

Why oil is still above \$US100 despite Middle East exports recovering

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Key points

- Middle East oil exports have recovered towards pre-war levels.
- Non-OPEC+ supply outside the region is now expected to contract in 2026.
- CBA expects Brent prices to ease significantly during 2027.

Oil prices are holding above \$US100 a barrel even as crude exports from the Middle East recover, with new forecasts pointing to tighter supply elsewhere over the coming months.

Brent crude futures briefly fell below \$US98 a barrel before recovering above \$US100, according to new analysis from Commonwealth Bank Sustainable and Energy Economist John Oh.

Ship-tracking data shows Middle East crude exports have risen sharply and are now close to pre-war levels, with some measures showing they have moved above them.

But Oh said markets remained cautious about treating that recovery as permanent, particularly given the risk of further disruption around the Strait of Hormuz. Nine attacks on tankers in the Strait had been reported in the first seven days of October, equivalent to half the number recorded across September

Supply outlook shifts into 2027

A second factor keeping prices elevated is a weaker outlook for oil production outside the Middle East.

The latest projections from the US Energy Information Administration (EIA) show a sharp change in expected non-OPEC+ supply growth.

OPEC+ is the oil-producer group made up of OPEC members and allies including Russia.

The EIA's October projection is moving to a fall of about 0.5 million barrels a day in non-OPEC+ supply outside the Middle East in 2026. Growth is then expected to rebound to about 3.4 million barrels a day in 2027.

Earlier estimates had pointed to stronger growth in 2026, meaning more of the expected increase in global oil supply has effectively been pushed into next year.

"This shows non-OPEC+ supply outside the Middle East being biased towards 2027 and underscores shortfall pressure in coming months," Oh said in a research note.

Production is still expected to rise in North America, including the US and Canada, as well as parts of Central and South America and Eurasia. But weaker production forecasts for some countries have dragged down the broader outlook.

Bigger oil buffer reduces immediate pressure

The recovery in Middle East oil flows has still improved the near-term supply picture.

Oh said the partial recovery of the East-West pipeline, together with stronger Middle East exports, meant markets now had an estimated 10 to 15 weeks of oil and refined-product supply buffer before depletion risks became more serious in some regions.

That is an improvement from an earlier estimate of around four to nine weeks after attacks took the East-West pipeline offline.

Despite that improved buffer, Brent remaining around \$US100 a barrel suggests markets are still pricing in the risk of further disruption.

CBA expects oil prices to fall in 2027

CBA expects those pressures to ease next year as more pipeline capacity is built to bypass the Strait of Hormuz and oil supply outside the Middle East expands.

"We expect Brent oil futures will fall to \$US60-80/bbl in H1 2027 and \$US50-70/bbl in H2 2027, as additional pipeline capacity that bypasses the Strait of Hormuz is built and as non-OPEC+ oil supply outside the Middle East continues to expand," Oh wrote.

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