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Beneath the price: a deeper oil market disruption

Meanwhile, precious metals are plummeting. Each week, the Syz investment team takes you through the last seven days in seven charts.

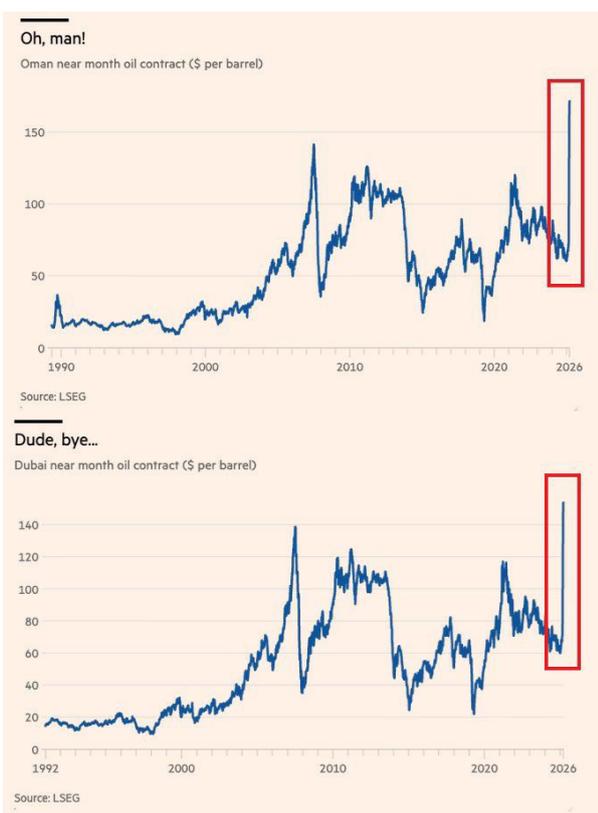
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Chart #1

The oil market disruption is far worse than headline prices suggest

Oman crude oil surged to a record USD \$173 per barrel on Wednesday, exceeding even the peak seen during the 2008 Financial Crisis. At the same time, Dubai crude oil rose above \$150, as buyers rushed to replace supplies lost following the shutdown of the Strait of Hormuz.

This closure has effectively removed around 20% of global oil production from the market, creating the largest supply disruption in modern history. Yet benchmark prices tell a different story, Brent is trading near \$115 and WTI around \$95, significantly understating the severity of the shortage. As a result, the gap between Brent and WTI has widened to its largest level since 2013, reflecting how the war in Iran is hitting European supply more directly. The issue is that these benchmarks mainly reflect North Sea and US conditions, not the reality of the Middle East crisis. If the strait remains closed, Western oil prices will likely rise sharply as inventories in the US and Europe decline. In short, the full impact of the oil crisis has not yet reached Western markets.



Source: Global Markets, FT

Chart #2

In the last 3 weeks, gold is down -14%, while silver is down -28%

Despite war, oil shocks, and high volatility, precious metals are falling—an outcome that seems counterintuitive.

Gold typically rises in times of uncertainty. However, it is currently being driven less by fear and more by global reserve flows. After 2022, when Western countries froze Russian reserves, many surplus nations began reducing their reliance on US Treasuries and increasing their gold holdings. Gold became a strategic reserve asset, not just a haven. Now the dynamic is reversing. The blockade of the Strait of Hormuz is cutting oil revenues, directly affecting countries such as Saudi Arabia, the UAE, and Kuwait, who are the key buyers of gold. Lower oil revenues mean smaller surpluses, reducing their ability to buy gold and potentially forcing them to sell.

The impact extends further. China is facing slower growth, leading to smaller trade surpluses, weaker reserve accumulation, and lower demand for gold. Silver is declining even more sharply because about half of its demand comes from industry. As global growth slows, industrial demand weakens, pushing silver prices down faster than gold. The key takeaway is that gold is not currently reacting to fear, but to liquidity and capital flow. While the long-term outlook remains positive, in the short-term gold follows reserves don't headline.



Chart #3

Europe will soon subsidise energy again

As energy prices rise, European governments are preparing to step in with subsidies. While this may seem supportive, the reality is more complex. Many of these governments contributed to the current situation by weakening their own energy security. Now, they face another challenge: most are already running structural deficits and have limited fiscal room to absorb new shocks. The likely outcome is a familiar pattern: subsidies increase, deficits widen, and policymakers come under pressure. In response, governments may raise taxes.

This creates a paradox, governments provide financial relief to households, then increase taxes to fund it. In effect, households end up paying for their own support. This cycle is not limited to energy. It is also visible in healthcare, welfare expansion, and defence spending. Each crisis leads to higher deficits, increased borrowing, and eventually central bank intervention through money creation and bond purchases.

The cycle then repeats itself.



Source: Jeroen Blokland, Bloomberg

Chart #4

The US is now one of the largest oil exporters in the world

The United States has become a major global energy exporter, with crude oil and petroleum exports reaching 3.9 billion barrels in 2025. The Netherlands is the largest buyer, importing 419 million barrels and serving as a key distribution hub for Europe. In Asia, South Korea, Japan, China, and India together account for nearly a quarter of US exports. Meanwhile, Mexico and Canada remain key partners, representing a significant share of total volumes. US oil now flows to virtually every region of the world, highlighting its central role in global energy markets.

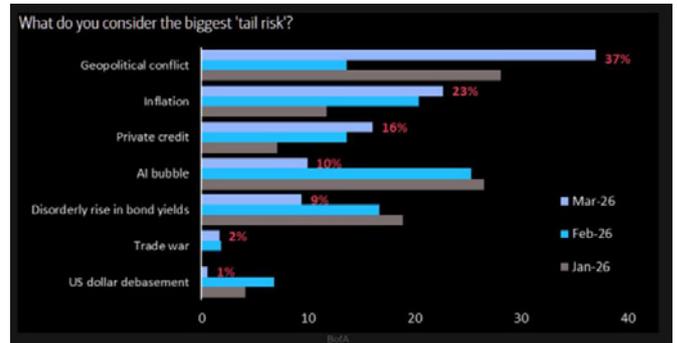


Source: Visual Capitalist

Chart #5

Geopolitics is now the biggest tail risk according to the latest BofA Fund Manager Survey

According to the latest survey by Bank of America, geopolitical conflict is now seen as the main tail risk for financial markets. Private credit ranks third, reflecting growing concerns about the stability of this fast-growing segment.

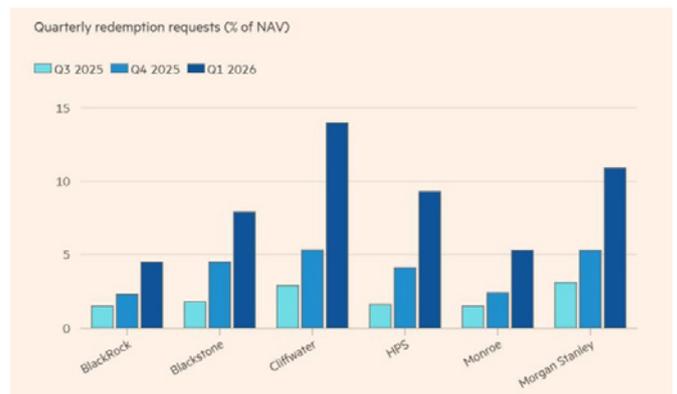


Source: BofA, TME

Chart #6

In just the first quarter, wealthy investors have tried to pull over \$10 BILLION from some of the largest private credit funds

In the first quarter alone, investors requested more than \$10bn in withdrawals from major private credit funds. Firms such as Blackstone, BlackRock, and Morgan Stanley have already started limiting withdrawals, approving only about 70% of requests. More updates are expected from other major players, including Apollo Global Management, Ares Management, and Goldman Sachs. Although \$10.1bn is small compared to the \$1.5tr direct lending market, it is significant relative to the \$166bn managed by the affected funds. Private credit has been one of the fastest-growing areas in finance, especially as firms target the \$9tr US retirement market. However, rising withdrawal requests in a tighter liquidity environment are starting to test the model. The key question is whether this is a temporary issue or the first sign of deeper structural weakness.

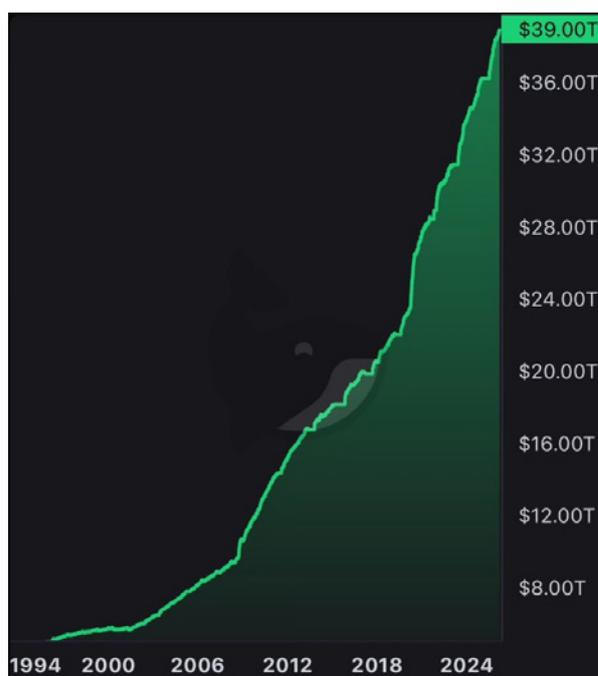


Source: Financial Times

Chart #7

This is not Apple, Tesla or even Nvidia. It's the US national debt

US national debt has reached a new record of \$39tr and continues to rise. Unlike companies such as Apple, Tesla, or Nvidia, this figure reflects the scale of government borrowing highlighting the growing weight of public debt on the economy.



Source: Not Jerome Powell @alifarhat79

Welcome to Syzerland®

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