



Global markets brace as USA enters the Israel-Iran conflict

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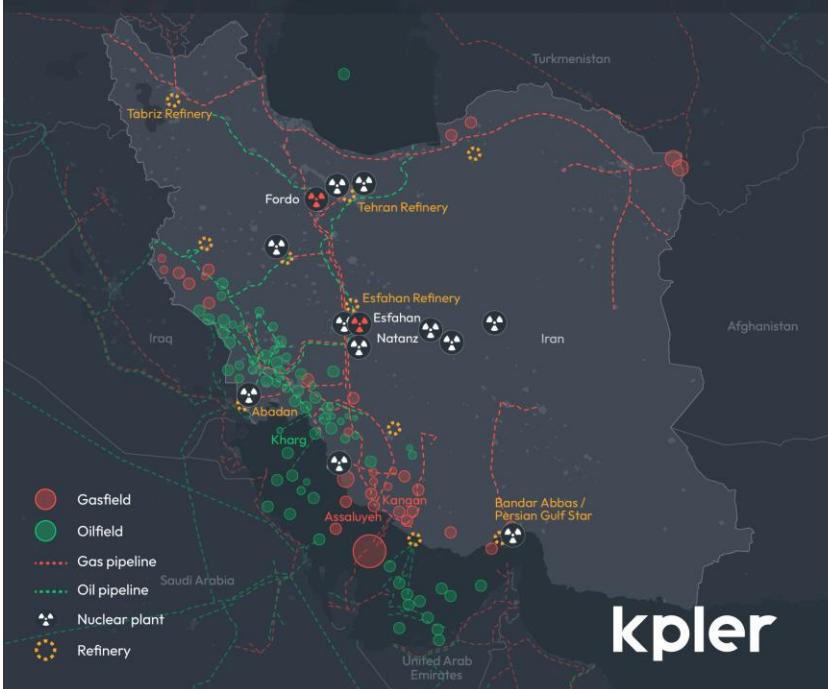
22 June 2025



The conflict escalates as the US launches attacks

Vessel movement is likely to be disrupted in the coming days and weeks

Key Iranian oil, gas and nuclear installations



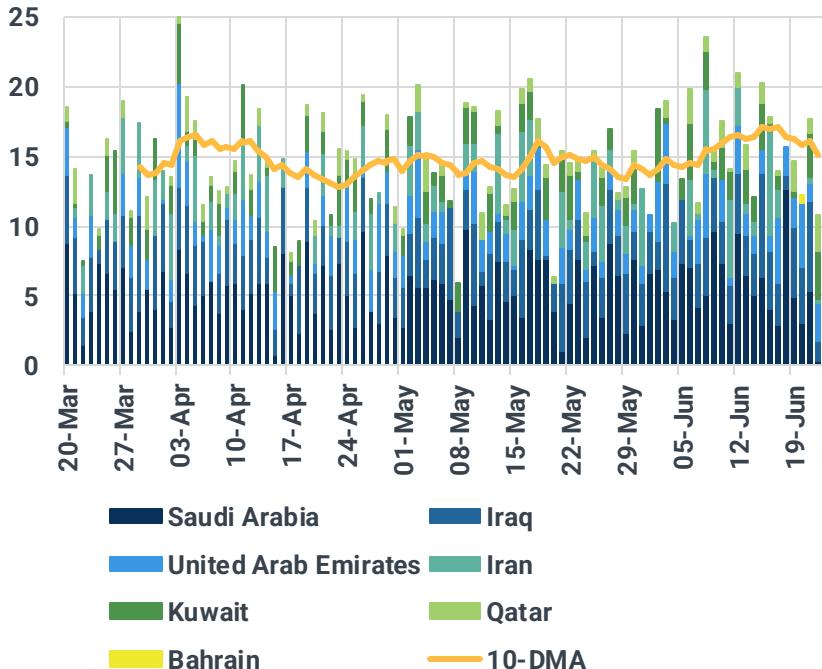
Crude and condensate carriers around Hormuz



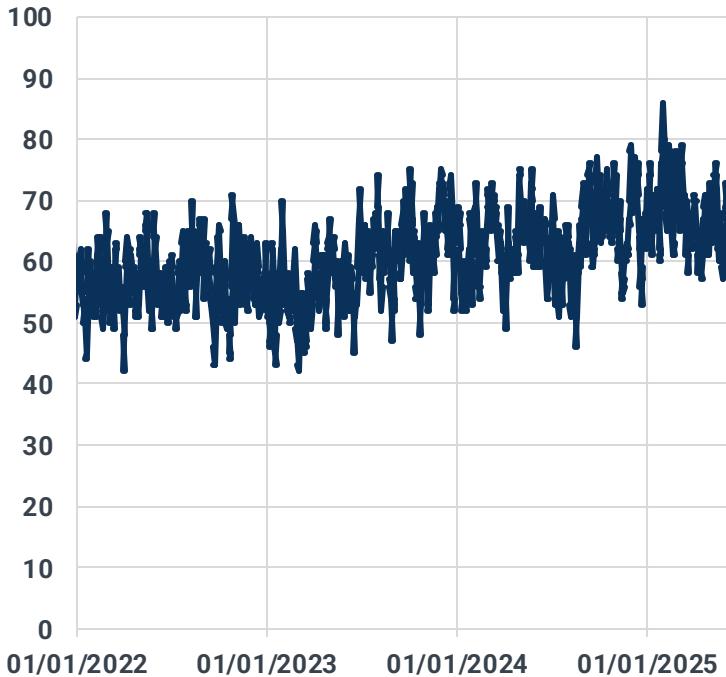
Export activity has remained strong since the first attack but will likely drop

The number of ballast vessels willing to adventure in the Gulf has decreased to a two and a half years low

Exports from the Mideast Gulf by country, Mbd



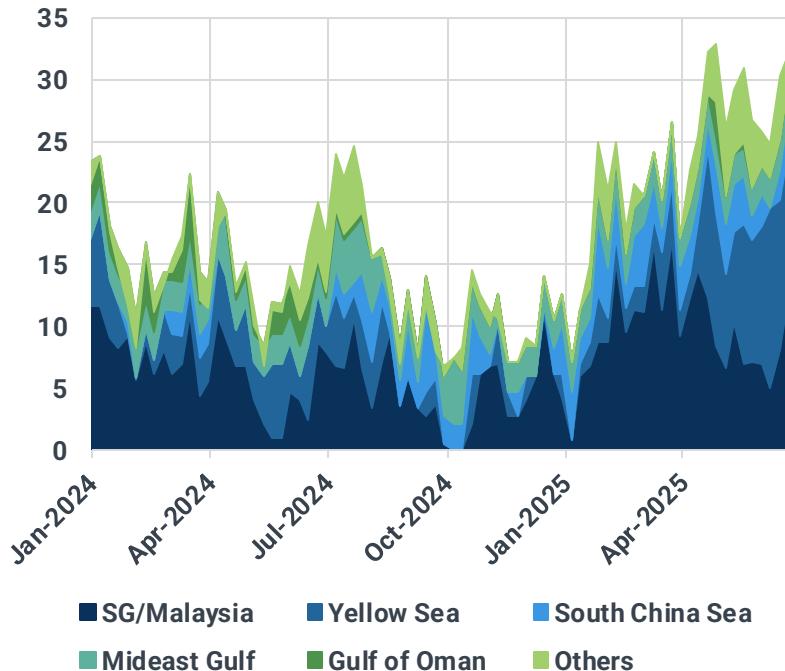
Count of ballast crude/condensate carriers in the Gulf



Sanctions tightening from the US increase logistical challenges

Rising geopolitical risks could also reduce the pool of tankers willing to take on risks of loading Iranian oil

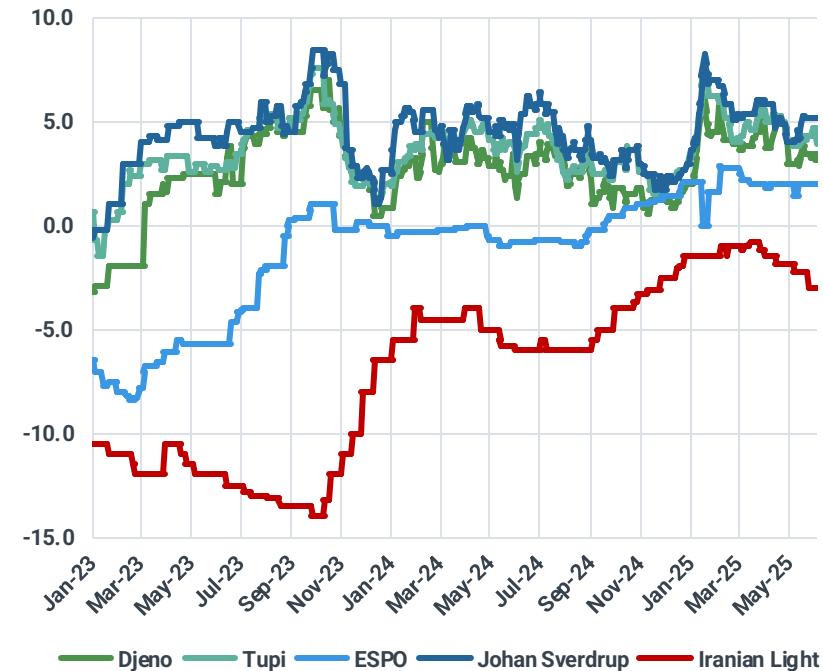
Iranian oil in floating storage, Mbbls



Source: Kpler

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Selected crude diffs vs ICE Brent on DES China basis, \$/bbl

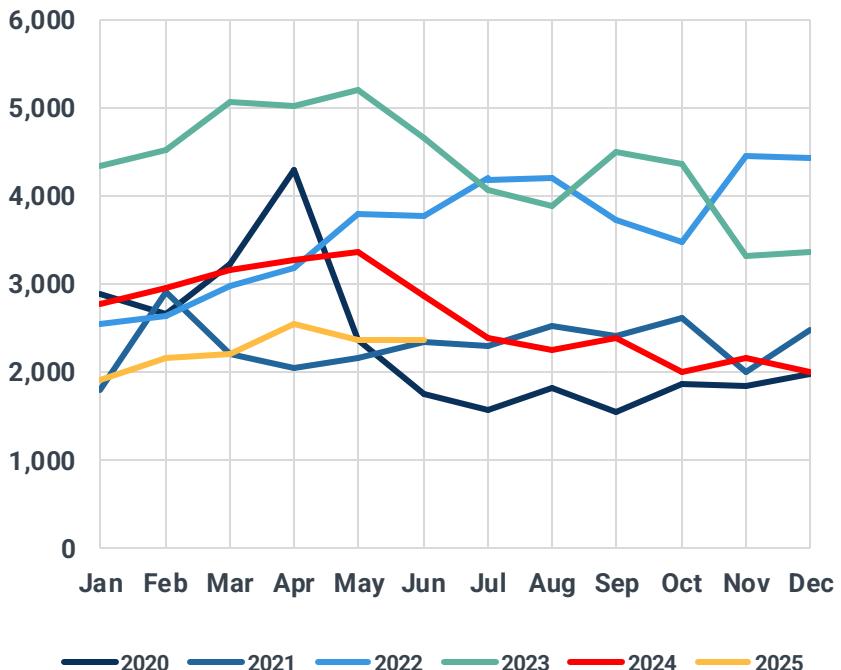


Source: Argus Media

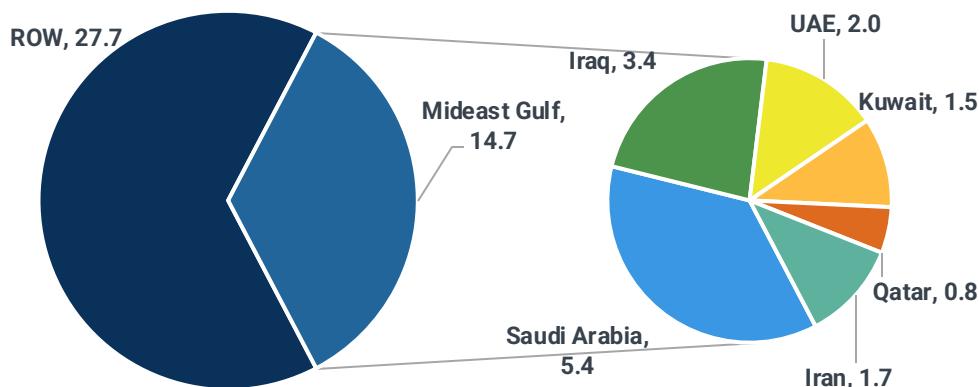
Major risks are disruptions to Iranian oil supply and closure of Strait of Hormuz

The probability of a Strait of Hormuz closure remains very low

Red Sea crude transit, kbd



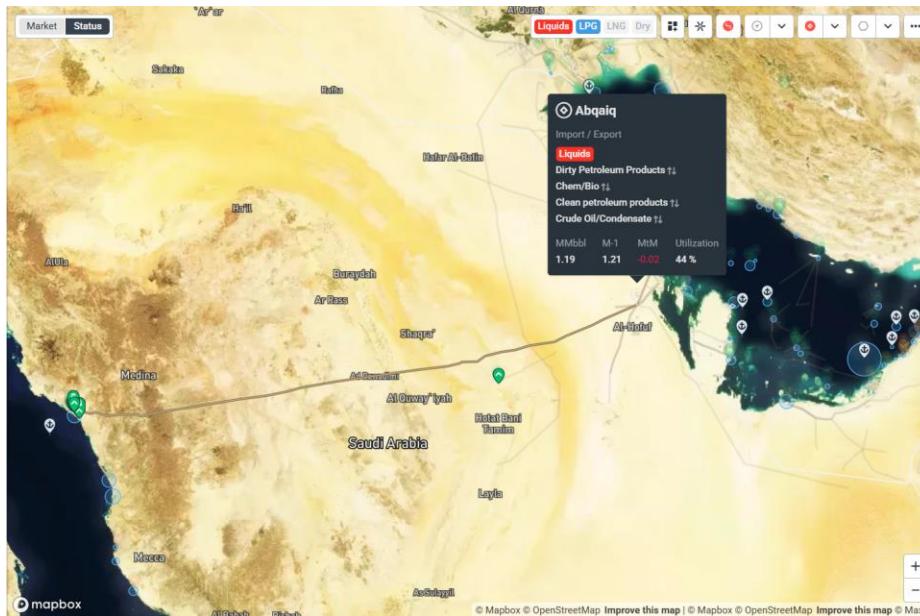
Global seaborne oil trade and share passing by the Strait of Hormuz, Mbd



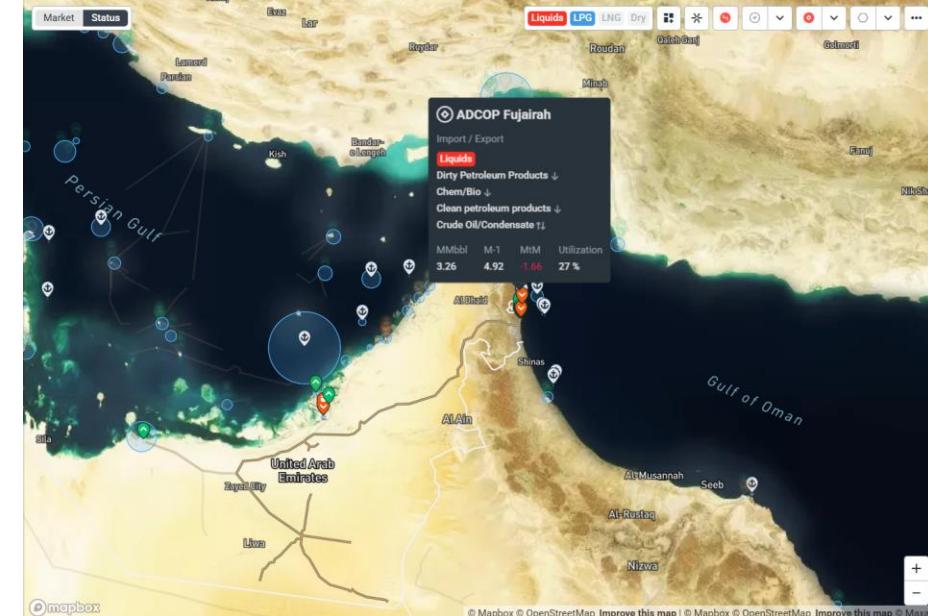
The ability to bypass the Strait of Hormuz exists but remains limited

Iran's own Jask terminal is only partially built (300-500 kbd capacity) and only saw one test shipment so far

Saudi East-West Pipeline: 7 Mbd,
utilisation rate 35%



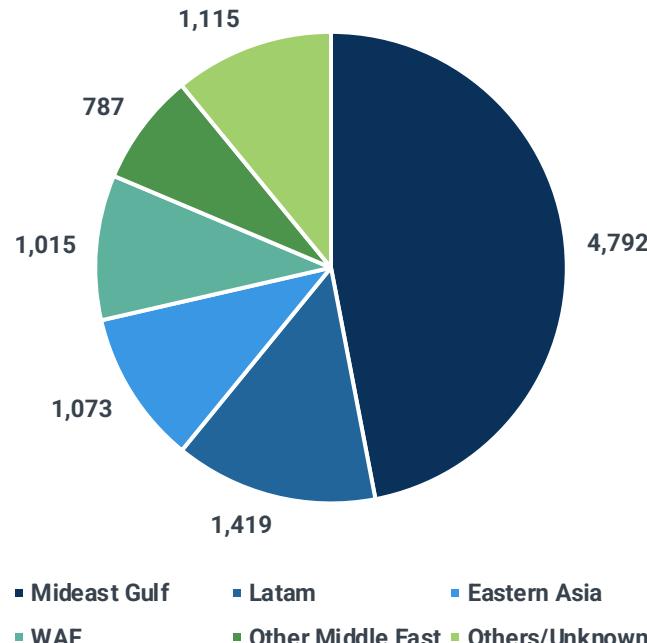
ADCOP pipeline: 1.5 Mbd,
utilisation rate 73%



China would be hit the most if the Strait of Hormuz is closed

Onshore inventories are enough to sustain 74 days of consumption

China oil imports by origin regions in 2025 ytd, kbd



Chinese onshore oil inventories, Mbbls



Source: Kpler

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While the risk remains low of an attack on downstream assets, it's not zero

Israel's Haifa has already been taken out of operation after a recent Iranian strike, with up to

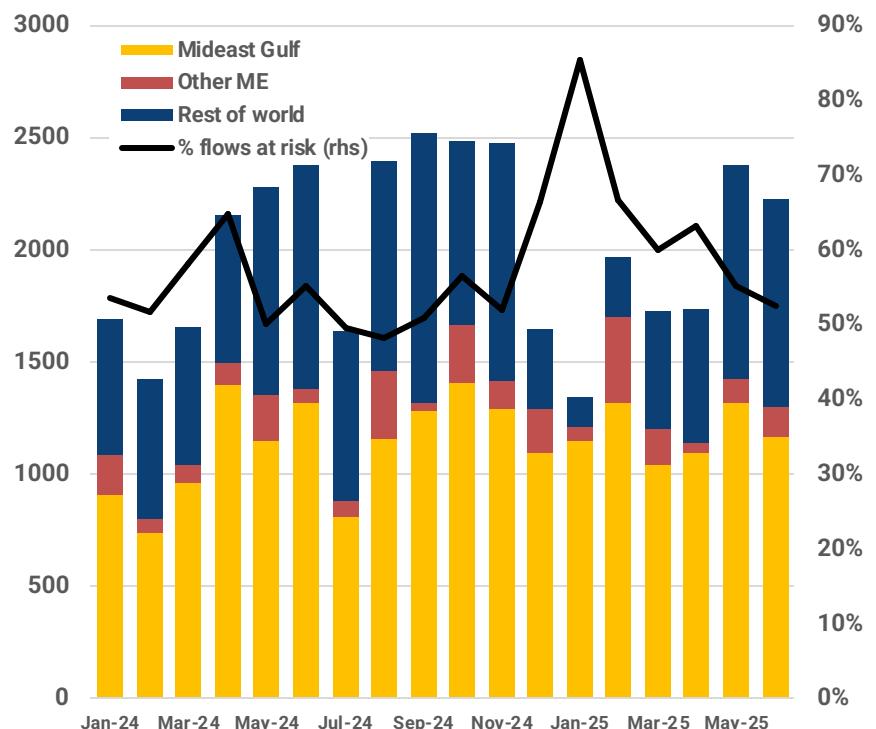
- Almost 1 Mbd of primary processing capacity in Iran is at potentially **high** risk of being targeted if the conflict escalates.
- We estimate that up to 2.5 Mbd of primary capacity could be taken out of the market, with middle distillate yields at refineries at risk (see chart) at around 30%, gasoline and fuel oil at 25% each.
- At the moment, Israel is facing a logistical challenge in supplying fuel to the domestic market, as Ashkelon is still undergoing maintenance and Haifa has been taken out after a recent rocket attack on the refinery.
- Middle distillates are again at the forefront here, with Russian ULSD exports to Israel having picked up materially in the last weeks.

Refinery	Location	Capacity(b/d)	Strategic Relevance	Risk Factors	Risk Level
Bandar Abbas	Near Strait of Hormuz (Gulf Coast)	360	Large Refineries	Near naval bases and the Strait of Hormuz, a major distillate supplier	Medium
Persian Gulf Star	Near Strait of Hormuz (Gulf Coast)	450		Near naval bases and the Strait of Hormuz, a major distillate supplier	Medium
Abadan	Khuzestan (SW Iran)	510		Located near the Iraqi border and the Persian Gulf, while farther from Israel, it's symbolic and operationally vital	Medium-High
Esfahan	Central Iran	360	Central logistics hub	Located in central Iran, close to major military industrial complexes, strategic for supplying central Iran.	High
Tehran Refinery	Southern Tehran	250	Supplies the capital region	Located near the capital and major government/military infrastructure, already been targeted in recent events.	High
Shazand Arak Refinery	Markazi Province	250	Supplies west/central Iran	Near missile production and research sites; strategically central and feeds both western and central markets.	High
Tabriz Refinery	NW Iran	115	Regional supply	Located in northwestern Iran, near military airbases and the Azerbaijan border, and in proximity to nuclear-related facilities, it may be vulnerable in the event of a regional escalation.	High
Shiraz Refinery	South-central Iran	60	Local consumption	Low strategic impact; less exposed	Low
Others		126	Minor role	Small size; limited regional impact	Low
Total Refining Capacity		2481			

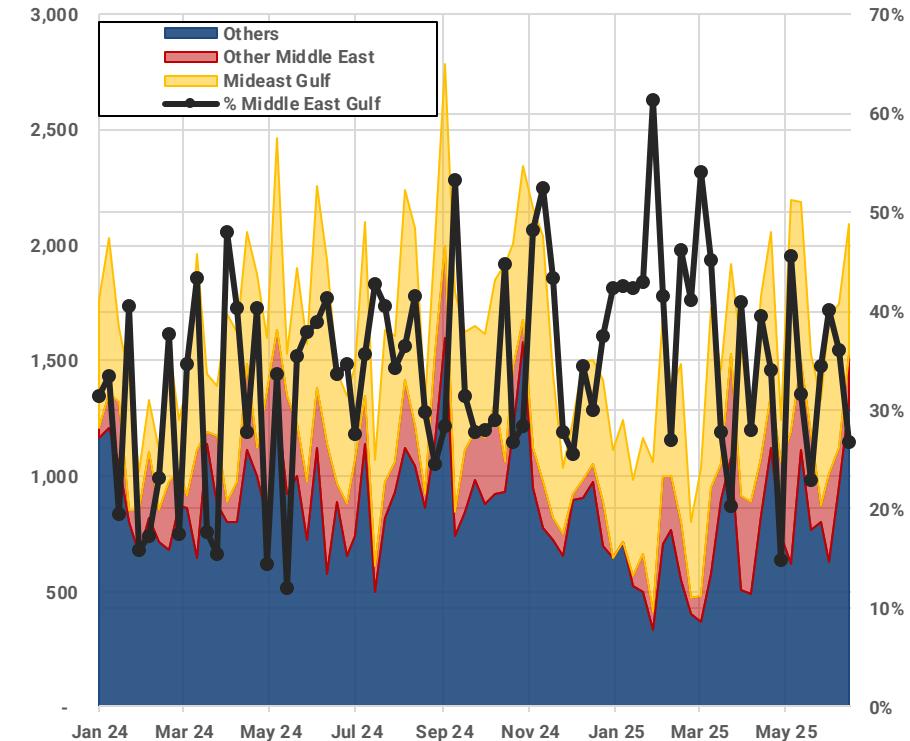
Middle distillates at the forefront again

Gasoil has already picked up notably since the start of the conflict, with jet set to benefit a lot from a potential disruption in flows

EU-27, UK jet/kero imports by region (kbd) vs flows at risk



EU-27, UK MD imports (kbd) vs Mideast Gulf share % (RHS)

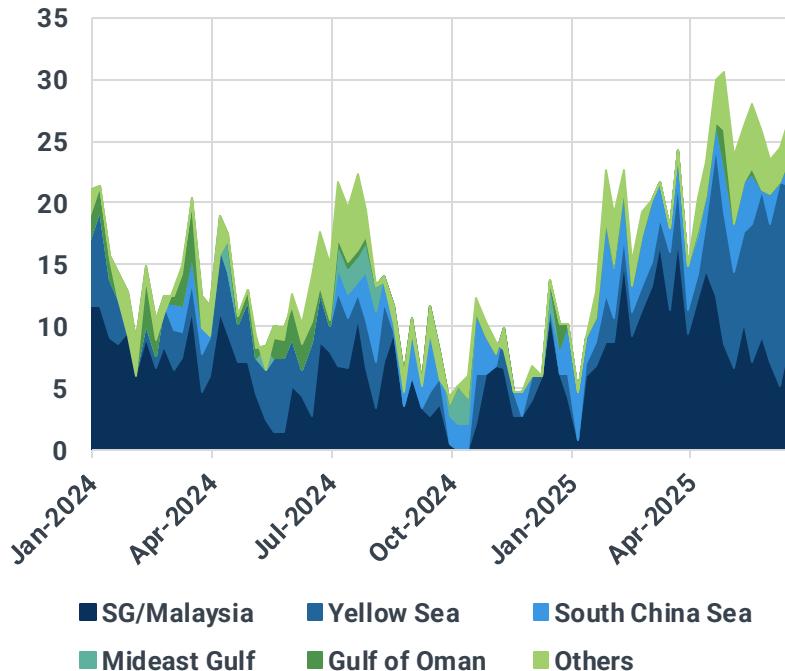


Thank you!

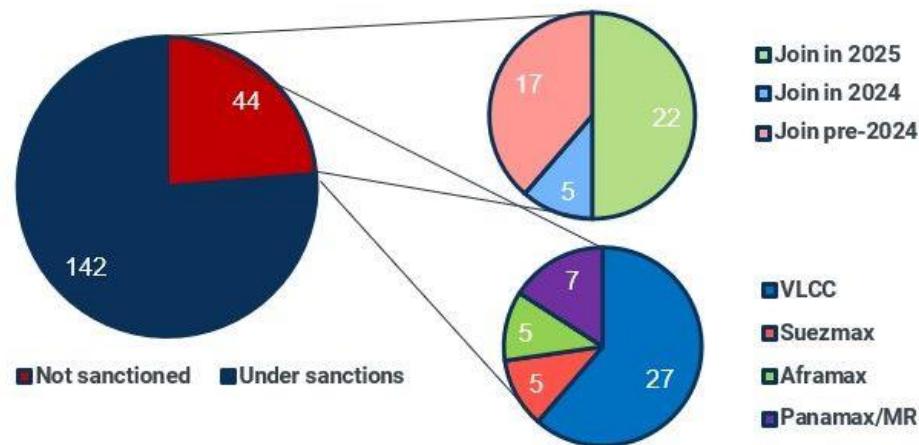
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Iranian oil in floating storage, Mbbls



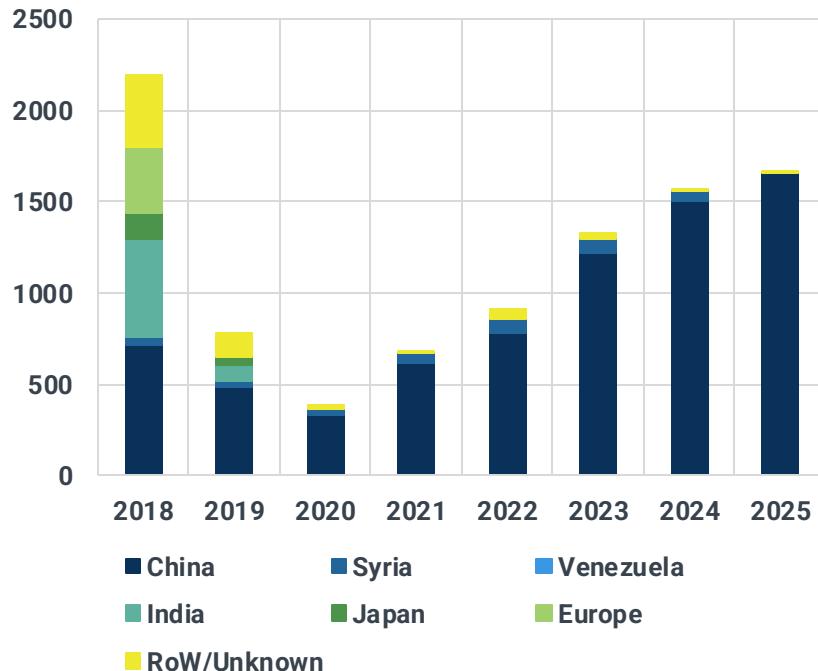
Tankers involved in Iranian crude oil shipments in 2025



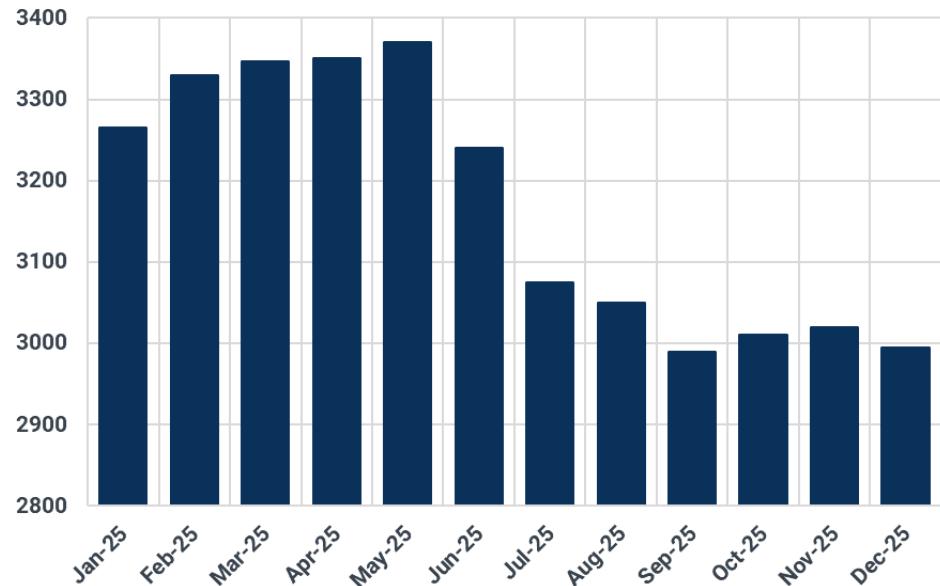
Iran's oil exports have reached new post-sanctions highs

Iran is China's second largest oil supplier after Russia

Iran oil exports by destination, kbd



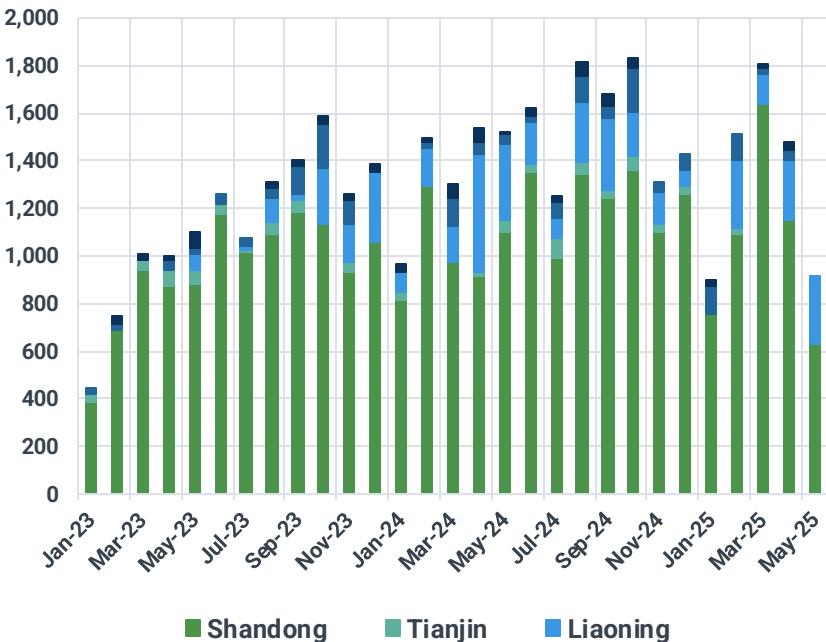
Iranian crude oil production forecast, kbd



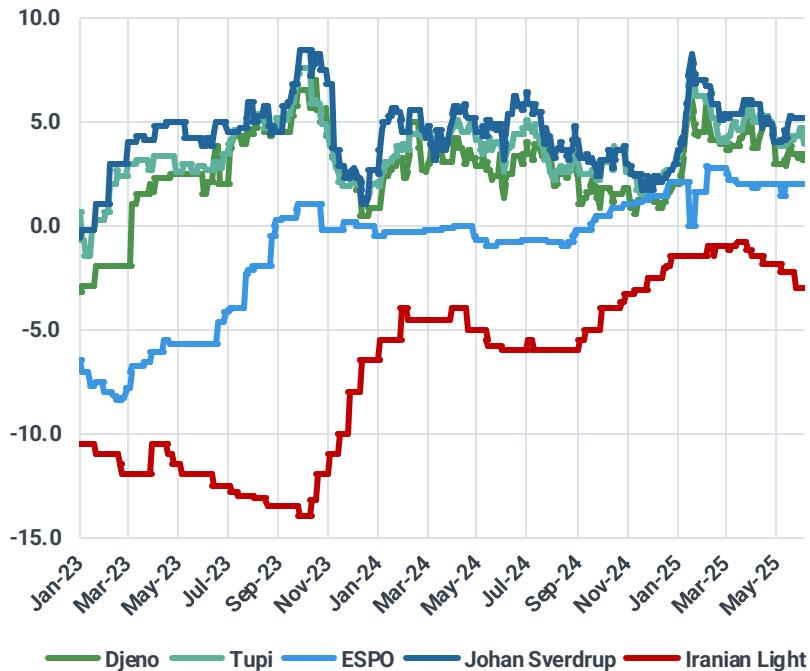
Access to Iranian oil remains critical for Chinese independent refiners

Iran Light remains around \$7/bbl cheaper than competing grades in Eastern China

Chinese oil imports from Iran by destination region, kbd



Selected crude diffs vs ICE Brent on DES China basis, \$/bbl



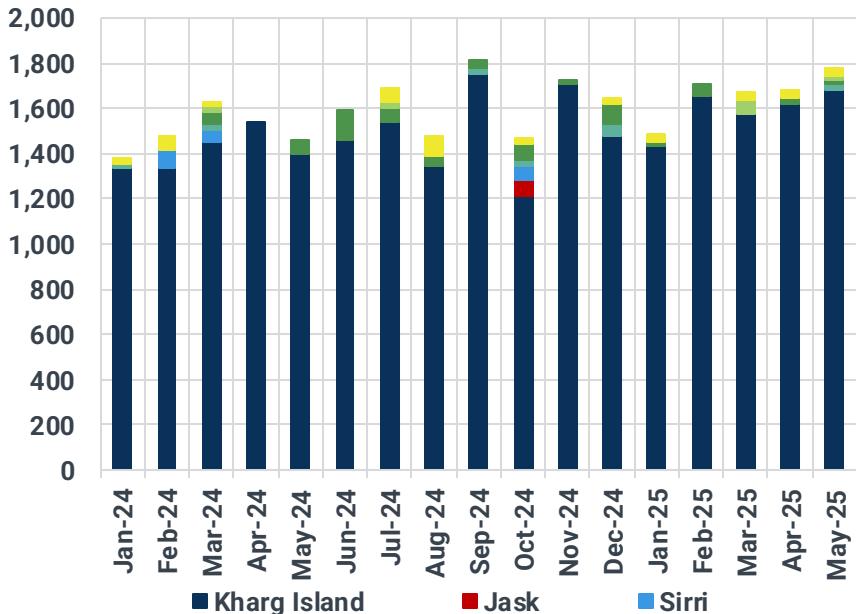
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Oil and gas facilities have been spared for now

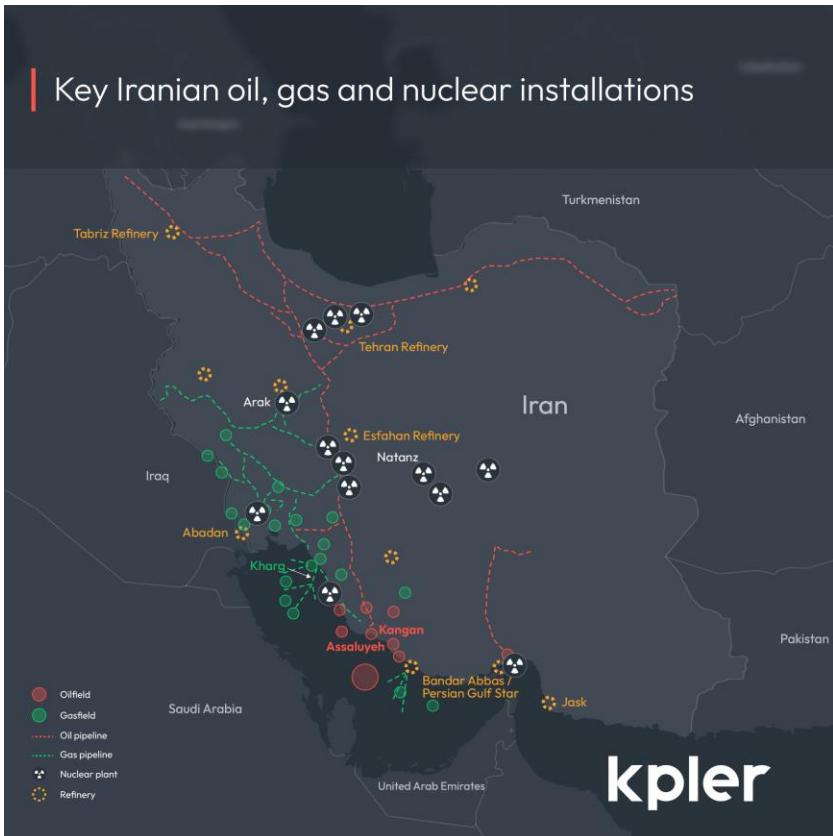
Iran's high reliance on Kharg Island and South Pars gas makes them easy targets

Iran oil exports by origin ports, kbd



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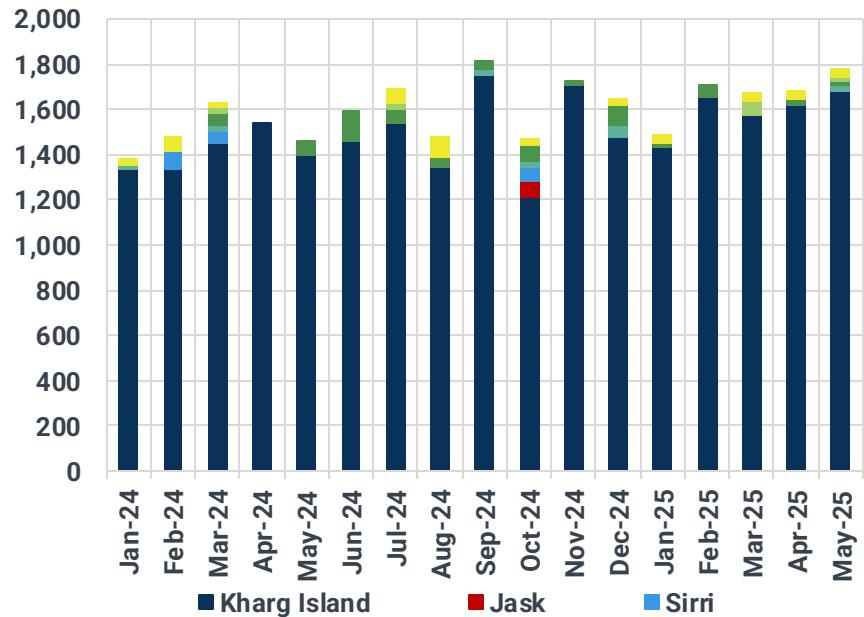


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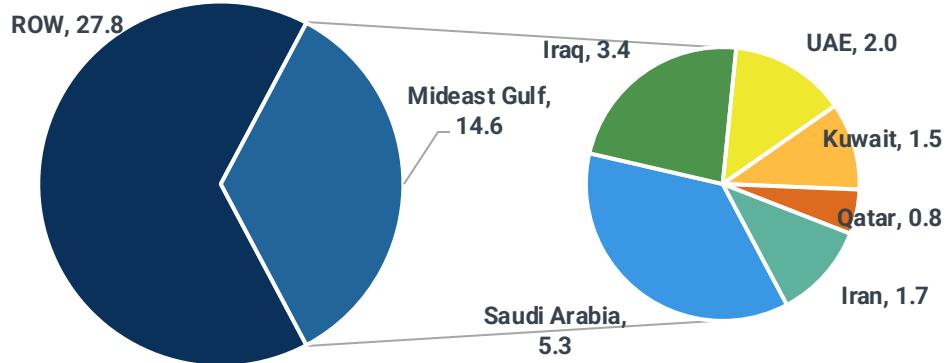
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Iran oil exports by origin ports, kbd



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Israel will also consider domestic risks before attacking Iran's energy facilities

Israel's relationship with China and its own infrastructure weaknesses need to be taken into account

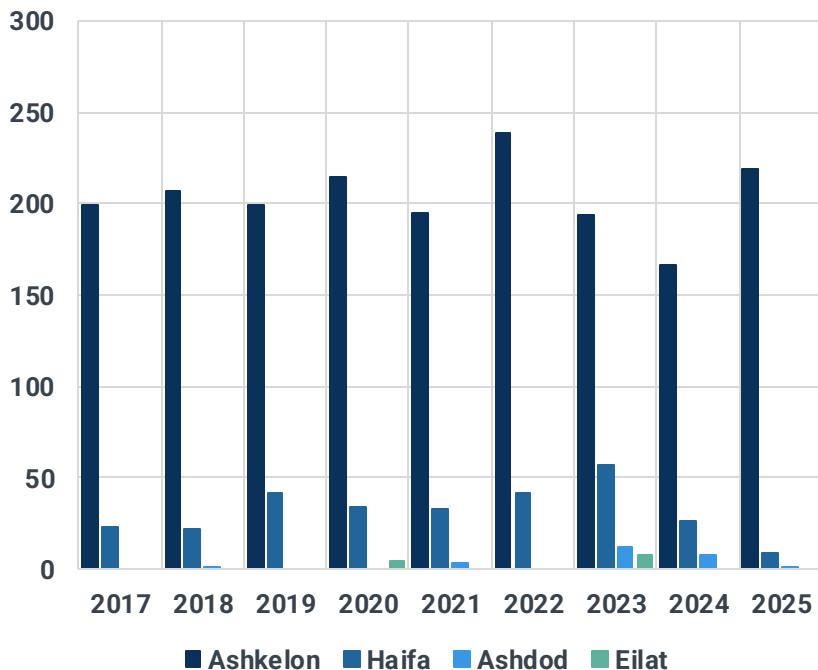
Key Israeli energy infrastructure



Source: Kpler, Mapbox

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Israeli oil imports by port, kbd

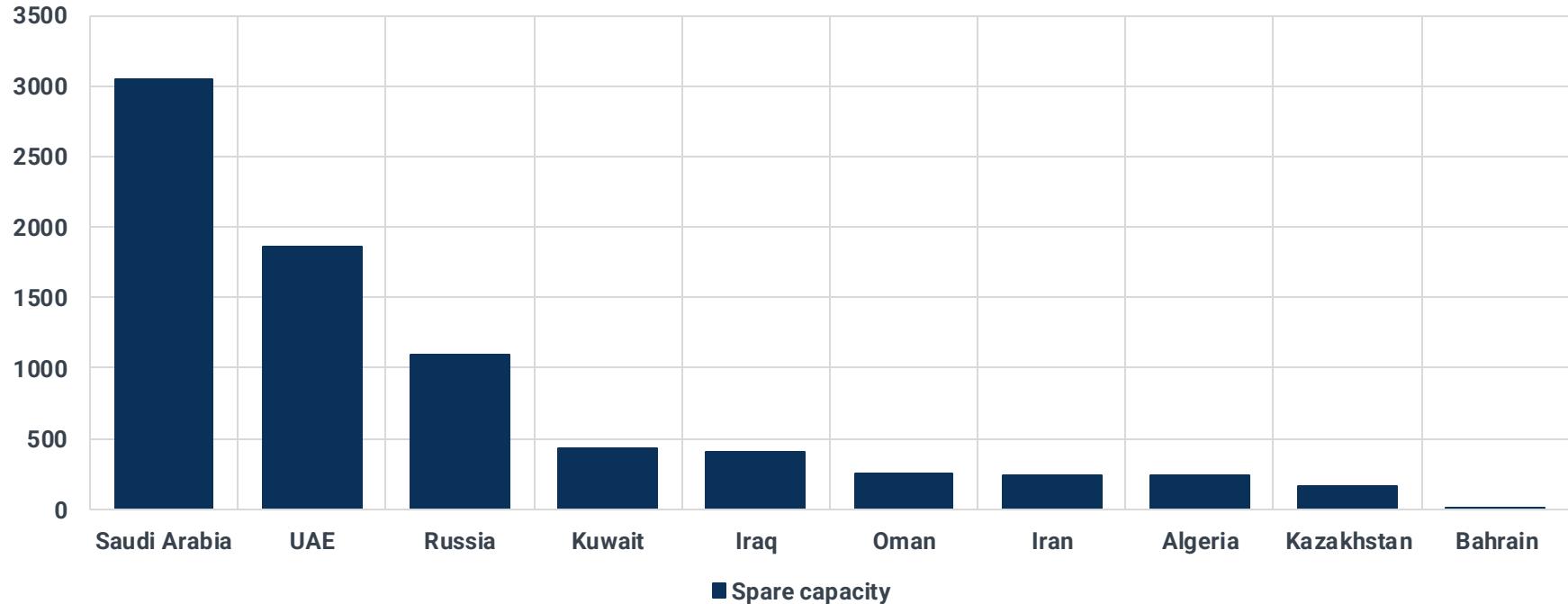


Source: Kpler

OPEC+ still holds 7.5 Mbd of spare capacity but won't make use of it just yet

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OPEC+ spare capacity, Mbd



Source: Kpler

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