

## Crude oil prices surge over 7 pc as Israel-Iran war escalates

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New Delhi, March 2 Global crude oil prices went up more than 7 per cent on Monday as war in West Asia escalated, following US and Israeli military strikes on Iran.

Brent crude futures prices surged to \$82.37, the highest since January 2025. Brent crude oil price rallied 7.60 per cent to \$78.41 a barrel, while the US West Texas Intermediate (WTI) crude futures rallied 7.19 per cent to \$71.86.

Iran has closed navigation through the crucial Strait of Hormuz, prompting governments and refiners to assess oil stockpiles, according to reports.

Meanwhile, OPEC has agreed to resume oil production increases next month amid US-Israeli strikes on Iran. Key members led by Saudi Arabia and Russia will add 206,000 barrels a day.

Analysts said the US-Israel strikes on Iran represent a significant geopolitical shock, raising the global oil risk premium and boosting demand for safe haven assets like gold and silver.

“For India, with close to 90 per cent dependence on imported crude, any sustained rise in Brent prices quickly feeds into higher fuel costs, broader inflation, and a wider current account deficit. This complicates the RBI’s disinflation path and could delay rate cuts,” said Rajeev Sharan, Head – Criteria, Model Development and Research, Brickwork Ratings.

Indian equities have already turned risk off, with expectations of more volatility, foreign investor outflows, and pressure on autos, financials, and energy intensive sectors.

Precious metals are likely to stay supported as long as escalation risks remain.

The conflict premium will ease only when there is clarity on leadership in Tehran, credible channels for de escalation, and assurance that vital oil routes such as the Strait of Hormuz remain open, said Sharan.

Brent crude could climb above \$90 per barrel with Strait of Hormuz disruption or exceed \$100 per barrel in a broader regional conflict, according to reports.

JM Financial Institutional Securities said in a note that every \$1 rise in crude increases India’s annual import bill by about \$2 billion, putting pressure on the trade balance.

Around 20 per cent of global oil flows transit the Strait of Hormuz, with over 40 per cent of India’s crude imports using the route. Markets are likely to move from earnings-driven to oil-driven trading in the near term, it said.

Prolonged tensions may increase logistics and marine insurance costs, disrupt Gulf shipping routes and pressure the trade balance.