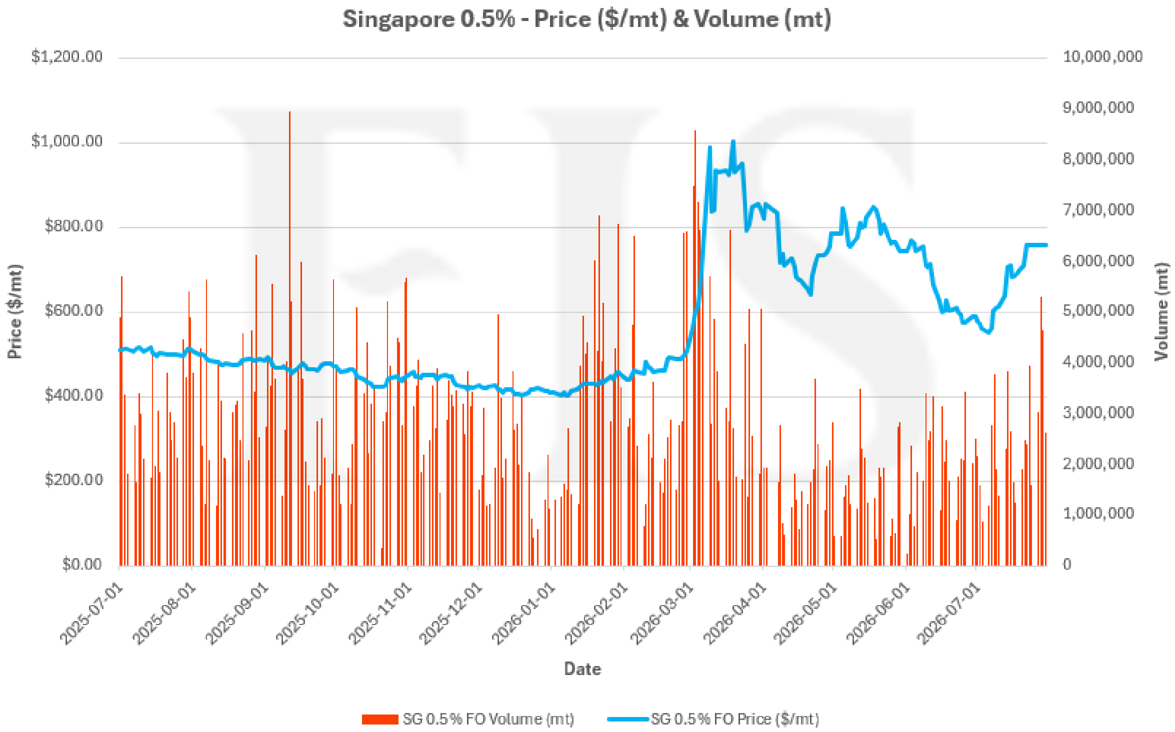
Fuel Oil's Iran-War Repricing: What It Means for Bunker and Freight Risk



Investigating the Singapore 0.5% contract, the data suggests that while the initial geopolitical shock of the Iran-war has passed, market conditions have not returned to pre-war norms. Prices remain elevated, volatility is structurally higher and liquidity continues to lag historical levels.

During the pre-war period of our dataset (Jul 2025–27th Feb 2026), prices averaged $458/mt, with average day-on-day moves of around 1%. Following the US and Israeli strikes on Iran on 28th Feb, index prices reached a peak of $1,003/mt on 19th Mar, while average day-on-day moves increased to 7.5% during the initial shock period (28th Feb–25th Mar). Trading volume increased by 41% over the same period as participants repriced supply risk.

Since 26th Mar, the market has stabilised but not returned to its previous state. Between 26th Mar and 22nd Jul, prices averaged around $715/mt, roughly 55% above pre-war levels. Average day-on-day moves reduced to 2.7%, though still more than double the pre-war rate, while average daily traded volume fell by around 30% compared with the pre-war period.

In dollar terms, however, activity tells a slightly different story. Average daily notional value increased from around $1.44 billion during the pre-war period (Jul 2025–27th Feb 2026) to $1.75 billion across the full wartime period (28th Feb–22nd Jul), as higher prices more than offset lower traded volumes. During the initial price spike (28th Feb–25th Mar), daily turnover reached approximately $3.46 billion, around 140% above pre-war levels. Between 26th Mar and 22nd Jul, it fell back to roughly $1.38 billion per day, close to pre-war levels despite substantially higher prices, indicating that participants were maintaining similar notional exposure while trading fewer physical tonnes.

For bunker traders, the combination of higher volatility and lower liquidity continues to affect execution and strategy. Larger price moves increase the risk of unhedged exposure, while thinner volumes can make entering and exiting positions more difficult during periods of market stress. Market participants have widened bid-offer spreads to reflect the increased uncertainty, even as outright prices have begun to stabilise.

Sources: ICE, FIS, Platts