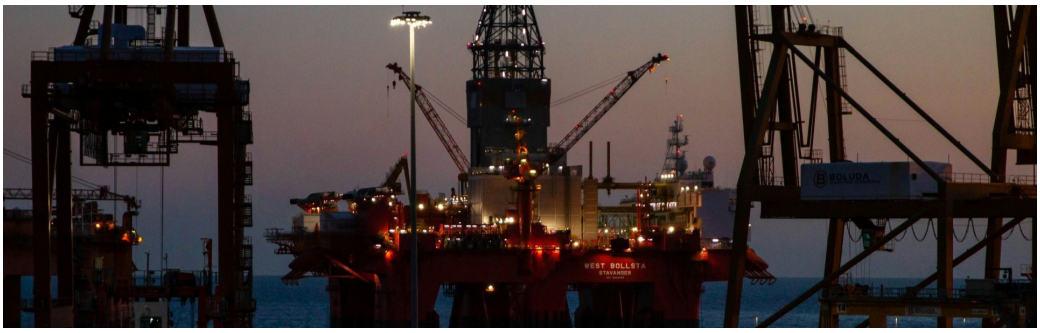
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Oil shock sparks memories of the 2022 energy crisis



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After a weak 2025, when global supply far exceeded demand, oil markets have been thrown into turmoil as the conflict in the Middle East has halted crude and Liquified Natural Gas (LNG) flows through the Strait of Hormuz. About 20% of the world's oil and LNG normally flow through this passage, which is now effectively blocked under the threat of Iranian attacks. With around 20 million barrels per day of crude and refined products removed from circulation, Brent spiked to $119.50 per barrel last weekend, now hovering at around $98 at the time of writing, up approximately 37% since before the conflict began. Dutch TTF, the European benchmark for natural gas, prices have also surged by around 65%.

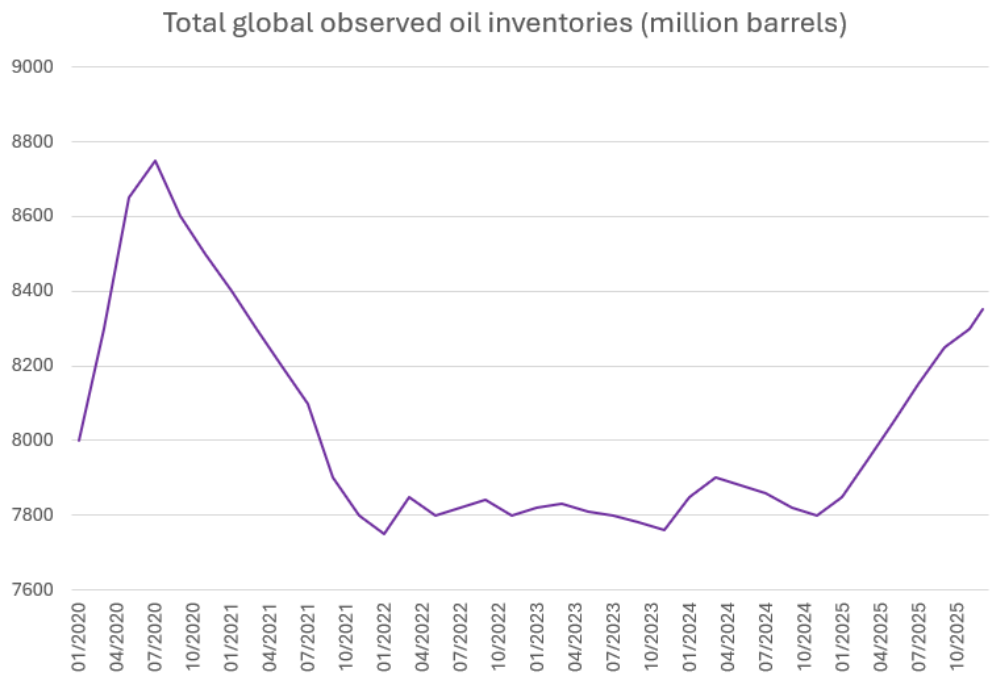
Financial markets have reacted strongly. With memories of the 2022 energy crisis, when Russia's invasion of Ukraine sent energy prices soaring and caused both bonds and equities to fall together, fresh in mind. Like in 2022, diversification has failed to offer protection, as both asset classes posted steep losses in response to the conflict. The jump in oil prices reflects investors' fear that this conflict could trigger a structural global supply shock, potentially delaying or even reversing monetary easing as central banks confront renewed inflation pressures.

But compared to 2022, the global energy landscape looks quite different and economies are more prepared for such supply disruptions, even if the ultimate impact on prices will depend heavily on how long the conflict persists. The 2022 crisis was largely European and focused on

pipeline gas, while today's disruptions are global and affect both oil and LNG shipping routes. If the conflict drags on, the disruption could have a significant effect on global energy markets and economies. While we cannot predict when the conflict will be resolved, it is interesting to see how much the global energy situation has changed in four years, especially in Europe and the US.

A different global picture

Global oil inventories rose above 8.2 billion barrels in 2025, the highest level since 2021, providing an important buffer. International Energy Agency member countries collectively hold more than 1.2 billion barrels of public emergency oil stocks, and the agency this week announced a record release of 400 million barrels to mitigate the impact of the disruption as attacks continue to target shipping and energy infrastructure.



Source: IEA, BIL

China, the world's largest oil importer, has also built an estimated 120 days' worth of strategic reserves, giving it flexibility to release crude if needed. Although it continues to buy oil, largely turning to discounted Russian barrels, it has significant leeway should the conflict continue over a prolonged period.

Meanwhile, the structure of global energy supply has shifted dramatically. The US became the world's largest LNG exporter in 2023, overtaking Qatar and Australia, aided by Europe's pivot away from Russian gas. In 2025, US shale production hit record levels, and the country became the first to export more than 100 million metric tons of LNG in a single year.

The coordinated release of strategic oil reserves by the IEA can temporarily bolster global

supply, giving the US and other producers the time and flexibility needed to ramp up production and partially offset the loss of oil and LNG caused by the disruption in the Strait of Hormuz.

Winners and losers

For Europe, the energy shock is likely to be less devastating than in 2022, thanks to improved diversification. Russian gas dependence has fallen significantly, largely replaced by LNG, much of it coming from the United States. The EU now operates 33 LNG terminals, significantly expanding its import flexibility.

Still, Europe is not insulated. Any interruption of flows through the Strait of Hormuz immediately tightens global supply, forcing Europe into direct competition with Asia for available cargoes. This risk is compounded by the fact that Europe began 2026 with unusually low gas storage, at 30% full at the end of February, compared to 38% in 2025 and 62% in 2024. A prolonged disruption could impede the summer storage refill season, pushing up industrial energy costs and increasing the likelihood of inflation rising back above the European Central Bank (EBC)'s 2% target. Markets have already begun to price in the possibility of an ECB interest rate hike before year end in preparation of rising price pressures.

While Europe is better prepared than it was in 2022, the crisis highlights the ongoing challenge of achieving energy autonomy for the continent.

Across the Atlantic, the picture is markedly different. US consumers are already feeling the strain of higher gasoline prices, and inflation will likely rise in the near term. But unlike Europe, the United States also stands to benefit economically. Higher oil prices support increased shale production, capital spending, employment, and upstream investment. The US Energy Information Administration (EIA) expects US crude output to rise toward new records, and LNG exports remain elevated. While household spending will take a hit, the boost to GDP from higher production and export revenues could offset the drag.

Conclusion

The latest oil shock has rattled markets and revived memories of the 2022 energy crisis. While a lot has changed since 2022 and the global energy system is more diversified, more flexible, and better buffered than it was four years ago, we are still facing a significant energy supply disruption. Europe remains vulnerable, especially through LNG markets and low storage, but it is no longer facing an existential supply crisis. The United States, a net energy exporter, is positioned to benefit even as households feel the pinch.

Much will depend on how long the Strait of Hormuz remains disrupted. The longer the conflict continues, the greater the risk that temporary supply interruptions turn into structural losses, as damaged infrastructure and full storage tanks force production sites to shut down. The

danger of this is not only the immediate loss of output - once these facilities go offline, restarting them can take far longer and prove more complex than many assume. If the crisis persists, the true test will be whether the resilience built since 2022 is enough to prevent a temporary shock from becoming a lasting fracture in the global energy system.

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