

Hotspot

Standstill at Hormuz



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PENSIONS 3

1

2

PROVISION

Most clicked link

4

Standstill at Hormuz

The most serious thing affecting the economies and stock markets of countries today is the price of energy, which is now mostly driven by the rise in the price of oil & gas. An indicator of that is before the Iran conflict, the price of oil was steady at around \$80 a barrel. Within a few days, this rose to \$100 and even reached, at one point, \$120 a barrel. That's over a 50% increase in price.

The main factor which increases the price of a commodity like oil, is the reduction in supply. Iran has previously supplied at least 20% of the world's oil, but this has been greatly reduced due to the damage caused by the conflict, not only to Iran, but to all the countries within the Gulf area.

The conflict around the Gulf, had stopped the production by other countries. Not only due to oil & gas production but just as importantly, the transport of both oil & gas from the Gulf area to the rest of the world. This has the affect of increasing the price of both oil and gas on world markets causing stock market volatility and price falls.

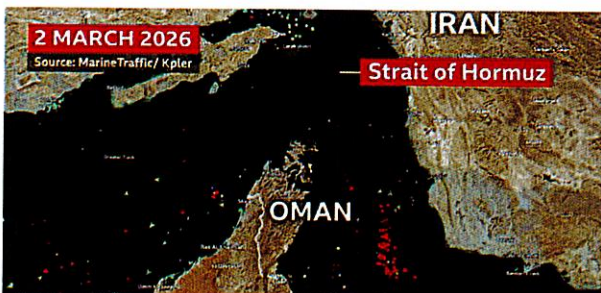
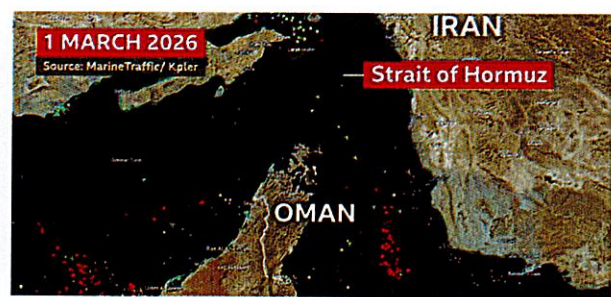
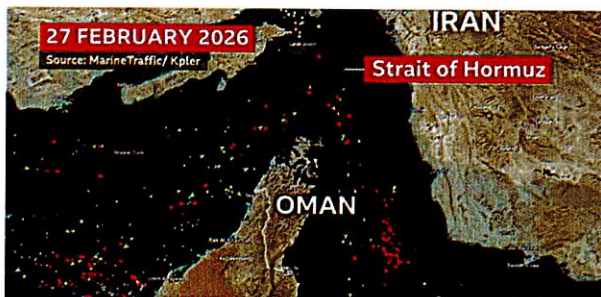


So what is causing the complete standstill of supply through the Straits of Hormuz?

Prior to the conflict around 100 vessels a day of either direction (oil tankers and bulk carriers) would transit through the Hormuz Strait. Now, they are waiting to load at anchor to enter the gulf through the Hormuz Strait.

Captains and ship crews are frightened to sail through the Hormuz Strait for fear of being bombed by rocket or drone. The other reason is that insurance companies like Lloyds of London would have placed a restriction of movement into the Gulf through the Straits of Hormuz or placed heavy insurance premiums on ships, which makes the transit very expensive.

Until this 'transit blockage' is solved, markets will continue to be affected, prices will continue to rise and stock markets will remain volatile.



Notice the difference of the heavy ship movements on the 27th February compared to the lack of vessel movement on the 3rd March.

Enjoy the weekend!

Best wishes,

Ray

[Timelapse shows change in the flow of ships in the Strait of Hormuz](#)

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