

Brent could climb to \$120/barrel on prolonged Hormuz disruption

Prolonged disruption could worsen inflation, weaken rupee and slow India's growth

Technical Insights

- Next 1-2 months: \$100-110
- Downside scenario: \$120+
- Base case: Brent \$95-110/bbl in H2 FY27
- Hormuz reopening: prices could ease towards \$90

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about 20 per cent in a month to around \$109 on September 15, while physical Brent reached \$130.80, indicating tight supply,” said Rajeev Sharan, Head of Research at Brickwork Ratings.

According to him, Brent is expected to trade in a broad \$100-110 per barrel range over the next one to two months, although risks remain skewed to the upside. “Prices could climb towards \$120 a barrel if supply disruptions intensify, while a reopening of the Strait of Hormuz could ease prices towards \$90 a barrel,” says Sharan. Apart from oil commodities, in the base-case scenario, the report estimated the Indian rupee at Rs 94-98 against the US dollar, CPI inflation at 5 to 5.5 per cent and FY27 real GDP growth at 6.6 to 7 per cent.

Moreover, the report has estimated that a sustained \$10 rise in crude oil prices could widen India's current account deficit by 0.3-0.4 per cent of GDP and add 20-30 basis points to inflation over a year.

While in its downside scenario, the report assigned a 30 per cent probability, prolonged disruption in the Strait of Hormuz and attacks on Gulf energy infrastructure could push Brent crude to \$120 or higher.

Such a scenario would worsen inflationary pressures and weaken the rupee, while slowing economic growth, according to Brickwork Ratings.

Conversely, Brickwork's upside scenario which carries a 15 per cent probability, assumes a durable ceasefire in West Asia and restoration of Saudi export routes.

BRENT crude prices are likely to remain elevated through the second half of FY27 and could rise to \$120 per barrel with geopolitical tensions in West Asia continuing to pose significant upside risks to global energy markets, a report said on Monday.

According to a report by Brickwork Ratings, in the base-case scenario to which it assigns a 55 per cent probability, sees Brent crude averaging between \$95 and \$110 a barrel in the second half of FY27. It further assumes that disruptions in the region persist while pipeline and shipping operations recover only partially. “Brent futures rose