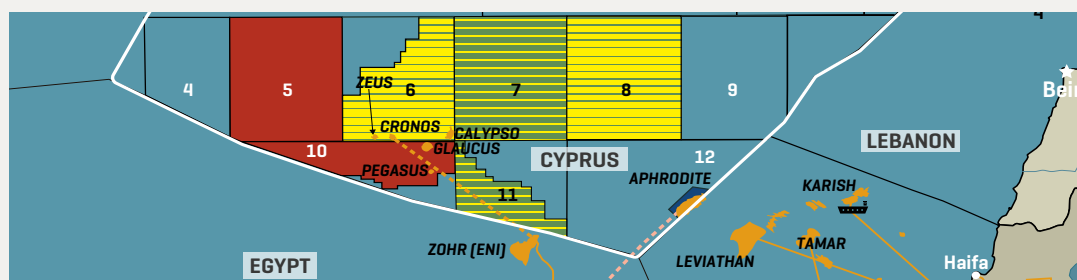


UPSTREAM OIL & GAS

Cyprus Energy Minister: Cronos FID Marks New Era

Cyprus' Energy Minister speaks with MEES about the importance of the landmark Cronos gas field FID, and Nicosia's plans to develop and monetize the country's other gas finds. In ten years' time he expects Cyprus to have a radically different energy mix. **Page 2, 5**



UPSTREAM OIL & GAS	2
CORPORATE	7
OPEC & GLOBAL MARKETS	10
GEOPOLITICAL RISK	13
DOWNSTREAM	14
POWER & WATER	16
ECONOMY & FINANCE	17
NEWS IN BRIEF	18
SELECTED DATA	19

CORPORATE

IOCs Retain Faith In Abu Dhabi

Adnoc's commitment to business continuity through the Hormuz crisis has helped it retain IOC confidence. IOCs continue to commit capital to Abu Dhabi. **Page 8**

OPEC & GLOBAL MARKETS

Aramco Joins Hormuz Shuttle System

Saudi Aramco has sold spot cargoes for STS delivery offshore Sohar. As the Hormuz shuttle system picks up pace, the Gulf of Oman is growing congested. **Page 10, 11**

GEOPOLITICAL RISK

Iran Braces For 'Economic D-Day'

The US blockade on Iran has caused oil exports to grind to a halt, with gasoline imports also down. Now the US plans to impose further economic pain. **Page 12, 13**

POWER & WATER

Dubai's Q2 Power Demand Down

Dubai's electricity consumption fell by 7% in Q2 as the Hormuz crisis impacted industrial activity. Solar's share of total generation reached 20%. **Page 16**

UPSTREAM OIL & GAS

Egypt Gas Output Reaches New Lows

Egypt's gas output dropped to multi-decade lows in Q2, driven by the continued decline of its mature Mediterranean fields. How low can it go? **Page 6**

CORPORATE

Q2 Windfall For Oman's OQEP

Flat production and soaring oil prices ensured that OQEP profits jumped by 38% in Q2. The Omani firm hopes the profits can finance overseas investment plans. **Page 7**

OPEC & GLOBAL MARKETS

US Becomes Turkey's Top Supplier

Geopolitical upheaval has caused imports from Turkey's traditional Russian and Middle Eastern crude suppliers to slump. The US has filled the gap. **Page 20**

DOWNSTREAM

Saudi Arabia's Oil Burn Normalizes

Saudi oil burn soared to seasonal records in the first months of the conflict. As its oil sector partially stabilizes, oil burn has normalized. **Page 14**



Cronos FID Opens New Cyprus Gas Era

Cyprus Energy Minister Michael Damianos speaks with MEES about the landmark Cronos FID, Aphrodite's path to development, ExxonMobil's monetization options and energy security strategies.*

Q: After years of anticipation, delays and unsuccessful attempts to bring Cyprus' offshore gas to market, the Cronos project has now reached FID (MEES, 31 July). What does this milestone mean for Cyprus' energy sector and for the wider economy?

A: The Final Investment Decision on Cronos is indeed a historic milestone for Cyprus. For the first time, an offshore natural gas discovery in our Exclusive Economic Zone has progressed all the way from exploration to commercial development. It confirms that Cyprus can move beyond discovering resources and begin producing them.

Equally important, Cronos demonstrates that our strategy of working with international energy companies and leveraging regional infrastructure can deliver tangible results. By using existing facilities in Egypt, the project has achieved a competitive development schedule, with first gas expected in 2028. The Government has an excellent relationship with the consortium of Block 6, Eni (the Operator), and its partner, TotalEnergies.

Beyond the direct and indirect economic benefits, e.g., job openings, increase of economic activity in the energy industry and attracting new investments, this is strategically significant because it establishes Cyprus as a natural gas producer, strengthens regional energy cooperation and Cyprus' geopolitical position, and contributes to Europe's efforts to diversify energy supplies.

Q: How significant do you expect Cronos revenues to be for the state, and when should Cyprus begin to see meaningful economic benefits?

A: At this stage, I think it would be premature to focus on specific revenue numbers as the benefits for Cyprus expand beyond this. Revenues will depend on many factors, including production performance, gas prices and market conditions over the life of the project.

What we can say with confidence, is that Cronos moves Cyprus into a new phase. The first meaningful economic benefits will begin when production

starts and revenues begin flowing, but the broader value extends beyond direct revenues. It includes, among others, investment, technical expertise, international confidence in Cyprus as an energy destination, and the creation of a platform for future developments.

Q: Cronos has moved from discovery to FID remarkably quickly, with Eni able to use existing infrastructure in Egypt. How did the government satisfy itself that the approved Development and Production Plan maximizes the field's long-term recovery and value for Cyprus, rather than simply getting first gas as quickly as possible?

A: Speed was certainly an advantage of the selected development concept, but it was not the only consideration. The Government's responsibility is to ensure that any approved development plan is technically sound, economically viable and consistent with maximizing value for the Republic over the life of the resource.

The Development and Production Plan was subject to a detailed review process before approval. The fact that existing infrastructure in Egypt can be utilized significantly improves project economics and accelerates revenues, but the development concept also had to demonstrate that it could efficiently recover the resource and provide an acceptable return over the field's lifetime.

Importantly, the approved plan also provides a framework for future optimization should additional resources or opportunities emerge during the production period. This is a phased development.

Q: Did the ministry commission or review any independent reservoir analysis before approving the DPP, or was it satisfied with the operator's assessment?

A: The Ministry's evaluation was not based simply on accepting conclusions at face value. We worked through the established regulatory review process and assessed the technical and commercial information submitted by the operator.



Ten years from now, I would expect Cyprus to have a significantly different energy mix than today, with much greater penetration of renewables, energy storage, interconnection capacity and natural gas.



As is normal in projects of this scale, the Ministry and its advisors examined the subsurface, development and economic assumptions before approval. Ultimately, the Ministry was satisfied that sufficient technical information existed to support approval of the development plan and progression to FID.

Q: Using Egyptian infrastructure allows Cronos to be developed quickly, but Cyprus' share of the value generated by the gas will be reduced by transportation, processing, liquefaction and shipping costs. Having approved the DPP, are you satisfied that Cronos still delivers an attractive return for Cyprus after all of those deductions?

A: Any development concept involves trade-offs. Using Egyptian infrastructure means there are transportation, processing and liquefaction costs. However, it also dramatically reduces capital expenditure, execution risk and time-to-market.

The key question is not whether those costs exist, but whether the overall project creates value for Cyprus after taking them into account. The Government's assessment is that it does.

The alternative of waiting for entirely new infrastructure would likely have delayed monetization significantly and introduced additional commercial

Continued on – p3



Continued from – p2

cial and financing challenges, which could make the project non-feasible. In the current market environment, bringing gas to market earlier through proven infrastructure can be an important source of value in itself.

Q: How robust are the project economics if gas prices are materially lower than assumed, and did the ministry undertake a downside analysis before approving the development?

A: Commodity markets are inherently cyclical and any major project must be capable of withstanding periods of lower prices.

For that reason, project economics are never assessed on a single price outlook. A range of market scenarios is considered as part of the overall evaluation process. What gave us confidence is that Cronos combines relatively low development costs with a fast-track pathway to market, characteristics that generally improve resilience across different market environments.

No project is completely insulated from market volatility, but we are satisfied that the project remains robust under a range of reasonable scenarios.

Q: Moving on to Cyprus' other advanced gas project. Chevron is expected to take FID on Aphrodite next year, with first gas targeted for 2031 (MEES, 24 July). After changes to the development concept over the past two years, are you confident that Aphrodite remains sufficiently competitive within Chevron's global portfolio to secure FID on schedule?

A: We remain encouraged by the progress being made. The project has advanced through key stages of engineering and commercial negotiations, and the current timetable continues to target FID in 2027 and first gas around 2030-2031.

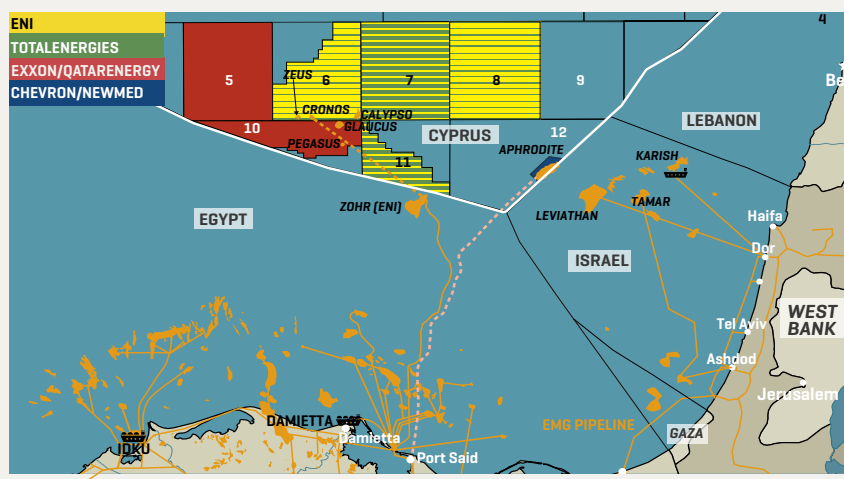
Large offshore developments inevitably evolve as engineering work progresses and companies seek to optimize cost, schedule and risk. What matters is that the partners remain engaged and continue advancing the project.

Chevron is one of the world's leading energy companies, and together with its partners it has the technical capability and financial strength to successfully deliver a project of this scale. The Government has an exceptional relationship with the Aphrodite JV.

Q: Chevron initially proposed removing the floating production unit before subsequently reinstating it (MEES, 21 February 2025). Did the ministry interpret those changes primarily as efforts to improve project econom-

CYPRUS KEY BLOCKS & GAS DISCOVERIES

■ GAS FIELD/PIPELINE ■ POTENTIAL PIPELINE ■ LNG EXPORT TERMINAL



ics, and are you now confident that the project has cleared the company's internal investment requirements?

A: We viewed the various concept refinements as part of the normal maturation process of a major offshore development.

As projects move from conceptual design into more detailed engineering, companies continuously reassess capital efficiency, operational performance and risk. What is important is that the consortium now has a development concept that continues to progress through the required milestones.

The fact that the project remains on track towards FEED completion and a subsequent investment decision is, in our view, an encouraging indication of continued commitment from the partners.

Q: The unresolved Ishai issue with Israel has been hanging over Aphrodite for years (MEES, 23 January). Where do discussions with Israel now stand, and is there a clear roadmap for resolving the issue without affecting Aphrodite's development timetable?

A: Discussions with Israel are at an advanced stage and continue to be constructive. Both sides recognize the importance of resolving the issue in a manner that is fair, commercially reasonable and compatible with the continued development of Aphrodite. Aphrodite's development timetable is not linked to the Ishai issue; rather it is being treated as a parallel track. The development plan has its own technical, commercial and financing workstreams, and we do not see the bilateral discussions as a reason to delay progress towards FID.

Indeed, in the last couple of months important progress has been made on the commercial parts of the discussions as result of the contribution of the governments and the companies.

While negotiations have taken time, progress has been made and there remains a shared objective of reaching a mutually acceptable outcome.

In practical terms, the roadmap is clear: finalize the intergovernmental agreement, and finally appoint the expert for the determination of the compensation to the Israeli side.

Q: Are you confident that the dispute can be resolved before it becomes a constraint on Aphrodite's FID or first-gas schedule?

A: Our objective is to resolve the matter as soon as possible. At the same time, we remain focused on ensuring that work on Aphrodite continues to advance.

The discussions are sufficiently mature, the parameters are well understood, and the political will exists on both sides to avoid allowing this long-standing issue to become a constraint on Aphrodite's FID or first-gas schedule.

Based on the current trajectory, we do not see the Ishai discussions preventing ongoing project maturation. Naturally, a final resolution would provide additional certainty, and we continue to work closely with all relevant stakeholders toward that objective.

Q: ExxonMobil has multiple discoveries offshore Cyprus, potentially large enough to support more than one development concept (MEES, 3 July). Is the government still actively promoting Egypt as the preferred route for monetizing those discoveries, or is it encouraging ExxonMobil to assess alternatives such as FLNG and domestic gas supply on an equal footing?

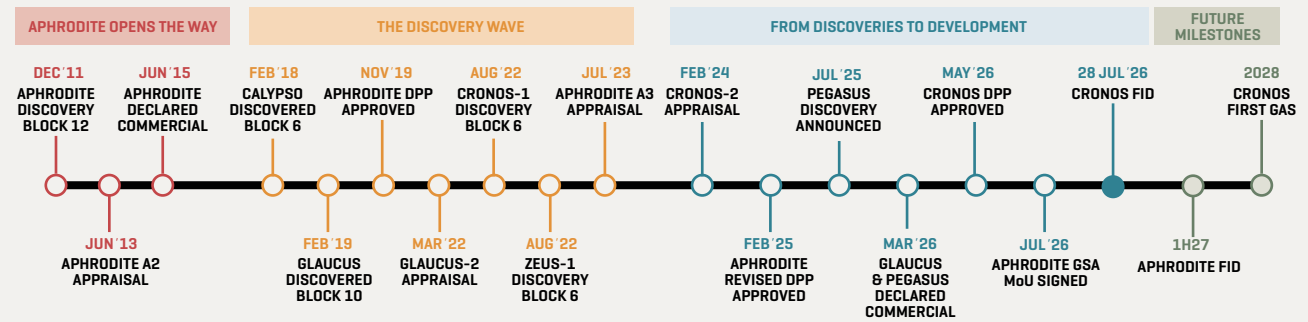
A: Our approach is not to prescribe a single development solution. Rather, we encourage license holders to evaluate the technically and commercially optimal pathways for bringing resources to market. We have an excellent relationship, and we are in direct dialogue with ExxonMobil and its partner QatarEnergy regarding monetisation options.

Continued on – p4





CYPRUS GAS: FROM APHRODITE DISCOVERY TO CRONOS FID



Continued from – p3

Egypt is an attractive option because it offers existing infrastructure, a large domestic market and immediate commercialization opportunities. However, we have always said that all viable options should be assessed on their merits.

The important point is that Cyprus wants to maximize long-term value while ensuring projects are commercially realistic and capable of being delivered.

Q: Has the government undertaken – or asked the companies to undertake – a comparative assessment of the total value Cyprus could retain through different options, including Egyptian exports, FLNG and domestic utilization?

A: Yes, we expect development concepts to be supported by rigorous technical and commercial analysis. The consortium is currently evaluating various development options, including the FLNG option.

Different options can offer different advantages. Some may accelerate cash flow; others may maximize resource recovery or create additional domestic benefits. The role of Government is to ensure that decisions are informed by robust evaluation and aligned with the national interest.

As additional discoveries progress toward development, we expect those assessments to continue evolving alongside market conditions and technological advancements.

Q: Recent regional conflicts have demonstrated how quickly energy security can become a strategic issue (MEES, 4 July 2025). Yet Cyprus still relies heavily on imported oil products for power generation while its offshore gas developments are largely geared towards exports. Has the government placed too much emphasis on monetizing Cyprus' gas through Egypt at the expense of developing a coherent domestic energy strategy?

A: I do not see this as a choice between exports and domestic energy security. Cyprus needs both. Commercializing

offshore gas through export projects provides the economic foundation that makes development possible, while energy security remains one of the pillars of our national energy strategy. Cyprus continues to face significant energy-security challenges due to its dependence on imported fossil fuels and its electrical isolation from the European energy grids. For this reason, our objective is to reduce dependence on imported oil, increase the share of renewables, develop adequate storage and system flexibility, advance electricity interconnections and diversify our sources of supply, so as to ensure reliable and affordable energy for our citizens, industries and economy while minimizing environmental impacts.

Our energy-security strategy includes the use of natural gas in electricity generation and the incorporation of modern, flexible conventional units, in parallel with the increasing share of renewables. The development of renewable projects is now being combined with adequate energy storage capacity, including grid-forming technologies, while the development of electricity interconnections will help overcome the structural limitations inherent to an isolated system. Our strategy is therefore broader than hydrocarbons alone: it is about creating a diversified, resilient and sustainable energy system that supports both domestic security of supply and the responsible monetization of Cyprus' offshore resources.

Q: Can Cyprus really claim to have achieved energy security if, ten years from now, it is still importing fuel for electricity generation while exporting most of its own natural gas?

A: Energy security does not mean producing every unit of energy domestically. It means having access to reliable, diversified and affordable energy supplies.

Ten years from now, I would expect Cyprus to have a significantly different energy mix than today, with much greater penetration of renewables, energy storage, interconnection capacity and natural gas. Offshore gas developments can contribute to that transition, but they are only one part of the overall strategy.

Q: Cyprus is putting more of an emphasis on battery storage, while the Great Sea Interconnector (GSI) continues to progress under a revised ownership structure (see p18). Has the government's view changed on the respective roles of storage and interconnection, and what has driven the increased focus on batteries (MEES, 10 July)?

A: Our view has not changed. Storage and interconnection are complementary rather than competing investments.

Battery storage addresses a challenge that Cyprus faces today. It allows us to capture renewable energy that would otherwise be curtailed and improve grid flexibility in the near term.

Interconnection addresses a different challenge. It increases system resilience, enables cross-border electricity trading and supports the longer-term integration of larger volumes of renewable energy.

Because they solve different problems, we continue to see value in both.

Q: How do these two investments fit together in the government's longer-term vision for Cyprus' electricity mix? Should consumers and investors expect the first major change to be a reduction in renewable-energy curtailment through storage, a significant increase in battery deployment, or tangible construction progress on the GSI?

A: Consumers and investors should expect progress on several fronts.

Battery storage is likely to deliver some of the earliest visible benefits because it can directly reduce renewable-energy curtailment and improve system performance over the next few years.

At the same time, the Great Sea Interconnector remains strategically important because it can fundamentally transform Cyprus from an isolated electricity system into one connected to the wider European network.

In the longer term, a successful energy transition will require both forms of infrastructure working together. ♦♦

**Interview conducted in Nicosia on 18 August with East Mediterranean Editor Peter Stevenson.*

Cronos: Cyprus' \$2.2bn First Gas Project Takes Shape

Cyprus' first gas development will deliver 500mn cfd from 1.9tcf of 2P reserves. A fast-track Egyptian export route has enabled early monetization and opened the door to wider development.

The Cronos field will transform Cyprus from a country with gas potential into a gas producer. After years of hope and frustration, Cyprus plans to produce its first gas in 2028. Cronos is operated by Eni (50%) alongside TotalEnergies (50%) and its 1.9tcf of 2P recoverable reserves underpin a \$2.2bn development that is intended to enable plateau production of 500mn cfd. FID was taken on 28 July (MEES, 31 July).

The field contains 3.1tcf of gas in place, meaning that around 61% is currently classified as 2P recoverable reserves. The relatively modest capital requirement, compared to \$4bn for Cyprus' 3.7tcf (2P) Aphrodite where a plateau of 700mn cfd is targeted, reflects the utilization of existing Egyptian infrastructure.

Cronos will be connected to Zohr's pipeline manifold in offshore Egyptian waters by a roughly 110km subsea pipeline, according to the project development concept (see table). From there gas will be piped onshore through one of Zohr's now redundant sealines.

Initial operational pipeline capacity will be around 5.5-6 bcm/y, MEES learns, equivalent to approximately 530-580mn cfd. That is sufficient to handle the planned 500mn cfd plateau, while retaining some headroom.

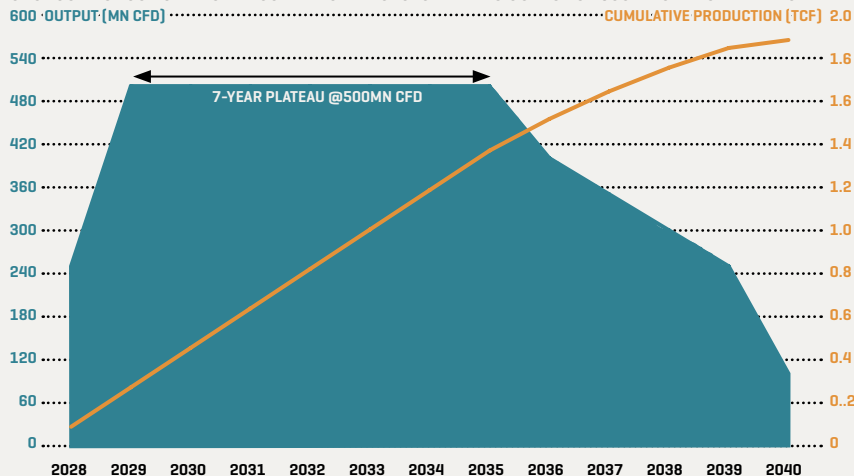
Assuming the 1.9tcf 2P reserve base and a gradual ramp-up and depletion profile, an indicative production scenario would see Cronos reach its 500mn cfd plateau in 2029, a year after first gas, and sustain it for around seven years before entering a gradual decline (see chart).

For Cyprus, however, the significance of Cronos extends well beyond the direct financial return.

"This is indeed a historic milestone for Cyprus," Energy Minister Michael Damianos tells MEES, noting that for the first time an offshore discovery in the country's EEZ has progressed from exploration through to commercial development (see p2 for transcript). The project, he says, demonstrates that Cyprus can "move beyond discovering resources and begin producing them."

The Egyptian route is central to that achievement. A key point of contention in negotiations was the point of sale: Cyprus favored selling the gas directly to EGAS,

CRONOS PRODUCTION PROFILE SCENARIO ENVISAGES PLATEAU OUTPUT OF 500MN CFD FOR 7 YEARS



*LENGTH OF PLATEAU AND TIMING OF FIELD DEPLETION ARE MODELED BASED ON OFFICIAL FIGURES FOR PLATEAU OUTPUT (500MN CFD) AND RECOVERABLE RESERVES (1.9Tcf) AND INCLUDE GRADUAL RAMP-UP AND RAMP-DOWN PERIODS. SOURCE: MEES CALCULATIONS, ENI, TOTALENERGIES.

while Eni preferred to use it as feedgas to restart the 5mn t/y Damietta LNG (DLNG) plant, which it operates with a 50% stake.

Under the agreed structure, gas will be processed at Eni's existing Zohr infrastructure before being transferred through a new dedicated pipeline to DLNG. Output at Zohr peaked at around 3bn cfd in late-2021 and has since fallen to around 1.2bn cfd, leaving plentiful capacity to handle Cronos volumes.

Egypt, too, stands to benefit from the arrangement. As well as receiving tariff fees, MEES understands that 20% of the Cronos volumes will be allocated to Egypt, with the remaining 80% exported. Egypt will receive the bulk of this during the summer peak demand season. However, at a time when Egyptian LNG imports are expected to rise further, the restart of DLNG exports could attract some political scrutiny.

Cronos could also provide the infrastructure template for further development in Cyprus' Block 6. TotalEnergies said at FID that the project "could also enable, in the future, the development of additional resources located in Block 6," which will be appraised in upcoming drilling campaigns.

Those resources include the 2-3tcf Zeus and 1tcf Calypso, which could ultimately be developed using infrastructure established for Cronos as its production declines. An Eni-commissioned floating control unit (FCU) will manage and control the subsea production system from first gas, providing the interface between the four subsea wells and the export system.

COST OF SPEED

Use of Egyptian infrastructure has enabled fast-track development and

CRONOS KEY FACTS

Operator	Eni (50%)
Partner	TotalEnergies (50%)
Discovery	August 2022
Water Depth [m]	2,287
Offshore [km]	185
Reserves (2P)	1.9tcf
FID	July 2026
No. Of Wells	4
Development Cost [\$bn]	\$2.2
Development Concept	110km tieback to Zohr
First Gas	2028
Plateau Output	500mn cfd

SOURCE: ENI, TOTALENERGIES, MEES.

reduced the up-front investment required. But longer term, it means that the field partners will have to pay for transportation through Egypt, processing at Zohr and liquefaction at Damietta. The commercial agreements signed in 2025 and 2026 established separate infrastructure and liquefaction arrangements (MEES, 24 October 2025).

Mr Damianos acknowledged the trade-off, arguing that the relevant question is not whether the costs exist but whether Cronos still creates value after them. "The Government's assessment is that it does," he says.

For Nicosia, the calculation is that getting Cronos into production and establishing Cyprus as a gas producer outweighs the costs and risks inherent in the Egyptian route. For many in Cyprus, exporting via Egypt rather than a domestic LNG plant is a bitter pill to swallow. But 15 years after Aphrodite's discovery, Nicosia has calculated that near-term monetization is the best option. ♦♦





Mediterranean Declines Push Egypt Gas Output To New Low

Egypt's gas output fell to a multi-decade low in Q2 as Mediterranean decline accelerated. Cairo hopes that incremental offshore gains and Western Desert growth can reverse the losses.

Egyptian gas production fell by 3% quarter-on-quarter and 7% year-on-year to 3.86bn cfd in Q2, according to the latest Ministry of Petroleum data, extending the country's prolonged output decline (see chart). Production averaged just 3.82bn cfd in June, down around 300mn cfd year-on-year.

The decline continues to be driven by Egypt's largest gas province, the Mediterranean offshore region. As output from key fields, most notably the Eni-operated Zohr, has declined, the Mediterranean's share of national production has fallen from nearly 74% over 2022-2023, to around 65% now.

Mediterranean output averaged just 2.51bn cfd in Q2, down 5% quarter-on-quarter and 13% year-on-year. June's 2.47bn cfd was almost 400mn cfd less than June 2025 and the lowest monthly total since December 2017, when Zohr started up.

MED & NILE DELTA BLUES

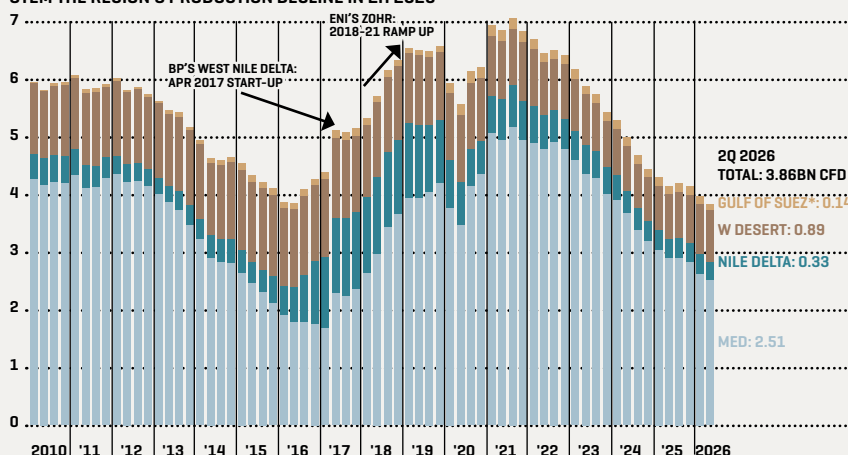
Whether Egypt can stabilize Mediterranean output in the coming months is now the key question. A number of incremental projects are due to provide some relief, but these will have to overcome strong underlying decline rates.

Eni is adding around 50-60mn cfd through the Nidoco N-2 well in the Abu Madi West concession, and further drilling is planned across the Mediterranean (MEES, 26 June). The Italian major and BP have also been working to bring the Denise West discovery in the Tamsah block into production, with the 2tcf discovery offering further tie-back potential.

BP is meanwhile expected to add around 80mn cfd in the "near future" from the Fayoum North-4 sidetrack, with partner Harbour Energy expecting Fayoum-5 to come onstream before year-end (MEES, 31 July). Shell is also targeting up to 80mn cfd from Mina West, where development is underway and production is expected before year-end (MEES, 5 June).

Taken together, these projects could provide more than 200mn cfd of incremental supply – equivalent to just half of the region's out-

EGYPT GAS OUTPUT (BN CFD): CAIRO WILL BE HOPING NEW OFFSHORE MEDITERRANEAN FIELDS WILL HELP STEM THE REGION'S PRODUCTION DECLINE IN 2H 2026



*INCLUDES OFFSHORE, 'EASTERN DESERT' (GOS WEST BANK) & SINAI (E BANK). SOURCE: EGYPT PETROLEUM MINISTRY, MEES.

put drop over the past year.

The onshore Nile Delta region is also struggling, with output falling 5% quarter-on-quarter and 2% year-on-year to a 13-year low of 325mn cfd in Q2. Although within this, production increased by 2% from May to average 329mn cfd in June, the trajectory remains firmly down.

Egypt hopes that new drilling in the Nile Delta will reverse this. Abu Dhabi-listed Dana Gas is one of the more positive stories. Its ongoing drilling campaign has helped lift Egypt gas output to 62mn cfd in Q2, up 11% year-on-year. Such gains remain modest in the context of Egypt's overall supply deficit but show that targeted investment in mature onshore fields can still deliver new volumes even as regional production declines.

WESTERN DESERT BRIGHT SPOT

If there is one area that bucks this negative trend, it is Egypt's second largest gas region; the Western Desert. Here production averaged 887mn cfd in Q2, up 2% quarter-on-quarter and 13% year-on-year. This was a three-year high and made the region Egypt's only significant source of sustained domestic gas growth. US firm Apache has been central to this, with its gross gas output reaching a three-year high of 539mn cfd in Q2.

However, the gains can be fragile and output fell by 2% to 876mn cfd in

June. Apache's latest results provide a likely explanation: the US independent said "localized gas infrastructure constraints" had forced it to defer some lower-pressure production as richer-gas discoveries outperformed expectations (MEES, 14 August).

The June setback therefore looks more like a capacity constraint than a reversal of the Western Desert's improving trajectory.

As it seeks to reverse the national production losses, Egypt last week launched a new gas-focused bid round with 14 blocks on offer including eight in the Mediterranean, Nile Delta and North Sinai (MEES, 14 August). Any resulting discoveries are unlikely to materially alter the supply picture in the near term.

The numbers remain unforgiving. Western Desert growth is now helping to slow the national decline, while new Mediterranean projects may temporarily stem losses. But with the Mediterranean still accounting for almost two-thirds of output, the trajectory of Zohr and other mature offshore fields will ultimately determine whether Cairo can do more than merely slow the fall.

At the same time, domestic gas demand continues to grow strongly, and Egypt looks set to remain structurally reliant on LNG imports in the near to medium term as a result, even if the latest upstream additions provide some respite. ♦♦

Oman's OQEP: Profits Up 38%

Omani state upstream firm OQEP generated bumper profits last quarter thanks to higher oil prices.

Oman's upstream sector has benefited from an upswing in oil prices coupled with stable output this year, as its operations have been unaffected by the regional conflict. For state upstream firm OQ Exploration and Production (OQEP), this has translated into windfall revenues and profits. Revenues increased 31% sequentially to reach \$1bn for the first time in Q2, while profits were up 38% to \$330mn (see chart).

The firm holds minority stakes in some of Oman's most prolific upstream acreage, giving it a diverse portfolio of oil and gas-producing assets. Its working interest production increased by 4% to 232,000 boe/d due to a rise in gas production. Gas demand across the sultanate reached record levels during the first half of the year as Muscat ramped up LNG exports as well as electricity production for both domestic and regional markets (MEES, 24 July).

Oil production increased by 2% to 121,000 b/d last quarter. Key assets include Block 60 (OQEP 60%, Medco Daya 20%, MedcoEnergi 20%) where an expansion project at the Bisat oil field was completed last year. This has helped offset declines elsewhere, such as at the Mukhaizna heavy oil field in Block 53 (Occidental 47% op, OOC 20%, Liwa Energy 15%, Indian Oil Corp 17%, PTTEP 1%) where output was just 48,000 b/d last quarter after averaging 74,000 b/d last year. At its peak,

Mukhaizna had 120,000 b/d capacity.

WINDFALL TODAY, EXPANSION TOMORROW

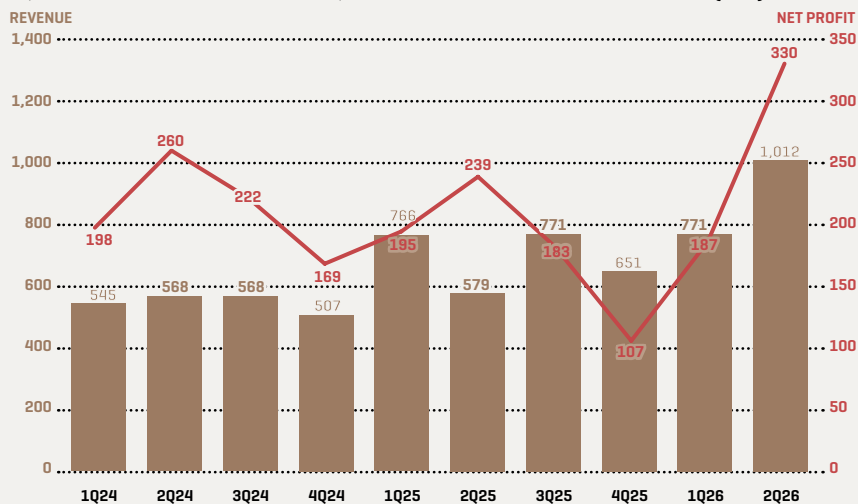
The recent strong earnings come as OQEP is looking to diversify its portfolio and expand overseas. The company has expanded its domestic production base in recent years, but it needs international assets in order to achieve its 2030 target of 300,000 boe/d (MEES, 20 March).

Domestically, OQEP made recent discoveries in Block 60 and Block 48 (OQEP 60%op, Medco Daya 20%, MedcoEnergi 20%), but it has not provided a timeline for when these could be commercialized, nor has it provided any estimates for the size of the discoveries. It is also working at exploration Block 54 with Genel Energy (40%) to start an oil-focused drilling campaign in 2027 (MEES, 7 August).

Assets operated by Oxy provide another source of growth potential. In April, OQEP farmed into Block 27 (Oxy 65%, OQEP 35%). Once approved, this will provide the firm with around 3,500 boe/d in net output (MEES, 17 April). Elsewhere, Oxy is hoping to reverse declines at the Mukhaizna oil field by unlocking 800mn barrels of prospective resources under a \$30bn development program.

Internationally, OQEP hopes to leverage its existing relations with IOCs operating in Oman to secure overseas assets. With a focus on the MENA region, Algeria and Libya appear likely candidates; Iraq's attraction may have waned due to the conflict and concerns over Iraq's lack of Hormuz-bypass operations. In June, OQEP signed an MoU with the Libyan Investment Authority (LIA) to examine potential investment partnerships in the upstream sector. ♦♦

OQEP REVENUE AND PROFITS SURGED IN Q2 AS IT CAPITALIZED ON HIGH CONFLICT PRICES (\$MN)



SOURCE: OQEP, MEES.

Qatar: IQ's Q2 Hit

Qatari downstream firms have absorbed a big operational hit as a result of the disruption of traffic through the Strait of Hormuz since March. Q2 results show a sharp drop in revenues and profits driven by a lack of sales.

State investor Industries Qatar (IQ), majority owned by QatarEnergy (51%), holds stakes in downstream companies operating in the petrochemical, fertilizer, and steel sectors. Revenue dropped 58% sequentially to \$476mn (QR 1.74bn) last quarter, a first quarter profit of \$200mn (QR 734mn) flipped to a \$142mn (QR 519mn) loss.

"Sales volumes [in the first half of the year] declined by 46% compared to the first half of 2025 largely due to reduced production levels and shipping disruption experienced during the period," QatarEnergy assistant financial manager Ahmad Salleh told investors on 19 August.

The hardest hit sector was fertilizers. Production of just 705,000 tons was less than a third of the 2.3mn tons produced in the same period last year. As a result, revenues dropped by 88% to \$63mn (QR 229mn).

Fertilizers are a key gas-fed industry that Qatar is investing in as it seeks to climb the value chain. Qatar Fertilizer Company (Qafco), a wholly-owned subsidiary of IQ plans to bring online its 1.2mn t/y Qafco-7 low-carbon ammonia plant in Mesaieed this year. QatarEnergy also plans to bring online the first trains of its massive 6.4mn t/y urea production complex this year in Mesaieed. When this plan was first announced, it was intended to turn the emirate into the "world's largest exporter" of fertilizer (MEES, 6 September 2024). Kpler shows that fertilizer exports through the Strait of Hormuz did increase in July, but volumes remain a fraction of pre-conflict levels.

IQ's petrochemical production also took a hit during the second quarter; output of 333,000 tons was down 55% from the same time last year. Revenues correspondingly fell 54% to \$156mn (QR 571mn).

The only one of IQ's subsidiaries that managed to keep operations in line with pre-conflict levels was Qatar Steel. Production actually increased 5% year-on-year to 1.3mn tons in the second quarter, with some volumes potentially stored. Saudi Arabia, Kuwait and the UAE are major markets for Qatari steel that have not been directly impacted by the strait's closure. ♦♦





IOCs Remain Committed To Abu Dhabi Growth Plans Despite Conflict

Adnoc has expanded and deepened its partnerships with IOCs over the last decade, and these relationships are central to its ambitious growth plans. Despite the Hormuz conflict, IOCs continue to invest in Abu Dhabi's upstream, and Adnoc's investment in strengthening resilience bolsters investor confidence.

Since the start of the Middle East crisis, Adnoc has made a concerted effort to reassure clients that it is investing to strengthen resilience and flexibility to remain a reliable supplier. The company's shipping arm has been bolstered, Hormuz-bypass pipeline capacity is being expanded and new overseas strategic stockpiles will be built. The message of resilience also has another intended audience; the IOCs that are central to Adnoc's growth plans.

Over the last decade, Adnoc has radically revamped its international partner base, capitalizing on the expiry of two multi-decade concessions to renew and expand its roster of partners (MEES, 13 November 2015). It also held its first ever upstream licensing rounds in 2018 and 2019, bringing in yet more new partners (MEES, 3 May 2019).

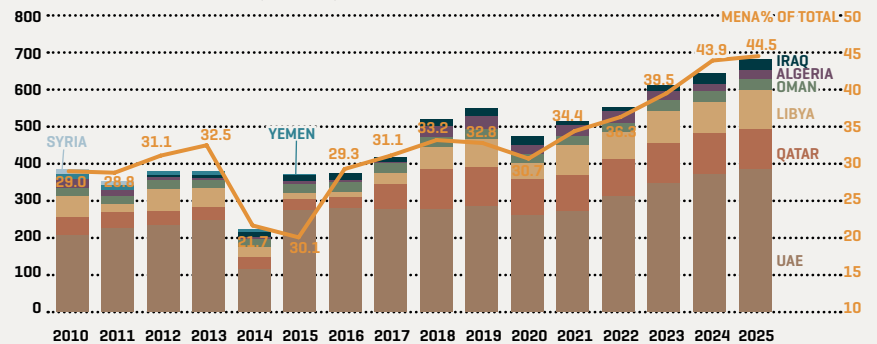
The UAE's investment case has traditionally been abundant reserves of low-cost, low-risk oil and gas and a politically stable environment. Over the past decade, investors have seen steady gains as Adnoc has expanded its production capacity from less than 3.5mn b/d in 2015 to an official 4.85mn b/d today. The UAE parlayed these capacity increases into higher Opec+ quotas and, with production steadily rising, IOCs have benefited from increased volumes.

The UAE is now by far the largest source of net oil production for TotalEnergies, with last year's 384,000 b/d up by 110,000 b/d over the last decade (see chart 1). Meanwhile, BP's profits from the country increased to an 11-year high of \$408.7mn in 2024, according to the latest filings from its Abu Dhabi subsidiary (see chart 2).

More gains are expected. Adnoc aims to reach 5mn b/d production capacity next year and is considering a further increase to as high as 6mn b/d (MEES, 29 August 2025). Its exit from Opec as of 1 May means it will no longer be bound by future production quotas.

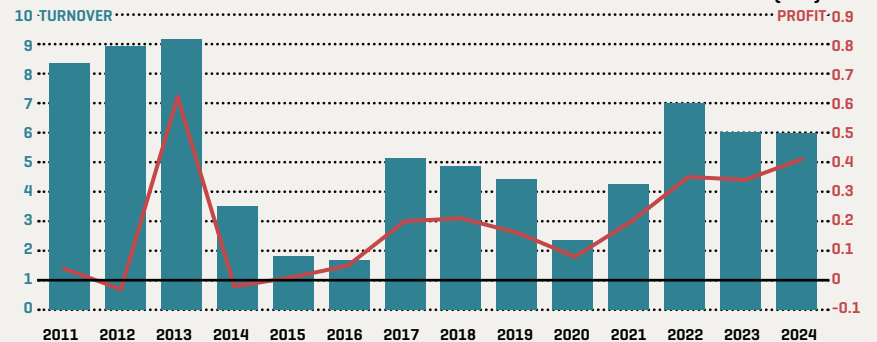
But expansion projects require substantial capital outlays and the Middle East conflict has damaged the UAE's reputation as a safe harbor, changing the calculation for foreign companies. "We continue to consider the Middle East as an investable region,"

1: MENA REGION ACCOUNTS FOR RECORD SHARE OF TOTALENERGIES' 2025 OIL OUTPUT, WITH THE UAE BY FAR THE LEADING COMPONENT ('000 B/D)



SOURCE: TOTALENERGIES, MEES.

2: BP ABU DHABI PROFITS INCREASED TO THEIR HIGHEST LEVEL IN MORE THAN A DECADE IN 2024 (\$BN)



SOURCE: BP, COMPANIES HOUSE, MEES.

TotalEnergies CEO Patrick Pouyanné said last month, but added that "at the end of the day it's a question of risk and reward. Maybe the reward will have to be a little higher."

Total is not the only major confident in the region's long-term investment case. Speaking about the Middle East during ExxonMobil's Q2 results, CEO Darren Woods said: "These resources are just too critical to the overall economic health of the world for them to stay offline, or for them to be unstable." Executives from other IOCs operating in the region have voiced similar commitments to their Middle East operations in off the record conversations.

For IOCs operating in Abu Dhabi and elsewhere in the Middle East, risk isn't simply a matter of physical threats to assets or of potential production shut ins. IOCs receive payment through equity cargoes of crude oil, and the Hormuz crisis has im-

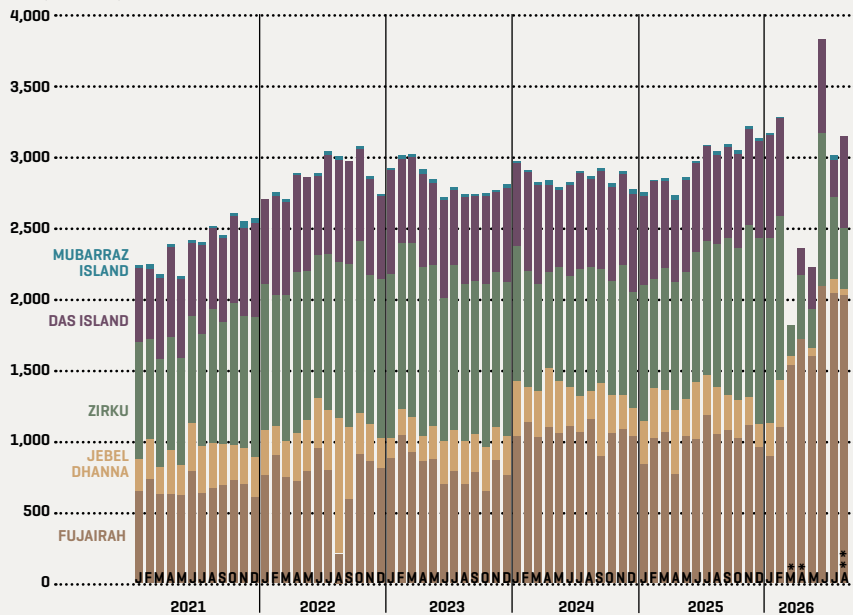
pacted their ability to access these volumes. "There was a difference in the Middle East between the production reported and the capacity to lift these productions, because lifting in the Gulf was very limited by access to Strait of Hormuz," Mr Pouyanné told the company's Q2 results call last month.

DEMONSTRATING RESILIENCE

Throughout the conflict, Adnoc has been able to export 1.8mn b/d of Murban crude oil from Fujairah, which is located outside of the Strait of Hormuz. Fujairah is connected to the onshore fields that produce Murban via the 1.8mn b/d Adcop pipeline that has provided the company with invaluable resilience. However, Adnoc's offshore oil fields

Continued from - p9

UAE CRUDE OIL EXPORTS EXCEEDED 3.5MN B/D FOR THE FIRST TIME IN JUNE AND REMAINS MORE THAN 3MN B/D ('000 B/D)



*INCLUDES SOME LOADINGS THAT WERE TRAPPED BY THE HORMUZ CLOSURE. **TO 15 AUGUST. SOURCE KPLER, MEES.

Continued from – p8

have no such bypass pipeline connection and so were subject to widespread curtailments in the first months of the conflict.

Since May, Adnoc has formalized a 'shuttle system' whereby crude is loaded onto Adnoc-controlled tankers inside the Gulf, and delivered to tankers offshore Fujairah through ship-to-ship (STS) transfers. This enabled the UAE to export a record 3.85mn b/d in June, according to Kpler data (MEES, 17 July). Volumes fell back to 3mn b/d in July as the US-Iran MoU collapsed and Iran stepped up attacks on vessels in the Strait of Hormuz. But exports are climbing again this month (see chart 3). Adnoc completed its eighth crude oil sales tender this week, with volumes to be supplied to buyers in October and November.

The shuttle system is working exceptionally well as a fallback option, but it comes with significant downsides. Firstly, the process is extremely risky, with frequent Iranian attacks on Adnoc vessels. Secondly, the process is much less efficient than the pre-conflict system of FOB sales from domestic terminals.

Even before the conflict, Adnoc was working to redress these challenges. A new 1.5mn b/d onshore pipeline is being built to Fujairah that will also be connected with the Jebel Dhanna crude oil terminal at Ruwais (MEES, 18 October 2024). This means that offshore crude grades can be shipped to Jebel Dhanna and piped to Fujairah, eliminating the need for the Hormuz shuttle route. The pipeline is due to be operational next year and will allow 3.3mn b/d to bypass Hormuz. Adnoc is also considering building another bypass pipeline to Fujairah to handle refined products (MEES, 22 May).

The shuttle system and STS sales are helping reassure IOCs that they can continue to monetize their assets despite

the ongoing conflict, but this is a temporary measure. Longer term, an expanded bypass pipeline system will provide improved investor confidence, although Fujairah itself is in the firing line. Iranian attacks during the first phase of the conflict caused significant damage, including to Adnoc's crude oil storage tanks, and new pipelines will make the port an even more strategic target for Iran. How the UAE shields Fujairah from Iranian attacks may emerge as one of the most important long-term issues for Adnoc (see p11).

COMMITTED TO ABU DHABI

Despite the volatility caused by the ongoing conflict, Adnoc's partners have demonstrated their continued commitment to the UAE. One of the most prominent investors is Japan's Inpex, which, in addition to being a partner at major onshore and offshore concessions, took on exploration acreage in Adnoc's licensing rounds.

CEO Takayuki Ueda told Inpex's recent Q2 earnings call that "the competitiveness of Abu Dhabi will remain and Abu Dhabi's competence will remain. And so we'll continue to invest proactively in Abu Dhabi."

Inpex has demonstrated that this is more than talk. Alongside TotalEnergies, BP and the other partners at the >2mn b/d Adnoc Onshore concession, Inpex signed up to develop the 1.5bn cfd Bab Gas Cap project in June (MEES, 26 June). Notably, the project doesn't rely on the Strait of Hormuz for monetization, as it is part of the UAE's aims to achieve gas self-sufficiency by 2030, but it is still a strong demonstration of commitment to the country.

Mr Ueda said that FEED is underway at the Bab Gas Cap, with FID targeted this year and "production is likely to start in 2028, 2029."

Inpex is also a junior partner at the ExxonMobil-led (28%) 1mn b/d Upper

These resources are just too critical to the overall economic health of the world for them to stay offline.

~ Darren Woods, CEO ExxonMobil

Zakum offshore field where capacity is being expanded to 1.2mn b/d next year. Work has begun to increase capacity further to 1.5mn b/d, with the partners selecting Spain's Tecnicas Reunidas as preferred contractor for a \$5bn EPC contract in Q2.

While Bab is moving towards FID, Adnoc and its partners at Umm Shaif (TotalEnergies, Eni and CNPC) took FID on that field's \$6.2bn gas cap project last month (MEES, 24 July) in another major sign of investor confidence in the UAE.

While these multi-billion-dollar projects attract considerable attention, they are not the only development assets moving forward. The Onshore Block 1 license is poised to become the first awarded through the licensing rounds to start commercial production. It is being developed by the Urja Bharat 50:50 joint venture of state Indian firms IndianOil and Bharat Petroleum.

A field development plan for Onshore Block 1's 38km² Ruwais field was approved in April 2024 (MEES, 29 August 2025), and Bharat Petroleum's 2025/26 Annual Report stated that FEED was completed on 27 March. Adnoc has approved a request for Early Production, and Bharat said that first oil is expected this quarter.

Elsewhere, US unconventional specialists EOG Resources continues its exploration program at Abu Dhabi's Unconventional Onshore Block 3, which it was awarded last year. CEO Ezra Yacob said that two, one-mile lateral wells were brought online in June, each producing more than 25,000 barrels over their first 30 days. "Both wells are naturally flowing up casing and will be placed on artificial lift in the coming weeks. Early well results are exceeding our expectations during the natural flow period," Mr Yacob said as he spoke about the exciting opportunities ahead for EOG in the UAE.

The closure of the Strait of Hormuz in early March represented a worst-case scenario for Middle East producers and IOCs operating in the region. But earlier investments in alternative routes to market gave Adnoc breathing space to adapt to the new reality. Its ability to adjust and increase exports to record levels has exceeded most observers' expectations and reinforced investor confidence in Abu Dhabi's long-term outlook. IOCs that have profited from the UAE's growth trajectory in recent years remain positive about its prospects. ♦♦





The waters offshore Fujairah and Sohar have become a critical hub for global oil markets as the Middle East conflict approaches the six-month mark. Saudi Arabia has now joined the UAE, Kuwait, Qatar and Iraq in using ship-to-ship transfers in the Gulf of Oman to export oil.

The Middle East's Arab Gulf oil producers are engaged in a game of cat and mouse with Iran and its regional proxies. Ever since Israel and the US launched military strikes against Iran on 28 February, Tehran has sought to squeeze its neighbors' oil exports to apply economic pressure on the US. As these states have developed new ways to move oil out of the region, Iran has in turn tried to block them.

The entry of Iran's Houthi allies into the conflict last month with their campaign against Saudi shipping in the southern Red Sea marked a major turning point for regional exports. Until then, Saudi Aramco had been able to keep crude oil exports at around 60% of pre-conflict levels by ramping up exports from Yanbu. Around 80% or 3.3mn b/d of these volumes exited the Red Sea through the Bab al-Mandeb en route to Asia (MEES, 24 July). High oil prices meant this was sufficient to propel Aramco's profits to a 33% increase last quarter (MEES, 7 August).

The Houthi attacks have caused significant disruption. Saudi Aramco was once again forced to reconfigure its export routes, diverting volumes north via Egypt's Sumed pipeline and the Suez Canal. Sumed flows are now running at the pipeline's maximum capacity of 2.5mn b/d, but relatively few cargoes appear to be transiting the canal, which cannot accommodate fully laden VLCCs. Kpler puts Saudi exports through the Suez Canal at around 500,000 b/d. Even allowing for some dark loadings that have yet to be captured, this implies total Saudi Red Sea exports of around 3-3.5mn b/d.

Aramco CEO Amin Nasser said earlier this month that "there is no impact on our export capability as a result of what happened at Bab al-Mandeb," despite the Red Sea disruption. Shortly afterwards, the company resumed loadings from inside the Gulf for the first time since the collapse of the Iran-US MoU in July (MEES, 14 August). Since the first tanker loaded on 11 August, MEES has verified five VLCCs loadings by 19 August; at an average rate of 1.1mn b/d, this more than offsets lost Red Sea volumes. Kpler shows that all of the tankers used so far have been owned by Korean shipping giant Sinokor.

Market sources confirm that Aramco is offering spot cargoes of Arab Medium and Arab Heavy for sale through ship-to-ship (STS) transfers offshore Sohar in Oman, south of the UAE's Fujairah. For now, Aramco is relying on Sinokor tankers despite a buildup of tankers operated by Saudi Arabia's Bahri

FUJAIRAH, SOHAR LIGHTERING ZONES KEY TO HORMUZ SHIPMENTS

OIL TERMINAL REFINERY



off Fujairah over the past two weeks. Two of these Bahri tankers have switched off their AIS transponders and 'gone dark' in recent days.

ARAMCO JOINS THE SHUTTLE SYSTEM

Saudi Aramco's recourse to the "shuttle" system marks a major change in approach. During the MoU period, its spot sales were made on a delivered basis with (primarily Bahri) tankers shipping crude directly to buyers (MEES, 17 July). Aramco has now adopted a model similar to those used by Abu Dhabi, Kuwait, Iraq and Qatar (see p11).

Under this system, Abu Dhabi and Kuwait have used their national shipping companies to shuttle oil directly to buyers outside the Gulf. Iraq and Qatar lack nationally controlled oil tankers and have therefore sold cargoes to trading firms such as Adnoc Trading, Vitrol and Totsa, which resell the oil to their customers and arrange the shuttle transfers.

Despite frequent Iranian attacks on vessels transiting the Strait of Hormuz, the shuttle system is becoming increasingly institutionalized. In many instances, shuttle tankers now deliver oil to 'floaters' offshore Fujairah and Sohar. These VLCCs can take a full 2mn barrels of crude oil from a shuttle and remain in place, transferring the oil to two or three smaller tankers while the original shuttle returns through the strait to collect another cargo.

As the shuttle system has become embedded, it has evolved to become more efficient and better able to meet the varying requirements of different customers.

ALL EYES ON FUJAIRAH

For Saudi Aramco, the Hormuz shuttle system carries considerably more risk than the earlier arrangement under which customers loaded cargoes FOB at Yanbu and shipped them to Asia. But it also offers advantages. Aramco can export Arab Medium and Heavy grades from Ras Tanura, but it has been limited to exporting Arab Light from Yanbu in

order to maximize pipeline flows (MEES, 13 March). The resumption of Ras Tanura exports therefore gives Aramco greater flexibility in supplying customers and managing its oil fields.

While highly risky, the shuttle system has also proven extremely valuable in mitigating the impact of the conflict on global oil markets. Before the ramp-up of Ras Tanura exports, around 5-6mn b/d of oil was shipped through the strait. That figure may now have climbed to as much as 7mn b/d, despite frequent Iranian attacks on tankers. Together with around 1.8mn b/d of Abu Dhabi's Murban crude exported via pipeline to Fujairah, this means that nearly 9mn b/d is now being shipped from Fujairah and Sohar.

This has concentrated risk around Fujairah and Sohar. Earlier in the conflict, Iran successfully attacked oil facilities in Fujairah, prompting some shipping companies to stop calling at the terminal. Should Iran seek to inflict further economic pain on the US and its allies, it may attempt to disrupt the STS transfers by attacking vessels anchored in the Gulf of Oman. This would not necessarily halt the process, as STS transfers could migrate further down the Omani coast. But it would generate near-term volatility and make the system less efficient by forcing shuttle tankers to undertake longer voyages.

US plans to increase economic pressure on Iran (see p13) could lead Tehran to increase its efforts to disrupt to the flow of oil through the Strait. On 19 August, US President Donald Trump announced "The MOST CRUSHING ECONOMIC OPERATION EVER TAKEN AGAINST ANY COUNTRY" against Iran. This came after the UAE announced the cessation of "all trade, commercial exchange, and financial transactions with Iran."

As the conflict approaches the six-month mark, this game of cat and mouse shows no signs of abating. Gulf producers will continue devising new ways to move oil, while Iran looks for vulnerabilities in each new route. The longer the conflict lasts, the more elaborate these workarounds – and Iranian efforts to frustrate them – are likely to become. ♦♦

CRUDE SHUTTLING HEATS UP IN FUJAIRAH & SOHAR, AS PRODUCTS TRADE TESTED

Strait of Hormuz transits remain risky, but Gulf producers are turning to ship-to-ship operations offshore UAE and Oman to deliver barrels to market. More refined products are now being shipped, and a Fujairah refinery is set to restart.

Key Gulf producers Saudi Aramco and Adnoc are increasingly relying on shuttling crude from inside the Mideast Gulf to offshore Sohar and Fujairah in a bid to bring more trapped barrels to the market – a risky maneuver that has seen several ships struck by Iranian munitions (MEES, 14 August).

Exact figures are somewhat opaque: cargo tracking firms using AIS struggle to capture cross-strait movements, and satellite imagery trackers are hindered by government restrictions on releasing imagery for commercial use. But several UAE-based sources confirm that shuttling activity has picked up significantly in the last two weeks – so much so that STS operations in Sohar face bottlenecks due to a lack of fendering manpower and space for the operations.

“The key players now are Aramco and Adnoc due to their fleet ownership,” said one source. “They are willing to take risks the trading houses won’t due to financial and chartering constraints.”

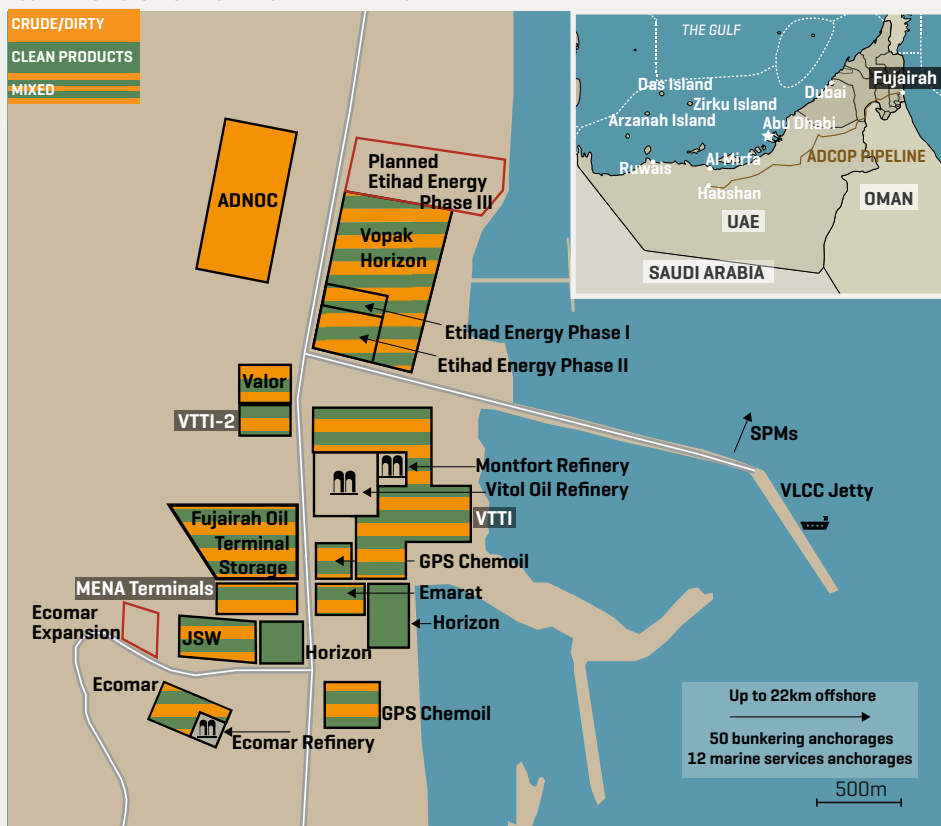
The UAE’s Adnoc Trading has been at the cutting edge of this trade, with China’s Unipac and trading giant Mercuria emerging as key buyers of Murban crude loaded from the Adco terminal in Fujairah and also of STS loadings. One source noted that Adnoc-facilitated STS activity has grown so large that congestion offshore Oman has become a logistical issue and the firm is increasingly looking to Fujairah’s offshore anchorage for its operations. Adnoc Trading (AT) is also lifting Iraqi crude, which state marketer Somo is offering at steep discount, and Qatari volumes, which are then sold on via STS.

Aramco too is offering STS deliveries offshore Oman (see p10). At least five Aramco-chartered VLCCs have loaded at Ras Tanura over the past week, adding to the burgeoning offshore trade. At least two have since crossed the Strait of Hormuz, according to data intelligence firm Kpler.

PRODUCTS TOO?

So far, the risk appetite for Gulf NOCs has primarily extended to crude, but this may be changing. One source says Adnoc’s trading arms are using overland trucking as well as ISO containers via Etihad Rail – the UAE’s national railway – to bring barrels into Fujairah. A source said that Adnoc Global Trading (AGT) managed to sell one product cargo, 45,000 tons of gasoil, to local trader (and terminal operator) GPS Chemoil. Another source confirms that Adnoc is testing the waters on seaborne transit

FUJAIRAH OIL STORAGE FACILITIES AND REFINERIES



of naphtha as well, having shipped at least one cargo through the Strait for STS in Fujairah.

Aramco Trading Fujairah (ATF) is also eyeing a return to the Fujairah fuel oil trade after activity collapsed following the outbreak of war on 28 February. Kpler showed that two Saudi-origin fuel oil cargoes discharged at Fujairah’s Vopak terminal in July, and although no discharges are showing for August, this is likely due to dark voyages, as market sources confirm ATF has restarted blending operations. At least one vessel has loaded fuel oil from Ras Tanura and crossed the strait this month, Kpler shows.

Trading giant Vitol also continues to operate across the barrel in Fujairah, though at limited quantities. That Vitol, Aramco and Adnoc are the emergent players in Fujairah is no surprise. Many of the small-to-mid sized players that were previously active in the UAE have struggled since the Iran-US conflict broke out (MEES, 12 June). Rumors of Dubai-based trading companies losing traders and even closing are rampant and not helped by bearish assessments that major disruption to Hormuz traffic will extend into 2027.

Prior to the conflict, Fujairah was awash with Iranian naphtha, gasoil and fuel oil that provided ample opportunity for risk-hungry trading firms to make a margin. Now there are very few Iranian-origin cargoes still discharging, and the number could drop further still after the UAE pledged this week to cut commercial

ties with Iran. The lack of Iranian barrels leaves the large players with system barrels as the only ones to operate successfully in the market.

VITOL REFINERY BACK ONLINE

One positive development is that Vitol is restarting operations at its 80,000 b/d topping refinery in Fujairah, according to two sources, four months after it halted operations following Iranian strikes on the port (MEES, 17 April). Kpler shows only one recent crude discharge at Fujairah – 1mn barrels of Bonny Light this week. It’s unclear whether Vitol is the buyer, and light-sweet Bonny is not the normal diet for the refinery which is configured to process heavy-sweet crudes into IMO-compliant fuel oil for bunkering.

A restart of the refinery could bolster Vitol’s position as the key bunker supplier in Fujairah. Bunkering at Fujairah has suffered this year as traffic through the strait has dried up. Local firms OMTI and Al Arabia Bunkering Company (ABC) continue to operate in Fujairah’s offshore bunkering industry, but a lack of vessels calling at the port will ensure continued struggles until the market regains confidence in regional stability.

Until then, NOC trading companies will lead the way in developing new workarounds to bring as much oil out through the Strait of Hormuz as they can. Operations will continue to evolve against the fluid geopolitical backdrop. ♦♦

The US blockade is stifling Iran's oil exports. Faced with the risk of interdiction, Iranian vessels are remaining at anchor in the Indo-Pacific rather than returning to load. The blockade is proving effective in preventing Iranian exports, but it will take time for the economic pressure to build.

With hopes for reviving US-Iran negotiations having faded, the US is hoping that it can force concessions from Iran through tightening the economic noose. Washington has announced tighter economic measures against Tehran and its trading partners in an effort to extract concessions (see p13). Whether the shift from 'Maximum Pressure' to 'Economic D-Day' proves successful remains to be seen, but the blockade of Iranian shipping has so far proven the most effective measure in the US arsenal.

The US reimposed the blockade on 14 July following Iranian attacks on merchant ships (MEES, 17 July), and it has sharply reduced Iran's oil loadings as shadow-fleet tankers are unable to enter or exit the Gulf. This initially led to a buildup in floating storage, but as Iran runs out of tankers it will eventually have to cut oil production, which averaged 2.45mn b/d last month.

Loadings at Iranian oil terminals have fallen sharply this month to around 260,000 b/d (see chart 1), close to levels recorded in April when the original blockade was first imposed (MEES, 17 April). Oil exports recovered in June and July in the run-up to the signing of the US-Iran MoU on 17 June (MEES, 26 June), as Iran rushed to clear a backlog of laden vessels. It also brought in empty tankers that have allowed it to avoid production cuts through the first month of the new blockade (MEES, 22 May).

An analysis of Kpler data on Strait of

Hormuz crossings shows that a total of 15 Iran-flagged and Iran-linked sanctioned tankers crossed the strait (in either direction) in the first week of July, but that none have crossed since 1 August (see chart 2). Even this – the Suezmax Tour 2 – has not crossed the US blockade.

The tracking data capture only vessels that remained visible or whose voyages could be reconstructed from positioning signals. Most traffic through the strait has gone dark, with Gulf Arab producers relying on clandestine shuttles through the Omani corridor (see p11), backed by US military support. Iran routinely attacks these vessels.

Like Tour 2, many laden Iranian vessels are now blocked by the US blockade. As of 19 August, 65 ships have been redirected, with two boarded and three disabled, said US Central Command.

UANI, an anti-Iran advocacy group, said this week that it had identified at least 53 tankers laden with oil currently anchored along the Iranian coastline. Satellite imagery from 19 August shows 14 tankers clustered around Kharg Island and no loading activity. The only visible loading this month was a VLCC on 15 August.

The inability to send out cargoes means that there has been a steady build up of Iranian floating storage inside the Gulf. As of 20 August, the volume was estimated at around 11.6mn barrels, far exceeding the 2mn barrels for the same period last year and above the typical 7-9mn figure in May.

More vessels are needed if Iran is to continue building floating storage levels, but since the start of the blockade only four empty ships are confirmed to have crossed. Only one of these was a VLCC.

DISPERSED FLEET

Prior to the conflict, the vast majority of Iranian oil was exported to China. Western-sanctioned, Iran-flagged VLCCs

operated by NITC were used to transport oil to the Singapore-Malaysia EOPL lighter-loading area, where cargoes were transferred to non-sanctioned vessels for onward shipment to China. This has remained the process, but on a much smaller scale.

Despite discounts, Chinese imports of Iranian oil have yet to recover to their recent high of 1.76mn b/d in April. Imports of 529,000 b/d so far in August point to a fourth consecutive monthly decline.

Likewise, arrivals of Iranian barrels at the EOPL fell from around 1mn b/d in February and March to just over 400,000 b/d in April and May and 200,000 b/d in June and July. Kpler shows that only 90,000 b/d has arrived so far in August.

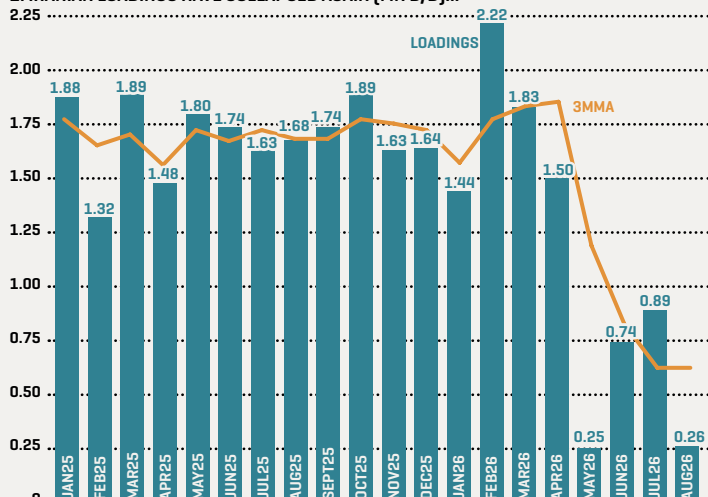
JASK AT FULL TANKAGE

The US blockade has also blocked Iranian exports from its 'Hormuz-bypass' terminal at Jask. The first cargo was exported from Jask in 2024, when it had storage capacity of 4mn barrels (MEES, 25 October 2024). Satellite imagery shows that storage was expanded to 10mn barrels late last year. Oil is supplied to the terminal through a 1,000km pipeline from Goureh in Bushehr province, but bottlenecks mean the pipeline's capacity is well short of its nominal 1mn b/d. Exports are then made via the terminal's 700,000 b/d SPM – meaning that Jask can load one VLCC every three days at most.

Even before the blockade, exports from the terminal were low, reaching a record 129,000 b/d monthly average in March when two VLCCs loaded.

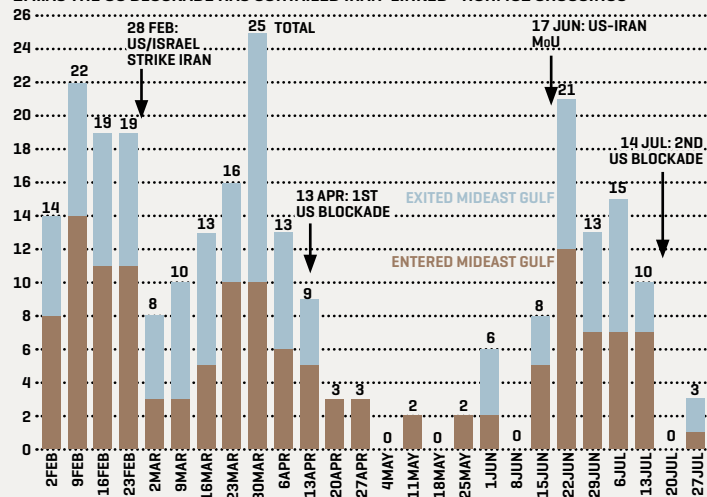
With the US blockade preventing Iran from bringing empty tankers to its export terminals, Tehran may be forced to cut production soon. But with as much as 88mn barrels of Iranian oil still on tankers outside of the blockade area, it may be some time before the economic impact of the blockade is truly felt. ♦♦

1. IRANIAN LOADINGS HAVE COLLAPSED AGAIN [MN B/D]...



SOURCE: KPLER, MEES.

2. ...AS THE US BLOCKADE HAS CURTAILED IRAN-LINKED* HORMUZ CROSSINGS



*IRAN FLAGGED AND WESTERN SANCTIONED TANKERS. VLCC, SUEZMAX AND AFRAMAX VESSELS ONLY. BEGINNING OF WEEK. LAST UPDATED ON 19 AUGUST. SOURCE: KPLER, MEES.

US President Donald Trump is ratcheting up the economic pressure on Iran in a bid to force it to compromise. Years of sanctions, followed by this year's destructive military campaign, have not persuaded Tehran to make substantive concessions. Will even tighter sanctions succeed?

On 19 August, Mr Trump posted on social media that Washington would launch the "MOST CRUSHING ECONOMIC OPERATION EVER TAKEN AGAINST ANY COUNTRY!" to further isolate Iran's economy. Calling the campaign an 'Economic D-Day', he warned other countries against cooperating with Tehran: "Oil smuggling, swap lines, cash transfers, exchange houses, ship registries, front companies — It all needs to stop NOW."

US Treasury Secretary Scott Bessent had been laying the groundwork for a US announcement of a new package of measures against Iran and its trading partners that could extend beyond secondary sanctions. Mr Bessent is due to make the announcement on 24 August.

The prospect of further financial restrictions on Iran has been met with skepticism. Iran already faces one of the strictest sanctions regimes in history, having been subject to various US and Western measures since the 1979 Islamic Revolution. China is by far its largest trading partner and it is unclear whether Washington would be willing to sanction Beijing over its ties with Tehran.

That said, Iran's economy has come under much greater strain since the US and Israel launched their war in February. The conflict has compounded pressures that have been building since 2018, when Mr Trump reimposed sanctions and withdrew from the JCPOA nuclear deal (MEES, 16 January).

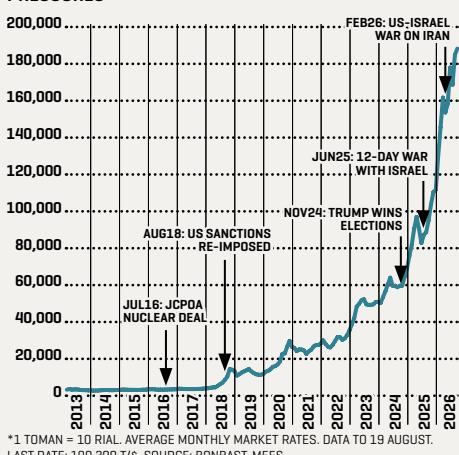
ECONOMY ON THE BRINK

Iran's currency has fallen to a record low against the dollar on the parallel market in recent weeks (see chart 1), while annual inflation hit 61% in July (see chart 2). Point-to-point inflation rose to 83.9% last month compared with the same period last year, and there is growing concern that inflation may reach triple digits by the end of the Iranian year in March for the first time since the 1940s.

Ordinary Iranians are bearing the brunt of the war and hyperinflation. Prices of goods, including food and imports, have skyrocketed beyond the means of many households. For the Iranian month of Tir (22 June–22 July), the Statistical Centre of Iran (SCI) estimated that food inflation rose by 128%, making meat and dairy products unaffordable for many. Even vendors are struggling to cope with daily price fluctuations.

At the same time, housing prices and rents have risen, putting Iranian families at genuine risk of falling below the poverty line. The slowdown in commercial and industrial activity has also led to layoffs, with SCI figures for late March to June showing that employment fell by 450,000 over the previous year. The unemploy-

1. IRAN'S CURRENCY HAS SET A NEW LOW OF 190,000 TOMAN*/\$ AS THE WAR HAS EXACERBATED ECONOMIC PRESSURES



ment rate reached a four-year high of 9.1%.

The economic downturn has been exacerbated by the conflict, which has caused significant damage to gas processing, petrochemicals and steel plants. The job loss figures could be even higher; unofficial reports indicate that more than a million have lost their jobs since the war began.

LOSING TRADE AND REVENUES

The planned new measures come on top of the US blockade on oil exports that was reimposed last month and has proven effective in stifling loadings and impeding Iranian tanker transits through the Strait of Hormuz (see p12).

President Masoud Pezeshkian acknowledged on 15 August that government finances have suffered after Iran's oil revenues were "cut off." Abdolnaser Hemmati, the central bank governor, also stated on 20 August that "it is a reality that we are not exporting oil." US sanctions mean that repatriating funds from oil sales is a long and complex process.

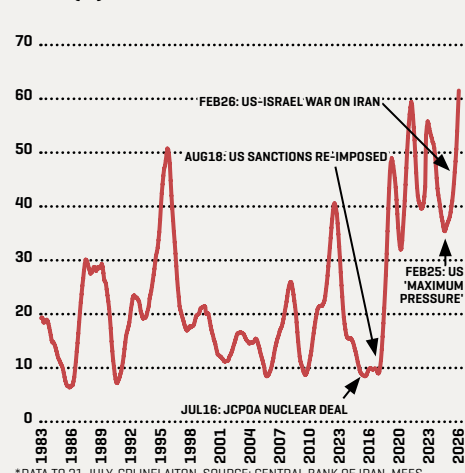
The blockade has also impeded gasoline imports, and domestic shortages risk further hardships for Iranian citizens (MEES, 14 August).

Mr Pezeshkian also noted that tax revenues have declined due to the slowdown in the non-oil sector: "Some of our factories are facing difficulties, and tax revenues have also decreased. Not only are we unable to collect taxes from these factories, but we must support them and help them through these difficulties."

Adding to the government's fiscal troubles, the conflict and US blockade have impacted Iran's non-oil exports. Reduced foreign exchange inflows have also limited Iran's ability to import goods, including gasoline amid growing shortages (MEES, 14 August).

Officials say that non-oil exports and imports have fallen by around 30% since late March, implying a decline of more than \$10bn in total trade from year-ago levels. The US attacked the commercial Chabahar Port in early July, making trade through the country's southern ports more risky. Iran has increasingly turned to its

2. IRAN'S INFLATION RATE EXCEEDS 2021 MODERN RECORD LEVELS [%]



northern ports on the Caspian Sea and overland trucking through neighboring countries.

As a result, bilateral non-oil trade with conventional partners such as the UAE, Turkey, and India, has declined, while trade with Russia, Pakistan, and Central Asian countries has risen. This shift has been expensive, according to Mr Pezeshkian: "We used to import goods by ship, but now they have to travel a longer route, which has led to an overall increase in costs."

PARTNERS PRESSED

While China is Iran's largest export market and a major source of imports, the UAE has traditionally served as Tehran's primary supplier. The Arab Gulf country's ports serve as major re-export hubs for Iran, and Tehran has also relied on the UAE for access to hard currency and services. The UAE has also been an important market for Iranian oil products through its bunkering hubs, as well as for agricultural produce.

The UAE announced this week that it has severed all economic and trade ties with Tehran. If fully implemented, the move would place additional pressure on Iran.

China has already signaled that it will not comply with any new US measures. In May, Washington imposed secondary sanctions on Chinese refiners for buying Iranian oil (MEES, 1 May), but Beijing instructed the firms not to comply. The US may also have difficulty in forcing Turkey and India to cut off trade with Iran.

Iraq could also come under stronger US pressure to curtail economic relations, which would have a profound impact given the extensive trade between the neighbors, and Baghdad's reliance on Iranian gas imports.

More severe US sanctions would undoubtedly have a significant impact on Iran's economy and its citizens. Whether the economic pain will persuade Iran's leadership, particularly the Islamic Revolutionary Guard Corps (IRGC), which has consolidated its power during the conflict, to compromise is another matter entirely. ♦♦



Saudi Oil Sector Recovering From Conflict Outages

The Middle East conflict forced Saudi Aramco to radically recalibrate its operations during a turbulent start to the year. What will the second half of 2026 hold?

The first half of the year was an unprecedented period for Saudi Arabia's oil sector, and newly released Jodi data provide a clearer picture of how the kingdom navigated the turbulence.

The effective closure of the Strait of Hormuz in the first days of the regional conflict that began on 28 February caused huge disruption to Saudi Arabia and its neighbors. The closure of Saudi Arabia's primary oil export route necessitated widespread production shut-ins and refinery curtailments. Second order consequences included a sharp drop in associated gas production, which in turn caused oil burn to spike to unprecedented seasonal highs.

The situation was at its most acute in March and April. The US-Iran MoU signed on 17 June led to a resumption of exports through the Strait of Hormuz, enabling Saudi Arabia to increase production by 670,000 b/d that month (MEES, 10 July). Although the MoU collapsed in mid-July and Gulf loadings were halted, they resumed last week and conditions have not been as dire as during the first months of the conflict (see p10).

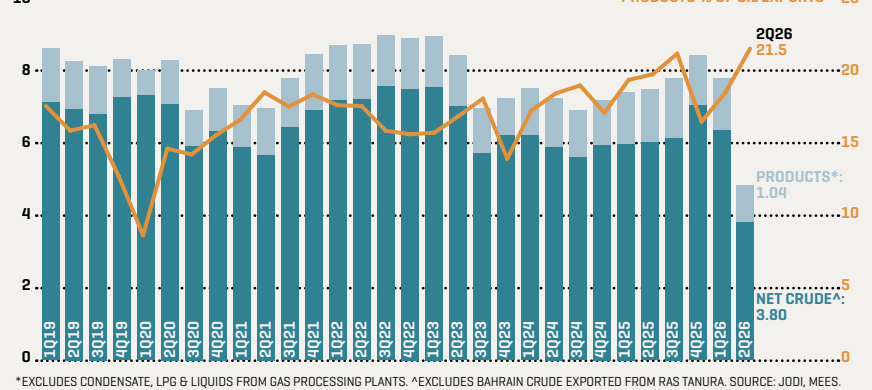
EXPORTS BEGIN TO RECOVER

The most visible impact of the conflict was on Saudi crude exports, which plummeted from 7.27mn b/d in February to just 3.43mn b/d in May (see p15 for full data). Exports rose to 3.99mn b/d in June as loadings through the Strait of Hormuz resumed during the MoU period, and should have exceeded 4mn b/d last month. The majority of crude exported in June was loaded at Red Sea terminals, with Ras Tanura loadings only resuming on 26 June (MEES, 26 June).

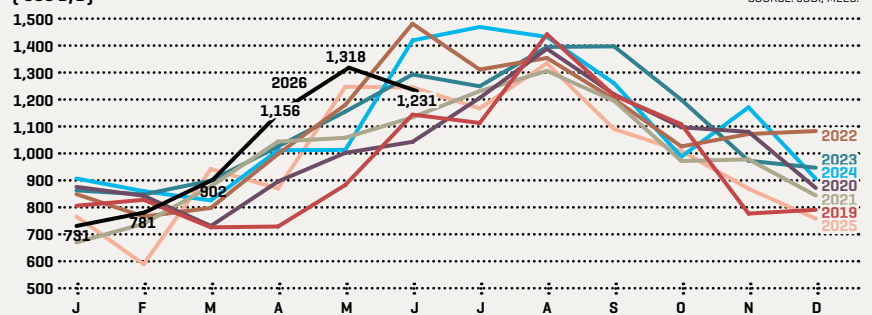
Overall, crude oil exports fell by 38% year on year last quarter to just 3.8mn b/d, by far the lowest quarterly figure in Jodi records stretching back to 2002. Refined products exports also declined but by a more modest 30% as Saudi Arabia maximized exports from its Red Sea refineries and used its Gulf coast plants to meet domestic demand. Q2 products exports of 1.04mn b/d were significantly higher than the 1Q 2020 Covid-low of 698,000 b/d (see chart 1).

Red Sea products exports have been under significant pressure following Houthi attacks on the 400,000 b/d Jazan refinery late last month (MEES, 31 July). Although damage was limited to storage

1: THE HORMUZ CRISIS CAUSED SAUDI OIL EXPORTS TO COLLAPSE IN Q2, BUT A RECOVERY IS UNDERWAY (MN B/D)



2: SAUDI OIL BURN FELL BELOW 2025 LEVELS IN JUNE AFTER SPIKING IN THE FIRST MONTHS OF THE CONFLICT ('000 B/D)



tanks, the refinery has been taken offline and may not be restarted until the security situation improves as it has become a focal point for Houthi attacks in recent weeks.

The Jazan outage will have a major impact on Saudi Arabia's diesel exports in particular. The refinery was established to supply diesel to European markets, and the fuel accounted for more than 50% of Jazan's exports last year.

Diesel made up a record 44.5% of Saudi products output over the first half of the year. Average diesel exports of 648,000 b/d equated to more than half of total products exports, well ahead of gasoline on 283,000 b/d.

OIL BURN: RECOVERY UNDERWAY

As Saudi Arabia's oil sector has partially recovered, oil burn for power generation has steadily normalized. Oil burn soared to seasonal records in the first months of the conflict due to temporary fuel switching in power plants in response to reduced associated gas production, with Aramco gas production falling by 16%

year-on-year in Q2 (MEES, 7 August).

The impact peaked in April when oil burn (crude and fuel oil) averaged 1.156mn b/d, up 33% year-on-year. That annual increase faded in May, and although oil burn rose seasonally to 1.23mn b/d in June, it remained below 2025 levels (see chart 2). Several factors contributed to the decline: higher oil production boosted associated gas supply, Saudi Arabia added around 5.5GW of renewable power capacity over the first half of the year (MEES, 10 July), and industrial electricity consumption fell because of the Hormuz crisis.

These same factors remain in play, with another 1GW of renewable generation capacity added so far this quarter and oil production on the rise again. Oil burn may therefore remain relatively close to 2025 levels this quarter.

Saudi Arabia has demonstrated flexibility in managing its oil sector through the first half of 2026, and with the US and Iran seemingly further away than ever from reaching a diplomatic agreement, a return to normality may prove elusive in the second half of the year. ♦♦

SAUDI ARABIA Q2 KEY OIL STATS ('000 B/D): AN UNPRECEDENTED QUARTER



	1H26	vs1H25	%	1H25	Jun26	vsMay26	%	vsJun25	%	May26	2Q26	vs1Q26	%	vs2Q25	%	2024	2025
Crude Output	7,991	-1,136	-12.4	9,127	7,122	+562	+8.6	-2,630	-27.0	6,560	6,666	-2,650	-28.4	-2,648	-28.4	8,955	9,482
Crude Stocks (mn bl)	140.0	-12	-8.2	152.4	144.2	+1	+1.0	-8	-5.4	142.8	140.0	-13	-8.3	-12	-8.2	147.8	153.4
crude stock change (mn bl)	-12.4	-31	n/a	+18.2	+1.4	-1	-49.9	-10	-87.7	+2.8	-12.7	-12	+1,515	-19	n/a	-1.4	+5.7
('000 b/d)	-68.8	-169	n/a	+100.7	+47.2	-44	-48.2	-528	-91.8	+91.2	-139.3	-131	+1,515	-206	n/a	-3.9	+15.5
Crude Supply to Market	8,035	-1,072	-11.7	9,106	7,075	+606	+9.4	-2,252	-24.1	6,469	6,761	-2,548	-27.4	-2,565	-27.5	9,095	9,469
Crude Exports	5,109	-1,036	-16.9	6,145	3,993	+559	+16.3	-2,148	-35.0	3,434	3,804	-2,610	-40.7	-2,362	-38.3	6,050	6,433
% of crude output	63.9	-3.4		67.3	56.1	+3.7		-6.9		52.3	57.1	-11.8		-9.1		67.6	67.8
% of liquids exports	80.9	-1.5		82.4	79.5	+3.5		+1.1		76.0	78.5	-3.9		-2.1		82.4	82.7
Crude Imports: Bahrain/Abu Safah	34	-111	-76.3	145	0	+0	-	-150	-100.0	0	0	-69	-100.0	-144	-100.0	136	139
Crude Exports (net - ex Abu Safah)	5,075	-925	-15.4	6,000	3,993	+559	+16.3	-1,998	-33.4	3,434	3,804	-2541	-40.0	-2218	-36.8	5,914	6,295
% of crude output	63.5	-2.2		65.7	56.1	+3.7		-5.4		52.3	57.1	-11.0		-7.6		66.0	66.4
Direct Burn Crude	429	+16	+3.8	414	583	-64	-9.9	-91	-13.5	647	590	+322	+119.9	+77	+14.9	455	425
% of crude output	5.4	+0.8		4.5	8.2	-1.7		+1.3		9.9	8.9	+6.0		+3.3		5.1	4.5
Total Oil Burn**	1,020	+77	+8.1	943	1,231	-87	-6.6	-14	-1.1	1,318	1,235	+430	+53.5	+114	+10.2	1,105	991
% of crude output	12.8	+2.4		10.3	17.3	-2.8		+4.5		20.1	18.5	+9.9		+6.5		12.3	10.4
Refinery Crude Intake	2,530	-163	-6.0	2,692	2,497	+111	+4.7	-206	-7.6	2,386	2,365	-330	-12.2	-345	-12.7	2,590	2,749
% of crude output	31.7	+2.2		29.5	35.1	-1.3		+7.3		36.4	35.5	+6.6		+6.4		28.9	29.0
Run rate [% of capacity]	75.5	-6.5		82.0	74.5	+3.3		-7.8		71.2	70.5	-11.4		-12.0		78.9	83.7
Refinery Output	2,530	-163	-6.0	2,692	2,497	+111	+4.7	-206	-7.6	2,386	2,365	-330	-12.2	-345	-12.7	2,618	2,749
Gasoline	580	-102	-14.9	682	523	-107	-17.0	-201	-27.8	630	560	-40	-6.7	-153	-21.5	650	663
Jet-Kero	158	-50	-23.9	207	164	+22	+15.5	-41	-20.0	142	125	-65	-34.0	-69	-35.5	194	206
Diesel/Gasoil	1,127	-39	-3.3	1,166	1,067	-13	-1.2	-112	-9.5	1,080	1,026	-202	-16.4	-181	-15.0	1,114	1,183
Fuel Oil	406	-3	-0.7	409	406	+27	+7.1	-9	-2.2	379	370	-71	-16.1	-42	-10.2	443	456
Oil Product stocks (mn bl)	59.7	-23	-28.1	83.0	59.7	+13	+28.2	-23	-28.1	46.6	59.7	-8	-11.6	-23	-28.1	77.9	69.5
Total Oil Stocks (mn bl)	203.9	-32	-13.4	235.4	203.9	+15	+7.7	-32	-13.4	189.4	203.9	-16	-7.4	-32	-13.4	225.6	222.9
oil stock change (mn bl)	-31.5	-40	n/a	+8.2	+14.6	+28	n/a	+3	+3.5	-13.9	-16.3	-14	+501.6	-27	n/a	-3.8	-2.7
('000 b/d)	-174.0	-219	n/a	+45.2	+485.1	+934	n/a	-69	+115.6	-449.0	-178.7	-149	+501.6	-296	n/a	-10.5	-7.5
Refined Products Consumption	1,947	+71	+3.8	1,876	2,049	+31	+1.5	+144	+7.6	2,018	2,034	+174	+9.3	+55	+2.8	2,034	1,951
Gasoline	514	-3	-0.5	516	528	-21	-3.8	+25	+5.0	549	498	-32	-6.1	-23	-4.4	514	530
Jet-Kero	113	+7	+6.1	106	106	+7	+7.1	-12	-10.2	99	102	-21	-17.0	-10	-8.6	96	109
Diesel/Gasoil	570	-7	-1.2	577	625	+42	+7.2	+67	+12.0	583	601	+63	+11.8	+13	+2.2	612	593
Fuel Oil	591	+61	+11.5	530	648	-23	-3.4	+77	+13.5	671	645	+109	+20.3	+38	+6.2	651	565
Refined Products Exports	1,240	-216	-14.8	1,456	1,028	-55	-5.1	-662	-39.2	1,083	1,040	-400	-27.8	-439	-29.7	1,290	1,486
% oil exports	19.6	+0	+0.6	19.5	20.5	-4	-14.6	-1	-5.1	24.0	21.5	+3	+16.1	+2	+11.0	17.6	19.1
Naphtha	75	-24	-24.2	99	136	+90	+195.7	+32	+30.8	46	72	-7	-8.5	-24	-25.3	93	103
Gasoline	283	+5	+1.8	278	231	-42	-15.4	-84	-26.7	273	263	-41	-13.6	-31	-10.7	281	302
Jet-Kero	68	-50	-42.3	119	49	-1	-2.0	-87	-64.0	50	40	-57	-59.1	-83	-67.6	117	112
Diesel/Gasoil	648	-31	-4.5	678	486	-117	-19.4	-319	-39.6	603	562	-172	-23.4	-124	-18.1	574	678
Fuel Oil	113	-82	-42.2	195	101	+24	+31.2	-131	-56.5	77	77	-72	-48.2	-111	-59.1	142	207
Crude & Products Exports*	6,315	-1141	-15.3	7,456	5,021	+0,504	+11.2	-2810	-35.9	4,517	4,844	-2,942	-37.8	-2801	-36.6	7,340	7,780
% of crude output	79.0	-2.7		81.7	70.5	+1.6		-9.8		68.9	72.7	-10.9		-9.4		82.0	82.1
Oil Products Imports	376	+49	+15.0	327	635	+323	+103.5	+343	+117.5	312	476	+200	+72.3	+161	+51.2	340	356
Gasoline	93	+4	+4.9	89	152	+96	+171.4	+57	+60.0	56	82	-23	-22.0	+2	+2.9	84	101
Diesel/Gasoil	39	+1	+1.8	38	17	-37	-68.5	+0	+0.0	54	58	+39	+205.3	+49	+569.2	27	25
Fuel Oil	239	+52	+27.5	187	460	+261	+131.2	+281	+157.0	199	333	+188	+129.4	+107	+47.2	218	222
Total Net Crude & Products Exports*	5,939	-1,190	-16.7	7,129	4,386	+181	+4.3	-3,003	-40.6	4,205	4,369	-3,141	-41.8	-2,818	-39.2	6,864	7,424
NET PRODUCTS EXPORTS*	864	-265	-23.4	1,129	393	-378	-49.0	-1005	-71.9	771	564	-600	-51.5	-600	-51.5	950	1,130
Naphtha	75	-22	-22.8	97	136	+90	+195.7	+32	+30.8	46	72	-7	-8.5	-24	-25.3	86	100
Gasoline	190	+1	+0.4	190	79	-138	-63.6	-141	-64.1	217	181	-18	-9.2	-34	-15.7	197	202
Jet-Kero	64	-45	-41.1	109	45	-4	-8.2	-91	-66.9	49	38	-52	-57.9	-84	-68.9	113	107
Diesel	609	-31	-4.9	640	469	-80	-14.6	-319	-40.5	549	504	-211	-29.5	-173	-25.6	547	653
Fuel Oil	-126	-134	-1,709	8	-359	-237	+194.3	-412	-0,777	-122	-256	-259	-7,072.7	-218	+578.8	-76	-15
Products % of net oil exports	14.6	-1.3		15.8	9.0	-9.4		-10.0		18.3	12.9	-2.6		-3.3		13.8	15.2

SEE ANALYSIS P14. *REFINED PRODUCTS ONLY. EXCLUDES FIELD LPG (AROUND 850,000 B/D OUTPUT). OTHER NGLS AND CONDENSATE. **PRESUMES ALL DOMESTICALLY-CONSUMED FUEL OIL IS BURNT IN POWER PLANTS. SOURCE: JODI, MEES.



Dubai Power Generation Down 7% On Hormuz Disruption

Power generation in Dubai fell 7% year on year in Q2 as the Hormuz crisis and regional conflict hit demand. Combined with a record contribution from solar, the decline reduced gas burn and eased pressure on UAE supplies.

Dubai's power generation fell year on year in the second quarter. It was the first decline shown in the figures since Dewa started publishing quarterly data in 2022. Total electricity generation fell by 6.6% to 15.8TWh as the regional conflict weighed on demand (see chart 1). This is part of a broader regional trend as restrictions on shipping through the Strait of Hormuz have forced industries across the Gulf states to scale back operations (MEES, 5 June).

Power generation in Dubai registered a first quarter record of 11.1TWh, but the outbreak of war between the US and Iran on 28 February has since led to a rare contraction.

Before the conflict, Dewa was anticipating continued strong power demand growth over the medium term. It forecast peak demand rising by 10% to 12.6GW by 2030 (see chart 2). Although its 2025 integrated report published in March projected a small drop in peak power demand to 11.3GW in 2026, this was expected to be a temporary adjustment, with strong growth resuming next year.

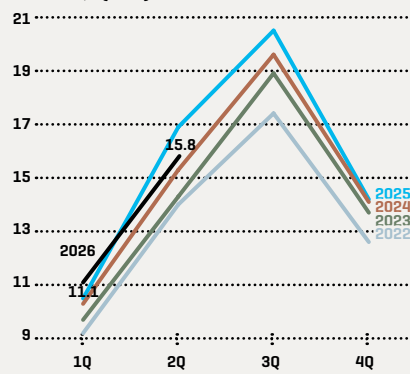
Total power generation reached a record 62.2TWh in 2025, but protracted disruption to shipping through the Strait of Hormuz means it may now register its first annual decline since the 2020 Covid-19 shock.

This year's peak demand could come in even lower than Dewa's previously projected 11.3GW as a result of the conflict. The weakness is already evident in consumption, which fell by 2% year on year to 26.9TWh in the first half of 2026.

The decline in electricity consumption eased pressure on Abu Dhabi's gas sector, which has been grappling with the impact of damaging Iranian strikes on key facilities. Attacks on Abu Dhabi's 6.1bn cfd Habshan gas processing complex in April caused substantial damage, and Adnoc Gas announced last week that capacity currently stands at 85%.

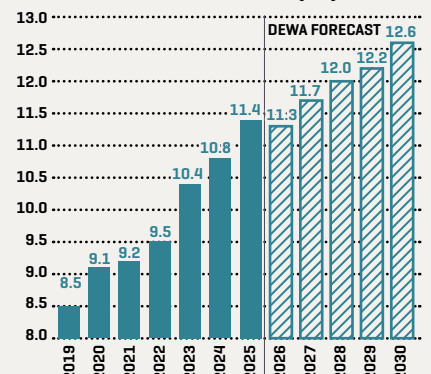
In addition to volumes from Abu Dhabi, Dubai also relies on pipeline gas imports of 730mn cfd from Qatar, and operations have so far not been affected. It also imported four cargoes

1: TOTAL GENERATION IN DUBAI FELL YEAR-ON-YEAR IN Q2 (TWh)



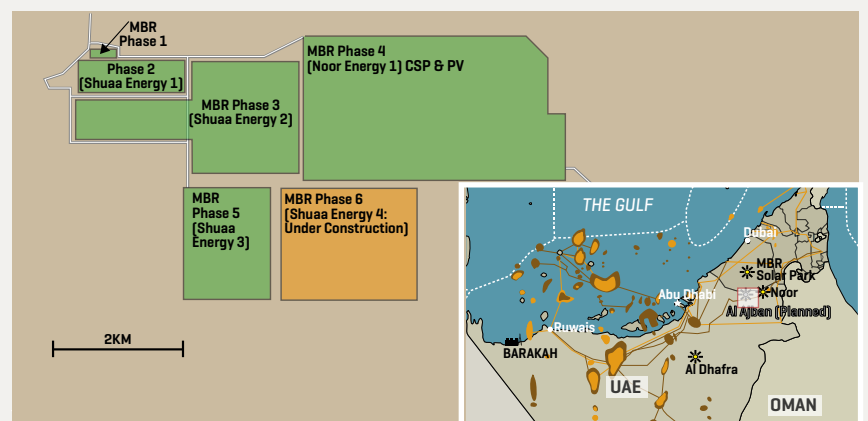
SOURCE: DEWA, MEES.

2: DEWA FORECASTS 10% INCREASE IN PEAK DEMAND BETWEEN 2025 AND 2030 (GW)



SOURCE: DEWA, MEES.

DUBAI'S MBR SOLAR PARK



of LNG (240,000 tons) from Qatar.

SOLAR PROVIDES RESILIENCE

The regional conflict has highlighted the risks of relying heavily on hydrocarbons for power generation. Dubai's early investment in solar has given the power system an additional layer of resilience during a period of disruption to regional energy supplies.

Solar provided 3.14TWh last quarter, accounting for a record 19.9% of Dubai's total power generation. This record output came from the Mohammed Bin Rashid (MBR) Solar Park (see map). Its capacity stands at 3.86GW and is due to reach 4.66GW by year-end once the final sections of Phase 6 are brought online (MEES, 13 February). Phase 6 is being developed by Masdar (60%) and Dewa

(40%), and satellite imagery shows that panel installation has continued despite the conflict and is nearing completion.

As solar has proven its value, Dewa last year revised up MBR's ultimate capacity target from 5GW to 8GW. It has also launched the tendering process for MBR Phase 7, which will combine 2GW of solar PV capacity and a 1.4GW Battery Energy Storage System (BESS) with six hours of storage capacity.

BESS has become a ubiquitous feature of renewable energy projects in the region as prices have fallen in recent years. Hybrid solar and BESS plants enable more efficient use of renewables and strengthen grid resilience, while lowering the risk of Dewa's reliance on gas. As new capacity comes online, solar's share of the power mix is set to exceed 20% in the near future. ♦♦

EGPC: IOC ARREARS CLEARED BUT FINANCIAL HEALTH REMAINS FRAGILE



ECONOMY & FINANCE

Egypt has cleared its longstanding arrears to IOCs, but the IMF warns that EGPC remains highly leveraged and its profitability weak. Cross-arrears within the energy sector continue to pose fiscal risks.

Egypt finalized payment of all outstanding arrears to international oil companies in June, helping to restore investor confidence in the country's upstream (MEES, 12 June). But the economy remains under strain as Cairo contends with the fallout from the Middle East conflict at a time when it has become increasingly dependent on energy imports. The IMF's seventh review, released on 14 August, highlights the continued fragility of the economy and the financial pressures facing the Egyptian General Petroleum Corporation (EGPC).

The IMF Executive Board completed the seventh review of Egypt's \$8bn Extended Fund Facility (EFF) and second review under the Resilience and Sustainability Facility (RSF) on 31 July, unlocking about \$1.8bn in fresh financing. Egypt immediately received \$1.5bn under the EFF and \$272mn under the RSF, taking total disbursements from the two arrangements to about \$7.3bn. A final EFF review and the third and final RSF review are due in November.

For Egypt's energy sector, the IMF's focus on EGPC points to continued concern over the company's financial viability. The state oil company sits at the center of Egypt's petroleum sector, overseeing oil and gas production through subsidiaries and joint ventures, supplying the domestic market with petroleum products and securing fuel supplies. Its financial health is impacted both by domestic energy prices and the cost of imports.

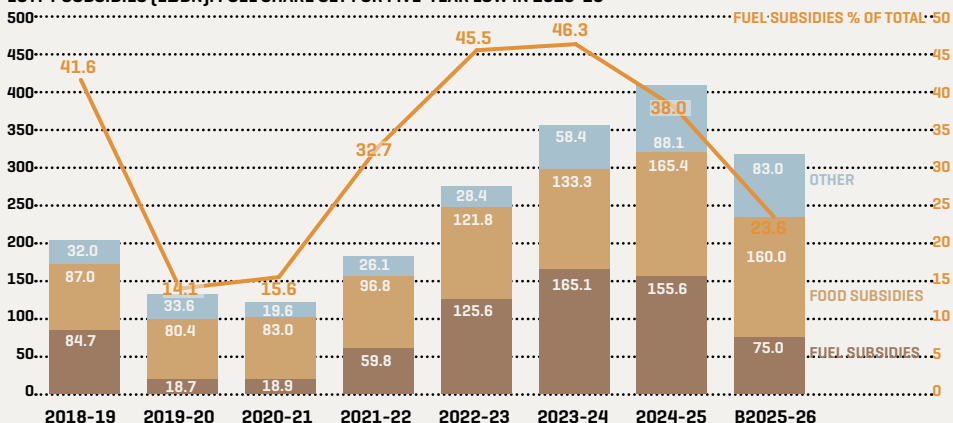
ARREARS CLEARED, DEBT REMAINS

EGPC's arrears to IOCs stood at \$6.2bn in October 2024 as foreign reserve shortages and falling domestic hydrocarbon production limited its ability to meet payments. High borrowing costs, rising energy demand and heavily subsidized fuel prices placed further strain on its finances. EGPC was also effectively subsidizing the electricity sector, while its customer, EEHC, struggled to pay its bills.

Clearing these debts was a major step forward for the company, but it was made possible by government support rather than a fundamental resolution of the underlying problems. This support included E£167bn (\$3.35bn) in transfers to EGPC and EEHC through March 2026, as well as government-guaranteed external borrowing. The transfers also enabled EEHC to reduce its obligations to EGPC, strengthening the energy sector's overall financial position.

The IMF's assessment of EGPC's finances was unusually blunt, saying that it is "highly leveraged, with large interest expenses

EGYPT SUBSIDIES (E£BN): FUEL SHARE SET FOR FIVE-YEAR LOW IN 2025-26



B=BUDGET SOURCE: EGYPT FINANCE MINISTRY, IMF, MEES CALCULATIONS.

weighing on its profitability." The Fund has therefore added a new structural benchmark requiring a detailed progress report on EGPC's viability plan by September.

Under the viability plan approved by cabinet in March 2025, EGPC was supposed to return to a cash-flow surplus in the 2025-26 financial year, reduce government guarantees by 25% the following year and accelerate collection of receivables. The IMF now wants the September report to assess progress against all three objectives and identify any further measures required to restore the corporation's financial viability and reduce the fiscal risks it poses.

The report is intended to provide a much clearer picture of EGPC's underlying finances than has previously been publicly available. It will detail cash flows and provide a breakdown of operating revenues and costs by product, including volumes, prices, domestic purchases and imports. It will also cover debt and new borrowing, borrowing costs, government guarantees and arrears to international suppliers as well as cross-arrears between EGPC, EEHC and government entities. Standard measures of liquidity, solvency and profitability will also be included.

OPERATING PICTURE IMPROVES

Despite these financial pressures, EGPC has made some progress on the operating side. For years, government controls on retail fuel prices meant EGPC was selling some products below cost. Removing these fuel subsidies was a priority for the IMF, and the government says that full cost recovery for the fuel products covered by an automatic pricing mechanism, in place since late 2019 (MEES, 11 October 2019), was achieved in December 2025.

The government had sought to compensate EGPC and other state companies for the gap between the regulated prices paid by consumers and the cost of supplying fuel through a fuel subsidy allocation. This was halved to E£75bn in 2024-25 (see chart) as subsidies were cut.

The government resumed the automatic fuel

price mechanism in July – the mechanism had been suspended after an October 2025 increase (MEES, 24 October 2025). Since July, higher international energy prices have been passed on to the consumer, but as the mechanism is a government policy tool, it lies outside EGPC's control. A committee reviews prices every three months against international oil prices and other market factors, with the government committed to bringing forward adjustments if necessary to keep pump prices at cost-recovery levels and prevent fuel subsidies from accumulating (MEES, 3 July).

One of Egypt's main challenges is its growing reliance on oil and gas imports at market prices to compensate for declining domestic production. Despite recent gains, crude output averaged 521,000 b/d in Q2, well below the levels of recent years (see p18). Gas production fell to a multi-decade low 3.82bn cfd in June (see p6), even as demand continued to rise.

The government hopes that by improving the investment environment for IOCs it can reverse production declines and narrow the supply gap. If achieved, this would significantly strengthen EGPC's balance sheet.

As long as Egypt remains heavily reliant on energy imports, EGPC's finances will be vulnerable to global prices and exchange rate movements. Clearing IOC arrears should support further investment and production, but as this has been achieved through increased government-backed borrowing, EGPC has been left with higher debt and interest costs. The corporation therefore needs higher production, improved collections and sustained cost recovery to generate the cash flow required to service its obligations. The IMF said "full and timely implementation" of the viability plan would be critical to containing these risks.

Clearing the IOC arrears is an important first step but it does not resolve the structural pressures on EGPC's finances. The detailed disclosures due in September should provide the clearest indication yet of whether the corporation is moving toward a sustainable financial footing or remains dependent on state support. ♦♦

EGYPT'S OIL REBOUND FADES IN 2Q

Egypt's crude and condensate output averaged 521,200 b/d in 2Q 2026, down 0.4% quarter-on-quarter after a 3% 1Q rebound. Although oil output was still above year-ago levels, the failure to sustain the 1Q gains underlines the difficulty companies are having in reversing Egypt's long-running oil decline.

The Western Desert, accounting for 46% of total output, averaged 241,300 b/d, down 0.6% sequentially. US firm Apache, the region's largest producer, has increasingly focused on gas, where its drilling program has helped lift output (see p6), potentially limiting scope for comparable gains in oil (**MEES, 14 August**).

Gulf of Suez offshore output provided the main offset, rising 3.3% quarter on quarter and 11% year on year to 136,300 b/d. Gains have come following intensified development and well-maintenance activity, most notably by UAE firm Dragon Oil (**MEES, 17 April**).

Eastern Desert output was broadly stable at 51,200 b/d, while Sinai was the main drag, with output falling 6.5% quarter on quarter and 11% year on year to 55,100 b/d. Nile Delta production also fell 6.8% sequentially, although it remained 10% above a year earlier.

MERIDIAM TAKES CONTROL OF CYPRUS-GREECE POWER LINK

French infrastructure investor Meridiam acquired a 66% stake in the Great Sea Interconnector (GSI) project company from Greece's Independent Power Transmission Operator (IPTO) on 5 August. IPTO retains 34%, and financial terms were not disclosed. The 1GW, €1.9bn (\$2.2bn) project is intended to link the electricity grids of Greece and Cyprus, and a potential second phase will connect to Israel. However, the project is facing a European Public Prosecutor's Office (EPPO) probe into potential criminal offences relating to the project's development and the use of EU funding (**MEES, 12 September 2025**).

The deal makes Meridiam the controlling shareholder and substantially shifts the project's risk profile, with IPTO retaining technical leadership and responsibility for operating the interconnector. A separate agreement signed the same day by IPTO, GSI and cable contractor Nexans aims to accelerate implementation, with completion of long-delayed seabed surveys the immediate priority.

Cyprus Energy Minister Michael Damiolos said Meridiam's entry gives the project "huge new momentum" but added that Nicosia will await the European Investment Bank's due diligence, expected by year-end, before deciding whether Cyprus will take an equity stake. The EIB study will also determine the project's final cost and how any funding shortfall is covered.

Speaking to **MEES** this week (see p2), Mr Damiolos said GSI "remains strategically important because it can fundamen-

tally transform Cyprus from an isolated electricity system into one connected to the wider European network." That strategic significance was underscored on 21 August, when Cyprus suffered island-wide blackouts amid mounting pressure on its aging grid during the summer heat.

ENI, SONATRACH LOOK TO REDUCE ALGERIA UPSTREAM EMISSIONS

Eni and Sonatrach are expanding cooperation to reduce emissions from Algeria's oil and gas sector, with a new Memorandum of Intent signed on 17 August building on a 2023 agreement focused on "reducing gas flaring, valorising recovered gas" and mitigating upstream emissions, the Italian major said. The latest agreement broadens cooperation to methane monitoring and natural CO₂ removal, with Eni describing the initiative as promoting "concrete initiatives for the decarbonization of the Oil & Gas sector" in Algeria.

Algeria is one of the world's biggest gas-flaring countries. The country flared 8.35bcm in 2025, making it the world's seventh-largest flarer, according to the World Bank's Global Gas Flaring Tracker report. The volume was marginally below the previous year's 8.38bcm and was equivalent to around 8% of Algeria's 101.8bcm gas output.

The companies have already conducted a leak-detection and repair campaign across 800km of pipelines, covering around 7,500 monitoring points. Eni and Sonatrach say such campaigns are now conducted routinely across their jointly operated JVs.

Eni is a major investor in Algeria, and routinely highlights the country's potential as a gas exporter to Italy and the rest of Europe. Tackling flaring would free up considerable volumes to be exported.

SAUDI ARABIA'S PRINCIPAL BUYER AWARDS 8GWH BESS CONTRACTS

The Saudi Power Procurement Company (SPPC) awarded four contracts for Battery Energy Storage Systems (BESS) on 20 August, with combined storage capacity of 8GWh. The awards were made through the kingdom's first competitive tendering process for BESS and entail total investment of \$1.16bn (**MEES, 3 January 2025**). Each unit will be able to provide 500MW to the grid over a four hour period.

A consortium grouping Saudi Energy, Acwa and Al Sharif Contracting and Commercial Development Company won the Al Muwyah, Haden and Al Kahafa projects, while a consortium of Engie and Haji Abdullah Alireza & Co won the Al Khushaybi contract.

BESS is an increasingly important part of Saudi Arabia's electricity sector. A total of 18GWh has now been energized, and Saudi Arabia targets 48GWh by 2030.

IRAQ APPROVES OIL PREPAYMENT CONTRACTS

On 19 August, Iraq's Council of Ministers approved several measures to boost the country's oil exports and revenues amid the Hormuz crisis. This included authorizing the oil ministry to sign pre-payment contracts, which let sellers receive payment in advance for cargoes scheduled for later delivery.

The statement indicated that "schemes for buyers to deposit payments into banking accounts held by the Ministry of Finance and the Central Bank of Iraq" were also approved. It is unclear if state marketer Somo has already shortlisted buyers.

The cabinet also approved a number of other measures, including three-month contracts starting on 1 September with local and international firms to export oil "through various outlets," and discounts of up to 30% on Somo's OSPs for buyers. It is unclear whether these measures are linked to the pre-payment contracts to be signed. Iraq has been transporting fuel oil to Syria for re-export from Baniyas since early April, but has yet to start sending crude oil through the route.

KURDISTAN OIL EXPORT AGREEMENT RENEWED

The federal Iraqi government, the Kurdistan Regional Government (KRG) and operators in the region renewed their tripartite agreement covering pipeline exports to Ceyhan, Turkey. An IOC executive confirmed that the agreement has been renewed until 27 January. The renewal follows an interim agreement signed by Baghdad and Ankara allowing exports to continue for a year following the expiry of the Iraq-Turkey Pipeline (ITP) treaty last month (**MEES, 7 August**).

JGC RESUMES BASRAH FCC PROJECT

Japan's JGC has signed an agreement with Iraq to resume work on the \$4.8bn fluid catalytic cracking (FCC) complex at the 280,000 b/d Basrah refinery. On 14 August, the oil ministry said that JGC lifted force majeure and returned to the project on 10 August, although it did not provide a timeline for when the complex will be ready.

The project is intended to increase Iraq's gasoline output and help the country achieve self-sufficiency (**MEES, 7 November 2025**). The 33-unit complex includes a 55,000 b/d Vacuum Distillation Unit (VDU) to process residual oil, 34,500 b/d FCC unit, and a 40,000 b/d diesel desulfurization unit. It is set to produce 4,600m³/d (29,000 b/d) of high-octane gasoline.

Iraq has been grappling with gasoline shortages this summer, forcing the government to import gasoline at a premium. Imports have risen to a 12-month high of 42,000 b/d this month, with the Khor al-Zubair port receiving four cargoes from the UAE's Ruwais refinery, Hamriyah oil terminal, and Bahrain's Sitra refinery.

KEY GULF CRUDE OFFICIAL SELLING PRICES (\$/B)



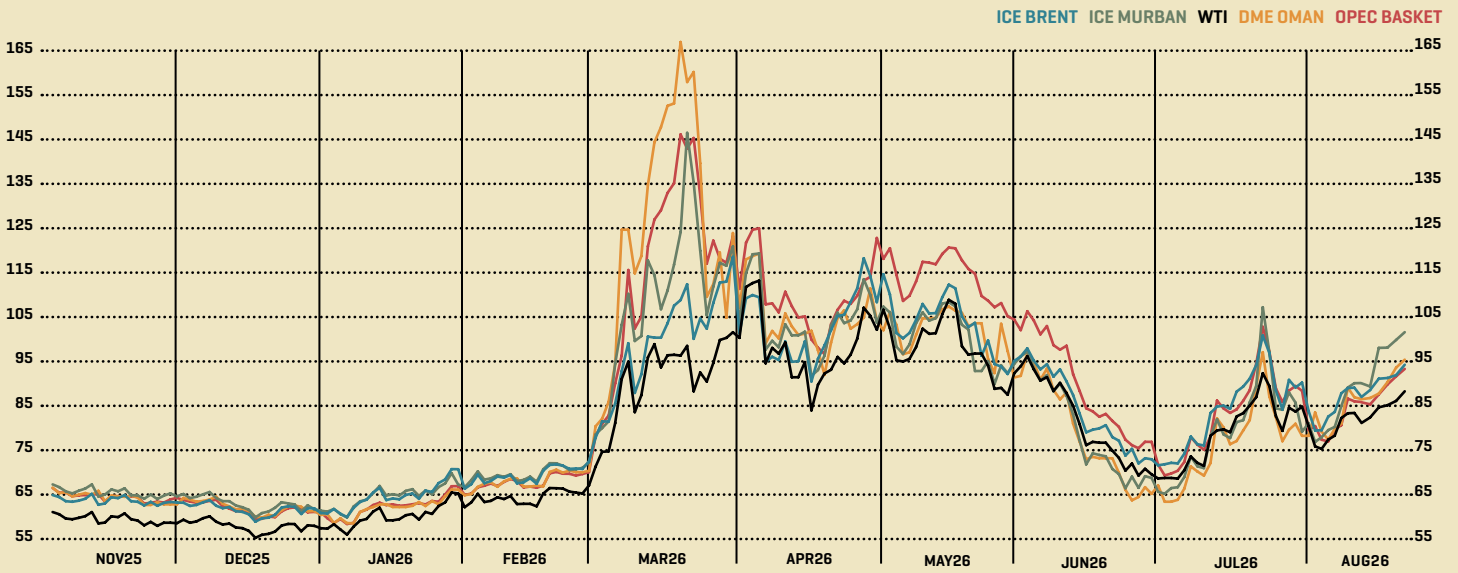
SELECTED DATA

	Jul25	Aug25	Sept25	Oct25	Nov25	Dec25	Jan26	Feb26	Mar26	Apr26	May26	Jun26	Jul26	Aug26	Sept26
SAUDI ARABIA: to Asia [FOB Ras Tanura, vs Oman/Dubai average]															
Arab Super Light [>40°]	+1.75	+2.95	+4.15	+3.55	+3.55	+2.35	+2.15	+1.95	+2.15	+4.15	+21.15	+17.15	+11.15	+0.15	-0.35
Arab Extra Light [36-40°]	+1.00	+2.30	+3.50	+2.50	+2.50	+1.30	+1.10	+0.80	+1.00	+3.00	+20.00	+16.00	+10.00	-1.00	-1.50
Arab Light [32-36°]	+1.20	+2.20	+3.20	+2.20	+2.20	+1.00	+0.60	+0.30	+0.00	+2.50	+19.50	+15.50	+9.50	-1.50	-2.00
Arab Medium [29-32°]	+0.75	+1.75	+2.65	+1.75	+1.45	+0.05	-0.55	-0.85	-1.25	+0.75	+17.75	+13.75	+7.75	-3.20	-2.00
Arab Heavy [<29°]	-0.30	+0.60	+1.30	+0.40	+0.10	-1.30	-1.90	-2.20	-2.60	-0.60	+16.40	+12.40	+6.40	-4.60	-3.35
IRAQ: to Asia [vs Oman/Dubai average]															
Basrah Medium [FOB]	+0.30	+1.35	+2.15	+1.35	+0.85	-0.35	-1.05	-1.30	-1.70	+0.30	+17.30	+4.30	+0.30	-6.50	-4.00
vs Saudi Arab Heavy	+0.60	+0.75	+0.85	+0.95	+0.75	+0.95	+0.85	+0.90	+0.90	+0.90	+0.90	-8.10	-6.10	-1.90	-0.65
Basrah Heavy [FOB]	-2.70	-1.70	-1.10	-1.80	-1.90	-3.10	-3.60	-3.60	-3.80	-1.80	+15.20	+2.20	-1.80	-8.80	-7.30
to Europe [vs Dated Brent]															
Basrah Medium [FOB]	-1.30	-0.55	-1.30	-2.00	-2.80	-2.95	-3.55	-3.55	-3.55	-0.55	+20.45	+2.45	-1.85	-7.35	-4.85
vs Saudi Arab Heavy	-1.05	-1.70	-1.15	-1.05	-0.65	-0.80	-0.10	+0.30	+0.60	+0.10	-3.90	-19.90	-14.20	-4.70	+0.80
Basrah Heavy [FOB]	-3.65	-3.15	-4.15	-4.95	-5.55	-5.55	-6.05	-5.90	-5.90	-2.90	+16.10	-0.90	-4.40	-10.40	-8.15
Kirkuk [FOB Ceyhan]	+1.90	+2.90	+2.00	+2.00	+0.40	-0.10		-4.80	-4.70	-1.70	+15.30	+2.50	-0.05	-3.80	-1.85
to US [vs ASCI]															
Basrah Medium [FOB]	-1.05	-1.15	-1.00	-1.00	-1.40	-1.35	-1.15	-1.10	-1.30	+0.20	+10.20	+10.20	+9.10	+7.10	+5.10
Basrah Heavy [FOB]	-5.20	-5.10	-4.90	-5.00	-5.15	-4.95	-4.95	-4.90	-5.10	-3.60	+6.40	+6.40	+5.40	+3.40	+1.40
Kirkuk [FOB Ceyhan]	+1.50	+1.50	+1.50	+1.65	+1.60	+1.70		-2.00	-1.85	+0.15	+10.15	+14.35	+10.75	+10.75	+8.75
KUWAIT: to Asia [FOB, vs Oman/Dubai]															
Kuwait Export Blend [31°]	+0.40	+1.30	+2.15	+1.05	+0.75	-0.85	-1.40	-1.60	-1.90	+0.50	+17.00	+12.75	+5.25	-5.00	-3.75
vs Saudi Arab Medium	-0.35	-0.45	-0.50	-0.70	-0.70	-0.90	-0.85	-0.75	-0.65	-0.25	-0.75	-1.00	-2.50	-1.80	-1.75
Kuwait Super Light [48°]	+0.40	+1.40	+2.25	+1.15	+0.95	-0.60	-0.90	-1.10	-1.20	+1.15	+17.00	+12.75	+5.25	-5.00	-3.75
Khafji [28.5°]	-0.30	+0.60	+1.30	+0.40	+0.10	-1.30	-1.90	-2.20	-2.60	-0.60	+16.40	+12.15	+4.65	-5.60	-4.35
Hout [33°]	+0.96	+1.96	+2.91	+1.96	+1.80	+0.50	+0.00	-0.31	-0.66	+1.57	+18.57	+14.57	+8.57	-2.43	-2.00
Kuwait Export Blend to other destinations:															
to Mediterranean [FOB, vs Dated Brent]	-0.25	+0.90	-0.30	-1.00	-2.00	-2.00	-3.00	-3.50	-3.70	-0.10	+20.90	+8.40	+0.40	-6.05	-7.05
to North West Europe [FOB, vs Dated Brent]	-0.25	+0.90	-0.30	-1.00	-2.00	-2.00	-3.00	-3.50	-3.70	-0.10	+20.90	+8.40	+0.40	-6.05	-7.05
FOB Sidi Kerir [vs Dated Brent]	-0.15	+1.10	-0.10	-0.80	-1.80	-1.80	-2.80	-3.30	-3.50	+0.10	+21.10	+8.60	+0.60	-5.85	-6.85
to US [FOB, vs ASCI]	+3.50	+3.70	+4.00	+3.90	+3.40	+2.90	+2.10	+1.70	+1.40	+3.40	+13.40	+13.40	+11.40	+3.40	+2.40
delivered US Gulf [vs ASCI]	+4.80	+5.00	+5.30	+5.20	+4.70	+4.20	+3.40	+3.00	+2.70	+4.70	+14.70	+14.70	+12.70	+4.70	+3.70
IRAN: to Asia [FOB Kharg Island, vs Oman/Dubai average]															
Iranian Light [33-34°]	+1.55	+2.50	+3.40	+2.40	+2.40	+1.25	+0.80	+0.50	+0.10	+2.60	+15.40	+13.00	+7.15	-4.35	-4.70
vs Saudi Arab Light	+0.35	+0.30	+0.20	+0.20	+0.20	+0.25	+0.20	+0.20	+0.10	+0.10	-4.10	-2.50	-2.35	-2.85	-2.70
Iranian Heavy [30-31°]	-0.20	+0.80	+1.70	+0.90	+0.70	-0.60	-1.25	-1.60	-2.05	+0.00	+13.50	+11.10	+5.30	-6.50	-6.90
vs Saudi Arab Medium	-0.95	-0.95	-0.95	-0.85	-0.75	-0.65	-0.70	-0.75	-0.80	-0.75	-4.25	-2.65	-2.45	-3.30	-4.90
Foroozan [31°]	+0.05	+1.05	+1.95	+1.15	+0.95	-0.35	-1.00	-1.40	-1.90	+0.15	+13.75	+11.35	+5.45	-6.40	-6.65
South Pars Condensate	-1.70	-0.90	-0.30	-1.15	-1.50	-2.75	-3.40	-3.75	-4.05	-1.50	+12.00	+9.60	+3.80	-8.00	-8.40
Soroosh [18.6°] vs Iran Heavy	-2.70	-2.85	-3.10	-3.10	-3.20	-3.15	-3.15	-3.15	-3.00	-2.50	-2.50	-2.50	-2.50	-2.50	-2.50
ABU DHABI															
Murban [40.3°]	63.62	69.81	71.12	70.10	70.22	65.79	65.53	63.06	63.99	69.45	110.75	104.44	101.48	80.01	79.07
Das [38.8°]	63.07	69.21	70.57	69.60	69.67	65.09	64.78	62.26	63.19	69.45	110.75	104.44	101.48	80.01	79.07
Das-vs Murban	-0.55	-0.60	-0.55	-0.50	-0.55	-1.00	-0.75	-0.80	-0.80	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00
Umm Lulu [38.7°]	63.77	69.91	71.22	70.15	70.22	65.69	65.38	62.86	63.79	69.45	110.75	104.44	101.48	80.01	79.07
Umm Lulu-vs Murban	+0.15	+0.10	+0.10	+0.05	+0.00	-1.00	-0.15	-0.20	-0.20	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00
Upper Zakum [34.1°]	63.72	69.31	70.87	69.75	69.92	64.79	64.23	61.66	61.89	69.45	110.75	104.44	101.48	80.01	79.07
Upper Zakum-vs Murban	+0.10	-0.50	-0.25	-0.35	-0.30	-1.00	-1.30	-1.40	-2.10	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00
Umm Lulu FOB Fujairah [vs Platts Dubai]														+1.00	+0.00
Das FOB Fujairah [vs Platts Dubai]														+0.80	+0.00
Upper Zakum FOB Fujairah [vs Platts Dubai]														+0.80	+0.00
QATAR															
Qatar Land [40°]-vs Dubai^	+0.20	+1.30	+2.30	+1.95	+2.05	+1.00	+1.05	+0.60	+0.80	+1.00	+18.00	+11.00	+6.50	-4.50	-4.50
Qatar Marine [36°]-vs Dubai^	+0.70	+1.40	+2.30	+1.85	+2.00	+0.50	+0.10	-0.40	-1.00	+0.05	+17.05	+10.50	+6.00	-5.00	-5.00

BENCHMARK CRUDE PRICES (\$/B)

	20Aug	10-14Aug	3-7Aug	Jul26	Jun26	May26	2Q 2026	1Q 2026	4Q 2025	2026 (20Aug)	2025	2024	2023
WTI	87.83	82.45	77.36	78.76	73.26	98.42	92.51	72.26	59.13	81.87	64.82	75.79	77.58
ICE Brent	93.78	88.24	81.72	83.97	76.45	103.71	96.68	78.33	63.08	87.02	68.19	79.86	82.18
ICE Murban	101.07	88.72	79.13	79.53	70.37	100.73	94.78	82.00	64.68	87.17	69.74	79.74	82.80
DME Oman	94.91	86.09	79.63	76.35	69.29	102.38	95.19	86.06	63.81	88.20	69.36	79.61	82.02
OPEC Basket	92.84	84.90	78.77	83.00	79.85	114.55	104.22	82.96	63.81	91.37	69.54	79.89	82.95
JCC	na	na	na	na	117.18	114.65	111.02	67.05	71.66	na	na	83.92	86.56

AVERAGE SETTLEMENT PRICES FOR PERIOD IN QUESTION.


TURKEY TURNS TOWARDS US FOR CRUDE IMPORTS AS TRADITIONAL SUPPLIERS STUMBLE

*Turkey's crude oil imports have stayed remarkably stable over the first half of 2026 at around 650,000 b/d, despite geopolitical upheaval curtailing imports from its largest suppliers in Russia and the Middle East.

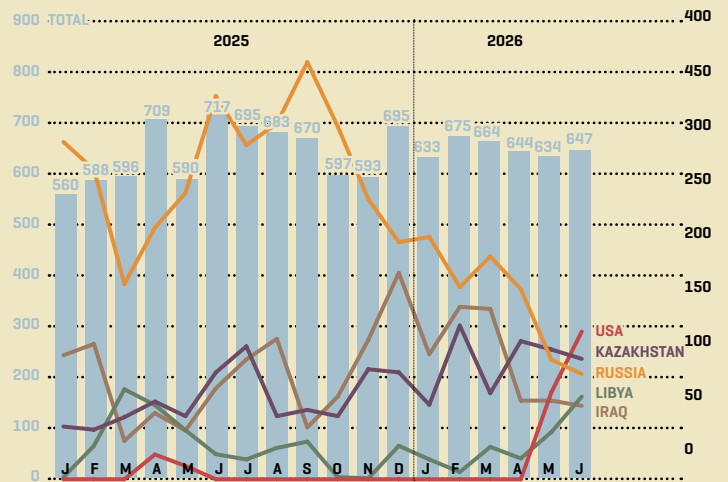
*Imports from No.1 supplier Russia steadily declined after September 2025 ahead of the 1 January EU ban on imports of refined products produced from Russian-origin crude oil.

*This appeared to open an opportunity for Turkey's No.2 supplier Iraq, after Baghdad, Erbil and Ankara reached an agreement in September 2025 to resume pipeline exports to Ceyhan, but the Middle East conflict derailed this and volumes fell from April onwards.

*To fill the gap, Turkey has turned to the US, with deliveries surging to a record 143,000 b/d in June. The US became Turkey's largest supplier as a result, although volumes are far less than previous Russian supplies.

*Supplies from Libya have also increased, although they remain less than 100,000 b/d. Libya's proximity makes it a suitable supplier, and Turkey has a close relationship with Tripoli.

*Middle East supplies likely increased in July, with Kpler showing increased deliveries from Egypt's Sidi Kerir – the terminus of the Sumed pipeline that links the Red Sea with the Mediterranean. Iraqi crude exports through Sumed increased substantially last month, along with those from Saudi Arabia [MEES, 14 August].

TURKEY CRUDE OIL IMPORTS: US TAKES TOP SPOT IN JUNE


SOURCE: EPOK, MEES.

MEES EDITORIAL STAFF

Publisher:	Dr.Saleh S Jallad	sjallad@mees.com
Managing Director:	Fadi Aboualfa	faboualfa@mees.com
Managing Editor:	Jamie Ingram	jingram@mees.com
Contributing Editor:	Kate Dourian	kdourian@mees.com
Advisor:	Basim Itayim	bitayim@mees.com
Consultant:	Walid Khadduri	wkhadduri@mees.com

Editors:	Nada Ahmed	nahmed@mees.com
	Yesar Al-Maleki	yalmaleki@mees.com
	James Marriott	jmarriott@mees.com
	Peter Stevenson	pstevenson@mees.com
Production:	Christian Jocson	cjocson@mees.com
	Ledha Socratous	lsocratous@mees.com