BERNSTEIN
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Asia-Pacific Oil & Gas

Bernstein Energy: Oil price update... no going back to normal, but at least a return from the precipice?

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As the Middle East Conflict surpasses 70-day mark, we raise our Brent forecast to $90/bbl for 2026 (from $80/bbl) and $78/bbl for 2027 (from $70/bbl), reflecting a materially tighter physical market year to date. The upgrade is driven by ongoing supply disruptions and clear inventory drawdowns across both crude and products as over 1bn barrels is removed from the system. In our base case, we assume the conflict ends before June, with flows gradually normalizing into 3Q. This implies tight balances persist in the near term before easing into year-end.

We also lift our long term Brent price assumption to $75/bbl from $70/bbl, anchored by a higher marginal cost of supply and potential LT geopolitical risks. We estimate the marginal barrel sits closer to ~$75/bbl, reflecting cost inflation and a shift in incremental supply toward higher cost regions outside the core Gulf producers. At the same time, post crisis strategic stockpiling and elevated geopolitical risk should sustain a higher risk premium. Taken together, even as markets rebalance, we see $75/bbl as a more appropriate long term incentive price for the industry.

We assume the Brent-WTI spread holds in the ~$4 to $6/bbl range over the forecast period, broadly consistent with recent regional dislocations. This implies WTI of around $85/bbl in 2026, $73/bbl in 2027 and $70/bbl in the long run. While rising US production and exports help keep the discount from widening too much, they are not enough to eliminate it, especially with global prices being driven by tight seaborne supply and disruptions from the Middle East.

Our long term oil price outlook is above current forward curve and consensus forecast. Current strip and consensus imply Brent of around $72/bbl and $70/bbl respectively, below our $75/bbl assumption. In our view, the market is underestimating the duration of supply constraints and the stickiness of higher marginal costs, leaving our forecasts structurally above expectations.

We acknowledge that the outlook remains highly fluid given uncertainty around the conflict and the path to normalization. On the downside, a faster than expected resolution, combined with higher supply from countries looking to ramp up production such as the UAE and Venezuela, could ease balances and pressure prices, particularly if demand softens with faster transition to non-fossil fuels longer term. On the upside, disruptions could persist longer, with slower restarts and limited near term spare capacity forcing continued inventory drawdowns from already depleted levels, particularly in Asia. This would keep the physical market tighter for longer and support prices above our base case.

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BERNSTEIN TICKER TABLE

			8 May 2026		TTM		Reported EPS			Reported P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
386.HK (SinoPec)	U	HKD	4.61	4.50	(32.8)%	CNY	0.29	0.36	0.33	13.9	11.0	12.0
600028.CH (SinoPec)	U	CNY	5.22	4.40	(56.6)%	CNY	0.29	0.36	0.33	18.1	14.4	15.7
857.HK (PetroChina)	O	HKD	10.59	13.20	25.0%	CNY	0.86	1.24	1.05	10.7	7.4	8.7
601857.CH (PetroChina)	M	CNY	11.12	12.60	(11.0)%	CNY	0.86	1.24	1.05	12.9	9.0	10.6
883.HK (CNOOC)	O	HKD	26.44	31.70	8.0%	CNY	2.56	3.88	3.17	9.0	5.9	7.2
1605.JP (Inpex)	M	JPY	3,788.00	3,990.00	63.8%	JPY	330.82	449.77	412.65	11.5	8.4	9.2
PTTEP.TB (PTTEP)	M	THB	148.50	145.00	(2.0)%	USD	0.46	0.67	0.54	10.0	6.8	8.5
STO.AU (Santos)	O	AUD	7.52	8.90	(24.2)%	USD	0.25	0.69	0.59	21.7	7.9	9.3
WDS.AU (Woodside Energy)	M	AUD	30.05	33.00	(1.0)%	USD	1.42	2.24	1.67	15.3	9.7	13.0
ASIAX			1,975.48									
JPL			2,493.75									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

The closure of the Strait of Hormuz is the single largest disruption to energy flows, even larger than the 1973 OPEC embargo. Despite this, oil price has only doubled since the start of the year, compared with a quadrupling of price in 1973. What explains this difference is expectations. The market expects this conflict to be over soon and the Strait of Hormuz to re-open. We have no unique insight into this, but the alternatives for the world economy if this did not happen would be devastating which makes us believe that some form of agreement will be worked out which allows a de-escalation.

Some will argue that this is wishful thinking, but with the current stalemate, it seems in no one's interest for this to perpetuate. Nevertheless, even if the Strait of Hormuz reopen, physical oil markets will remain disrupted for the months to come given damage to the Middle East infrastructure plus the logistical challenges of getting tankers back to the Arab Gulf and then back to Asia again with new supply. As such, we now expect oil price to average US$90/bbl this year, which implies Brent will trade in the range of US$80-100/bbl for the rest of the year.

Longer term, the big debate is whether events in the Middle East will be bullish or bearish for oil price. Bulls will argue that the conflict is positive, given the probability that disruption can and will happen again as long as Iran harbors ambitions to obtain nuclear power. Bears, on the other hand, will point to the accelerated demand destruction which will come from this event and a fracturing of OPEC which could lead to a surge in new supply from the UAE.

In our view, the best indicator of long term oil price is and always has been marginal cost, and we adjust our long term oil price from US$70 to US$75/bbl to reflect our view of marginal cost adjusted for inflation and potentially a higher call on barrels from outside the Middle East. For Henry Hub there is no change to our price deck of US$5/mmbtu and for LNG we expect spot price to reach US$15/mmbtu this year before subsiding to the US$12/mmbtu longer term.

DETAILS

ENERGY PRICE FORECAST

We raise our Brent price forecast to $90/bbl for 2026 (from $80/bbl) and $78/bbl for 2027 (from $70/bbl), reflecting a materially tighter physical market year to date, driven by ongoing supply disruptions and visible inventory drawdowns across crude and products. Our base case assumes a reopening by June with flows normalizing by September, implying tight balances persist in the near term before easing into 2H, while we also lift our long term Brent assumption to $75/bbl from $70/bbl, anchored by a higher marginal cost of supply, which we estimate now sits closer to ~$75/bbl given cost inflation and a shift in incremental supply towards higher cost regions outside the core Gulf producers. At the same time, post-crisis strategic stockpiling and a higher perceived geopolitical risk premium support prices, and taken together, we see $75/bbl as a more appropriate long term clearing price for the industry even as markets normalize.

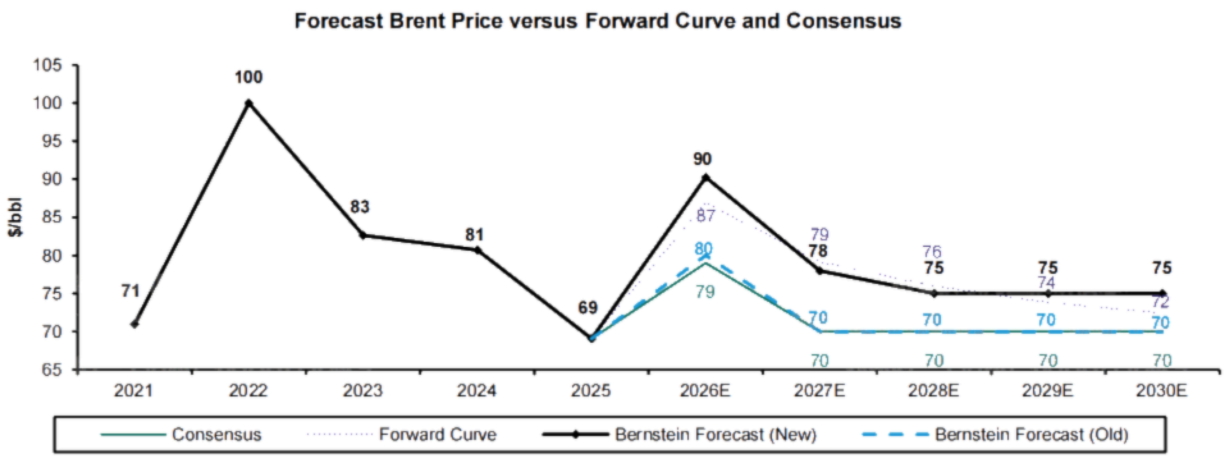
EXHIBIT 1: **Bernstein Energy price forecast**

Price Assumptions	2023	2024	2025	2026E	2027E	2028E+
Oil Price ($/bbl)						
Brent (Bernstein)	**83**	**81**	**69**	**90**	**78**	**75**
Consensus				*79*	*70*	*70*
Futures				*87*	*79*	*72*
WTI (Bernstein)	**78**	**76**	**65**	**85**	**73**	**70**
Consensus				*76*	*66*	*66*
Futures				*83*	*74*	*66*
Brent-WTI (Bernstein)	**5.0**	**4.8**	**4.2**	**5.0**	**5.0**	**5.0**
Consensus				*3.0*	*3.8*	*4.3*
Futures				*4.1*	*5.2*	*6.2*
Gas Price ($/mmbtu)						
JKM (Bernstein)	**14.4**	**11.9**	**12.2**	**15.0**	**12.0**	**12.0**
Consensus				*16.0*	*11.3*	*9.1*
Futures				*16.4*	*13.2*	*8.5*
Henry Hub (Bernstein)	**2.5**	**2.2**	**3.5**	**5.0**	**5.0**	**5.0**
Consensus				*3.8*	*4.0*	*4.0*
Futures				*3.6*	*3.6*	*3.6*

Source: Bloomberg, Bernstein estimates and analysis

Our long term oil price outlook is above current forward curve and consensus forecast. Current strip pricing and consensus implies Brent price of around $72/bbl and $70/bbl respectively which is below our $75/bbl assumption. We think this underestimates the duration of supply constraints and the stickiness of higher costs of supply, leaving our forecasts structurally above market expectations.

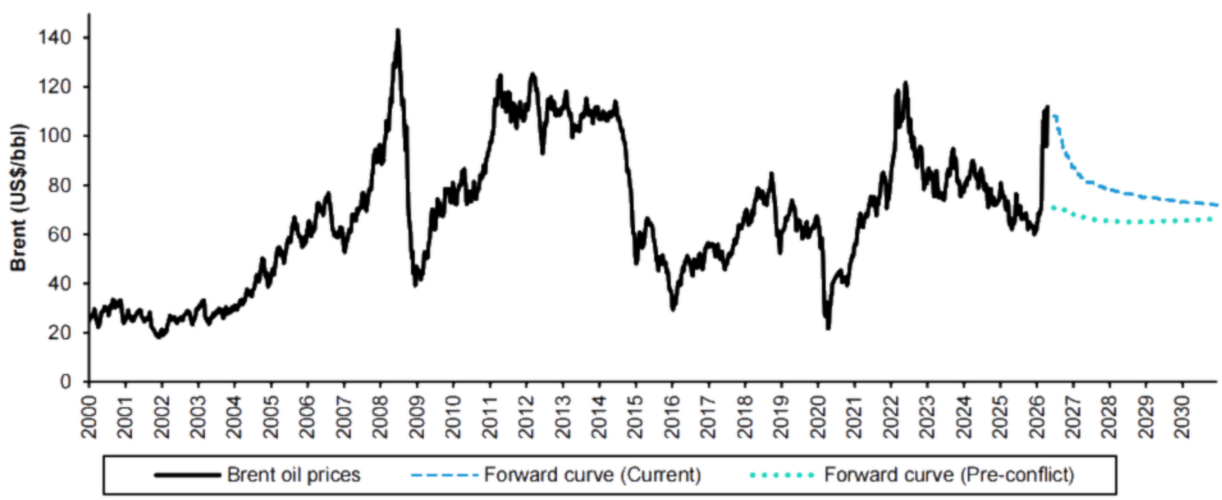
EXHIBIT 2: **Brent oil price forecast versus consensus and forward curve**



Source: Bloomberg, Bernstein estimates and analysis

Our long-term forecast of $75/bbl is above current strip prices imply a long-term Brent price of $72/bbl and pre-conflict long-term price of $67/bbl. This suggests the market is pricing in some structural tightness but not a sustained risk premium beyond the near term.

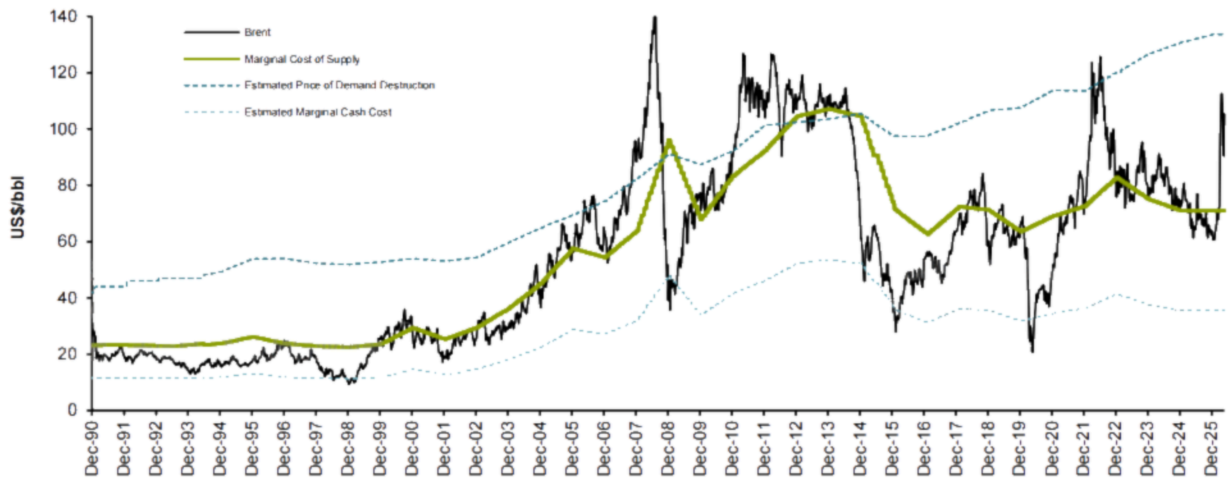
EXHIBIT 3: **Our long-term forecast of $75/bbl is above current strip prices imply a long-term Brent price of $72/bbl and pre-conflict long-term price of $67/bbl**



Source: Bloomberg, Bernstein analysis

Brent is currently trading around $100/bbl, well above the marginal cost of supply at $75/bbl. Under normal conditions, oversupply would push prices below marginal cost in the near term. However, the ongoing supply disruption from the Strait of Hormuz closure has elevated prices, with the market pricing in a significant risk premium. Any extension of the conflict or further geopolitical disruptions could drive prices higher still.

EXHIBIT 4: **Our long term price is set by the marginal cost of oil which is around $75/bbl**

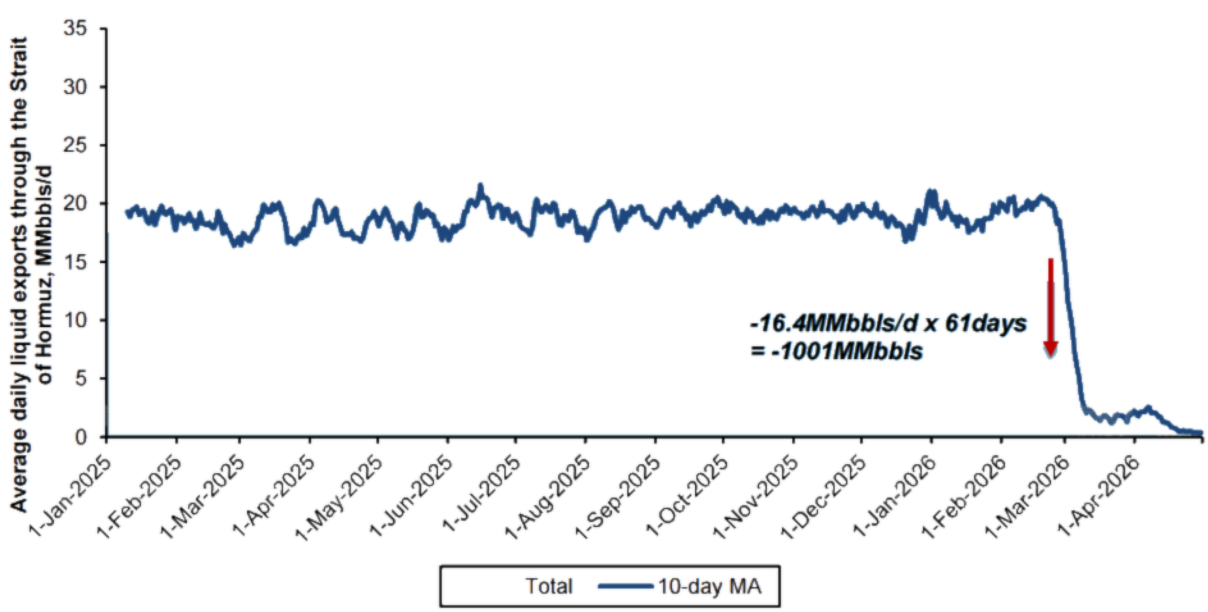


Source: Corporate reports, Bloomberg, Bernstein estimates and analysis

OIL INVENTORIES

The Strait of Hormuz was effectively closed at the start of March after the February 28 escalation, and the impact on regional flows was immediate. Tanker movements through Hormuz fell to extremely low levels in early March, with traffic still heavily suppressed by March 10, and even by April 11 only a few laden tankers had started to move out of the Gulf, highlighting how slowly flows were normalizing

EXHIBIT 5: **Average daily liquids flows through the Strait of Hormuz remain sharply below normal since the start of the conflict**

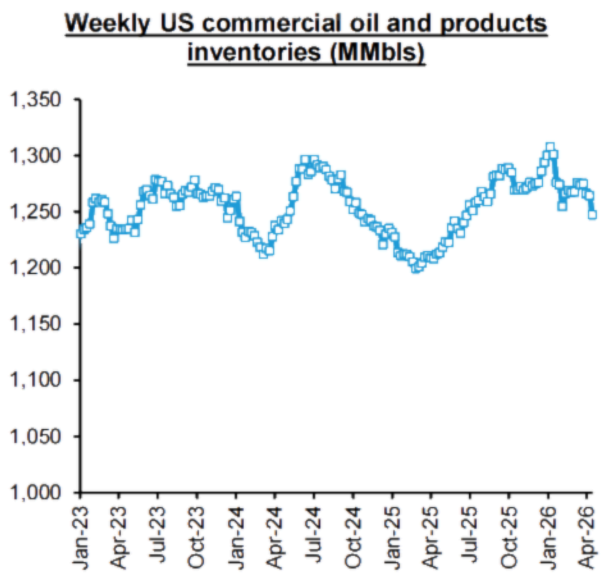


Source: Kpler, Bernstein analysis

WEEKLY US OIL INVENTORIES

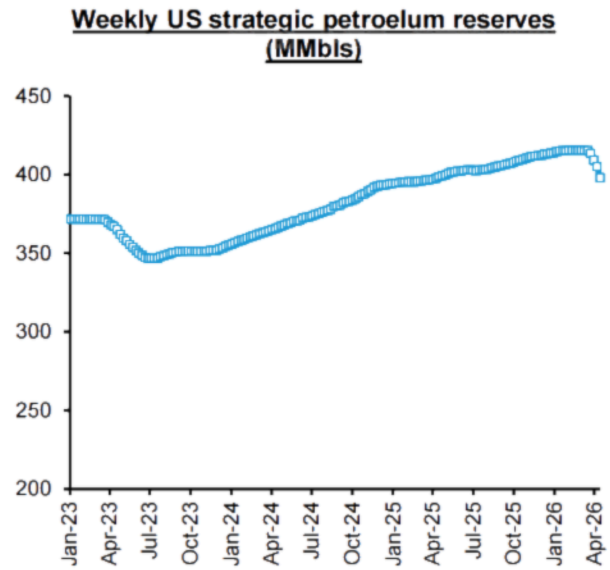
In the US, the weekly data suggest the inventory picture became materially tighter from mid-April onward. For the week ending April 10, commercial crude drew by about 0.9MMbbls and total commercial petroleum inventories fell by 9.0MMbbls, while by late April refined products were drawing sharply, with gasoline and distillates down a combined 10.6MMbbls in the April 24 week, indicating that the balance was tightening first in products and then more broadly in total liquids. At the same time, the SPR has continued to trend lower, reinforcing that part of the global adjustment is still being met through strategic rather than purely commercial barrels.

EXHIBIT 6: **US commercial crude and product inventories have been drawing since mid-April as the market tightens**



Source: EIA, Bloomberg, Bernstein analysis

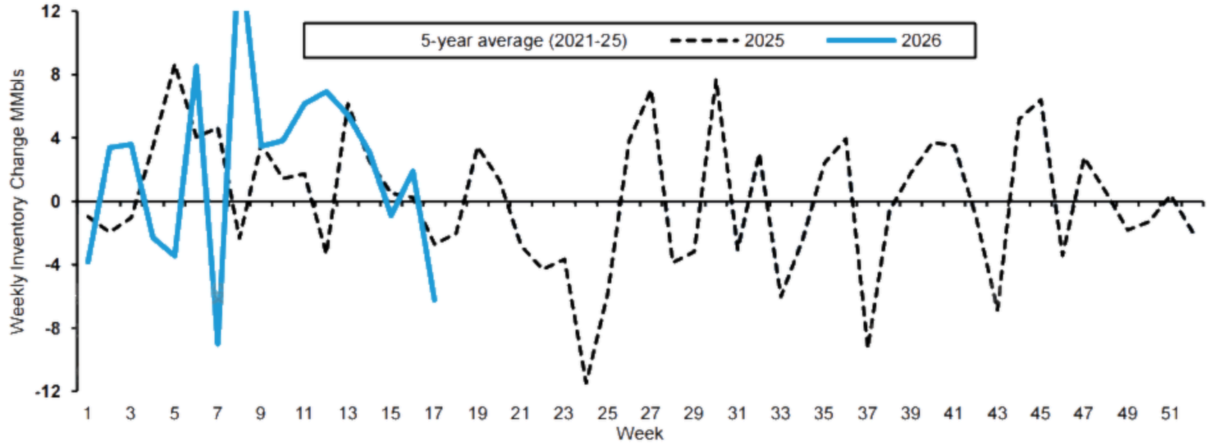
EXHIBIT 7: **US SPR inventories draws are helping absorb part of the global supply shock**



Source: EIA, Bloomberg, Bernstein analysis

The combination of declining commercial inventories and continued SPR drawdowns indicates the US is helping absorb part of the global supply shock, even as higher domestic supply partly offsets it. This matters because stronger US production can slow the pace of global tightening, but it does not fully replace the loss of Middle East barrels in either quality or logistics, especially for Asian buyers.

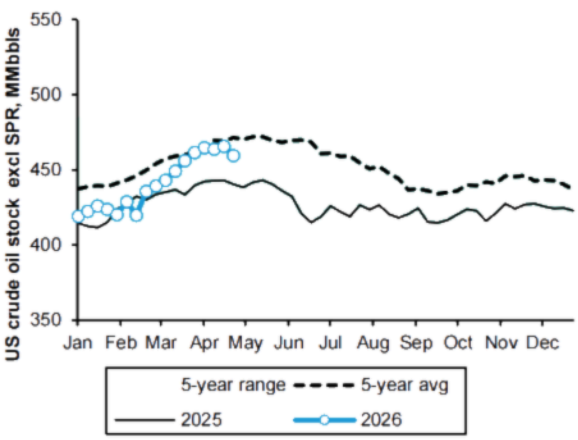
EXHIBIT 8: **US commercial oil inventories are drawing counter-cyclically versus historical 5-year average**



Source: Bloomberg, Bernstein analysis

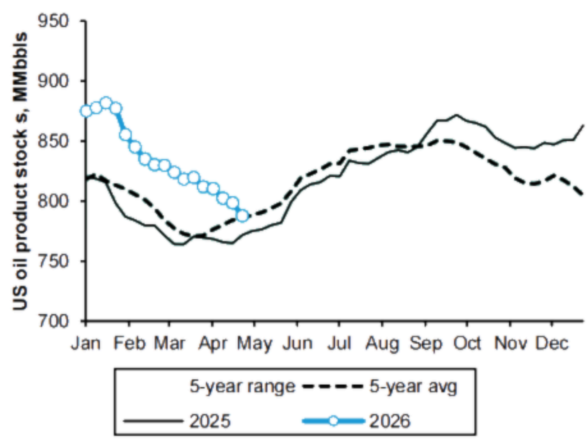
Recent US weekly data suggest commercial crude inventories have been drawing as the market works through tighter seaborne supply and stronger refinery runs, while product balances have also become more sensitive to disruptions in global crude and feedstock flows.

EXHIBIT 9: **US commercial crude oil stocks are starting to tighten**



Source: EIA, Bernstein analysis

EXHIBIT 10: **US product inventories have fallen materially**



Source: EIA, Bernstein analysis

WEEKLY OECD INVENTORIES

We track observable weekly inventory data as a leading indicator for monthly OECD commercial inventories. The correlation between weekly changes in US commercial crude and product inventories and broader OECD inventory movements has historically been strong. Since mid-April, weekly US commercial inventories have been drawing at an accelerating pace, with crude stocks down sharply and product inventories also weakening materially as refiners run hard and exports remain elevated. Based on the weekly data, we expect OECD commercial inventories to have fallen by around 45MMbls in April, one of the largest monthly draws in recent years.

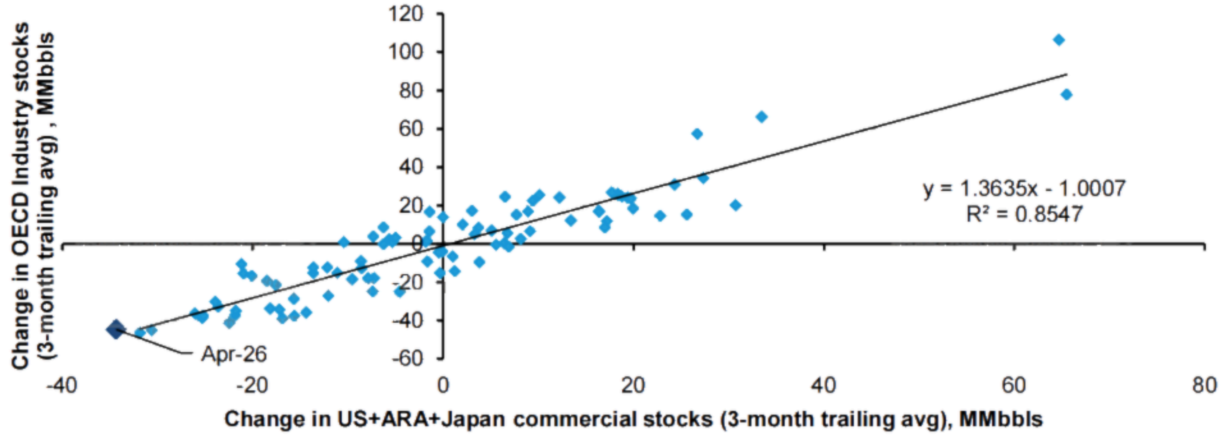
EXHIBIT 11: **Global observed weekly inventories are drawing across OECD and visible floating storage as disrupted Gulf flows force stock adjustments**

	OECD Inventories				Non-OECD inventories			
For the week beginning	US total inventories excl SPR MMbbls	ARA product inventories MMbbls	Japan commercial stocks MMbbls	US + ARA + Japan stocks MMbbls	Singapore product inventories MMbbls	Floating inventories MMbls	UAE product inventories MMbbls	Singapore + Floating +UAE MMbbls
9/7/2025	1282	47	143	1472	48	78	16	142
9/14/2025	1282	46	144	1471	48	72	13	133
9/21/2025	1288	46	136	1471	52	82	15	148
9/28/2025	1287	46	137	1470	50	87	13	151
Sep-25	**1287**	**46**	**137**	**1470**	**50**	**87**	**13**	**151**
10/5/2025	1289	46	137	1472	49	84	16	150
10/12/2025	1285	46	137	1468	47	94	16	157
10/19/2025	1269	44	137	1450	48	93	16	157
10/26/2025	1269	44	137	1450	45	106	16	168
Oct-25	**1269**	**44**	**137**	**1450**	**45**	**106**	**16**	**168**
11/2/2025	1272	45	137	1454	48	92	19	160
11/9/2025	1269	46	135	1450	51	106	22	179
11/16/2025	1271	45	133	1449	47	115	21	182
11/23/2025	1276	44	138	1458	46	138	21	205
11/30/2025	1273	44	136	1453	48	160	23	231
Nov-25	**1276**	**44**	**138**	**1458**	**46**	**138**	**21**	**205**
12/7/2025	1275	45	133	1453	49	130	21	200
12/14/2025	1276	46	133	1454	46	142	20	208
12/21/2025	1286	46	129	1461	48	140	19	206
12/28/2025	1294	45	137	1476	49	154	19	223
Dec-25	**1294**	**45**	**137**	**1476**	**49**	**154**	**19**	**223**
1/4/2026	1300	45	134	1479	48	153	20	221
1/11/2026	1308	47	130	1485	48	155	21	225
1/18/2026	1301	48	130	1479	51	134	23	208
1/25/2026	1276	47	130	1452	49	141	21	211
Jan-26	**1276**	**47**	**130**	**1452**	**49**	**141**	**21**	**211**
2/1/2026	1274	47	130	1451	49	134	20	203
2/8/2026	1255	47	126	1427	48	124	21	192
2/15/2026	1266	47	129	1442	45	112	21	178
2/22/2026	1269	45	131	1445	51	109	21	180
Feb-26	**1269**	**45**	**131**	**1445**	**51**	**109**	**21**	**180**
3/1/2026	1267	46	127	1440	50	120	21	191
3/8/2026	1267	45	126	1438	50	99	16	165
3/15/2026	1276	42	124	1441	47	97	14	159
3/22/2026	1274	41	120	1434	50	94	14	158
3/29/2026	1275	41	118	1434	50	144	13	207
Mar-26	**1274**	**41**	**120**	**1434**	**50**	**94**	**14**	**158**
4/5/2026	1266	38	117	1421	50	142	13	205
4/12/2026	1264	36	117	1418	52	105	10	167
4/19/2026	1247	36	117	1401	50	119	6	176
4/26/2026	1247	36	117	1400	47	148	7	202
Apr-26	**1247**	**36**	**117**	**1400**	**47**	**148**	**7**	**202**

	OECD Inventories				Non-OECD inventories			
MoM change in inventories	US total inventories excl SPR MMbbls	ARA product inventories MMbls	Japan commercial stocks MMbbls	US + ARA + Japan stocks MMbbls	Singapore product inventories MMbbls	Floating inventories MMbls	UAE product inventories MMbbls	Singapore + Floating +UAE MMbbls
Sep-25	21.3	2.7	-4.6	19.4	2.5	7.1	-2.7	6.9
Oct-25	-17.8	-2.1	0.0	-19.9	-5.3	19.0	3.0	16.7
Nov-25	6.6	0.8	0.4	7.8	1.3	31.8	4.5	37.6
Dec-25	17.9	0.1	-0.1	17.9	2.9	16.5	-1.9	17.6
Jan-26	-18.3	2.4	-7.6	-23.5	-0.5	-13.7	2.5	-11.8
Feb-26	-6.7	-1.7	1.3	-7.0	1.8	-32.1	-0.7	-31.0
Mar-26	4.7	-4.6	-11.2	-11.1	-0.7	-14.6	-6.8	-22.0
Apr-26	**-26.4**	**-5.2**	**-2.8**	**-34.4**	**-2.9**	**53.5**	**-7.0**	**43.5**

Source: EIA, Bloomberg, PAJ, Bernstein analysis

EXHIBIT 12: **Based on historical regressions, there is a 1.3x correlation between OECD inventories and US+ARA +Japan stocks (which we track closely)**



Source: EIA, Bloomberg, PAJ, IEA, Bernstein estimates and analysis

GLOBAL OIL S/D BALANCE

The current supply and demand outlook assumes the Strait reopens in time for Gulf barrels to return to Asia in 2H. For now, the global oil balance remains extremely tight and is being managed through inventory drawdown. With no vessels currently leaving the Gulf, crude imports into Asia are falling sharply, and the immediate shortfall is being absorbed through domestic inventory depletion and demand destruction as fuel prices rise.

EXHIBIT 13: **Global supply and demand balance assumes partial normalization of Gulf flows in 2H; delays would tighten the outlook materially**

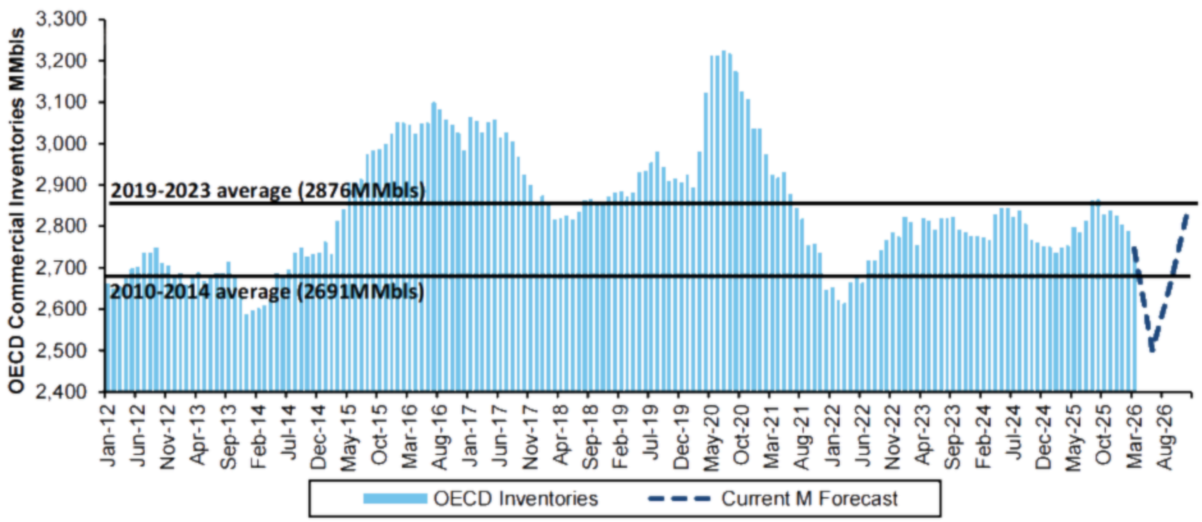
MMbls/d	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	26 vs 25
Total Demand	**102.9**	**103.6**	**105.4**	**105.4**	**103.4**	**102.1**	**105.5**	**106.0**	**102.0**	**103.5**	**104.3**	**104.3**	**-0.1**
Total Supply	**103.4**	**105.0**	**108.0**	**108.1**	**103.6**	**97.7**	**105.7**	**108.1**	**102.3**	**102.9**	**106.1**	**103.8**	**-2.4**
US	20.4	21.1	21.6	21.6	21.1	21.7	21.8	21.7	19.4	20.2	21.2	21.6	0.4
Russia	10.5	10.6	10.6	10.6	10.4	10.7	10.7	10.7	11.0	10.7	10.6	10.6	0.0
Other Non-OPEC	39.5	39.9	41.1	41.0	40.2	39.5	41.5	41.5	38.9	39.4	40.4	40.7	0.3
Non-OPEC Supply	**70.4**	**71.5**	**73.3**	**73.3**	**71.6**	**71.9**	**73.9**	**73.8**	**69.3**	**70.3**	**72.1**	**72.8**	**0.7**
Iraq	*4.3*	*4.2*	*4.5*	*4.5*	*3.5*	*1.6*	*2.3*	*3.7*	*4.3*	*4.3*	*4.4*	*2.8*	*-1.6*
Kuwait	*2.5*	*2.7*	*2.7*	*2.6*	*2.1*	*1.3*	*2.2*	*2.6*	*2.6*	*2.5*	*2.6*	*2.0*	*-0.6*
Nigeria	*1.5*	*1.5*	*1.4*	*1.4*	*1.4*	*1.4*	*1.4*	*1.4*	*1.2*	*1.3*	*1.4*	*1.4*	*0.0*
Saudi Arabia	*9.0*	*9.3*	*9.6*	*9.8*	*9.3*	*7.7*	*9.8*	*10.0*	*9.6*	*9.0*	*9.5*	*9.2*	*-0.2*
UAE	*3.2*	*3.4*	*3.6*	*3.6*	*3.2*	*2.5*	*3.3*	*3.8*	*3.3*	*3.2*	*3.5*	*3.2*	*-0.3*
Other OPEC-9	*1.4*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*0.1*
Total OPEC-9	***22.0***	***22.5***	***23.4***	***23.5***	***21.0***	***15.9***	***20.6***	***23.0***	***22.5***	***21.8***	***22.8***	***20.1***	***-2.7***
Iran	*3.4*	*3.3*	*3.3*	*3.4*	*3.6*	*3.6*	*3.5*	*3.5*	*3.0*	*3.3*	*3.4*	*3.5*	*0.2*
Venezuela	*0.9*	*0.9*	*1.0*	*1.0*	*0.8*	*1.0*	*1.0*	*1.0*	*0.8*	*0.9*	*0.9*	*1.0*	*0.0*
Libya	*1.2*	*1.2*	*1.3*	*1.3*	*1.3*	*1.2*	*1.3*	*1.3*	*1.2*	*1.1*	*1.2*	*1.3*	*0.0*
OPEC Crude	**27.5**	**27.9**	**29.0**	**29.1**	**26.7**	**21.7**	**26.4**	**28.8**	***27.4***	***27.1***	***28.4***	***25.9***	**-2.5**
OPEC NGLs	5.5	5.6	5.7	5.7	5.3	4.1	5.4	5.5	5.5	5.5	5.6	5.1	-0.5
Surplus (Deficit)	**0.5**	**1.4**	**2.6**	**2.7**	**0.2**	**(4.4)**	**0.2**	**2.1**	**0.3**	**(0.6)**	**1.8**	**(0.5)**	**(2.3)**
\ Global Inventory, MMbls	**43.8**	**130.4**	**234.6**	**250.5**	**20.4**	**(398.9)**	**14.4**	**191.4**	**106.5**	**(227.1)**	**659.4**	**(172.7)**	**(832.1)**
Including:													
Oil-on-water (inl floating)	*83.2*	*(17.8)*	*103.0*	*95.7*	*(140.2)*	*38.9*	*0.0*	*0.0*	**(57.7)**	**(98.6)**	**264.2**	**(101.3)**	*(365.5)*
OECD SPR	*-0.9*	*(3.8)*	*(2.9)*	*10.3*	*0.0*	*(200.0)*	*(200.0)*	*0.0*	**(7.1)**	**38.6**	**2.7**	**(400.0)**	*(402.7)*
China Inventories	*-24.2*	*81.8*	*7.3*	*47.5*	*8.0*	*0.0*	*40.0*	*40.0*	**38.6**	**46.0**	**112.3**	**88.0**	*(24.3)*
Other Non-OECD	*-7.0*	*27.4*	*24.3*	*48.5*					**(19.0)**	**(13.8)**	**93.2**	**0.0**	*(93.2)*
Balance (Unallocated)	*-2.7*	*5.4*	*21.1*	*90.8*	*202.2*	*11.1*	*10.0*	*(40.0)*	**150.3**	**(175.7)**	**114.6**	[illegible]	[illegible]
Less (-): Total Adjustment	**48.4**	**93.0**	**152.8**	**292.7**	**70.0**	**(150.0)**	**(150.0)**	**0.0**	**105.1**	**(203.5)**	**587.0**	[illegible]	[illegible]
\ OECD Commercial, MMbls	**-4.6**	**37.4**	**81.8**	**(42.2)**	**(49.6)**	**(248.9)**	**164.4**	**191.4**	**1.4**	**(23.6)**	**72.4**	[illegible]	[illegible]
Call on OPEC Crude	***27.0***	***26.5***	***26.4***	***26.4***	***26.5***	***26.1***	***26.2***	***26.7***	***32.7***	***33.2***	***32.2***	[illegible]	[illegible]
Brent Oil Price Fct ($/bbl)									**82.6**	**80.7**	**69.1**	[illegible]	[illegible]

Total adjustment = Change in oil-on-water + Change in OECD SPR + Change in China inventories + Change in non-OECD inventories (excl. Chir

Positive = build, Negative = draw
Source: IEA, Bernstein estimates and analysis

If that reopening does not occur, the expected loosening in 2H becomes much harder to achieve. In that scenario, lost Middle East supply would continue to be offset through a combination of lower Asian imports, further draws in commercial and strategic inventories, and some demand destruction, implying a tighter physical market and greater upside to spot prices than in the current base case.

EXHIBIT 14: **OECD commercial inventories have been drawing steadily since January with draws accelerating since April**

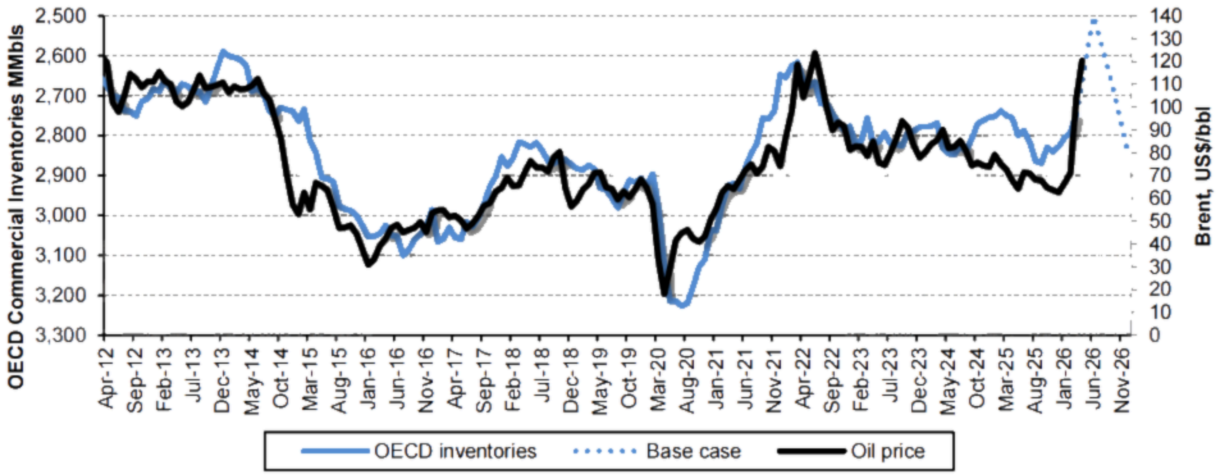


Source: IEA, Bloomberg, Bernstein analysis and estimates

OIL INVENTORIES VS OIL PRICE

OECD inventories remain critical for oil price tracking because they are timely, transparent and historically highly correlated with price, meaning sustained OECD draws usually confirm that the market is tightening in a way that is visible and price-supportive, even when part of the adjustment is occurring in less transparent non-OECD or sanctioned barrels.

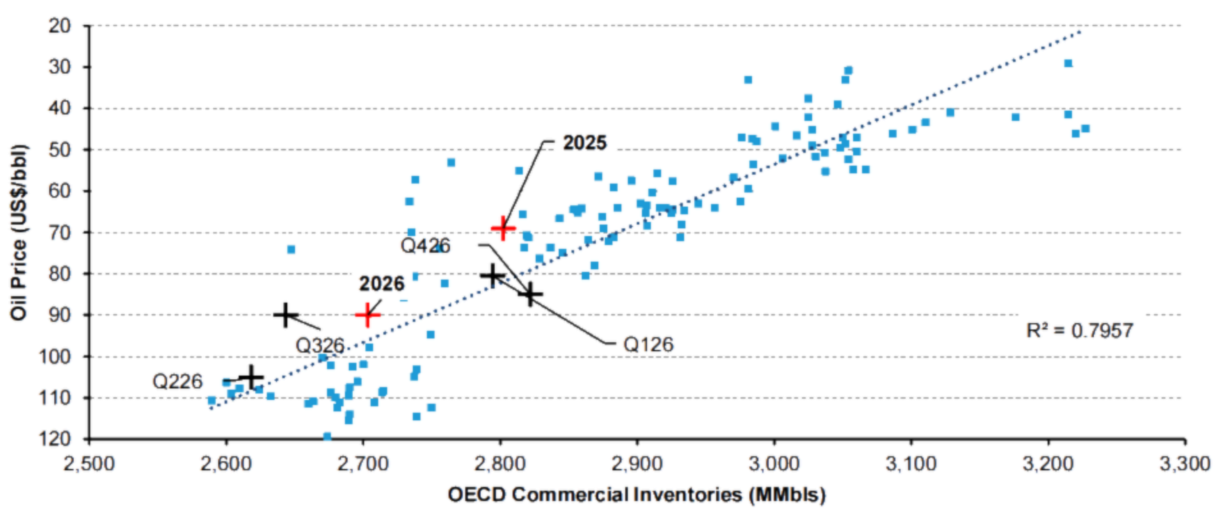
EXHIBIT 15: **OECD inventory draws have historically correlated closely with Brent price strength, supporting the current tightening narrative**



Source: Bloomberg, IEA, Bernstein estimates and analysis

On the current supply and demand outlook, Brent is expected to average around $90/bbl in 2026, with 1Q at $81/bbl, 2Q averaging around $100/bbl, easing to about $90/bbl in 3Q and $85/bbl in 4Q. This implies a full-year average of about $90/bbl.

EXHIBIT 16: **Brent expected to average $90/bbl in 2026, but reopening delay poses upside risk**



Source: Bloomberg, IEA, Bernstein estimates and analysis