

Monthly Market Intelligence Report

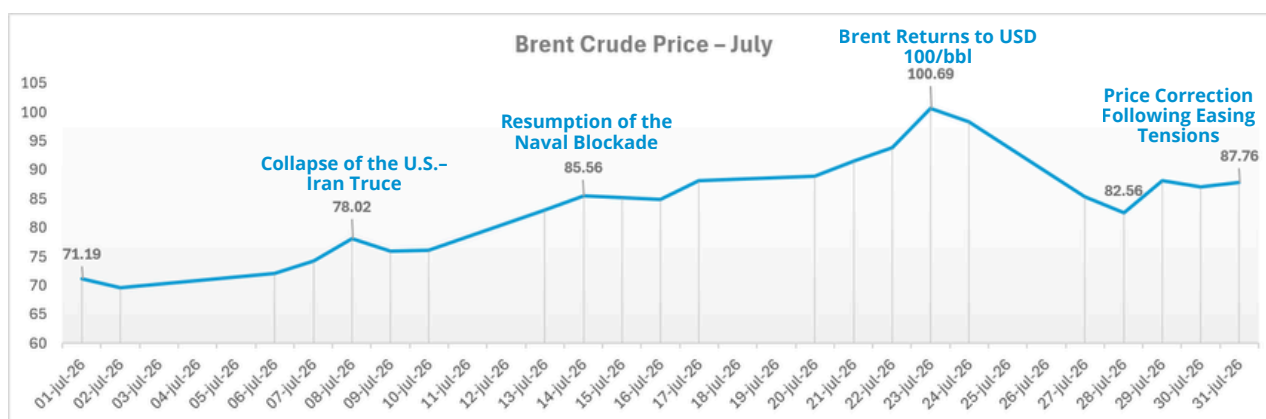
July 2026

I. Executive Summary

July 2026 was marked by the **return of volatility to global energy markets** following the collapse of the Memorandum of Understanding between the United States and Iran. The resumption of hostilities in the Strait of Hormuz, the reinstatement of the naval blockade on Iran, and attacks on commercial vessels once again pushed international crude oil prices higher, reversing the downward trend observed at the end of June. At the same time, **low distillate inventories, restrictions on diesel exports from Russia, and new draft restrictions announced by the Panama Canal** reinforced an environment of heightened uncertainty for energy markets and international maritime trade.

II. Key Indicators and Market Dynamics – June 2026

Chronology of the De-escalation: Before, During and After the Conflict



Source: Data Investig.com - Futuros petróleo Brent

During July, the oil market experienced a **strong recovery driven by the deterioration of the geopolitical situation in the Middle East**. The collapse of the Memorandum of Understanding between the United States and Iran, the reinstatement of the naval blockade, and rising tensions in the Strait of Hormuz pushed Brent above **USD 100/bbl**, its highest level of the month, before partially correcting toward the end of July. The price movement confirmed that **the market remains highly sensitive to any risk that could compromise global crude oil supply**.

III. National, Regional & Global Analysis

Panama & the Maritime Industry

- **Panama Canal Draft Restrictions:** As a preventive measure in response to the potential development of the El Niño phenomenon, **the Panama Canal announced new draft restrictions for Neopanamax vessels.** The measure aims to ensure water availability for operations during the dry season and maintain the reliability of the interoceanic route, although it could limit the cargo capacity of certain vessels and increase logistics costs for users.
- **Panama Canal Sustainability and Expansion Strategy Advances:** The Panama Canal Authority continued advancing strategic projects aimed at strengthening the competitiveness of the route, **including the development of the Río Indio Reservoir, the incorporation of hybrid tugboats, and the planning of new logistics infrastructure.** These initiatives seek to enhance the Canal's operational resilience against climate-related events and consolidate Panama as a regional logistics and energy hub.
- **Bunkering Market Slows:** The latest statistics from the Panama Maritime Authority **reflect a moderation in bunkering activity compared with previous months.** Although Panama remains one of the leading marine fuel supply hubs, competition from other ports and volatility in international markets continue to place pressure on traded volumes.

Regional Environment & Latin America

- **Petrobras Reaches Record Production Driven by Global Demand:** Amid uncertainty generated by the U.S.–Iran conflict, **Petrobras recorded record production of 3.34 million barrels of oil equivalent per day during the second quarter of 2026.** The Brazilian state-owned company increased production capacity at its FPSO platforms in the Búzios field and other deepwater assets, adding approximately 134,000 barrels per day without the need to build new units. This strategy enabled Brazil to respond more rapidly to growing international crude demand in a market affected by supply restrictions in the Middle East.

- **Argentina Drives New Vaca Muerta Projects:** ENI and XRG, the investment arm of ADNOC, signed an agreement to develop three exploration blocks in the Vaca Muerta formation. Both partners will hold a 32% stake in the blocks, **whose resources will support the future Argentina LNG project**, strengthening the country's position as one of the region's leading gas development hubs.
- **Venezuela Resumes Direct Crude Oil Exports:** State-owned PDVSA continued restructuring its commercial model by **prioritizing direct contracts with international refiners and reducing the involvement of intermediaries**. Companies including Chevron, Phillips 66, Repsol, and Eni increased their direct purchases of Venezuelan crude during July, **reflecting a gradual recovery in exports and growing international interest in the country's oil**. However, growth remains constrained by a lack of oilfield services and drilling equipment.

Global Context

- **U.S.–Iran Memorandum Collapses:** Following the optimism generated by the Memorandum of Understanding signed at the end of June, July was marked by deteriorating negotiations between the United States and Iran. **The resumption of hostilities, the reinstatement of the naval blockade on Iran, and attacks on commercial vessels in the Strait of Hormuz** brought a significant risk premium back into the oil market, pushing Brent above USD 100/bbl during the month. Uncertainty once again placed global energy supply security at the center of market attention.
- **Russia Restricts Diesel Exports, Adding Pressure to the Distillates Market:** The refined fuels market continued to face pressure due to **Russia's restrictions on diesel exports, combined with attacks on energy infrastructure**. These conditions kept global distillate supply tight and contributed to volatility in products such as ULSD, increasing concerns over fuel availability in key markets.
- **The Middle East Conflict Expands Its Impact on Global Trade:** Tensions in the Persian Gulf affected more than just the oil market. **Disruptions to maritime traffic through the Strait of Hormuz increased risks for international trade in fertilizers, sulfur, aluminum, and other strategic commodities**, while also raising logistics and insurance costs for maritime transportation. The situation highlighted the growing vulnerability of global supply chains to geopolitical conflicts.

- **Rhine River Drought Threatens One of Europe's Major Trade Arteries:** The Rhine River, **one of Europe's most important waterways for transporting raw materials, fuels, and industrial products**, recorded its lowest levels for this time of year in several decades during July. Declining water levels are forcing barges to significantly reduce their cargo loads, increasing transportation costs and the risk of disruptions to fuel and industrial input supplies. If the drought persists, its effects could extend to Germany, Switzerland, and other European countries, **creating additional pressure on supply chains and regional trade.**
- **Russia Strengthens the Northern Sea Route as an Alternative Logistics Corridor:** In response to growing instability along major maritime routes, Russia continued consolidating **the Northern Sea Route as a strategic corridor for its crude oil exports.** During July, **Russian exports remained above 4 million barrels per day for the fifth consecutive week**, while six tankers were already transiting the Arctic route, well above the same period last year. In addition to reducing sailing times, **the corridor allows vessels to avoid conflict zones such as the Red Sea and strengthens the resilience of international logistics networks.**

IV. Outlook

- **Energy market volatility is expected to persist**, as developments in the Middle East conflict will remain the main factor influencing oil prices and market sentiment.
- **The security of major trade routes will remain a key issue**, driving the search for alternative corridors for the transportation of hydrocarbons and commodities amid increasing geopolitical risks.
- **Climate-related challenges will continue to put pressure on global logistics**, with operational restrictions along strategic waterways such as the Panama Canal and the Rhine River, potentially resulting in higher transportation costs and longer delivery times.
- **Companies will need to maintain close monitoring of the international environment**, as the combination of geopolitical, climate, and logistics risks will continue to affect the stability of global supply chains over the coming weeks

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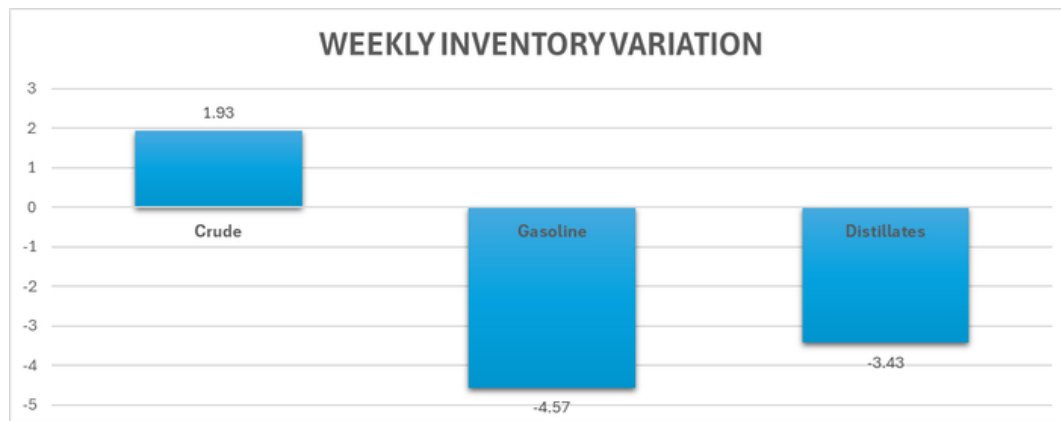


I. Executive Summary

April 2026 marks the beginning of a critical phase in the global energy crisis. **The imposition of an absolute naval blockade by the U.S.** in the Strait of Hormuz has removed **13 million barrels per day (MMb/d)** from the market, forcing a complete reconfiguration of trade routes. **While OPEC+ faces its greatest internal fracture** following the departure of the United Arab Emirates, **Panama emerges as a logistics hub of refuge**, recording record bunkering sales and historic auctions for transit rights.

II. Distillate Market Vulnerability

SUPPLY ANALYSIS: CRUDE VS. REFINED PRODUCTS



Source: DOE Crude and Refined Summary 04/22/2026

The market presents a critical divergence at the close of April. While commercial crude inventories increased by 1.93M barrels, refined products suffered drastic declines. The 3.43M barrel reduction in distillates, coupled with robust domestic demand, explains why fuel prices remain firm despite the accumulation of raw material.

- **Panama Sales:** March closed with a 12.1% monthly increase, reaching the highest quarterly volume since 2024.
- **Market Phenomenon:** WTI crude has traded above Brent (extreme backwardation), reflecting the physical urgency for barrels in the short term.

III. National, Regional and Global Analysis

Panama: The Canal as a Global Hub of Refuge

- **Record Bunkering Sales:** The first quarter closed with 1.43 million tons sold, a 2.7% year-on-year increase, driven by the diversion of vessels toward safer routes.
- **Historic Auctions:** High demand has led vessels without reservations (especially LPG and Aframax tankers) to pay up to \$4 million in auctions to transit the waterway a price drastically higher than the usual \$130,000 average.
- **Operational Confidence:** With an average of 37 daily transits in March and peaks of 40, the Canal demonstrates its capacity to absorb global trade volatility.

Regional Environment: Latin America as an Energy Successor

- **New Investment Epicenter:** Facing the paralysis of infrastructure in Qatar and Iran, global powers are looking toward basins in Brazil, Guyana, and Argentina. It is estimated that 44% of global supply growth between 2025 and 2030 will come from these countries.
- **The Venezuelan "Wild Card":** Holding 17% of the world's oil reserves, Venezuela is once again a key piece in supply negotiations. However, its full recovery remains contingent on drastic improvements in legal certainty and infrastructure.
- **Crisis in Cuba:** The island faces blackouts across 44% of its territory. Despite the arrival of Russian crude, a lack of local refining capacity limits short-term energy relief.

Global Market: Naval Blockade and OPEC+ Rupture

- **Total Blockade in Hormuz:** Total Blockade in Hormuz and Supply Collapse: April 13 marked a turning point with the start of the U.S. naval blockade on all vessels destined for or originating from Iran. This measure has removed 13 million barrels per day (MMb/d) from the global market in a single stroke. Goldman Sachs estimates that Persian Gulf production has plummeted by more than 50% so far in April, already consuming 500 million barrels of global reserves. With peace negotiations stalled due to the Trump administration's refusal to accept any deal that does not eliminate the Iranian nuclear program, analysts project that the inventory deficit could reach one billion barrels by June.

- **OPEC+ Fracture and UAE Departure:** In a historic move that has shaken the group's foundations, the United Arab Emirates (UAE) announced its departure from OPEC and OPEC+ on April 28, effective May 1. By leaving the group, the UAE seeks to free itself from production quotas to maximize its 4 MMb/d capacity and capture the market share left vacant by producers in conflict. This decision weakens the cohesion of the Saudi-led bloc and adds future bearish pressure due to the potential increase in independent supply, although the physical market remains restricted by the blockade in the short term.
 - **War of Attrition and Infrastructure Degradation:** The International Energy Agency (IEA) has warned that the cumulative damage is severe: more than 80 energy facilities have been damaged by direct attacks, and full infrastructure recovery could take up to two years. This is compounded by the Russian front, where Ukrainian attacks have disabled at least 28 refineries, further limiting global export capacity. Currently, the market is experiencing an extreme backwardation phenomenon, where buyers are paying high premiums for immediate delivery (WTI above Brent), reflecting that the physical urgency for barrels has surpassed any diplomatic rhetoric.
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IV. Outlook – Projections for the Next Month

- **Persistent Tight Market:** Despite the accumulation of commercial crude, the physical shortage of distillates (-3.43M bbl) and low days of supply (21.6 days) will maintain upward pressure on Diesel prices.
- **Strength Diplomacy:** The Hormuz blockade will remain in "full force" according to the Trump administration, ensuring that volatility and maritime insurance costs continue at record levels.
- **Supply Opportunity:** The UAE's exit from OPEC+ and the production boom in Latin America offer medium-term relief, but immediate logistics will continue to depend on the efficiency of strategic hubs like Panama.

Given the context of high volatility currently traversing the market, at TW International Suppliers Inc., we are available to support you in your purchasing and procurement decisions. If you wish to analyze how these conditions may impact your operations or explore supply options tailored to your needs, please do not hesitate to contact us.
