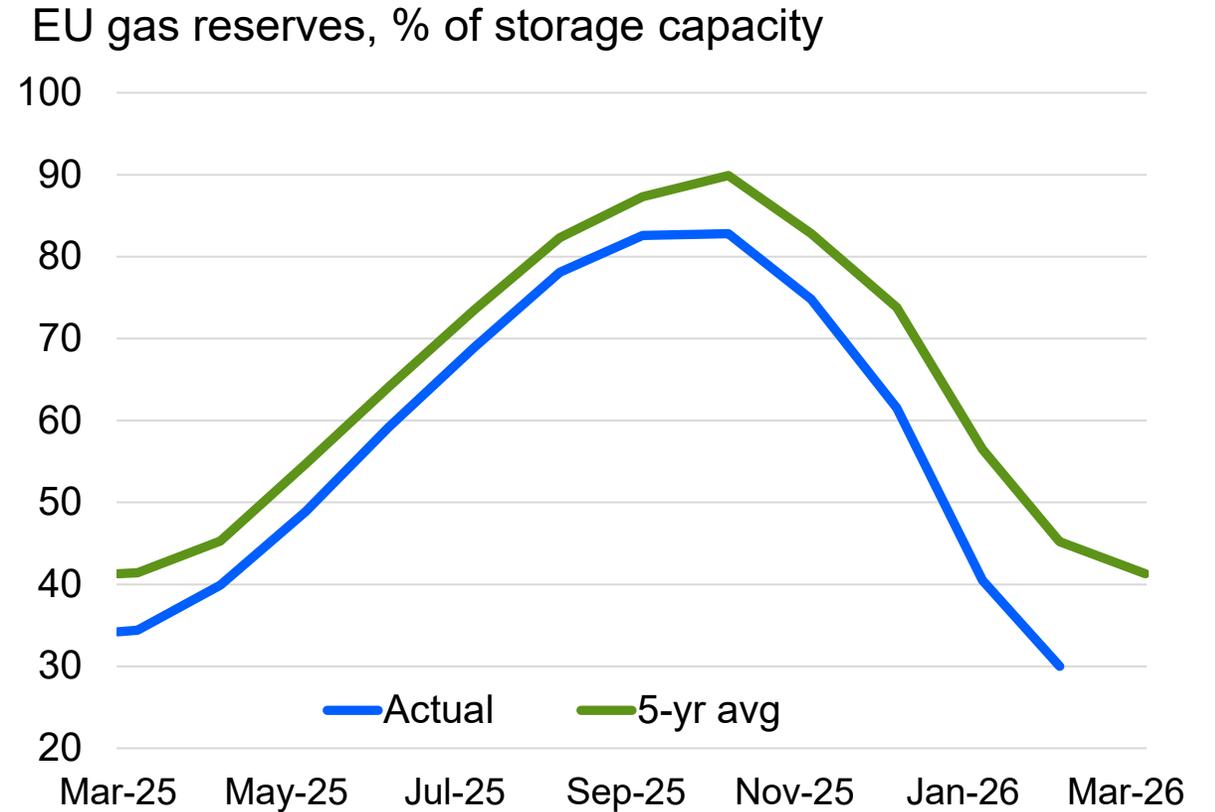
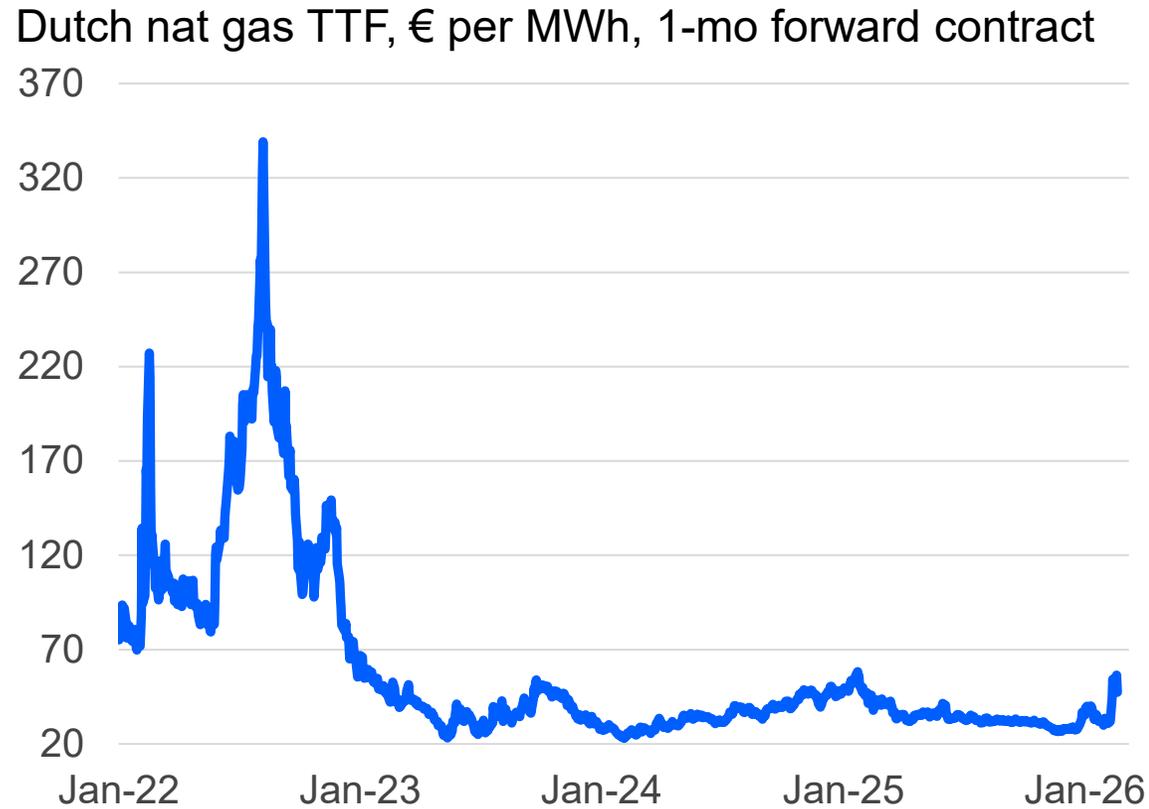


Airport arrivals, mil of passengers, 2024



Sources: IMF PortWatch, Moody's Analytics

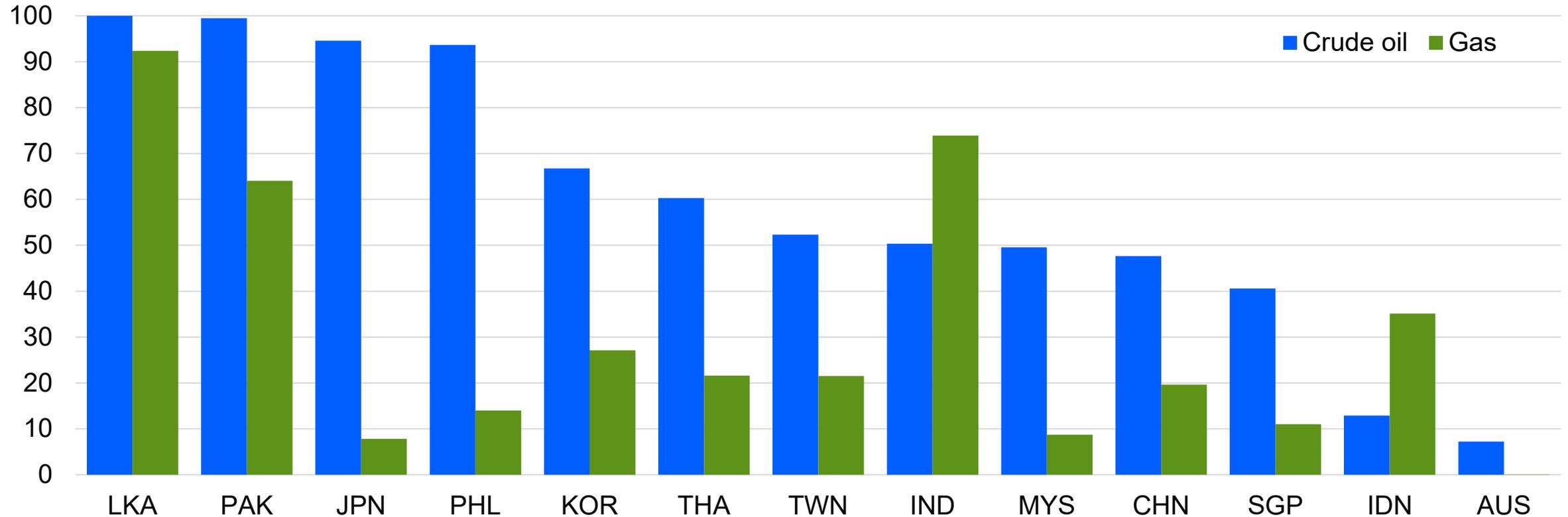
Europe: The Gas Price Jump Is Manageable Despite Low Storage



Sources: ICE, ASGI+, Moody's Analytics

Asia-Pacific: Reliance on GCC Energy Creates Some Issues

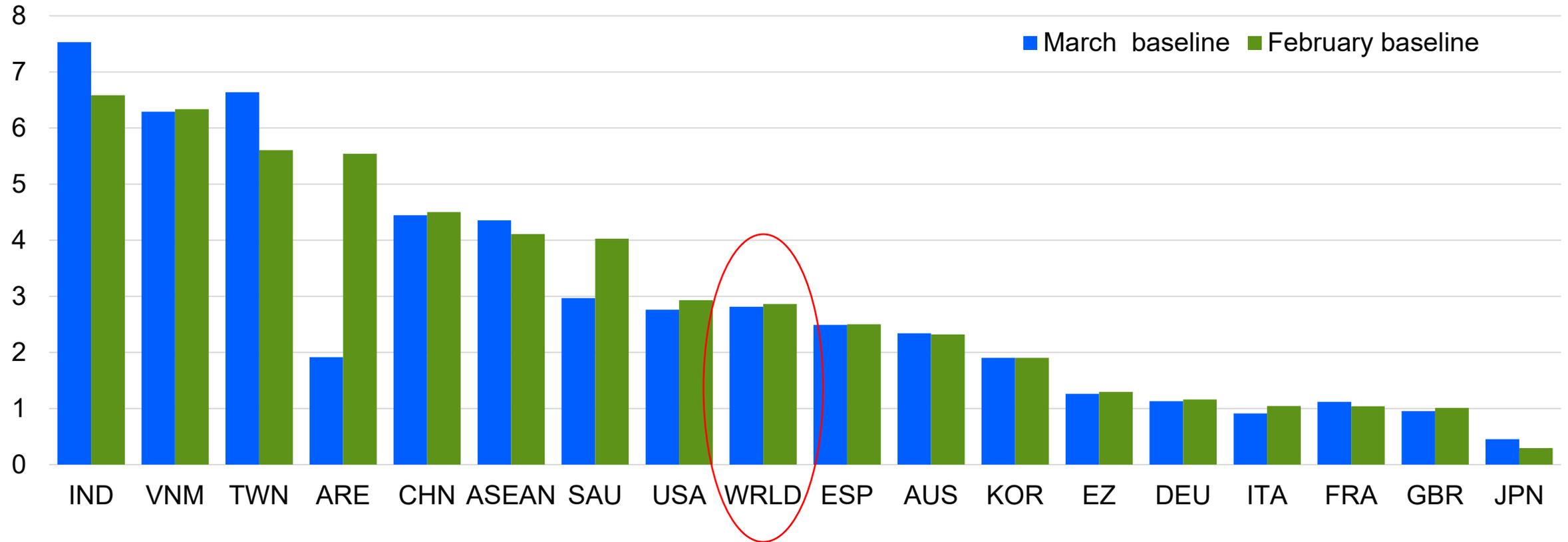
% share of imports from GCC economies, 2024



Sources: Atlas of Economic Complexity, Moody's Analytics

Global Growth Is Largely Unaffected in the Baseline

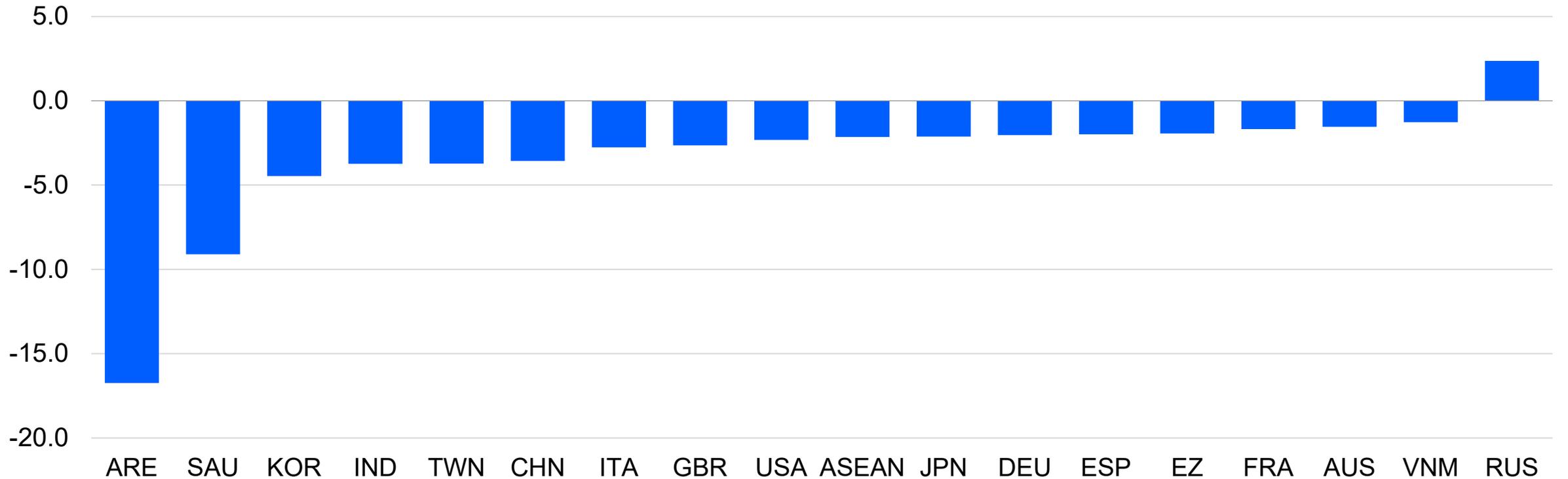
Real GDP growth, %



Source: Moody's Analytics

Considerable Economic Damage in the Protracted Supply Disruption Scenario

Real GDP, protracted supply disruption scenario deviation from baseline, March 2026



Source: Moody's Analytics

The background is a solid dark blue color. It features several decorative elements: a large, complex pattern of thin, light blue wavy lines that create a sense of depth and movement, primarily on the left side; a smaller, similar pattern of wavy lines on the right side; and the text 'Q & A' centered in the lower-middle portion of the image. The text is rendered in a white, serif font.

Q & A

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