

# Our View

## “It’s Products, Stupid”

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April 13, 2026

James Carville coined a phrase that Bill Clinton made famous during his 1992 presidential campaign: “It’s the economy, stupid.” I have altered it to suit the current oil market situation: **it’s products, stupid.**

Investment banks and consultants have been adjusting their oil price forecasts almost daily as events change in the Persian Gulf. Reuters reported on April 8 that, after learning of the ceasefire, Goldman Sachs cut its projections:

Goldman Sachs trimmed its second-quarter 2026 forecasts for Brent and US crude to \$90 and \$87 a barrel, respectively, late on Wednesday, after the US and Iran agreed on a two-week ceasefire.

Previously, the bank forecast Brent and West Texas Intermediate (WTI) oil prices to average \$99 and \$91 a barrel, respectively.<sup>1</sup>

On the same day, S&P Global Platts reported that Brent was worth \$124 per barrel to a Gulf Coast refiner, while WTI was worth \$160 to a Singapore refiner the previous week.<sup>2</sup> Argus Media put the value of WTI to Gulf refineries at \$131, which would put the export value near \$124 in Europe. Argus put the Singapore value at \$165 on April 8.<sup>3</sup>

The discrepancy between the forecasts published by Goldman and other analysts and real market conditions reflects the forecasters’ failure to consider the war’s impact on refining capacity. In the last week, we learned that Iran has substantially damaged capacity in the Middle East. The destruction will limit the product volumes that can be exported from the Persian Gulf once the Strait of Hormuz reopens. The loss of jet and diesel fuel supplies will be especially critical. Their current high prices will be pushed higher, driving up the refinery value of crude oil.

Today (April 13), Argus Media cited a Vitol report noting that five million barrels per day of global refining had been shuttered:

About 3mn b/d of refining capacity has fallen offline in the Mideast Gulf since the conflict began, Vitol analyst Simon Warren told the ARDA Conference in Cape Town today. A further 2mn-3mn b/d of capacity outside the region is also not operating because of the war, largely

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<sup>1</sup> “Goldman Sachs lowers second-quarter 2026 oil price forecasts,” Reuters, April 8, 2026 [<https://tinyurl.com/45hzsdhx>].

<sup>2</sup> “Feeder Crudes,” Platts Analytics Weekly, S&P Global Platts, April 8, 2026, pp. 79-81.

<sup>3</sup> “Singapore Refining Economics,” Argus Media, retrieved April 12, 2026 [<https://tinyurl.com/58fxrkdr>].

because of lost Mideast Gulf crude supplies. Asia-Pacific refinery throughput has been most heavily affected.

“We’re in the eye of the disruption,” Warren said. Even if the war ended now, it could take 3-4 months to bring the shuttered refining capacity in the Mideast Gulf back online,” he said.<sup>4</sup>

The impact of the supply loss is already evident. The EU, for example, is warning of jet fuel shortages. Peter Campbell noted in *Financial Times* that the agency that oversees EU airports reported that aviation fuel, already strained by “the impact of military activity on demand,” was about to run short:

In a letter seen by the FT, it warned EU transport commissioner Apostolos Tzitzikostas of “increasing concerns of the airport industry over the availability of jet fuel as well as the need for proactive EU monitoring and action.”

“If the passage through the Strait of Hormuz does not resume in any significant and stable way within the next three weeks, systemic jet fuel shortage is set to become a reality for the EU,” the letter said.

It added that the approach of the peak summer season “when air travel enables the whole tourism ecosystem upon which many [EU] economies rely” has intensified these concerns.<sup>5</sup>

*The New York Times*, quoting Argus Media, added that at least 40% of Europe’s jet fuel imports come from the Persian Gulf.<sup>6</sup> Fuel prices have more than doubled, rising as high as \$200 per barrel, according to Reuters.<sup>7</sup> The Reuters report also noted that the EU’s oil coordination group has called on the EU Commission to intervene in the jet fuel market.

I estimate that Persian Gulf refiners supply approximately 20% of EU jet fuel consumption, based on data from the Energy Institute’s *Statistical Review of World Energy* and the International Energy Agency.

The diesel situation is similar. The Energy Institute statistics indicate that EU consumption of diesel and gasoil averaged around 4.6 million barrels per day in 2024. Imports from the Gulf look to have averaged around 400,000 barrels per day.

Product prices for jet and diesel have already doubled in Asia and are up by more than 50% in the United States. Prices will rise further, especially if exporting nations continue to hoard products.

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<sup>4</sup> George Maher-Bonnett, “War cuts global refining by over 5mm b/d: Vitol,” Argus Media, April 13, 2026 [<https://tinyurl.com/497ya29s>].

<sup>5</sup> Peter Campbell, “European airports face jet fuel shortages within three weeks,” *Financial Times*, April 10, 2026 [<https://tinyurl.com/ku64r7zn>].

<sup>6</sup> Niraj Chokshi, “European Airports Warn of Fuel Shortages if Gulf Supplies Remain Shut,” *The New York Times*, April 10, 2026 [<https://tinyurl.com/ms26c79b>].

<sup>7</sup> “Europe could face jet fuel crunch within weeks, airports body warns,” Reuters, April 10, 2026 [<https://tinyurl.com/487jpn3>].

Today, India, a key supplier of diesel and jet fuel to Asian and, more recently, European customers, raised its export taxes on diesel to over \$100 per barrel and on jet fuel to more than \$90 per barrel.

Jet fuel and diesel prices will rise further. **The rising diesel and jet fuel spot prices will pull up crude prices.** Spot gasoline prices will increase as crude rises.

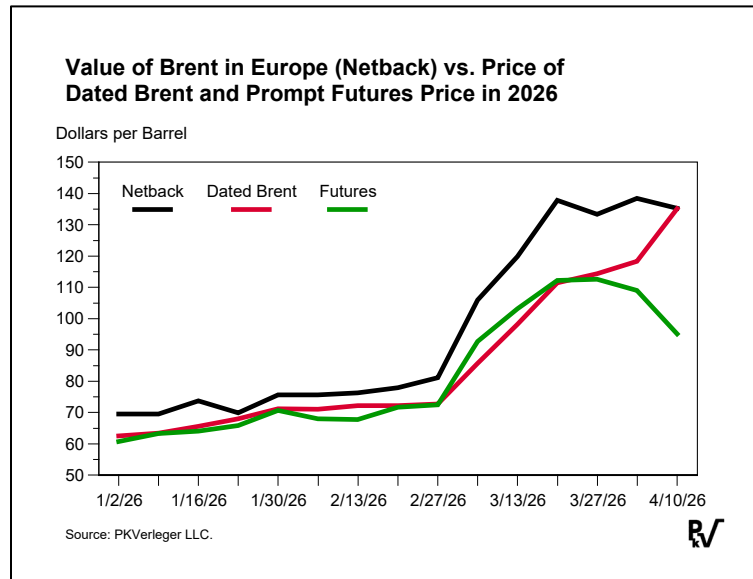
Arbitrage has already propelled spot Brent well above the first futures price, as Reuters noted:

The price of physical crude oil cargoes for prompt delivery to Europe hit a record high near \$150 a barrel on Monday and those for Africa hit new peaks, according to LSEG data and traders, as the U.S. plan to blockade the Strait of Hormuz raised concern of a prolonged disruption to supplies.

The price of Brent crude futures - the benchmark price for oil in financial markets - rose 6% for June delivery to more than \$100 a barrel as the U.S. Navy prepared to block ships to and from Iran via the Strait of Hormuz after Washington and Tehran failed to reach a deal to end the war.<sup>8</sup>

The Reuters report added that jet fuel prices were holding at \$100 per barrel and diesel at around \$170 per barrel.

The Dated Brent spot price now approaches the netback from product prices after deducting freight costs. For example, S&P Global Platts' predicted value for Northwest Europe for the week of April 9 was \$134.35 per barrel, while the average crude price was \$134.15 per barrel, a difference of \$0.20 per barrel. As the figure here shows, the values calculated by Platts for Dated Brent have closely tracked the value predicted from products.



One must conclude, then, that, lifted by product prices, crude prices will remain high through 2026, perhaps even rising another 50% if refineries stay offline.

Despite this, the Trump administration has claimed the higher prices are temporary, as *Fortune* reported in mid-March:

Administration officials have framed spiking gasoline prices as short-lived pain that will resolve itself quickly. "Americans will feel it for a few more weeks," Energy Secretary Chris

<sup>8</sup> Alix Lawler and Robert Harvey, "Physical oil hits fresh record high near \$150 a barrel as Hormuz crisis worsens," Reuters, April 13, 2026 [<https://tinyurl.com/mr4cv27b>].

Wright told NBC over the weekend, adding that he saw a “very good chance” that gas prices would dip below \$3 a gallon come summer.”<sup>9</sup>

Given the global squeeze on product supplies, American consumers will likely be paying \$5 or more per gallon for more than a “few weeks.” Diesel consumers may pay more than \$10.

As I began, I offer this advice to Secretary Wright: **It’s products, stupid.**

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<sup>9</sup> Tristan Bove, “Trump officials say gas prices will return to normal in ‘a few more weeks,’ but his own Energy Department says it will be 2027,” *Fortune* via AOL, March 18, 2026 [<https://tinyurl.com/4cvyw9df>].