Weekly Roundup - A tipping point for oil

15th May 2026

This Weekly Roundup highlights analysis on a looming oil supply crunch, an extreme scenario around the Iran conflict, the macro costs of the battle for Number 10, the outcome of the Trump-Xi meeting and more.

1.

The closure of the Strait of Hormuz is draining global oil inventories fast. Inventories could reach critical levels by end-June, setting the stage for **Brent at $130-140pb,** if not higher. And don't expect US producers to **ride to the rescue**. Our baseline still assumes the Strait of Hormuz reopens this month, but every additional day of disruption increases the risk of a "non-linear" shift in demand and prices.

2.

You asked, so we ran the numbers on an extreme Iran conflict scenario: the Strait of Hormuz is closed through year-end and oil stays around $150pb into 2027. That would push inflation to near 10% in the UK and euro-zone, send rates back to their recent peaks and **lead to global recession**. It would be nasty, but not as bad as the 1970s, in part because the world is less fossil-fuel dependent, and this time inflation should burn out faster.

3.

This week's gilt and sterling moves have borne out our warning that whoever replaces Keir Starmer would loosen fiscal policy, though the outcome of this party infighting may not be known until late summer. The Iran war has driven **most of the gilt sell-off**, but UK political uncertainty is adding to yields, and another reason why that Q1 GDP print is probably **as good as the UK economy gets** this year. Paul Dales has more on the latest podcast (**Apple** or **Spotify**).

4.

The Trump-Xi summit cemented the existing trade truce, but **did little more**. The headline "deliverable" of a Board of Trade could bring down tariffs on just $30bn of goods, or less than 10% of bilateral trade. The bigger picture is that underlying tensions remain unresolved and strategic decoupling will continue. What's holding the truce together isn't personal chemistry but mutual deterrents, and both sides are quietly working to shield themselves against the other's. The current calm may last a while, even as the risk of escalation grows.

5.

The AI-driven equity rally still shows few signs of slowing, but concerning things are happening **beneath the surface.** Is this a genuine paradigm shift, or are investors replaying the late stages of the internet bubble that burst in March 2000? Join our Markets team for a **Drop-In this coming Thursday** to examine the sustainability of this rally and discuss where markets go next.

6.

E-commerce, remote work, and AI have upended the traditional CRE playbook and has investors looking beyond the traditional sectors for higher returns. Join our Commercial Real Estate team on 20th May at 10:00 ET / 15:00 BST for an **online Drop-In briefing** to break down where the opportunities in alternative real estate are, and how they compare across sectors and regions.
