Conflict between USA and Iran timed according to oil price settlement dates?

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This **GARI Enterprise** intelligence briefing argues that an important angle that has been largely missing from the recent heated debate about the **oil prices (**and the U.S. administration handling of the Iranian conflict) is the **complex mechanism of oil pricing**, and, crucially, the **monthly timings of price settlements** of the two major global oil benchmarks, the Brent basket (BFOET) and the WTI (West Texas Intermediate). Adjusting for this angle, what looks as erratic and irrational behaviour suddenly appears as **logical** (and expected) **market reactions** to **tactically sound policy** and **rhetorical interventions**.

Oil market dynamics since the start of the Iran conflict have been characterized by a **persistent divergence** between price indicators reflecting **immediate physical tightness** and the **behavior of forward prices** (often as termed “physical” vs. “paper” prices). **Physical benchmarks**, most notably Brent Crude in its Dated form, have reflected **acute stress** associated with **constrained flows**, **elevated shipping risk, and questionable substitutability of disrupted supply**. At the same time, **deferred contracts** on major exchanges have remained **comparatively contained**, producing a sustained **prompt–forward gap** that has become a focal point of market commentary.

A lot of media and expert attention has been focused on this gap and the whole discussion quickly became **polarized** and **politicized**. On the one hand, there are those who got confused by or burnt in the market by assuming the gap to get resolved with higher prices, on the other are those who argue that the markets look beyond the immediate crises that will be bound to have a short duration only. The public debate has been highly politicized because as the camps roughly reflect the lines of disagreeing with resp. supporting the Iranian campaign and the way the administration of President Donald Trump handles it. It is likely that the very politicization of this matter leads to many short-handed and narrow views on the matter and prevents the argument to go to the depths this issue deserves.

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Whatever the reason, the fact remains that neither side has been able to satisfactorily explain **how it is possible that this gap has been there, has been real and has been very persistent**. A lot has been written about the "weekend market close" oscillations related to the Iranian conflict dynamics, but, as this report argues, that is only a fraction of the story. In the end, the oil market prices formation is quite a complex and sophisticated process that is not easy to convey in a 30 second imedia input or a social media post - which also contributes to mounting misconceptions. The "real" oil traders and the big oil companies remain understandably silent on this issue and even the major news outlets essentially follow the headlines.

Let me warn right at the start that the first part of the report digs a bit deeper than a reader likely deserves and/or is willing to withstand, but at the end, I hope to convey a message that **what looks like an unexplainable disparity**, and more importantly, **what looks like an erratic behavior of the White House of Donald Trump** might actually be a perfectly orchestrated, timed, and above all truly cunning way of getting through the unknowns of conflict with as little harm as possible. This is not to suggest or defend the very decision to launch the Iranian operation - which I consider a highly political and politicized issue, almost unresolvable in an expert debate. The goal of the report is merely to decode the behaviour and its impacts under the emergent conditions. Importantly, the report also argues that by skillfully **avoiding the short-term harms** in the form of spiked oil prices, the **real socio-economic and humanitarian pain** is still very likely **bound to come** and **the longer this game will have been played, the more pain will come**.

Author's important note: for weeks on end, I belonged to the first camp – basing our analysis and oil market projections for clients of GARI Enterprise on the misconception that the future prices must catch up with the physical reality sooner rather than later. While, generally, we have led our clients through the froth with a high degree of success, I felt we were constantly behind the curve. What bothered me even more was that while our commodity projections models are generally very successful, we got oil worryingly wrong - for example our projected average price for Brent in March – with the continued closure of the Strait of Hormuz (SoU) – was in the bracket of 120 – 130 U.S.D/pb. While the "dated Brent" reached these highs, the tradeable paper prices never caught up with these models.

I firmly believe in a scientific approach, taught brilliantly by Richard Feynman, among others – it is where a discrepancy between theory and reality appears that the key knowledge advances are being revealed and so I decided to explore the measure of the discrepancy between the "paper" and "physical" oil prices.

Second note is that that while I tried to reconstruct the narrative in as much empirical and data-driven fashion as possible, I need to stress that the arguments derived from my understanding

of the pricing mechanism and other data might be partially or completely wrong, such as looking at false correlations, or omitting correlations and causalities that play an important role and were overlooked in my analysis. This report, then, serves as a genuine attempt to develop an argument which is and forever will be open to criticism and falsification both by alternative or new empirical evidence, by changing or improving factual statements, or by poking holes into the entire logic, and I wholeheartedly welcome any such poking.

LLM-driven ("AI") instruments have been utilized as preliminary research tools for analytical and data resources.

I. Oil price structuring

What matters for oil price design

The key focus of this report is the structure of **oil benchmark formations** and the **timing of price settlements**. Benchmarks (Brent and WTI w) function as reference frameworks linking physical cargo markets, forward contracts, and financial derivatives. In the Brent system, Dated Brent reflects assessed prices of forward-loading cargoes, while the **Brent Index** and futures contracts serve as the operative pricing layer for a wide range of financial and commercial transactions. This structure allows for persistent divergence between physical indicators and economically binding prices. Oil prices—particularly futures prices—are driven by expectations rather than contemporaneous physical conditions, prices are **composites of forward-looking expectations rather than simple reflections of current supply disruptions**. Futures prices should be interpreted as **probability-weighted expectations of future spot prices**, rather than unbiased forecasts or indicators of current scarcity. What it means is that oil prices respond - often with less predictability - to **broader financial factors**, **including liquidity, interest rates,** and **investor risk appetite**. This implies that the "paper" market is an integral component of price discovery, **embedding expectations that may diverge from immediate physical signals**. On top of that, **policy interventions** operate primarily through similar expectations channels. Measures such as **Strategic Petroleum Reserve releases**, **sanctions** (and their waivers), or **regulatory signals** often **influence prices** to a degree that **exceeds their immediate physical impact**. Historically, **policy interventions** are likely to be **more powerful if they are unexpected** rather than widely anticipated.

For that reason, **deferred prices can remain relatively stable even under conditions of acute short-term disruption** if market participants assign a sufficiently high probability to future normalization. Oil markets are simply very forward-looking and **exhibit a tendency toward expected normalization**. Even during periods of disruption, futures curves often imply that

supply constraints will ease or **demand will adjust over time**. This produces relatively anchored deferred prices despite elevated prompt prices.

For the arguments in this report, it is also important that **trading activity**, liquidity, and **price impact** tend to **concentrate around** contract roll periods and, more critically, **settlement windows** where prices become contractually binding. This suggests that the **timing of price determination may be as relevant as underlying drivers.**

To sum up: first, persistent **divergence between prompt physical indicators and forward prices is structurally grounded**. Second, **forward prices** primarily reflect **expectations shaped by macroeconomic, geopolitical, and policy variables**. Third, market structure—including **benchmark construction** and **temporal concentration of liquidity**—plays a critical role in determining how and when these expectations are embedded into prices. So, in a way, the "paper vs. physical" prices discrepancy is something to be expected, even though perhaps not over such an extended period of time and in such a blatant destruction of the supply side. And it is here where timing comes into play.

Temporal Anchoring of Expectations - Why Timing Matters

The central hypothesis here is that **expectation formation** in oil markets is **not only continuous** but also **discretely embedded at specific temporal nodes**, most prominently during **settlement windows** of major benchmarks. For the rest of the briefing, let us keep in mind that the settlement window for **Brent** is at the **end of the month** and for WTI around the **20th of each month**.

I believe this is the crucial point that is missing from the prevailing debate: These moments represent specific and regular **points in time** at which **prices are formally fixed** through **settlement procedures** (WTI) and **Index construction** (Brent)**,** and subsequently **propagated through financial and commercial systems**.

Let me repeat - under this price formation mechanism, a distinction must be drawn between two processes:

Continuous expectation formation, driven by evolving information about supply, demand, financial considerations, geopolitics, and policy on the one hand, and **discrete price fixation**, occurring when benchmark prices are determined through settlement or index construction mechanisms, on the other. In other words, while expectations may evolve continuously, their **economic relevance is conditioned by the moments** (precisely defined and regular dates and times) at which they are **translated into binding prices**. In the case of WTI, this occurs through **volume-weighted average pricing** within very narrowly defined settlement windows

on the Chicago Mercantile Exchange (CME Group). In the Brent system, the process is mediated through the Brent Index, constructed from **physical and financial transactions** during defined pricing intervals and used to settle futures contracts on the Intercontinental Exchange.

In the **Brent crude oil benchmark complex**, **Dated Brent** is an **assessed price** derived from transactions and bids/offers in North Sea crude streams (BFOET: Brent, Forties, Oseberg, Ekofisk, Troll) within a forward loading window. Although this underlying **physical base represents only a small and structurally declining share of global oil production** (on the order of ~1–2%), it plays a central role in global price formation, with a large proportion of internationally traded crude priced directly or indirectly against Brent benchmarks. At the same time, **the pricing system is not purely physical**: the ICE Brent futures complex, traded on Intercontinental Exchange, links **financial markets** to **physical pricing** through its **settlement mechanism**. The Brent Index—used for futures expiry—is calculated from a defined set of **physical cargo trades, forward transactions, and exchange-of-futures-for-physical (EFP) deals observed during specific pricing windows**. The resulting benchmark thus reflects an **interaction between physical assessments** and **derivative market activity,** serving as a reference point for a wide range of contracts, hedging strategies, and valuation frameworks. In practical terms, Dated Brent captures signals of prompt physical market conditions, while the **index-linked settlement mechanism propagates these signals through the financial system and into broader pricing structures,** rather than replacing the role of the physical benchmark itself.

This is crucial - while anchored in physical cargo transactions, the **Brent Index indirectly incorporates a broader set of market conditions** beyond spot physical trades. This is because the index methodology admits forward deals and exchange-of-futures-for-physical (EFP) transactions, which **embed expectations, hedging flows,** and **relative pricing across the forward curve**. As a result, the final settlement reflects not only contemporaneous physical scarcity but also **the structure of the derivatives market, including term structure** (e.g., backwardation or contango)**, liquidity conditions, and the balance of commercial and financial positioning**. The index therefore functions as a **physically anchored** but **financially informed price**, in which non-spot factors enter indirectly through the instruments and transactions eligible for inclusion.

Let me share several resources for this highly important indexing mechanism:

Crazy Little Crude Called Brent series:

https://rbnenergy.com/daily-posts/blog/crazy-little-crude-called-brent-links-ice-futures

https://rbnenergy.com/daily-posts/blog/crazy-little-crude-called-brent-physical-trading-market

https://rbnenergy.com/daily-posts/blog/crazy-little-crude-called-brent-art-quality-maintenance

https://rbnenergy.com/daily-posts/blog/brent-crude-oil-matrix-linkages-make-it-work-and-implications-global-markets

A parallel concentration of **price formation** is observable in **West Texas Intermediate** futures traded via the **CME Group**. WTI final settlement is determined by CME's Exchange Delivery Settlement Price (EDSP), calculated as a volume-weighted average of eligible trades **executed within a very tightly defined settlement window** (usually **on the contract's last trading day**. This process concentrates liquidity and price discovery into a short, known window (mostly down to **two minutes on the last trading day**, specifically between 13:28 - 13:30 Central Time), after which the settlement price becomes **economically binding for a wide range of financial positions** and, indirectly, for **physical transactions linked to the benchmark**. This is crucial: observed prices **throughout the rest of the month**—regardless of how high or low—**do not directly enter the benchmark calculation**. It is the last trading day and a very narrow window within that trading day that matters for setting the benchmark,with earlier price formation influencing outcomes only indirectly through positioning rather than entering the calculation itself.

More resources for pricing creation:
https://eprints.bournemouth.ac.uk/29703/1/manuscript_post_script.pdf?utm_source=chatgpt.com

https://www.eia.gov/finance/markets/reports_presentations/2012paperbrentwti.pdf?utm_source=chatgpt.com

https://arxiv.org/abs/2007.12838?utm_source=chatgpt.com

https://rbnenergy.com/daily-posts/blog/cost-crude-cushing-nymex-cma

The distinction between the physical prices and the "settled" or "indexed" prices implies that **not all price movements carry equal economic weight**. Intraday or **short-lived fluctuations** in prompt prices may reflect **immediate reactions to news or physical stress**, but the prices that become embedded in contracts, valuations, and hedging positions are predominantly those fixed during settlement and index construction, or directly referenced benchmark assessments. As a result, **the level of the forward curve at or near these fixation points may be more consequential than the magnitude of transient prompt price spikes.** The observed divergences between prompt and forward prices can be interpreted as a separation between real-time signals of market stress and expectations that are periodically stabilized at points of price fixation.

The **forward curve**, as **established around these fixation points**, serves as a reference for **subsequent pricing periods, effectively carrying forward a particular expectation set into the next cycle** (month). This is not to assert that settlement mechanisms determine

expectations and are fixed into the next cycle (month). Rather, it identifies settlement and index construction as **structural features of the market through which expectations are formalized and transmitted**. Given that these mechanisms operate within defined and predictable time windows, they introduce a **temporal dimension into price formation** that is not fully captured by models treating expectations as continuously and uniformly incorporated into prices.

Still, I believe it is plausible to argue that the economic **impact of expectations** may depend not only on their **content** but also on their **alignment with the moments at which prices are fixed.** As the following section demonstrates, this might be the central point in making sense of the seemingly erratic and irrational behaviour of both the U.S. administration, and that of the market. In order to see certain patterns in both, the following section examines how **timing of policies and public messaging can be linked to the forward pricing dynamics.**

II. Anchoring the benchmark before the Iranian operation

It is crucial to stress that from now on the report moves from a mere description to the realm of **correlations and interpretations**, and even into a **deeply speculatory** realm, and is thus inherently open to flaws, and mistakes.

Let us first look at the **oil market before 2026**. Throughout 2025, global oil markets operated under conditions consistent with **sufficient supply**, as **supply growth outpaced demand expansion** across major producing regions. According to the **International Energy Agency Oil Market Report series**, non-OPEC supply—particularly from the United States—continued to expand, while global demand growth remained moderate relative to earlier post-pandemic rebounds. This imbalance contributed to the **rebuilding of inventories and the persistence of spare production capacity within the system**. Parallel data from the U.S. Energy Information Administration show OECD commercial stocks stabilizing at **levels sufficient to buffer short-term disruptions**, reinforcing a market environment characterized by adequate availability rather than scarcity (see e. g. EIA Short-Term Energy Outlook). As a result, **Brent crude prices remained relatively subdued through late 2025**, generally trading in the $60–70 range, with contained volatility and forward curves reflecting expectations of continued supply sufficiency. This pricing regime carried into **early January 2026, when Brent opened the year near $60 per barrel** and remained stable through the first trading sessions, indicating that market **expectations remained anchored in the oversupply**. At the same time, markets have been already pricing in the **potential geopolitical and geoeconomic risks**.

In order to detect a pattern and logic in the often turbulent U.S. policies and rhetorics that emerged during the Iranian conflict, we need to look back at the **January U.S. intervention in Venezuela.** The capture of Nicolás Maduro on January 3rd occurred in this **context of subdued**

pricing. But what matters more is the timing of the intervention: the Venezuelan campaign took place on the **first weekend following December 31st,** when Brent index was settled. This places the operation **immediately after a forward pricing cycle had been fixed** and **just before markets reopened on Monday** to incorporate the potential resulting geopolitical shock. Given the resounding success of the operation, upon market reopening, **Brent prices reacted only modestly**—rising by approximately 1–2%—and **quickly stabilized**, as market participants weighed short-term disruption against expectations of potential future supply normalization. In the case the operation was not quick, or was less successful, the **Brent and WTI trading cycle was already partly anchored** in the settlement window just before the operation.

The following is a purely speculatory note, but I believe worth the attention: given the **quick success** and **stable markets**, this lesson from Venezuela could have served both as a boost of market confidence in the U.S. military operational capabilities, and as a **playbook for the Iranian scenario**. There was a lot of speculation about the Venezuela – Iran link, but the one suggested here seems to have been overlooked.

The timeline continues: On January 9, 2026 White House met with major oil executives which was **not routine in its configuration or purpose**, even though government–industry contact in the energy sector is itself common. Prior meetings—such as the March 2025 White House session with oil executives—were framed around general policy (permitting, regulation, energy strategy). By contrast, the January 2026 meeting **took place immediately after the removal of Nicolás Maduro and was explicitly oriented toward directing corporate behavior in a newly opened geopolitical space**, including discussions of re-entry into Venezuela, security guarantees for assets and personnel, and mechanisms to scale output. The media coverage focused on the Venezuelan vector, but from the point of view of this report, the **meeting introduced a set of explicitly forward-looking signals into the market** at a critical moment **between pricing cycles**. Participants included senior leadership from ExxonMobil, Chevron, and ConocoPhillips alongside U.S. officials. At the meeting, President Trump framed Venezuela as a **large-scale future supply opportunity**, urging companies to invest up to $100 billion to rebuild production capacity and stating that **output could rise** to levels “never, ever seen before”. While there were some discontent about the willingness of the oil majors to operate in Venezuela, Chevron for example signaled immediate operational capacity, stating it could double liftings from existing joint ventures and **increase production by roughly 50% within 18–24 months**, while Exxon and ConocoPhillips outlined conditions under which they would consider re-entry, including legal reforms and restructuring of the Venezuelan state oil sector.

Taken together, the content of the meeting was not limited to geopolitical stabilization but **constituted a structured forward supply narrative**: large-scale capital deployment, accelerated production pathways, and U.S.-backed operational security. This type of signal is

inherently oriented toward the **forward curve** rather than prompt pricing, as it reshaped expectations about medium-term availability. Introduced between settlement cycles, it **entered this expectation set** that would subsequently be **embedded in forward pricing,** reinforcing the prevailing perception of **adequate or expanding future supply** during January and into February**.**

What is also important to bear in mind is that large integrated oil corporations operate within **benchmark-based pricing systems** in which contract expiry, index construction, and settlement windows are central to hedging, trading, and physical contract execution. As a result, for them **these temporal nodes** are embedded **operational reference points**, forming **part of the routine decision-making framework** through which such firms manage exposure and interpret market developments. This is not to suggest a coordination between the White House and large oil companies, but there surely is a deeply **shared understanding of the importance of the cadence of the price settlement dates and cycles**.

Let us continue by looking at the February 2026 oil situation: Both **realized and implied volatility** in the oil market **remained relatively low** and **stable** into the **February 27th settlement**, with no indication of elevated hedging demand or imminent disruption risk. This suggests that the **forward pricing cycle was anchored under conditions of subdued risk perception** immediately prior to the onset of the conflict. The April 2026 Brent Crude index was settled on **February 27th**, 2026 at 72.56 per barrel, one day prior to the launch of the Iranian operation on **February 28th**. This settlement **fixed the relevant financial benchmark for near-term pricing cycles** (throughout March) before the market incorporated the ensuing geopolitical shock from the Iranian conflict. Although March physical cargoes were to be priced dynamically via Dated Brent assessments, the **already-settled futures level shaped hedging positions** beyond February into March by contractual pricing formulas, and forward-linked transactions, contributed to an observable divergence between pre-conflict financial anchoring and rapidly adjusting physical market conditions.

It is plausible to hypothesize that the U.S. administration, under the leadership of President Donald Trump, believed in a similar scenario to the Venezuelan one. **Quick** and **successful action over the weekend,** without markets breathing down the White House neck each minute, **and resurfacing after the weekend with resolute success** and **much more (Iranian) oil on their hands**. This would feed directly into the affordability debate prior to the mid-term elections. And in the case that the quick operation turned out to be not so successful after all, there was a **certain cushion extending into April anchored in the previous month's price settlements**.

The timeline supports this pattern: the Brent index for 27 February 2026 was effectively **fixed at around 16:30 UTC** (end of the S&P Global Commodity Insights pricing window), **Donald**

Trump reportedly **issued the order to United States Central Command four hours later, at approximately 20:38 UTC.** However, the Venezuelan "weekend scenario" did not materialize. Instead of a rapid and decisive resolution, the **situation evolved into a sustained phase of escalation**. At this point, the relevance of previously anchored pricing structures becomes more apparent. The **February 27th settlement of the April Brent Crude contract at $72.56 established a forward reference level** reflecting pre-conflict expectations **of relative supply stability.** While this anchoring **did not constrain the physical market**, it did define the starting point from which subsequent repricing unfolded. In the immediate aftermath, prices adjusted upward, but not in a fully discontinuous manner. Rather, the market exhibited a period of **partial adjustment** in which **forward expectations** and **physical developments** were not fully aligned.

In this context, the approximately three-week interval between the late-February settlement and the subsequent pricing cycle represents a period of structural importance. It is within this interval that the market absorbed the unfolding conflict, with expectations adjusting over time rather than being immediately and fully repriced at the onset of hostilities. This created a window—extending into the next settlement cycle (April) —in which escalation could continue under conditions where **parts of the forward curve still reflected earlier assumptions of supply adequacy and potential normalization**. During this period, price signals incorporated increasing levels of geopolitical risk, but did so progressively rather than instantaneously, suggesting a transitional phase between anchored expectations and revised market equilibrium.

III. Policies, headlines and their timing

Making sense of the policies, headlines´ froth and the paper vs physical disparities

Before we move on, I need to state very clearly the key hypothesis of this part: the U.S. administration and Donald Trump specifically, announced **sets of policies and projected headline-grabbing statements** in a way, that did not make much across March and April, were often contradictory, and/or uncoordinated, but once these are measured to the price settlement windows (in the case of WTI it was March 20th, in the case of Brent index, it was end of March), one can make out **a clear pattern** with a clever and specific goal: **to escalate and proceed with military operations, and push Iran rhetorically so that there will be a time to de-escalate just before the WTI March 20th window and before the Brent March 31st window.** I dare to argue that there was a tactic to escalate and back down just in time to suppress or mitigate the oil prices around these two key pricing windows.

Let us look first at the policy instruments. From early March to mid-April 2026, the U.S. response to the war-driven oil shock formed a **tightly sequenced supply-side intervention**

set, combining **administrative releases**, **regulatory waivers**, and **temporary sanction reversals**.

The first anchor was the coordinated action led by the International Energy Agency on March 11th, under which the **U.S. committed 172 million barrels** from the Strategic Petroleum Reserve **(SPR)** within a broader ~400 million barrel multilateral release explicitly framed as lowering prices. This was followed within days by a **Jones Act waiver** (March 18th) to accelerate domestic flows, and—more materially for global balances—**time-limited waivers on Russian** (~100 million barrels) and **Iranian** (~140 million barrels) **oil** already at sea between March 13th–20h, effectively **re-injecting constrained supply into the market**. These measures were reinforced through successive SPR tranches - 45.2 million barrels from March 20th (!), and complemented by direct administrative pressure on producers to increase output, while **publicly downplaying immediate reliance on demand destruction**. In aggregate, the policy mix front-loaded credible, **near-term barrels** into the system and **reduced logistical and legal frictions** at the margin, thereby targeting the **short end of the supply curve** where price elasticity is highest. While a lot of commentators and analysts (including me) were scratching their heads about helping Russia, Iran, and waiving the Jones Act, especially given the fact that **in terms of physical barrels** these policies would **not really move the needle** given the scale of supply side destruction, the goal was to **input as much of free oil into the equation** just before the **WTI settlement on March 20th**. As was argued above, the **unexpected policy initiatives** often play a **disproportionate role** on the forward curve.

On **March 20th, 2026**—the **expiry of the April WTI futures contract**—both Brent and WTI exhibited pronounced intraday volatility, with prices rising sharply before **retracing into the close**. Brent traded above $119 per barrel intraday before falling back toward the low $100s, while WTI briefly exceeded $100 but weakened into the mid-to-high $90 range. This **price behavior** coincided with a **shift in U.S. messaging** between March 18 and March 20, moving from escalation scenarios toward more measured statements emphasizing proximity to objectives and potential wind-down of operations.

The timing of these interventions is crucial **when mapped onto pricing mechanics**. The **densest cluster** of measures falls directly into the **WTI front-month expiry window** on Friday, March 20th, 2026, when the April contract settled on CME Group. By that point, the market was forced to reconcile the initial war-induced scarcity premium with a rapidly expanding set of policy-driven supply expectations, compressing risk premia into the settlement price itself. At the same time, for the Brent complex both the administrative supply injections and the emerging narrative of demand erosion (flagged mid-March by the IEA) could influence settlement insofar as they altered observable cargo valuations in the 10–30 day loading window. The result is a structurally consistent picture: **U.S. policy actions** were not merely

reactive but **were timed** to shape the information set entering both the WTI expiry and the Brent physical pricing window, thereby **influencing price formation** at the **precise junction** where futures expectations converge with physical market reality.

This compression occurred against a backdrop of **intensifying physical disruption signals in the Gulf**, primarily affecting Brent-linked pricing. On the ground, March 18th–20th saw continued Israeli strikes on Iranian military and energy-adjacent infrastructure, including the earlier attack on the South Pars gas field and subsequent Iranian retaliatory actions targeting regional energy assets, including infrastructure in Qatar. The operational discussion on March 18 within the U.S. administration—reported by Reuters—extended to potential deployments aimed at securing the Strait of Hormuz, operations involving Iranian shoreline positions, and contingency planning around key export nodes such as Kharg Island. In market terms, these developments represented **escalation in the physical supply risk environment**, particularly for seaborne crude flows that underpin Brent pricing, and would ordinarily be expected to sustain or amplify intraday price spikes.

Against this escalation gradient, U.S. messaging between March 19th and March 20th introduced a set of **targeted, supply-relevant moderating signals**. On March 19th, President Trump publicly indicated that Israel would refrain from repeating strikes on critical energy infrastructure such as South Pars under certain conditions, effectively drawing a conditional boundary around further escalation in gas-sector damage. More materially for oil pricing, U.S. officials—including Treasury Secretary Scott Bessent and Energy Secretary Chris Wright—**signaled concrete supply-side interventions**: the potential release of **approximately 140 million barrels of stranded Iranian crude**, accelerated routing of those cargoes to Asia within **three to four days**, and the possibility of additional releases from the Strategic Petroleum Reserve. These signals were explicitly referenced in market reporting as contributing to **increased "confidence in supply,"** even as analysts simultaneously noted that the market was beginning to price in the possibility of prolonged disruptions rather than short-term outages. Also, these measures were specifically **targeted at Brent pricing** conditions, rather than the domestic WTI pricing conditions, which have been already settled and thus indirectly propagated till April 21st.

The interaction of these two forces—**escalating physical disruption** and **contemporaneous supply-calming messaging**—is most clearly visible in the behavior of the Brent–WTI spread during this period. On March 19, the **WTI traded at its widest discount to Brent in over a decade**, while Middle Eastern benchmarks such as Dubai and Oman r**ecorded record premiums**, indicating acute stress in physically delivered, seaborne crude markets. At the same time, WTI—more directly influenced by U.S. supply expectations and domestic policy signals—exhibited relatively greater resilience, with prices failing to sustain intraday highs and,

in the case of March 19th, **closing lower on the day despite** the broader **geopolitical escalation**.

Taken together, the data suggest that the March 19th–20th window did not produce a downward reset in prices but rather a **measurable compression of the intraday risk premium into a hard settlement point**. The "gradient" the market was confronting can be described as follows: on one side, a rapidly intensifying physical supply shock centered on the Gulf, including infrastructure damage and threats to Hormuz transit (relevant more directly to Brent); on the other, a series of U.S. policy signals aimed at **expanding effective supply and constraining further damage to critical energy assets**. The outcome, empirically, was a **moderation of "bullish" oil expression at the margin**, particularly visible in the reduced amplitude of settlement-day retracements and in the relative cushioning of WTI compared to Brent. Again, in the broader sense it did not matter if WTI was trading much higher during the escalatory phase in March, what mattered was the narrow window on March 20th.

Once WTI was settled, March 21–22 were the days when the "**bombing of power plants**" card was fully on the table. On Saturday, March 21th, President Trump warned Iran that its power plants would be destroyed if it did not reopen Hormuz within 48 hours, and on March 22th Iran responded by threatening to close Hormuz completely if Trump followed through on strikes against Iranian energy infrastructure. Those two days are crucial because they show the administration moving from a price-management strategy into **outright energy-system coercion just after WTI's monthly settlement had been locked.**

As the Brent index settlement window approached (March 31st), and with the markets open on Monday, March 23rd, the **first clear rhetorical retreat** appeared. **President Trump postponed for five days the threatened strikes on Iran's power grid** because of what he described as **productive contacts**, and this announcement sent share prices higher and oil prices sharply lower **to below $100 a barrel**. It does not matter that at that point the move did not come from a durable deal but from what Iran immediately called "fake news aimed at markets." This is indirect evidence that **rhetoric in this period was being used not just for diplomacy or deterrence but to feed directly into price formation**. This bifurcation, which has been often interpreted as contradictory and erratic then remained a defining feature of the U.S. tactics - keeping pressure on Iran while infusing the public and media space with statements on a possible deal.

March 24th **extended that tentative rhetorical downshift**. Donald Trump alleged that the U.S. was "talking to the right people" in Iran, that Washington had sent a 15-point settlement proposal. President Trump also described a concession from Iran in the form of a "very big present, worth a tremendous amount of money." While the ground reality remained contradictory, strikes continued, Tehran denied direct talks, but **the rhetorical center of**

gravity moved toward talks while the war continued on the ground. March 26th is the **clearest de-escalatory rhetorical day** of the late-March window. Donald Trump said the U.S. would pause attacks on Iran's energy plants for 10 days, until April 6th at 8 p.m. ET, and that talks were going "very well." In the same broad window, Reuters also reported Trump's claim that Iran had allowed 8 and then 10 oil tankers through Hormuz as a goodwill gesture, which he described as a "present". From the White House point of view, it does not really matter if the 10 ships gift was made up, as there is no evidence of that materializing. What matters is that it was exactly the kind of signal with limited physical certainty but large informational impact that matters for Brent's assessment process. I am not suggesting that infusing the public space with false claims is an honorable or good approach, but under the conflict conditions, again, from the perspective of the administration, it is the impact that matters. The key analytical point is that the "10 tankers" story arrived after WTI had already settled for the month, but still before the end-of-March Brent pricing window. It therefore fits the idea that softer rhetorical or diplomatic signals could still influence Brent-linked pricing even after the WTI front month had been "dealt with." Given the importance of the "headline retail trading" and the algorithmic trading (that significantly increased in volume since the onset of the conflict), as long as enough optimistic remarks populated the public space, they consistently translated into moderating the escalatory bullish oil trajectory.

The following days, however, showed the limits of that de-escalatory turn, as it **did not manage to fully persuade** the market that the physical disruption had been solved. March 28th–30th brought renewed widening of the conflict. March 30th is where President Trump swinged back toward hard coercive rhetoric as he warned the U.S. would "obliterate" Iran's energy plants and oil wells if Tehran did not open Hormuz, even as White House press secretary Karoline Leavitt said **he still wanted a deal before the April 6 deadline**. Dated Brent, and the first week of the Brent contracts-for-difference curve was $12.35 above the contract six weeks ahead. That is important because it shows that while WTI-related policy tools had earlier weakened the U.S. benchmark relative to Brent, the physical Brent complex remained exceptionally tight into month-end. March 31, the day the Brent May contract expired, is also a good example of why one must distinguish between the **expiring Brent contract** and the **active Brent market**. The Brent May index was settled at $118.35, while the more liquid Brent June contract settled at $103.97 and WTI at $101.38. What is important though, volume in the expiring May contract was about 30 times lower than in June. Brent June finally fell after media reports that **Iran's president was ready to end the war** if guarantees were provided, and that **President Trump was willing to end the campaign even if Hormuz remained largely closed**. By the time the expiring Brent contract printed a very high settlement, **the active Brent curve was already trading much lower on de-escalatory expectations.** That means the market was **discounting on** the possibility of a - at that point non-existent - **political off-ramp**. But it also means one

must be careful not to read the expiring May print as the true end-of-month benchmark mood, because by then it was already a thin, somewhat distorted contract.

To sum up, **from March 16th to March 20th, the administration leaned heavily on WTI-sensitive instruments—SPR barrels, sanctions waivers, shipping-rule relief, and the broader message that Washington would do whatever it could to suppress fuel prices**. Following the March 20th WTI settlement, U.S. **messaging shifted abruptly** from measured de-escalatory language to explicit coercive threats, including a March 21th–22tth ultimatum targeting Iranian energy infrastructure. I suggest an interpretation of this swinging mood as an **attempt to utilize the short window between the WTI settlement and the Brent indexation** in order to **increase the pressure on Iran** with the plan to retreat if the push did not bear fruits. This argument is supported by the fact that **within 48 hours**, this **posture reversed again**, just before the weekend market close, with the **administration publicly emphasizing** "productive" **negotiations** and signaling the **possibility of resolution**. This rapid oscillation between maximal escalation and negotiation framing occurred immediately prior to the Brent settlement cycle, introducing a sequence of sharply contrasting signals into the market. That contributed to a historically wide WTI-Brent spread just before the U.S. benchmark's monthly expiry. The very end of March was thus a staggered struggle between physical scarcity, price-suppression policy, and rhetorical off-ramping, with WTI and Brent responding through different mechanisms and on time-table.

The reason this helps make sense of the broader confusion is that most commentary **seemed to have isolated one layer at a time**. Some analysts look only at intraday price action. Others focus only on the Brent–WTI spread or on the physical-versus-paper dislocation. Others read Trump's rhetoric as simple inconsistency. But when you line up the rhetoric chronologically against the benchmark calendar, the "mess" begins to look less like random contradiction and more like an oscillating sequence with a recognizable order: **anchor passes, escalation threat, no decisive compliance, negotiation language, symbolic concession, pause, then movement toward the next pricing window.** That is still a hypothesis about pattern rather than a proven mechanism, but it is a far more structured reading of the evidence than the standard commentary.

Note:
*Since late 2025, there has been a noticeable expansion in the availability and visibility of **synthetic or derivative-based oil trading instruments**, particularly on newer digital and blockchain-linked platforms. The introduction of oil-linked products on venues such as **Hyperliquid** coincided with a broader trend in which access to crude exposure was increasingly abstracted from traditional futures markets and made **accessible to a wider, retail-heavy user base**. This shift did not create new price discovery mechanisms in*

*a strict sense—core benchmarks remain anchored in established exchanges—but it did expand the **surface area of participation**, especially during periods of geopolitical stress such as the Iran-related disruptions. As additional platforms introduced oil-linked instruments during the escalation phase, participation became more fragmented, faster-moving, and more sensitive to narrative triggers.*

*At the same time, a reinforcing loop developed between **algorithmic trading systems and social media-driven information flows**. High-frequency and systematic strategies increasingly ingest real-time textual signals—headlines, sentiment, keyword frequency—which are themselves amplified and accelerated through platforms such as X (formerly Twitter) and Telegram. This creates a feedback mechanism in which narrative intensity can propagate rapidly across both human and automated participants, generating short bursts of synchronized positioning. In practice, this overlays it with a **high-velocity layer of sentiment transmission**, where narratives—whether grounded in material developments or not—can temporarily influence flows and amplify volatility.*

April opened in a **structurally bifurcated state**. On April 1st, reporting already showed both the markets no longer pricing a **linear escalation path** but **oscillating** between two regimes: **equity markets** and parts of oil pricing reacting to **incipient de-escalation narratives**, while physical benchmarks—especially Dubai-linked flows—remained under **severe stress**. This was a clear indication that the system has decoupled into a **forward-looking expectations layer** and a **backward-looking physical layer**, a condition that will have persisted throughout the month. By April 3rd, escalation rhetoric persisted but shifted in character. President Trump suggested the U.S. could reopen Hormuz and even "**take the oil**" which marks a transition from punitive language toward **instrumental, market-oriented coercion**. The objective was to infuse information about **control over flows and pricing**. Escalation was partially justified in terms of **restoring market function**. April 6th then marked the first credible introduction of a **formal ceasefire architecture**. Since then, the U.S. administration seemed to have cemented an approach of **mixed signaling**: credible diplomatic pathways appear without removal of military threat. Following this, markets started to condition on possible normalization but do not yet fully price it. On April 7th, the **expectations layer decisively moved**. A two-week ceasefire agreement triggers a **sharp collapse in oil prices,** with Brent and WTI both falling steeply in one day. The speed and magnitude of the move indicated that the **war premium had been wearing thin**, and once the market assigned high probability to reopening Hormuz - based on the crafted headlines - that premium unwinded rapidly.

In the days leading up to the historical meeting between the U.S. and Iranian representatives (the weekend of April 11th and 12th in Islamabad), the traded oil prices remained subdued, as markets priced in the new reality of a possible deal. In more technical terms, **futures and benchmark pricing begin to normalize way before the underlying physical** and **geopolitical reality did**, creating a divergence particularly relevant for Brent-linked pricing. On April 10th,

U.S. policy shifted toward **price management instruments**, including renewing waivers (notably for Russian oil) and administrative supply unblocking.

After the unsuccessful talks in Islamabad, the White House kept engaged in its bifurcated messaging: President Donald Trump framed the talks as **"very good"** but **blocked by one key issue—**nuclear weapons, signaling that the U.S. position remained unchanged. The administration simultaneously maintained that negotiations were **not collapsing** but **ongoing and "productive," with optimism about a future deal**. The administration had to play quite a complicated game of making sure that a **potential deal will appear to surpass** the renegated JCPOA from 2015, while **maintaining pressure on Iran** and at the same time **avoid a clearly escalatory rhetoric**. (such as the "blockade of blockade" of the SoU). The system was now deeply operating under **double-track logic**: signaling **de-escalation to influence market expectations** while tightening physical constraints to **improve bargaining position**. Markets responded by partially pricing both trajectories, but the oil prices did not recover an expected bullish state, safe for a short period on Monday, April 13th.

What should not be omitted, and I interpret this as a very successful tactic, is that the "Iran file", while it remained active, was **not allowed to dominate the information space as seen in the previous weeks**. The administration adopted a dilution approach by bringing up a barrage of other issues (such as President Trump posting an AI picture of himself as a healing Jesus, the conflict with the Pope, return of the trade and tariffs agenda, and other domestic political focus). Headlines dutifully followed this dilution by shifting from a **highly concentrated Iran-centric narrative** to a more **fragmented agenda** in which **Iran** remained present but **competed with multiple parallel storylines**, reducing its relative prominence. This helped to keep the difficult game diluted and at least partially away from the headlines, while the equity markets decidedly "moved on" from Iran and recorded historical highs, leading to Friday, April 17th.

We are currently again close to the WTI settlement window (April 21st). Friday 17th (before market closed) restored **coherence in the direction of de-escalation**. Iranian statements that Hormuz is open triggered one of the sharpest oil price drops in history and a global risk-off response. Thus, the dilution and timed de-escalatory tactics worked again perfectly. Saturday April 18th quickly reversed that signal, with Iran tightening control over SoU again, and incidents occurred involving shipping. At the same time, **policy adjustments** (including **renewed sanctions´ waivers** under external pressure) indicated continued attempts to manage price levels. Despite Iran clearly not "playing ball", there was no clear escalatory response from the White House - instead, a new round of talks were announced (not confirmed by Iran at the time of writing), and despite some escalatory remarks by the U.S. President (threatening again attacks on infrastructure if deal is not reached), achieving a deal is still the

primary message. Monday, April 20th (time of finishing this briefing), oil recorded only very modest gains, supporting the structural "risk-off" long narrative, despite many "short" commentators predicting a sharp increase on preceding Sunday.

The developments observed throughout April can be interpreted as a **transition** from the wild **escalation–de-escalation oscillations** of late March toward a more structured, though still unstable, **phase of negotiation** embedded within a **deliberately mixed communication environment**. The available record does not support a continuous or linear negotiation process; rather, it indicates intermittent contacts, frequently contested by the Iranian side, and repeatedly reframed by the U.S. administration in terms of progress. Nevertheless, from early April onward, references to talks, frameworks, and prospective agreements became a persistent component of public messaging. The market responses—most visibly the sharp decline in oil prices and simultaneous rise in global equities—underscores the degree to which this **rhetoric was interpreted as credible in the short term**, even if the underlying structural issues remained unresolved. This negotiation-centered phase **did not eliminate coercion** but rather **integrated it into a broader pattern of "testing."**

IV. How might the game end?

Setting the context

Since mid April 2026, both sides appear to have probed the boundaries of a possible settlement without materially altering their core positions. The United States maintained demands effectively amounting to the dismantling of Iran's strategic capabilities (and de-facto regime change), while Iranian responses—ranging from partial gestures such as allowing limited tanker movements through the Strait of Hormuz to outright denial of ongoing talks—indicate a refusal to concede on issues that would threaten regime survival. In this sense, the absence of a deal is not anomalous but consistent with the divergence of underlying positions. What emerges instead is a sequence of exploratory moves, rhetorical adjustments, and symbolic concessions that are **sufficient to sustain the appearance of progress without resolving the conflict**.

A further dimension is the relative visibility of military developments. While open-source reporting confirms ongoing U.S. logistical and operational activity linked to the region—including the use of forward bases and continued movement of military assets during the ceasfire—**these elements have not been foregrounded in the same way as diplomatic or rhetorical developments.** The **imbalance between operational activity** and **public emphasis** on the deal contributes to an environment in which escalation capacity exists and is, to a degree, observable, but is not the dominant frame through which the situation is publicly interpreted.

Within this context, the mid-April period assumes particular significance. The convergence of intensified negotiation rhetoric, the extension of the ceasefire framework, and the peak de-escalatory messaging on April 17 occurs in close temporal proximity to the April WTI settlement window (April 21st). There is no direct evidence that the ceasefire was deliberately calibrated to this timing. However, the **overlap is sufficiently close to warrant analytical attention**. The key point is not that prices were actively targeted or controlled, but that the communication pattern during this period—marked by repeated references to deals, progress, and imminent resolution—will likely be sustained through an April 21st window in which expectations about future market conditions will be re-formed again.

The absence of escalation over the past weekend, despite continued underlying tensions and the lack of substantive agreement, further supports the interpretation of a **managed rhetorical phase** rather than a simple reaction to events on the ground. The administration's messaging during this period emphasizes achieved successes, the possibility of further talks, and the proximity of a deal, while avoiding a return to the more extreme coercive language seen in late March. This does not eliminate the possibility of renewed escalation; rather, it postpones it within a framework that prioritizes the maintenance of negotiation plausibility. Negotiation attempts are real but constrained by structural incompatibilities, coercion remains present but is modulated; and the broader narrative environment diffuses attention across multiple domains. The resulting picture is one of controlled ambiguity, in which progress is continuously suggested, rarely substantiated, and persistently deferred.

The next few days - till beginning of May 2026

The **most plausible trajectory** for the remainder of April is a continuation of the structured oscillation that has characterized the period since late March. Our forward scenario takes into account likely **calibration primarily against the expiry of WTI futures** on April 21st in the afternoon hours Central Time. If the settlement pricing hypothesis is correct, we can expect a **furious escalatory rhetoric** to hit the markets immediately following the WTI settlement, allowing for a short-lived reintroduction of pressure. One would expect, in this narrow window, a rhetorical hardening—renewed emphasis on red lines, military readiness, and the costs of non-compliance. These two days would be followed by **de-escalatory attempts on Friday, April 24th**. This is when **secondary de-escalation against the subsequent Brent pricing window** on April 30th would take place. Thus, the oil spikes in the later part of this week would not be structural.

Within this scenario, **the extension of the ceasefire framework**—whether formally declared or informally maintained—into the **final days of April appears more likely than a renewed**

military escalation in the immediate term. However, progress toward a substantive agreement cannot be realistically expected during this window. On the contrary, the negotiations that have taken place, including those clustering around mid-April, show all the characteristics of **exploratory engagement without convergence**. **The gap** between the U.S. position—effectively requiring the dismantling of Iran's nuclear and strategic capabilities, which amounts to a de-facto regime change—and the Iranian position—treating such concessions as existential—**remains intact**.

If **no agreement is reached during the late-April negotiation window**—and given the structural divergence in positions, this **remains the more probable outcome**—the system approaches a point at which **continued oscillation becomes increasingly difficult to sustain**. The Brent settlement at the end of April represents not merely another temporal marker, but **the closing of a cycle in which expectations have been repeatedly managed without substantive resolution**. Beyond this point, the capacity to "extend" the current pattern without either escalation or a genuine breakthrough is likely to diminish.

There are several reasons for this argument, none of these is yet grounded in empirical evidence, though. First, it is difficult to imagine that the U.S. administration can plausibly expect that the physical restriction on oil flows will not dramatically penetrate the forward curve if the situation is not somehow resolved till the end of May. Also, there is the factor of nearing mid-term elections, and the fact that the tactic that held up in the first two months of the conflict is unlikely to yield continuing results in a third month. I will leave geopolitical, and military angles aside for now, but these will also play into the push for resolution during the month of May.

It is in this context that the **beginning of May emerges as a potential inflection point**. Should **negotiations fail** to take place or to **produce even a minimally viable framework**, the logic of the preceding weeks suggests a transition from rhetorical and symbolic management toward more concrete action. This could include a **significant expansion of military engagement**, potentially **extending to the seizure of key export infrastructure such as Kharg Island**, as well as broader efforts to secure or reopen critical supply routes. The immediate focus of the U.S. administration would be to get its hands on Iranian oil and to free the SoU passage as soon as possible.

At the same time, this **scenario remains contingent on variables** that are **not fully observable and known**. The **nature of the deal** President Trump can present domestically as a strategic success without achieving maximal objectives **remains uncertain**. It is unknown what is the actual readiness status of the U.S. military contingent dispatched to the theatre. The uncertain **capacity and willingness of Iran to escalate** in response to further pressure—potentially in ways that could disrupt regional energy systems beyond current assumptions—**introduces**

additional uncertainty. So far, the gap between the winning sets of the U.S. and Iran seem to be unbridgeable. The **role** of third actors, particularly **Israel**, also remains a **potential source of disruption**, as actions taken outside the temporal logic described here could force a deviation from the observed pattern. Both Israel and Iran also may derail the prevalent U.S. tactic by moves that are difficult to assume without internal information.

To simplify to the extreme, there are three "ideal" scenarios around which the future might revolve. The **best case scenario** is reaching **a preliminary genuine deal** or a credible foundation for such a deal **before the end of April**, with the deal being finalized and implemented throughout May. Such a deal, however, would require **enormous concessions** from both sides. On the U.S. side, the administration would have to accept a **deal that is in nature quite close to the defunct JCPOA**, which is hard to imagine from the domestic political point of view. On the Iranian side, such a concession would have to include an **ultimate surrender of their nuclear and strategic ambitions**, which de facto amounts to a **regime change**. At this point it is difficult to fathom a **compromise middle-ground**, but if that is the case, the core would lie in the **technical details - timelines, scales, proxies**, etc.

Unfortunately, I see as the most plausible scenario a "no deal" by the end of April and an attempt on the part of the U.S. to resolve the situation militarily, likely on the ground. This path, unless Iran gives in quickly, would likely mean an **energy, humanitarian, economic, and social impact** of gargantuan proportions. That is why the U.S. is likely to do anything and everything to avoid that kind of escalation.

The third scenario is that the U.S. administration will try to project the March and April tactic into May, with the hope of **kicking the can down the road one more month** and to further **damage the Iranian regime economically and socially** in order to increase the leverage for a resolution **before June 2026**. However, the **IRGC demonstrated** a high level of **resilience** against precisely such conditions and it is unlikely that one more month would move the needle in a decisive way.

What is clear, though, is that all these three scenarios result in the **SoU likely to stay closed or nearly closed for at least the next two weeks**, in the best of scenarios. In the case of worse scenarios, it **risks a closure well into May or June**, and/or a **potential destruction of a significant share of the Persian Gulf energy infrastructure** in the case of the armed escalation (not mentioning the immediate humanitarian and social toll). The successful **prolongation of subdued oil prices**, that was advantageous in the short term, will be very **difficult to maintain much longer** and a **structural spike in oil prices**, followed by **demand destruction**, needs to be accounted for in **late May 2026**, at the latest, **accompanied by a dramatic correction in the equity markets.**

Paradoxically, the only way out of this quagmire is a bet on a **quick and successful seizure of the Iranian oil assets in the Gulf**, which would serve as a **physical price suppression tool** in the shortest term possible. That is why - in the case of no deal before the end of April - the **likelihood of an attempted swift ground operation** by the U.S. is the **most plausible path forward**.

Source & Contact

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About GARI Enterprise
GARI Enterprise s.r.o. provides commodity price predictions and intelligence reports derived from a proprietary simulation of the globalized world. The platform generates forward-looking signals on price direction, volatility, and systemic shifts, supporting decision-making in procurement, finance, and strategy.