Tomorrow's Affairs

Analysis of today
Assessment of tomorrow

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Oil as a measure of global nervousness

The sharp rise in the price of oil to around USD 66 per barrel following the news that Israel may be preparing an attack on Iran's nuclear facilities is not just a short-term market reaction.

It is a signal of deeper geopolitical and strategic tensions that the markets are recognising, assessing and translating into a new reality in the energy sector.

This reality is complex and multi-layered: from the tactical behaviour of the trading centres in London and New York to the messages from Middle Eastern countries and the strategic adjustments of governments in Europe and Asia.

The sum of many different risks

What we are currently seeing with prices is actually the sum of many different risks that overlap.

Firstly, any disruption to the passage of tankers through the Strait of Hormuz—a key point for the global oil trade—immediately leads to additional costs.

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Shipowners, insurers and traders are already factoring in additional premiums at the outset because of the potential escalation. This price increase is not temporary and will not disappear – it will remain the new basis for all subsequent deliveries.

In parallel, it is interesting to observe the difference between the price for immediate delivery (spot) and the contract for the following months (futures).

The spot price increases as traders immediately anticipate a possible deficit, while futures remain lower as the major players expect a quick calming of the situation and compensation from other sources, particularly the US.

This difference is not just technical – it shows who believes in a prolonged shock and who believes in controlled risk.

Strategic moves

Even more significant is the quiet but determined entry of state funds from Arab countries.

State funds from Saudi Arabia, the Emirates and Qatar are increasingly buying both physical oil and derivative contracts. They are not engaging in speculation but rather safeguarding their own national budgets.

In doing so, they are ensuring the stability of their economies, but at the same time, they are also influencing market expectations – when the funds buy at a high price, they are sending a signal that they believe in the long-term rising price of energy sources.

In this context, Israel's messages are not just tactics either. By publicising information about a possible strike, Israel is opening up diplomatic space – for both Washington and Tehran.

It is a well-known practice of "testing the market reaction", in which the price of oil becomes a bargaining chip in multilateral negotiations.

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The rising price not only intensifies pressure on Iran but also on the American administration, which, despite not being an election year, is grappling with significant challenges in Congress and international crises that are testing its resolve.

It is worth remembering that similar patterns are not new. In 2012 and 2019, markets experienced almost identical waves of speculation, with announcements of Israeli operations causing temporary price shocks.

Back then, however, the weight of the US in the region seemed more stable, whereas today, in a multipolar environment, the likelihood of unpredictable reactions is greater.

In this respect, the nervousness of the markets is not due to the military threat itself but to a broader feeling that there are no longer any guarantees that the conflict will be limited.

Different scenarios

Moreover, there is another layer to the market reaction: a change in the risk management psychology of the major energy companies.

Whereas in previous years companies were prepared to accept short-term disruptions and balance them with global supply, today they are increasingly opting for "fast protection" responses.

These include automatic ordering, securing additional transport capacity and buying contracts to protect against price increases, which further exacerbate price volatility and create a sense of panic even when there is no tangible reason for it.

The question that remains is: will this leap be temporary or structural? There are several scenarios.

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If there is a short-lived Israeli attack and a limited Iranian response, prices are likely to remain high for a few weeks before falling towards $60.

If Iran responds with attacks on ships or infrastructure, there could be a longer disruption, and the price could easily increase above $75.

A third possibility, which is not often mentioned, is a diplomatic shift – a sudden de-escalation of the situation that could bring prices below $60 while maintaining a small premium due to caution.

Regardless of the scenario, countries' energy policies are entering a new phase. The concept of "supply on demand" is giving way to "stockpiling just in case".

Europe and Asia are building up strategic reserves, investing in new gas terminals and accelerating renewable energy projects. The oil price is no longer just a question of the market – it is an indicator of security, resilience and the willingness of states to function in a world of constant crises.

Global consequences

In this respect, attention should also be paid to what happens outside the energy market.

Currency flows, credit lines and political statements now have a direct influence on the price of the barrel.

For example, any suggestion that China may reduce its imports due to internal economic problems can negate the effect of the Middle East crisis.

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The same applies to US financial institutions – if the Fed signals an increase in interest rates due to the inflationary consequences of rising energy prices, the markets will react by withdrawing capital from commodities.

In other words, the price of oil today is the result of a much wider range of forces than in the past.

It is particularly important to observe how the new challenges are spilling over into developing countries.

For many African, Asian and South American countries, which import more than 80% of their energy, any increase in the price of crude oil currently means rising inflation, shrinking fiscal space and potential social unrest.

The so-called "energy shocks" no longer only affect industrial centres but also directly destabilise political regimes in countries that have neither budgetary reserves nor the ability to react quickly.

In this respect, every crisis of this kind has global consequences that do not end at the Tel Aviv–Tehran line but reach as far as Lusaka, Dakar, Colombo or Karachi.

This episode clearly shows that energy is once again at the centre of international relations.

Its price is not just a consequence of supply and demand but the sum of fear, strategy and political power. It is therefore not just a price increase but a warning that the energy sector has become the most sensitive point of global stability in 2025.