

# WAR SHOCK

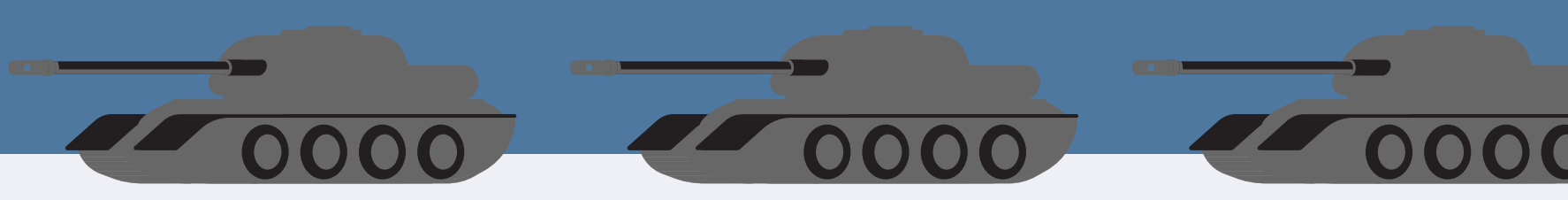
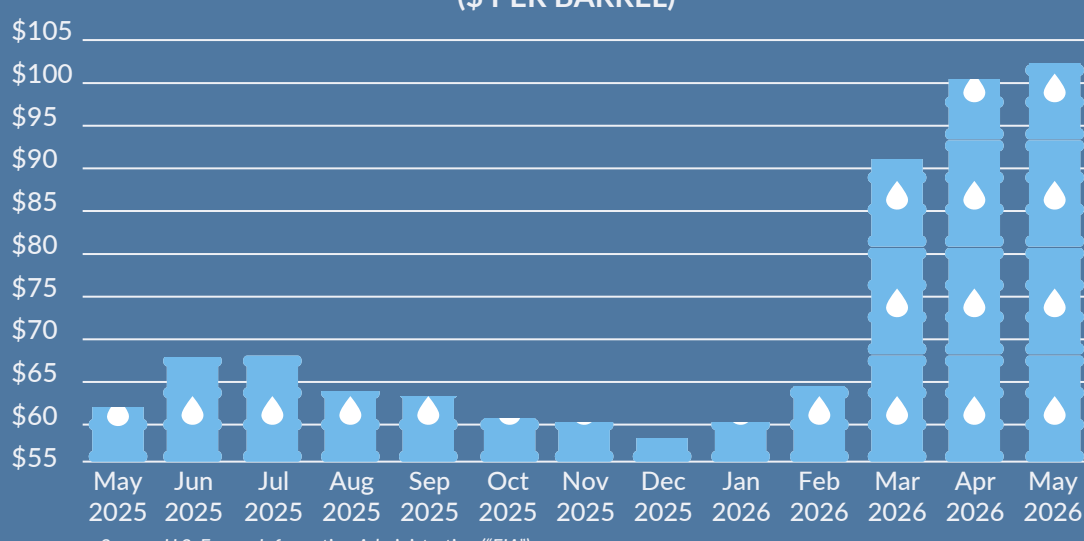
## Oil Prices Spike Due to Iran War

JUNE 2026

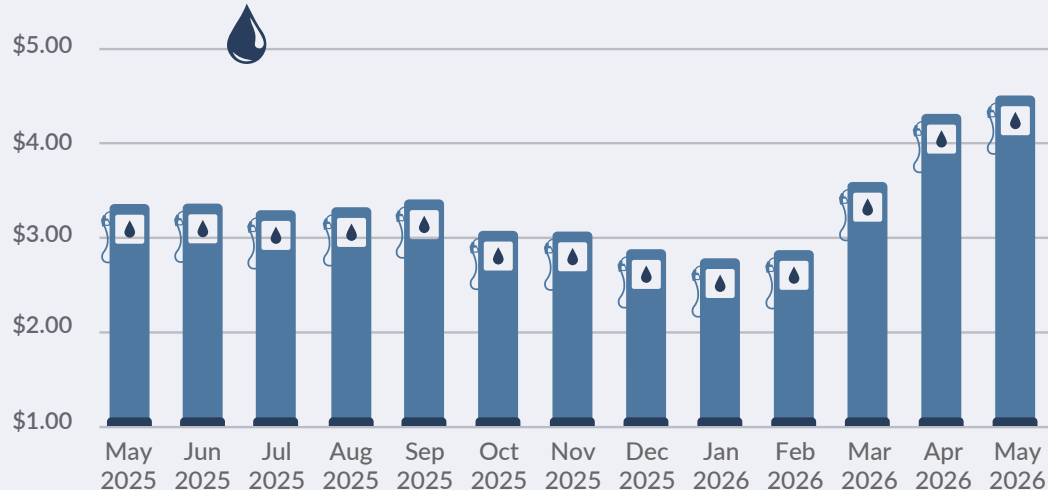


The conflict between the U.S. and Iran has driven a sharp rise in oil prices. In particular, Iranian threats of attacks since the war's beginning in late February 2026 and a subsequent U.S. naval blockade of Iranian ports have deterred vessels and reduced traffic through the Strait of Hormuz. As a result, crude prices climbed to multi-year highs and continued rising through May. However, daily prices have since declined significantly due to the development of a new peace deal in mid-June.

AVERAGE MONTHLY WEST TEXAS INTERMEDIATE CRUDE OIL PRICES (\$ PER BARREL)



U.S. AVERAGE RETAIL REGULAR GRADE GASOLINE PRICES (\$ PER GALLON)



## CRUSHING COMMUTE

### High Fuel Prices Hit Drivers

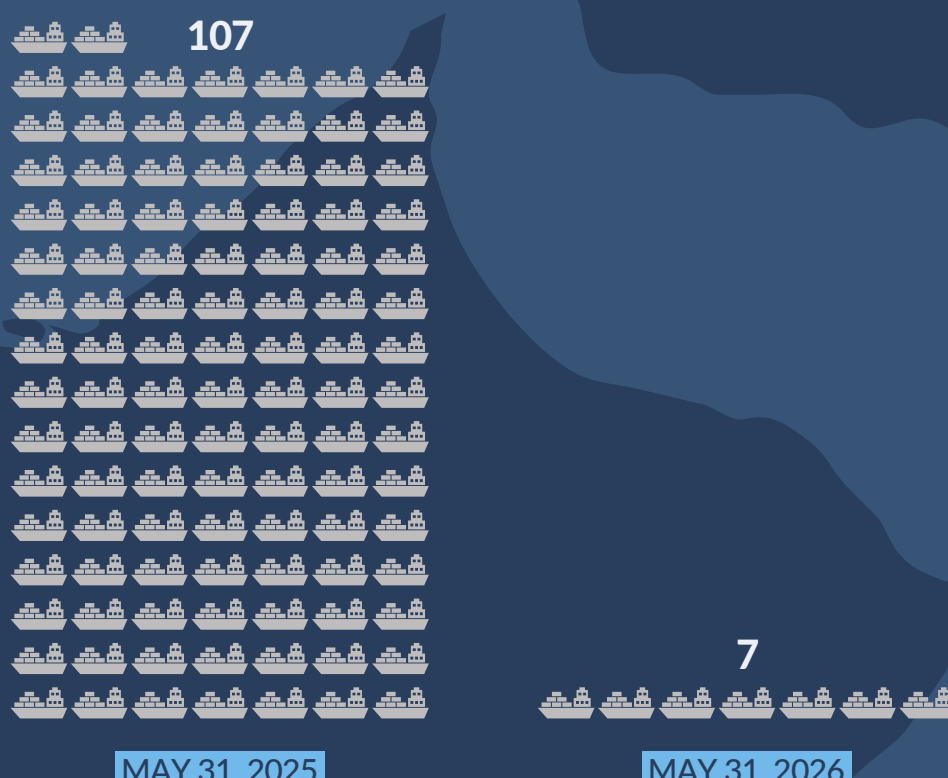
U.S. commuters have contended with rising gasoline prices since the start of the war in Iran in late February 2026, with average retail gasoline prices nearly reaching the record-high levels seen in the summer of 2022, when a pandemic-fueled supply-chain crisis and pent-up demand resulted in widespread inflation. This time around, stalled shipping traffic in the Strait of Hormuz and chaos in the energy-rich Middle East have fueled the price spike.

## SCARY STRAIT

### Shippers Face Attacks in Strait of Hormuz

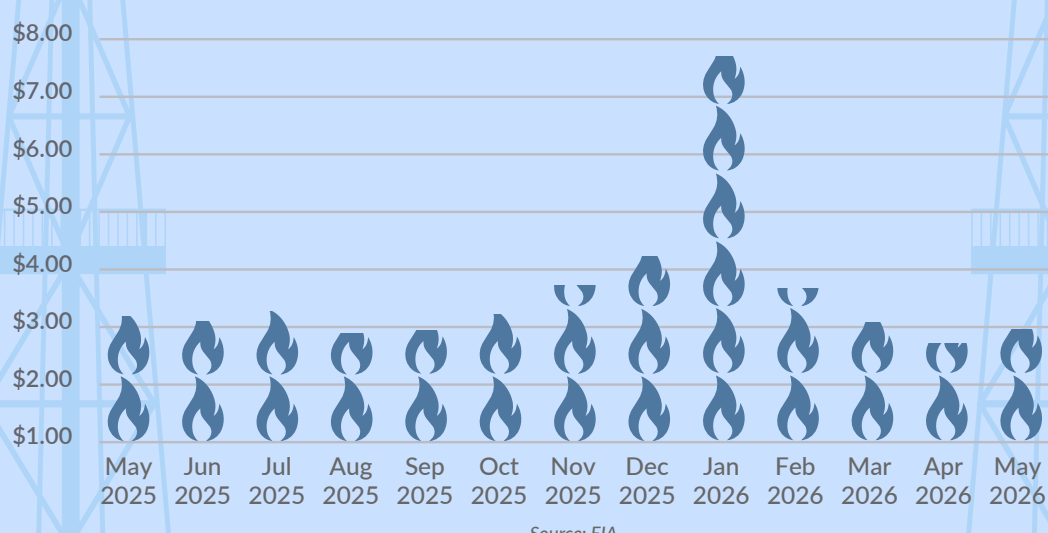
The Strait of Hormuz is a major shipping chokepoint between the Persian Gulf and Gulf of Oman, with approximately 38% of global crude oil and 19% of liquefied natural gas ("LNG") volumes transiting through the strait just before the Iran War broke out. Traffic has since slowed to a crawl. The seven-day moving average of ship arrivals in the strait on May 31, 2026 was just 6.5% of the figure from one year ago, per data from the International Monetary Fund ("IMF"). The IMF notes that recent actual figures could vary from the official numbers due to signal-spoofing and ships disabling tracking systems to avoid detection through a war zone.

SHIP ARRIVALS IN STRAIT OF HORMUZ (SEVEN-DAY MOVING AVERAGE)



Recent figure represents 6.5% of prior-year levels. Source: IMF

AVERAGE MONTHLY U.S. BENCHMARK HENRY HUB NATURAL GAS PRICES (\$ PER MMBTU)



## COOL UNDER PRESSURE

### U.S. Natural Gas Insulated from Price Surge

U.S. natural gas prices have avoided recent war-driven spikes thanks to strong domestic production and the more regional nature of natural gas markets. Higher oil prices can even push U.S. natural gas prices lower, as increased shale drilling produces more associated natural gas, a byproduct of oil drilling, thereby boosting supplies. Meanwhile, European gas prices have surged due to their reliance on LNG imports, while U.S. LNG export capacity remains near its limit, leaving ample supplies at home.

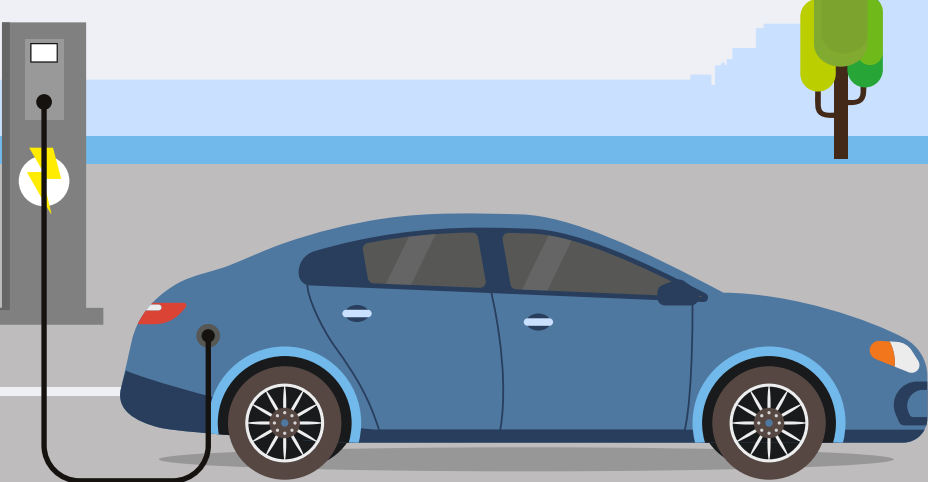
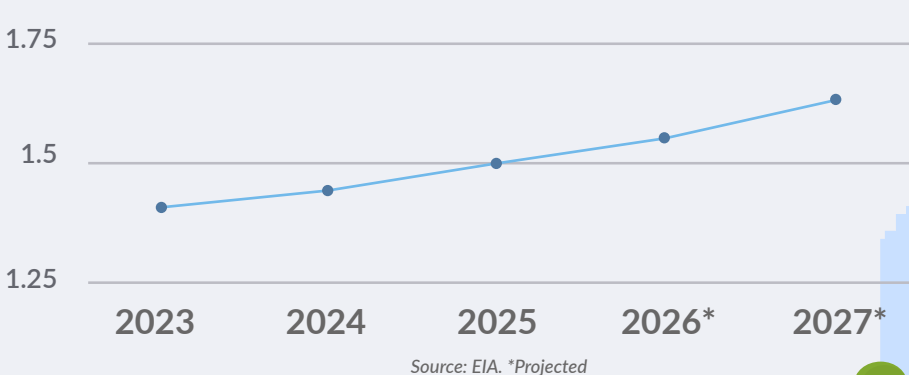
## AGE OF AI

### Data Center Growth to Boost Electricity Demand

With U.S. LNG exports near capacity and natural gas production in full swing, the U.S. is awash in the commodity. The natural gas surplus could prove useful in the coming months, with demand for electricity expected to increase as a result of the proliferation of data centers supporting the ongoing AI boom.

Source: EIA

ELECTRICITY CONSUMPTION FOR U.S. COMMERCIAL AND TRANSPORTATION SECTORS (IN BILLION KILOWATT-HOURS)



The global energy outlook in the coming months will largely depend on how the recently announced peace agreement between the U.S. and Iran is implemented, particularly its impact on oil flows and shipping routes. While the U.S. is somewhat buffered by high natural gas supplies and, to a lesser extent, renewable energy, global markets remain vulnerable to potential disruptions as the situation continues to evolve.