

Our View

The Hoarding Problem

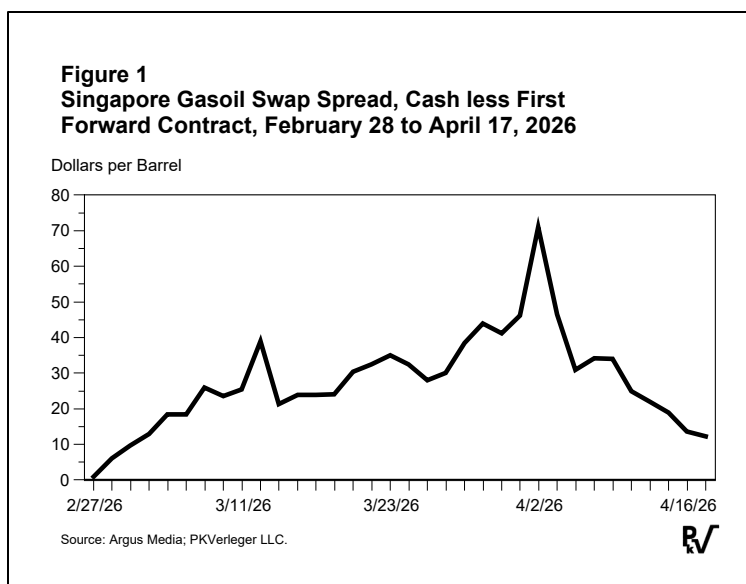
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We have examined the impact of hoarding on several occasions. In economic terms, hoarding is characterized by market participants demanding much higher spot prices for the supplies they hold in inventories. The resulting “premium” is measured as the spread between the price for immediate delivery and the price for delivering the identical commodity several months in the future.

The Singapore gasoil spread published by Argus Media illustrates this effect. Figure 1 shows the spread for gasoil swaps from February 28 to April 17. Note that it jumped from less than \$1 to more than \$71 per barrel in a month, as sellers raised prices to conserve their stocks amid increasing uncertainty about future supplies.

We have seen this behavior in the past. Backwardation in the WTI market has risen on many occasions when supplies decreased. We have tracked this effect by comparing the crude oil stock levels at Cushing, Oklahoma, to the price spread between the sixth future and cash (spot) contracts (see Figure 2, page 2).



We have also quantified the impact using the supply of storage, a concept pioneered by Holbrook Working. Figure 3 (page 2) shows the supply of storage for WTI crude, highlighting the observations for February 27 and April 10, 2026, and the normal range.

We measure the “hoarding premium” for WTI, as shown in Figure 3, as the difference between the lower level of the normal range (two standard deviations) and the actual spread. We put the premium on April 17 at \$15 per barrel. It will likely double within a week if the Hormuz closure is not resolved.

Financial Times columnist Gillian Tett wrote recently on hoarding, explaining that governments were now focusing on increasing their stockpiles of oil, fertilizer, foreign exchange, and other commodities:

...amid this fog of war, two points are clear: the world is sliding ever deeper into an era of geoeconomics, where economic policy is a tool of political contestation; and there is now an urgent need for nations and companies to become more resilient to shocks, as the economic interconnections that we previously relied on are weaponised. Hence the new interest in stockpiling.¹

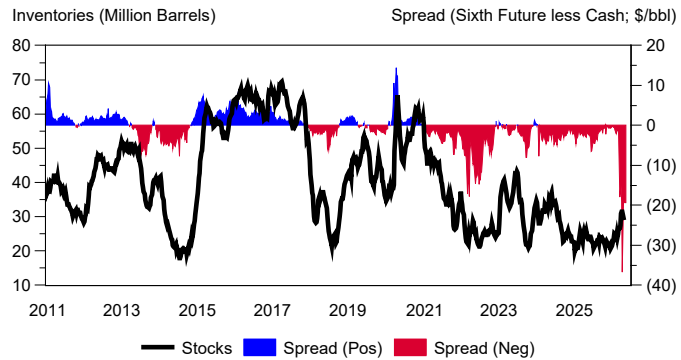
Tett added that China and Japan have both accumulated large commodity stockpiles, noting that Japan began stockpiling rare earth minerals after China cut off its exports to Japan in 2010.

Kristalina Georgieva, IMF head, warned that hoarding fuel only exacerbated matters, according to Tett, saying, “Don’t impose export restrictions that are only making the disequilibrium worse.” Tett noted that no one was listening:

But for the rest of us—everywhere from Pakistan to the UK—pre-emptive hoarding of items like fertiliser makes sense. It is a sad signal of our times.

Tett is correct. State actions can exaggerate market crises. **However, the impact of state actions occurs not through traditional hoarding but through market interventions such as export bans.** Missing from her commentary is a discussion of private stock holding. As noted above, the behavior of private stockholders often has an impact much greater than that of governments interceding.

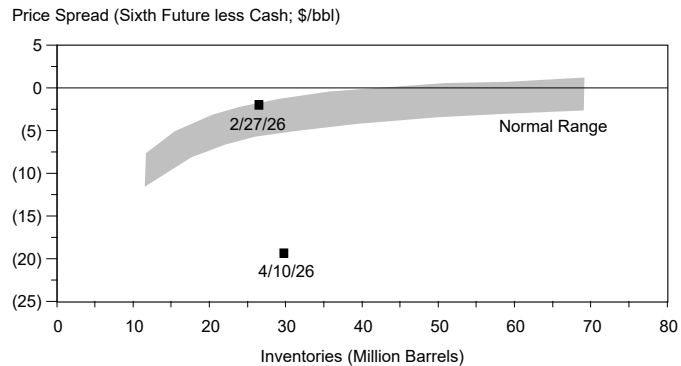
Figure 2
Cushing Crude Oil Stock Levels vs. Sixth Price Spread, 2011 to 2026



Source: US EIA; PKVerleger LLC.



Figure 3
Cushing Supply of Storage:
February 27 vs. April 10, 2026



Source: PKVerleger LLC.



¹ Gillian Tett, “Welcome to the age of hoarding,” *Financial Times*, April 17, 2026 [<https://tinyurl.com/4vpe7kd2>].