

Middle East Turmoil

Middle East turmoil keeps oil and gas markets on edge

June 2024





[Click to see full report](#)

The Middle East accounts for a large proportion of global crude oil & Liquefied Natural Gas (LNG) supply. Any expansion of the Middle East conflict could put a chunk of global crude and LNG supply at risk and could spike crude oil and natural gas prices.



- The Middle East accounts for ~51% of global crude oil exports. Most of the oil produced in the region is transported through the Strait of Hormuz (SoH) (32%), the Suez Canal (10%), and the Bab el-Mandab (8%).



- Around a fifth of the global LNG exports originate from the Middle East with the SoH being the sole evacuation channel apart from a minor volume of pipeline exports from Qatar.



- Already attacks by Houthi rebels on shipping vessels in the Red Sea have led to rerouting via the Cape of Good Hope. While supplies have not been impacted, the travel time has increased by about 15 days. However, there is no alternate evacuation route to the Strait.



- Iran straddles the SoH and has repeatedly threatened to disrupt trade flows through SoH. In a scenario of expansion of the Middle East conflict, any disruptions in the Strait will put a chunk of global crude and LNG supply at risk with no alternate evacuation route and could spike crude oil and natural gas prices.



- Imports from the Middle East contribute to ~44% and 64%, respectively, of India's total crude oil and natural gas imports. Any increase in crude oil prices would impact marketing margins on auto fuels. Further, rise in LNG prices would increase input prices for fertilisers, gas-based power generation, city gas distribution, refineries and petrochemical companies.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Girishkumar Kadam	Senior Vice-President	girishkumar@icraindia.com	022-6114 3441
Prashant Vasisht	Senior Vice-President	prashant.vasisht@icraindia.com	0124-4545 322
Kushal Kumar B	Asst. Vice President	Kushal.kumar@icraindia.com	040-6939 6408
Varun Gogia	Asst. Vice President	Varun.gogia1@icraindia.com	0124-4545 319





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!