
Oil at a crossroads: what will a barrel cost in 2026?

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Authors

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Summary : The risks to shipping through the Strait of Hormuz are now entering their sixth week in the shadow of the US-Israel war with Iran. In that time, the monthly volume of oil passing through the strait has collapsed from 440 million barrels to just 53 million, and yet the price shock the world was bracing for has not arrived.

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Looking back at 164 years of oil price data, the market has weathered twelve major shocks: half triggered by geopolitical upheaval, three by collapsing demand, two by deliberate supply policy shifts, and one by outright glut. The current crisis has so far failed to join the most dramatic of those chapters.

Before the war, prices were already forecast to slide toward \$60 per barrel, trading in the \$63 - \$65 range. Since March 1, however, they have held above \$100, with Brent crude currently at \$109. Prices are expected to stay elevated as long as the conflict continues - and could climb higher still.

Market surplus and the anatomy of past shocks

In the months before the war, [global demand stood](#) at 104.7 million barrels per day while [supply averaged](#) 106.9 million - leaving a daily surplus of roughly 2.2 million barrels. That cushion has proven more important than many anticipated.

About 20 percent of global consumption - some [20 million barrels per day](#) - had been flowing through the Strait of Hormuz. When Iran began threatening shipping, [daily tanker transits](#) fell from 130 vessels to just four or five. The International Energy Agency called it the largest supply chain disruption on record. And yet it has not produced a shock comparable to 1973 or 1979.

History offers a sobering measure of what "shock" can truly mean. The Arab oil embargo of 1973-74 sent prices surging 222 percent, from \$23 to \$74 per barrel. The Iranian Revolution pushed them 109 percent higher, from \$67 to \$140. The Gulf War lifted prices by 54 percent. More recently, the Arab Spring drove a 36 percent rise, and the Russian invasion of Ukraine a 33 percent increase.

The war that began on February 28, added its own entry. Oil jumped from \$68 to \$95.6 - a rise of 40.5 percent. Significant, but still well short of the most violent episodes in the market's history.

Table: Oil Shock Timeline 1864 – 2026

Major Oil Price Shocks					
Event	Year	Before (2024\$)	After (2024\$)	Change	Type
PA Oil Rush collapse	1864→66	\$166	\$76	-54%	Oversupply
Arab Oil Embargo	1973→74	\$23	\$74	+222%	Geopolitical
Iranian Revolution	1978→80	\$67	\$140	+109%	Geopolitical
OPEC market flood	1985→86	\$80	\$41	-49%	Policy shift
Gulf War	1990	\$37	\$57	+54%	Geopolitical
Asian financial crisis	1997→98	\$37	\$24	-35%	Demand shock
China super-cycle peak	2007→08	\$110	\$142	+29%	Demand surge
Global financial crisis	2008→09	\$142	\$90	-37%	Demand shock
Arab Spring	2010→11	\$114	\$155	+36%	Geopolitical
OPEC vs shale	2014→16	\$131	\$57	-56%	Policy shift
COVID-19	2019→20	\$79	\$51	-35%	Demand shock
Ukraine war	2021→22	\$82	\$109	+33%	Geopolitical
Iran War 2026	2026	\$68	\$96	+41%	Geopolitical

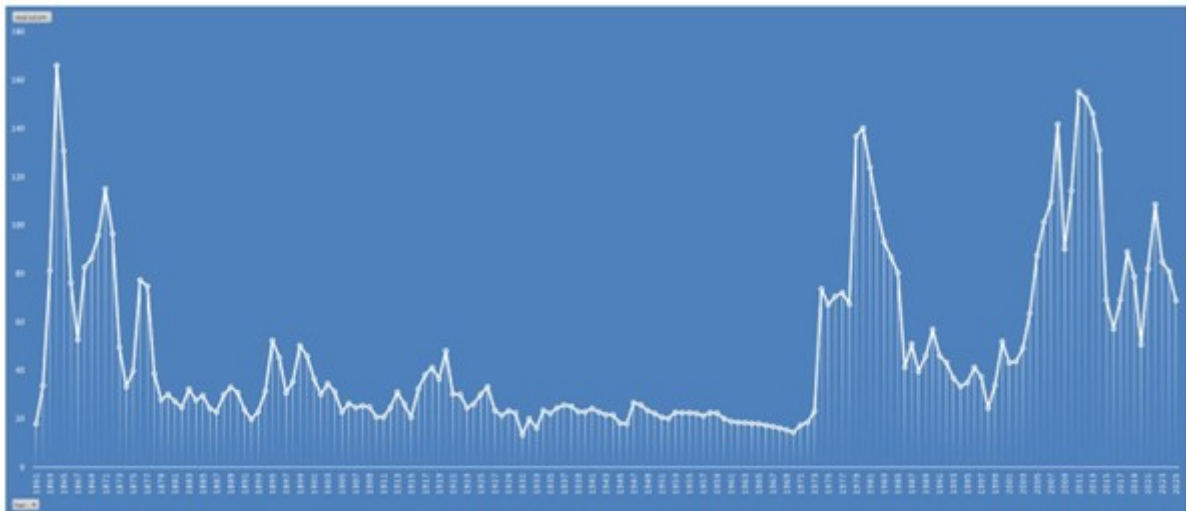
Source: [U.S. Energy Information Administration \(EIA\)](#) and [Econovis](#) — April 2, 2026

How has the shock been contained

Three reasons explain why the Hormuz disruption has not yet detonated a full-blown price crisis. First, the volume actually lost is roughly half of the 20 million barrels per day that once passed through the strait. Second, tankers that had already cleared the strait before the crisis are still completing deliveries and returning. Third, most supply contracts run one to two months, so producers and buyers have not yet been forced to renegotiate at today's elevated prices. That reckoning is expected in late April and May.

In the meantime, the world has scrambled to replace roughly 10.6 million barrels per day. Saudi Arabia redirected 3.6 million barrels through its Red Sea pipeline. IEA members released 2 million barrels from strategic reserves. The United States eased sanctions on Russian and Iranian oil, freeing around 1 million additional barrels. The UAE and Iraq rerouted 1.1 million barrels via tanker and pipeline. And a trickle of vessels navigating the strait itself has added another [1.7 million barrels per day](#).

Annual Changes in Oil Prices 1861 – 2025 / USD per barrel (2024 \$)



Source: [U.S. Energy Information Administration \(EIA\)](#) and [Econovis](#) — April 2, 2026

What comes next

Forecasters are watching the same war and drawing very different conclusions.

[S&P Global outlines](#) two scenarios. In its base case, Brent averages \$80 per barrel for the full year 2026, then falls to \$65 in 2027. In its more pessimistic scenario, shaped by prolonged uncertainty, the average could reach \$136 this year and \$100 next.

[The US Energy Information Administration](#) expects prices to remain above \$95 for the next two months, then ease toward \$80 in the third quarter, averaging \$70 for the full year of 2026 and returning to around \$64 in 2027, assuming the conflict winds down and infrastructure is restored.

The [Oxford Institute for Energy Studies](#) takes a sharper near-term view: \$116 per barrel in April, falling to \$100 in the third quarter, and ending the year around \$80, with 2027 in the \$75-\$85 range.

Across 165 years of oil price history, the market has swung wildly, and the world has always found a way to adapt. Whether this war ultimately pushes oil toward \$200 will depend on how long the fighting lasts and what the geopolitical landscape looks like when it ends.

What is already clear is that prices will not return to pre-war levels this year. [Oil above \\$100](#) is not an abstract statistic - it ripples into the cost of food, the depth of poverty, and economic growth in every corner of the world. That weight is felt all the more sharply given that between [54 and 59 percent](#) of humanity's daily energy still comes from oil and gas. Until that changes, what happens at the Strait of Hormuz remains everyone's concern.