

PROF. THEODORE PELAGIDIS

DEPUTY GOVERNOR, BANK OF GREECE  
PROFESSOR OF ECONOMICS, UNIVERSITY OF PIRAEUS  
EX-CARETAKER MINISTER OF FINANCE

GEOPOLITICAL TURMOIL  
AND ENERGY CRISIS

# MODERN MERCANTILISM & THE NEW GEOECONOMIC TURMOIL

- “POLITICIZED, TRANSACTIONAL CAPITALISM”. GOVERNMENTS, THE FINANCIAL INDUSTRY AND MAG-7 ARE SHAPING THE NEW WORLD ECONOMIC ORDER. UNCERTAINTY SHOCKS AND “RUPTURE”
- TRADE DEFICITS ARE NOW CONSIDERED AS LOSS OF WEALTH AND POWER. TARIFFS AS INSTRUMENT OF POWER. ERA OF MANAGED TRADE.
- IMPORT SUBSTITUTION AND INDUSTRIAL STRATEGY AT THE FOREFRONT. CAPITAL SHOULD STAY HOME (S&I UNIONS). FIAT CURRENCIES AT RISK, GOLD AS GEOPOLITICAL HEDGE, PAX DOLLAR ERA QUESTIONED (NO TINA?), NATIONAL SECURITY AS PRIORITY.
- HOSTILE RACE FOR RARE EARTHS AND ENERGY. AI EXPONENTIAL GROWTH!

## **ACCELERATORS:**

- COVID-19, WARS/YOUTH REVOLTS, AFFORDABILITY, FRENEMY TRUMP, TAKAICHI’S LIZ TRUSS MOMENT(?), CHINA 2.0, Mag-7, PRIVATE CREDIT \$1.7TRIL., **IRAN WAR AND ENERGY CRISIS**

# UNCERTAINTY AND GEOPOLITICAL RISK

## Uncertainty has fallen but remains at elevated levels

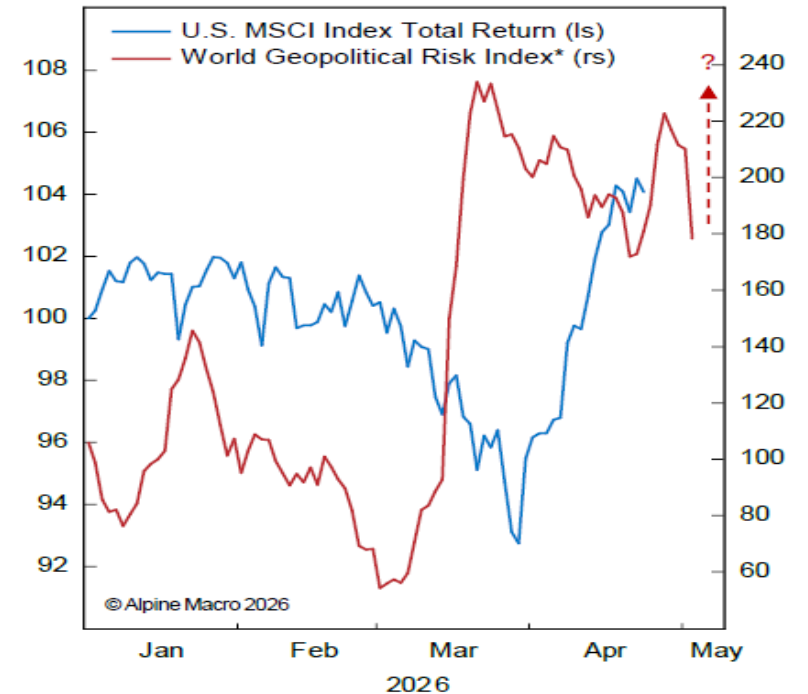
Uncertainty indices

— World (WUI) — Economic policy — Trade policy



Indices attempt to quantify media attention related to overall, policy & trade uncertainty  
Sources: Baker, Bloom & Davis 2016 (policy), Caldera etc 2020 (trade), Ahir, Bloom & Furceri 2022 (WUI)

Chart 6: Has Geopolitical Risk Peaked?  
Yes...Unless The War Restarts



\*Shown as 1-week moving average; advanced by 2 weeks  
Note: All series are rebased to Jan 2026=100

Source: Alpine Macro, MSCI Mid & Large Cap, Matteo Iacoviello

# HORMUZ TRAFFIC HAS COLLAPSED

## Hormuz chokepoint tracker

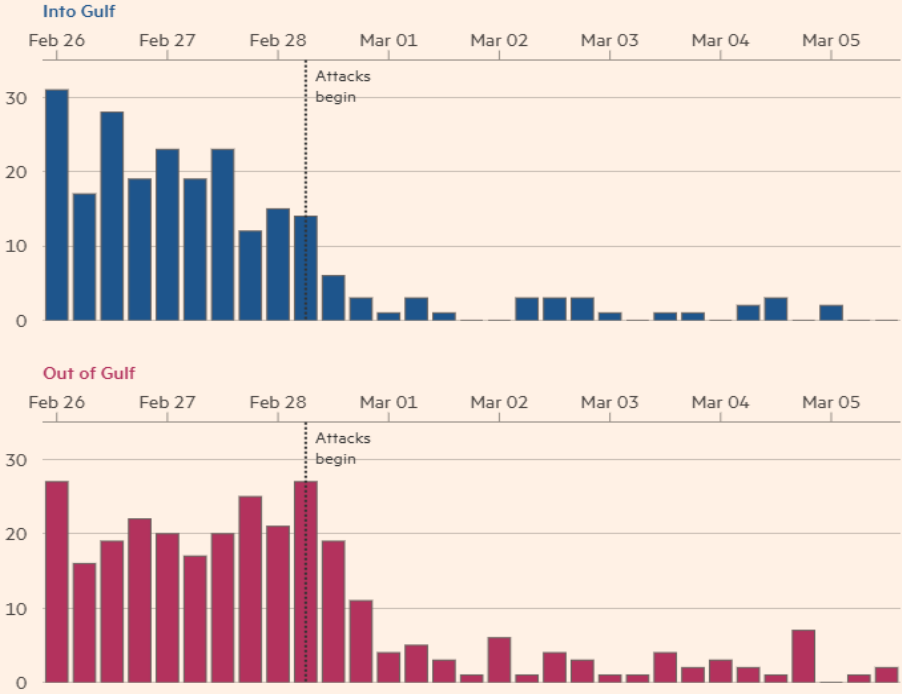
Daily number of vessels entering the neck of the Strait of Hormuz\*



Weekly crude oil barrels booked (mn), actual and forecast

## Traffic through the Strait of Hormuz is extremely thin

Number of vessels entering the neck of the strait with transponders on per 6hr period

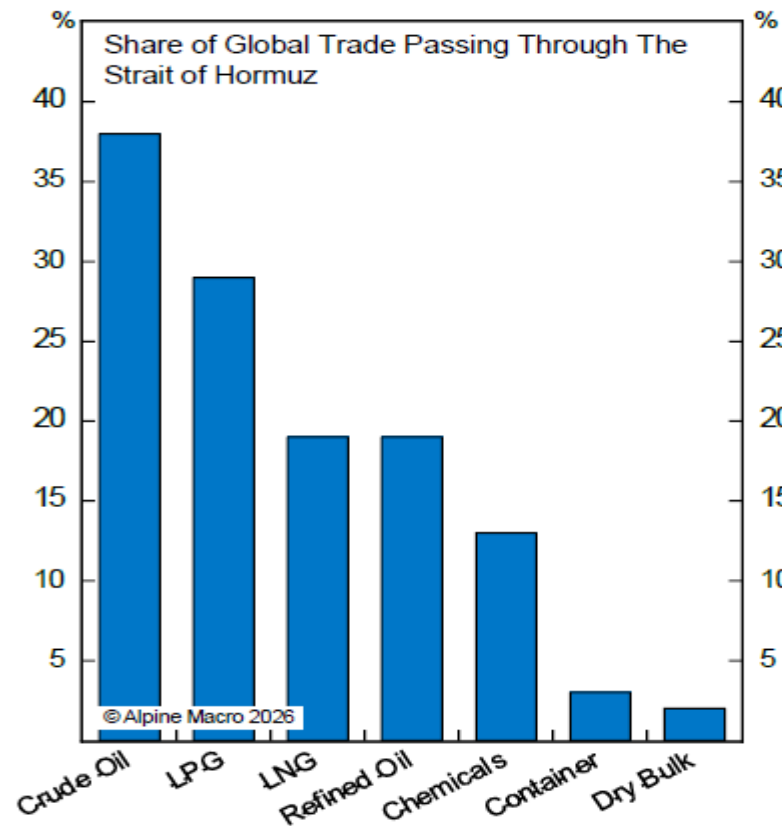


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Source: MarineTraffic, FT analysis • The neck of the Strait has been defined by lines running NW and NE from Khasab in Oman  
Figures as of 4pm GMT 5 March

# TRADE AND OIL TRANSPORT

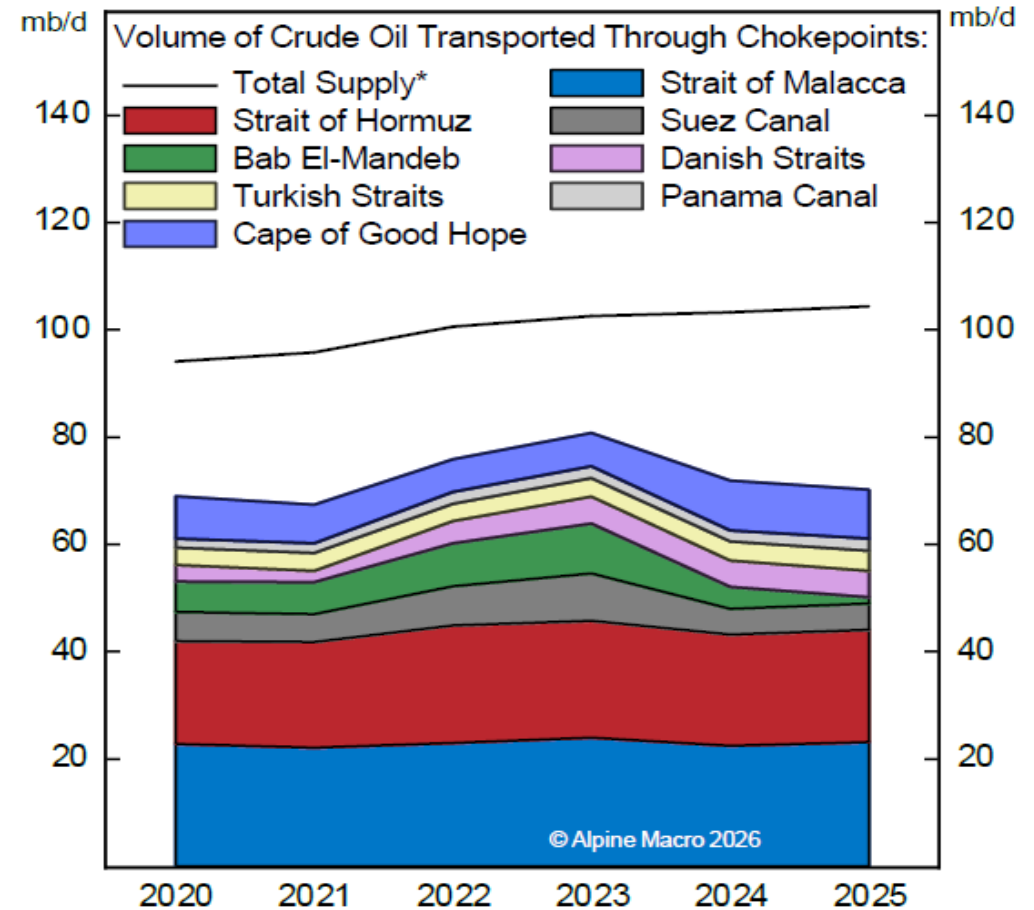
Chart I: Global Trade Passing Through The Strait Of Horm



Note: Based on average flows during the week before the military escalation that began on Feb. 28; In 2024, total oil transported through the Strait was around 20 mb/d (25% of global seaborne oil trade); crude oil & condensate account for 14 mb/d and petroleum for 6 mb/d; LPG: Liquefied Petroleum Gas, LNG: Liquefied Natural Gas

Source: Alpine Macro, UNCTAD, based on data provided by Clarksons

Chart II: Crude Oil Transport Through Sea-lane Chokepoints



\*World Total Oil Supply














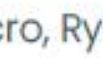
Note: Data goes to first half of 2025; Danish Straits don't include flows through the Kiel Canal, data for Panama Canal are by fiscal year (Oct. 1 - Sep. 30)

Source: Alpine Macro, EIA, Short-Term Energy Outlook, Feb. 2026, and EIA analysis

## Chart 5: Gas Has Been Hit Harder Than Oil Infrastructure

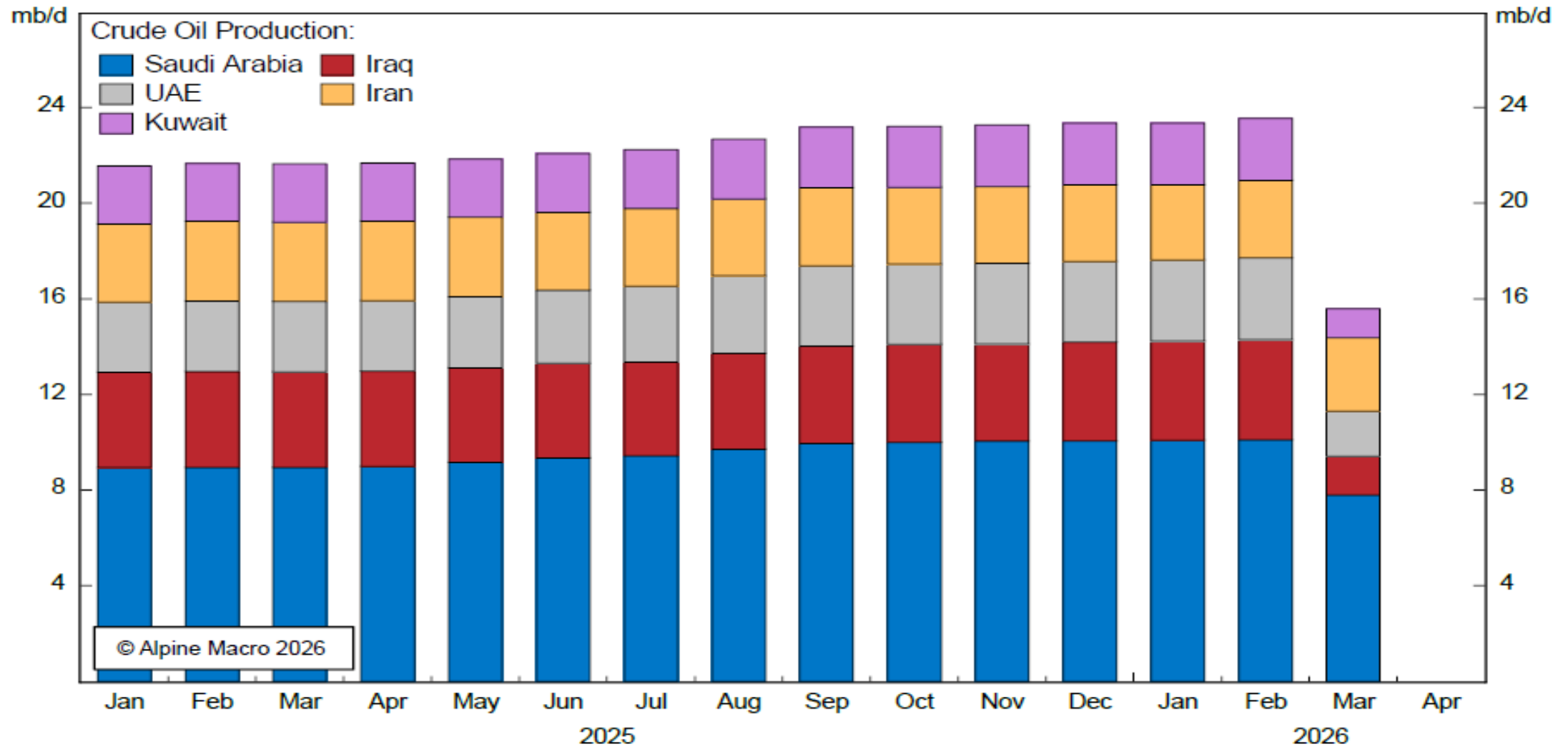
Repair Intensity Assessment: Majorly Impacted Energy Infrastructure (as of March 25, 2026)

Disruption Category: ● Major ● Moderate ● Minor

Country	Disruption category	Facility	Asset type	Repair intensity	Repair time
	● Major	Ras Laffan	LNG + Refinery	●●●●●	■ ■ ■ ■ ■
	● Major	South Pars (cluster)	Offshore gas field	●●●●●	■ ■ ■ ■ ■
	● Major	Bahrain Sitra Refinery	Refinery	●●●●●	■ ■ ■ ■ ■
	● Moderate	Pearl GTL	Downstream facility	●●●●●	■ ■ ■ ■ ■
	● Moderate	Tehran Refinery	Refinery	●●●●●	■ ■ ■ ■ ■
	● Moderate	shah gas	Onshore gas field	●●●●●	■ ■ ■ ■ ■
	● Moderate	Shahran Oil Depot	Downstream facility	●●●●●	■ ■ ■ ■ ■
	● Moderate	Shahid Dolati Oil Depot	Downstream facility	●●●●●	■ ■ ■ ■ ■
	● Moderate	Shahr-e Rey Oil Depot	Downstream facility	●●●●●	■ ■ ■ ■ ■
	● Moderate	Lanaz Refinery	Refinery	●●●●●	■ ■ ■ ■ ■
	● Moderate	Ruwais Refinery	Refinery	●●●●●	■ ■ ■ ■ ■
	● Minor	Bab & Habshan	Producing field, gas processing	●●●●●	■ ■ ■ ■ ■
	● Minor	Haifa refinery	Refinery	●●●●●	■ ■ ■ ■ ■
	● Minor	Other Infrastructure	Multiple	●●●●●	■ ■ ■ ■ ■

Source: Alpine Macro, Rystad Energy

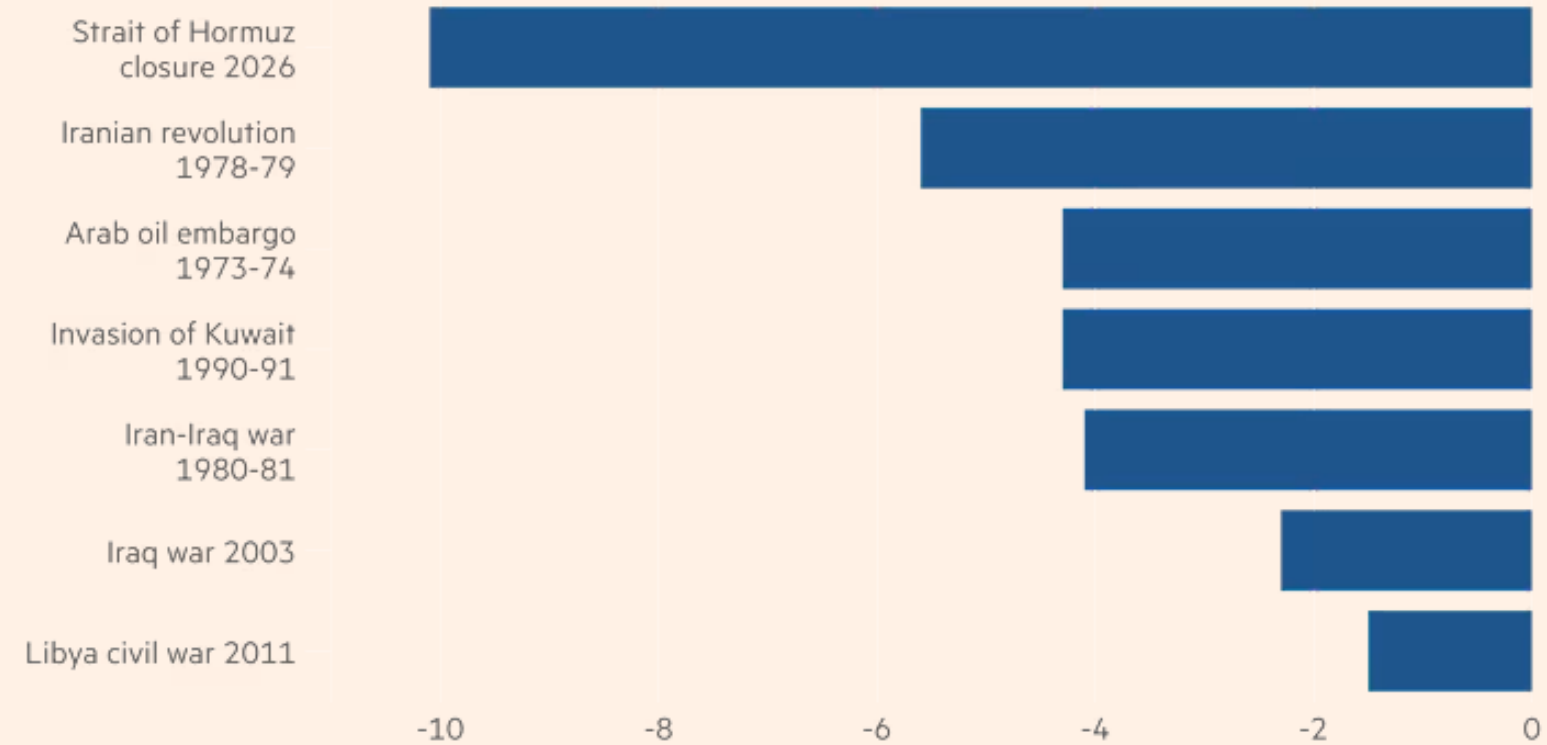
Chart 10: Material Middle East/Gulf Production Losses In March



Source: Alpine Macro, OPEC

## The loss of oil supplies in 2026 is the biggest of them all since 1973

Initial losses in supply disruptions (mn barrels per day)



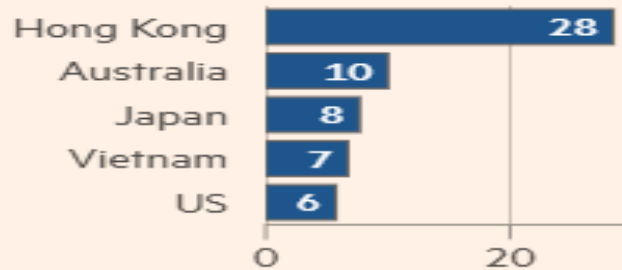
Sources: IEA, World Bank

# SHORTAGE OF CERTAIN COMMODITIES HAVE LED TO EXPORT CONTROLS. A FULL REVERSAL OF GLOBALIZATION

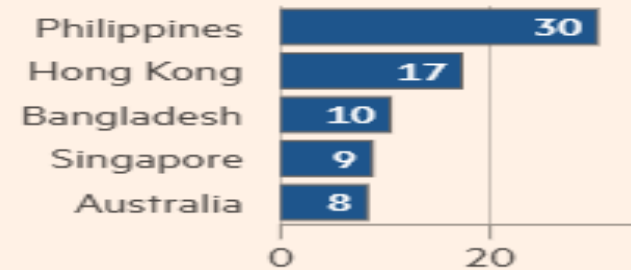
## China's export controls on fuel and fertilisers may hit global buyers

Share of China's exports (%), by product and partner, 2025

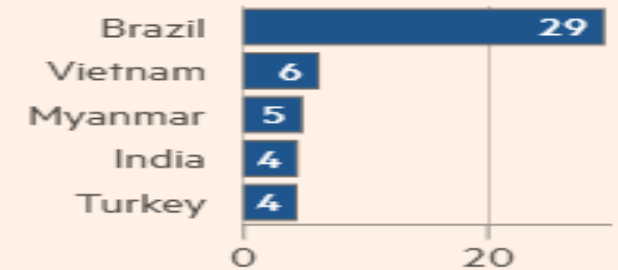
### Jet fuel



### Diesel



### Nitrogenous fertilisers



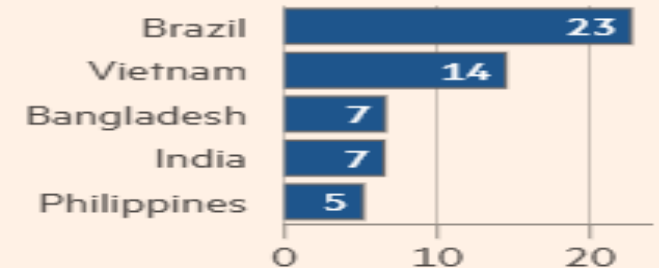
### Phosphatic fertilisers



### Potassic fertilisers

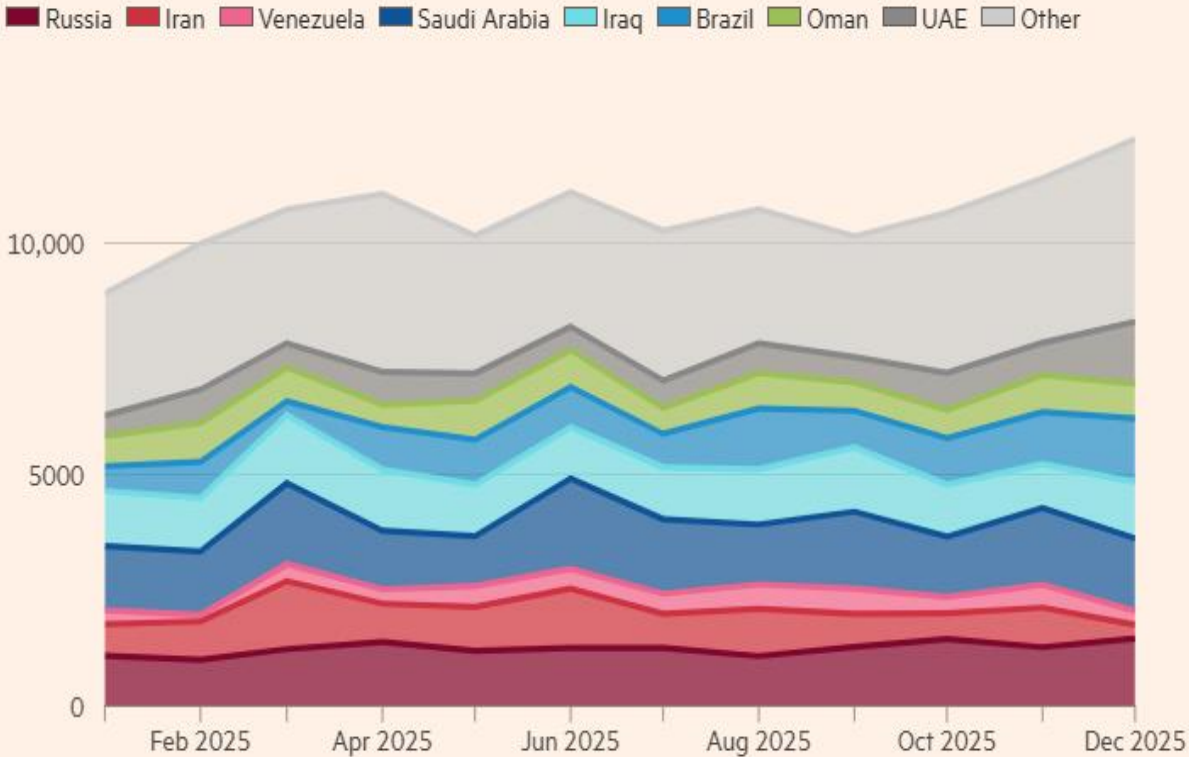


### Compound fertilisers



# CHINA DEPENDENT ON GULF'S OIL

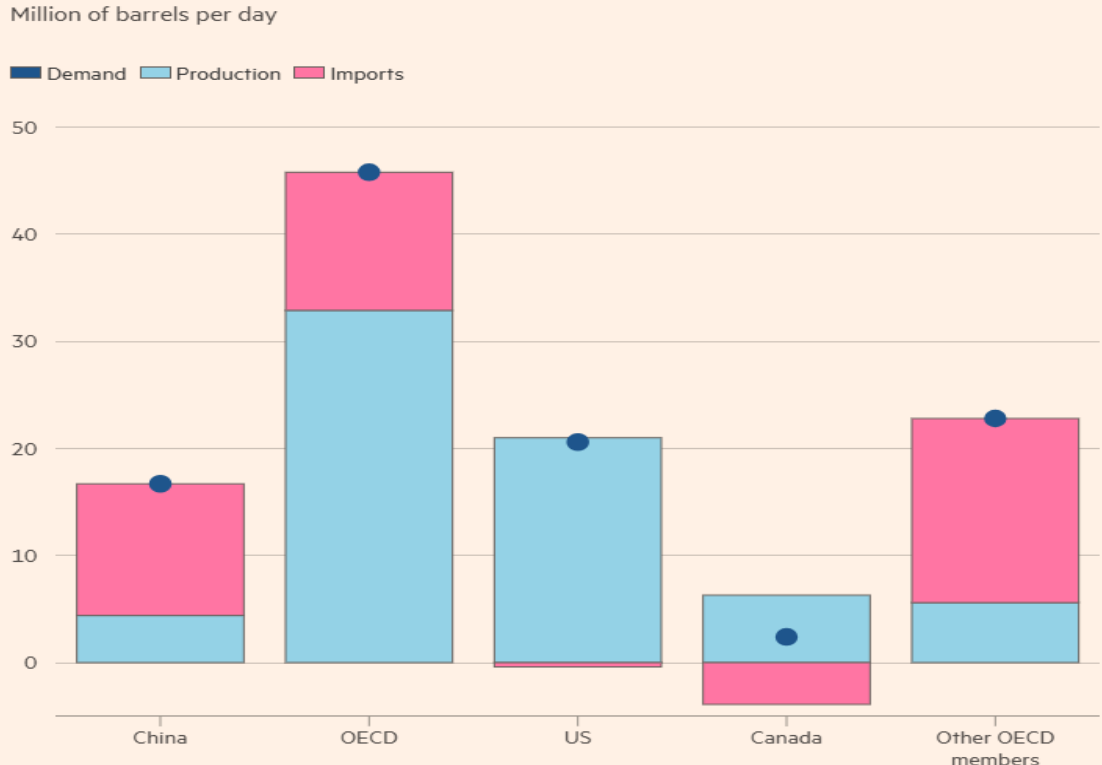
China's crude oil imports ('000 barrels per day), by partner



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Source: Kpler

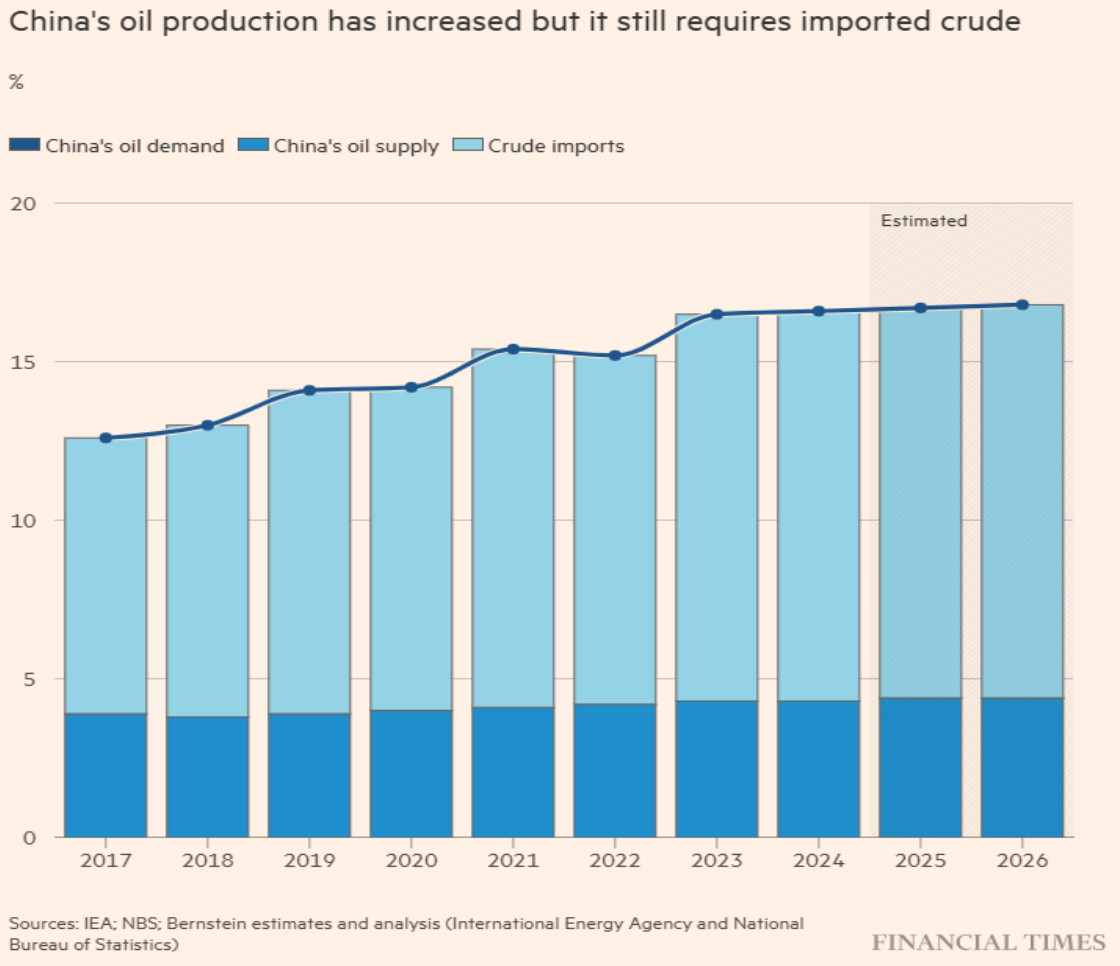
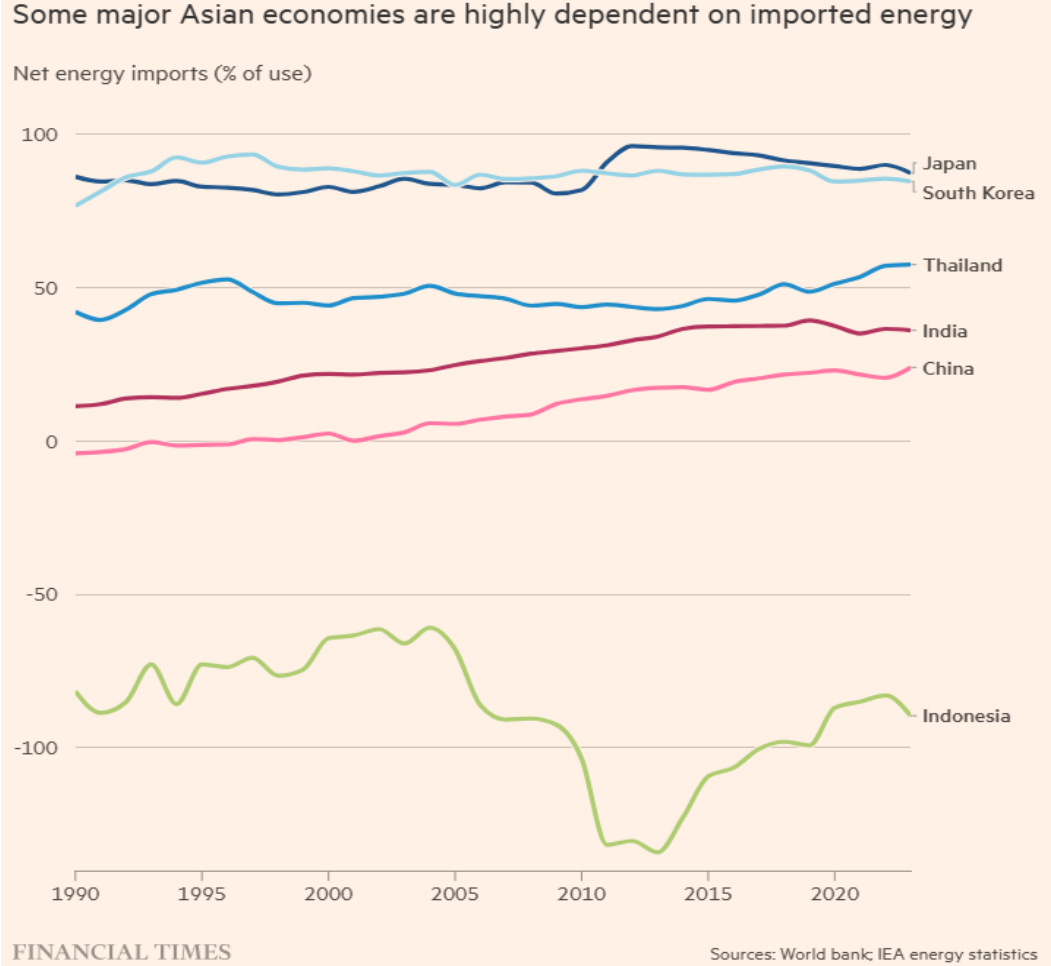
Unlike the US, China relies on imported oil



Sources: IEA; NBS; Bernstein analysis

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# ASIA DEPEND ON GULF'S OIL

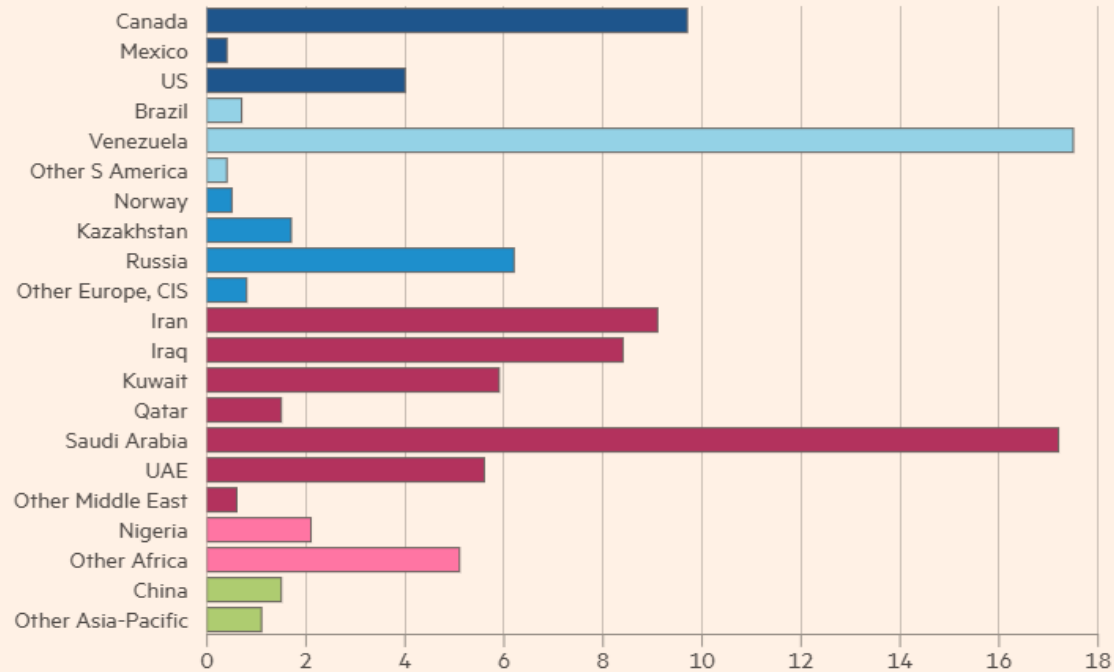


# OIL RESERVES & PRODUCTION

Gulf states have big shares of oil production but even more of proven reserves

Oil production (2024) and proven reserves (2020), % of world total, by country/region

Choose series  Production  Reserves



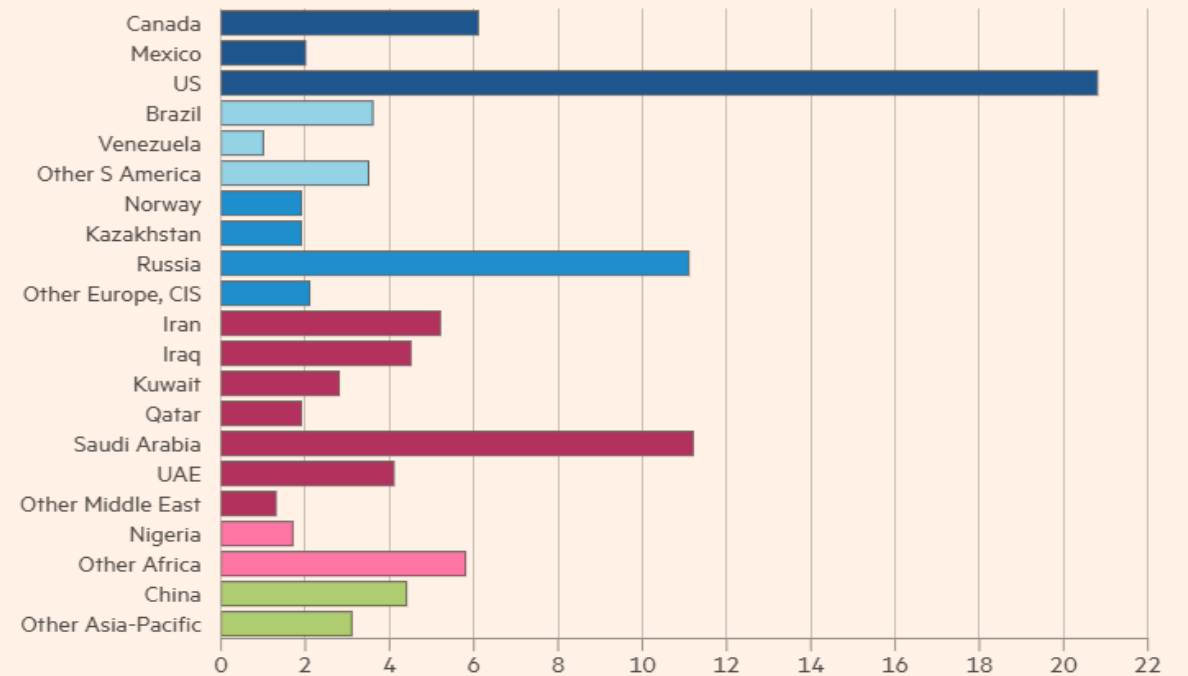
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Source: Energy Institute

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Oil production (2024) and proven reserves (2020), % of world total, by country/region

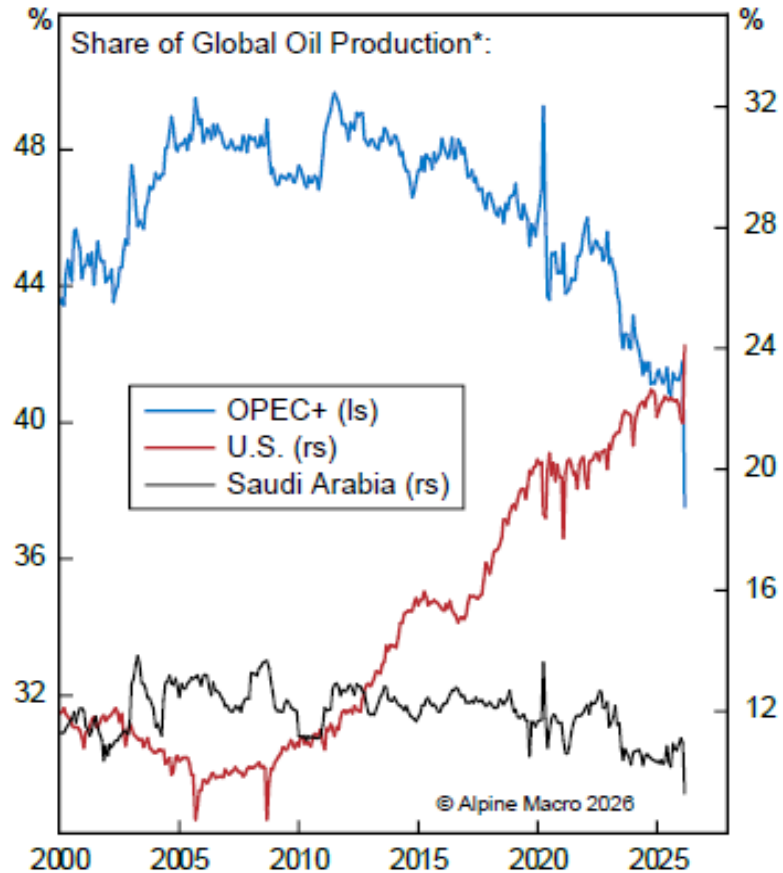
Choose series  Production  Reserves



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Source: Energy Institute

**Chart 6: Extremely Low Saudi Production Share**

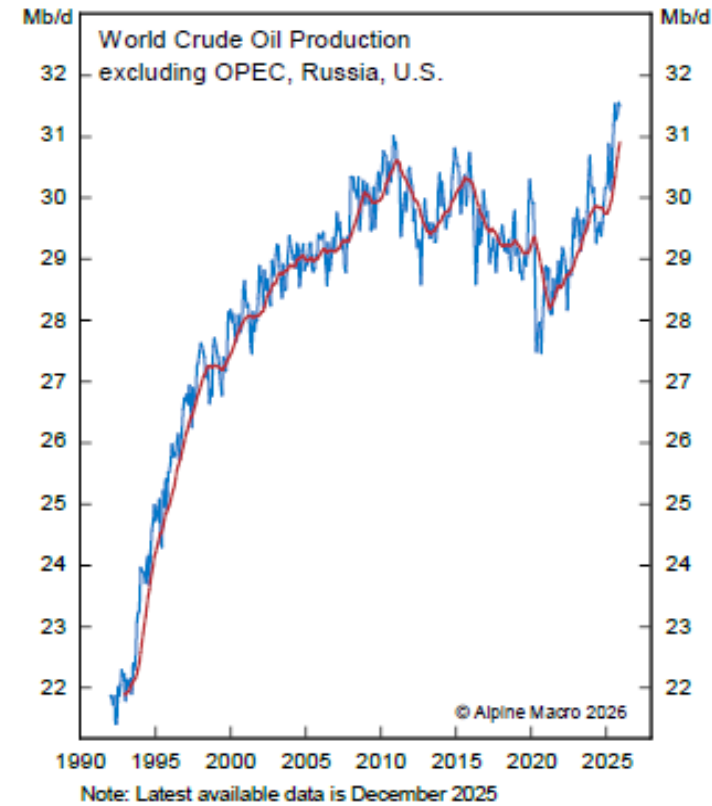


\*Represents petroleum & other liquids, including crude oil and lease condensate. Data (Jan to Mar 2026) for Saudi Arabia are estimates based on crude oil production only

Source: Alpine Macro, EIA

- Non-OPEC ex-U.S. production has risen sharply since May 2024 (Chart 7).

**Chart 7: Non-OPEC, Ex-U.S. Production Hitting New Highs**



Source: Alpine Macro, EIA

# CURRENTLY LOW EU GAS STORAGE

## EU gas storage is only 30% full

Share of working gas volume in storage, start of March (%)

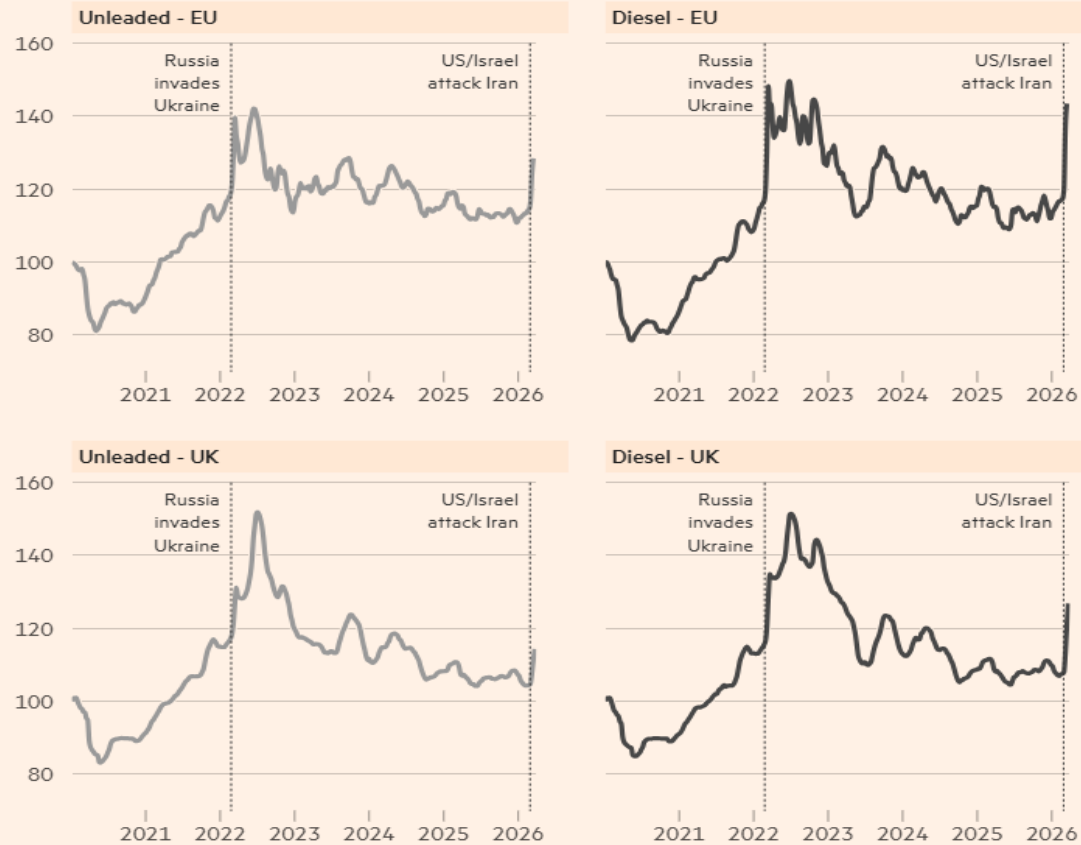


Source: GIE (Gas Infrastructure Europe)

# PRICES UP + VOLATILITY

## Prices at the pump have already surged across Europe

Fuel prices, rebased (100 = Jan 2020)

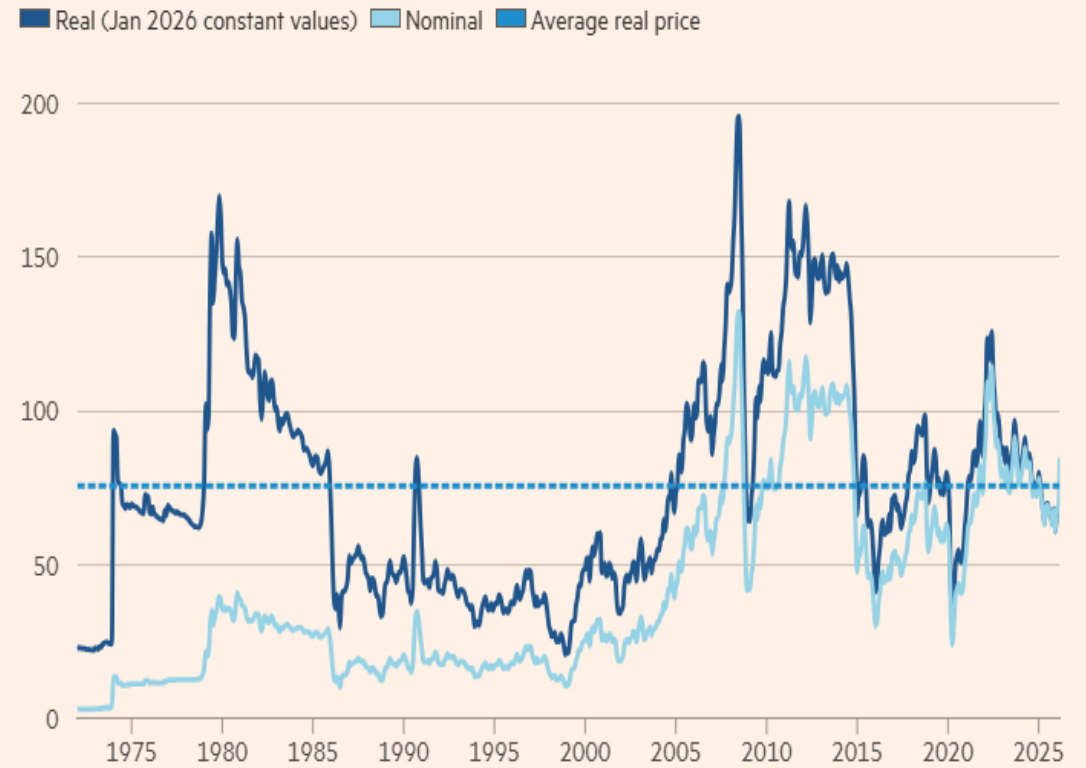


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Sources: Gov.uk, Eurostat

## The ups and downs of oil prices

\$ per barrel



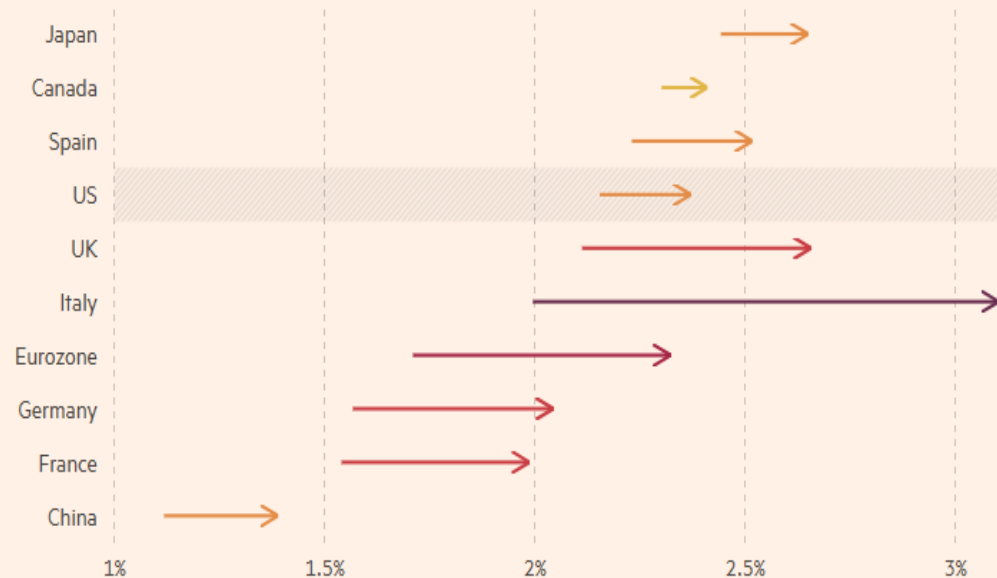
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Source: LSEG. FT calculations • Real price deflated using US CPI

# LESS IMPACT ON US & CANADA

Surging energy prices are forecast to have less of an impact on inflation in the US than in other big economies

Impact of rising energy prices on Q4 2026 forecasts

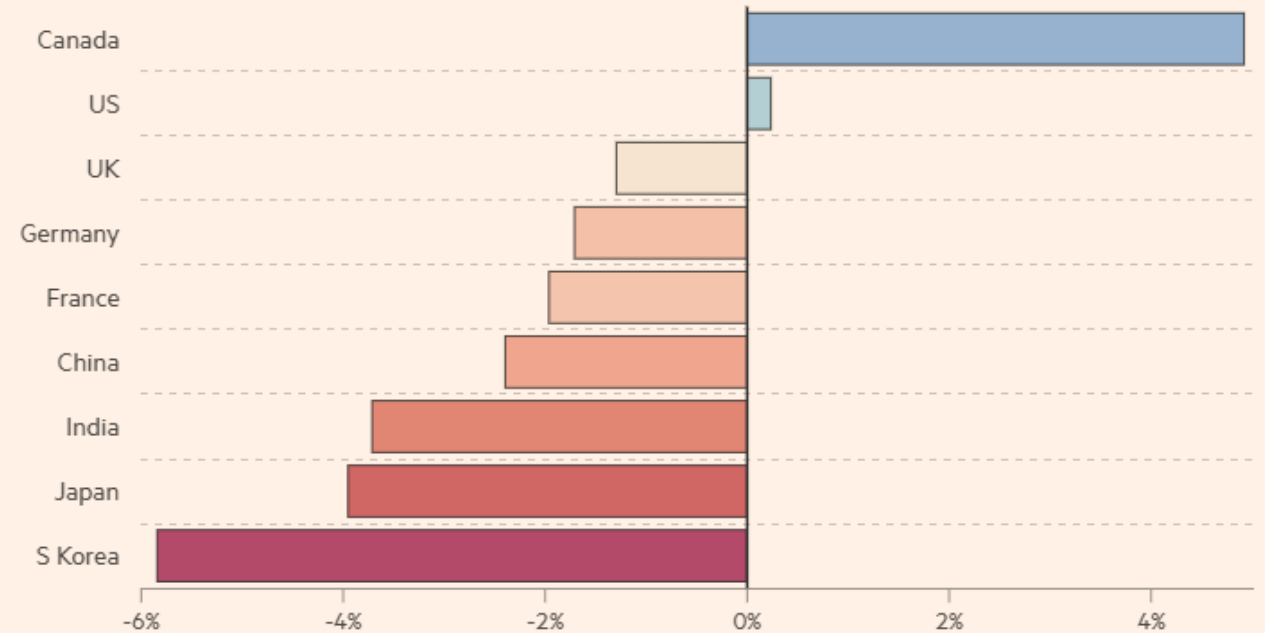


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Source: Oxford Economics • Modelled impact of price rises on latest forecasts

The US and Canada are net exporters of energy

Energy trade balances in 2024 (% of GDP)



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Source: Capital Economics

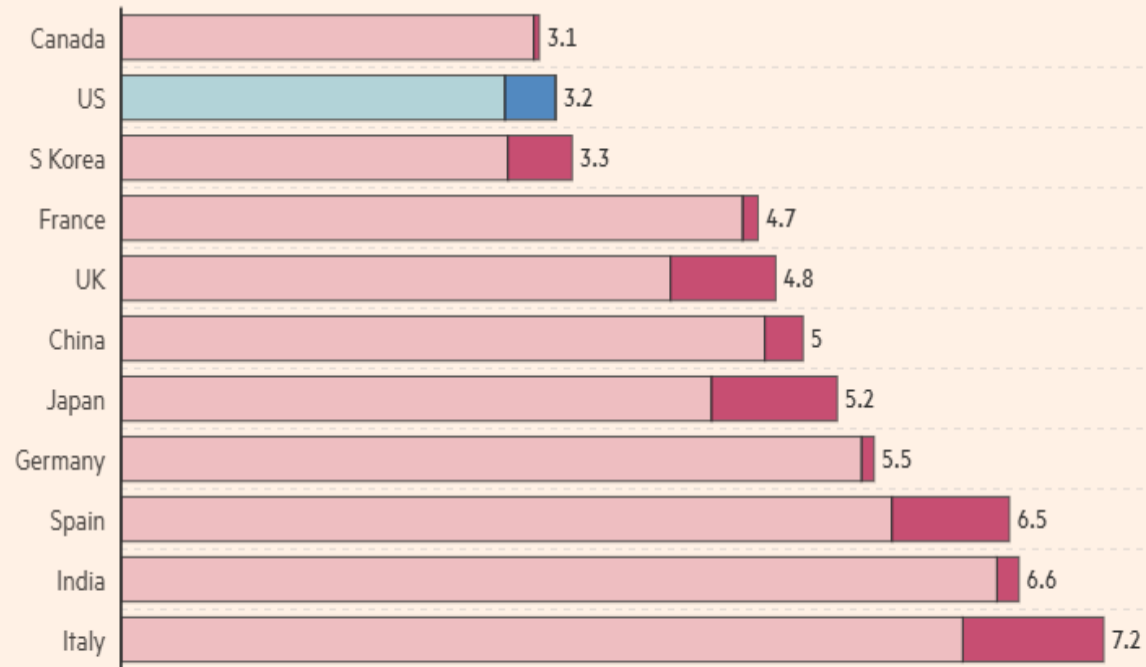
# US LOWER SHARE OF INCOME ON ENERGY COST

US households spend a lower share of their income on energy bills... 1/2



% of average household income spent on home energy

● 2021 ● Increase in 2022



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Source: IEA

...and even including fuel, energy costs remain under 5% of income 2/2



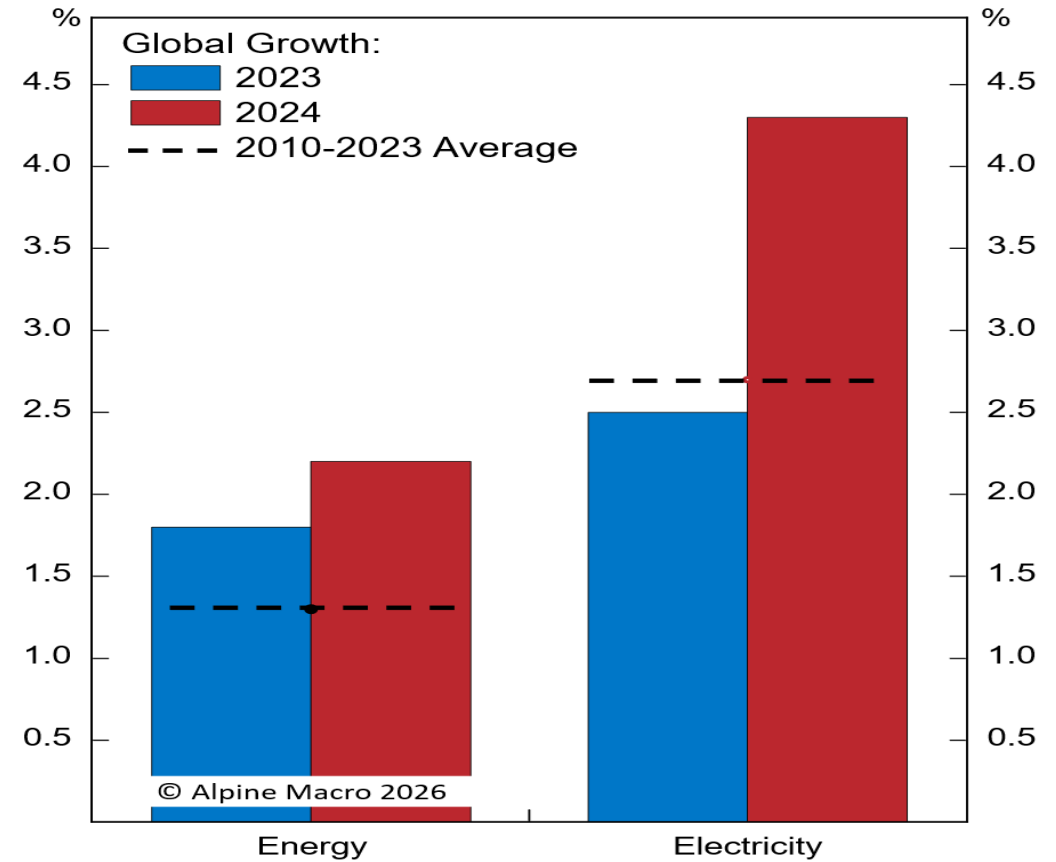
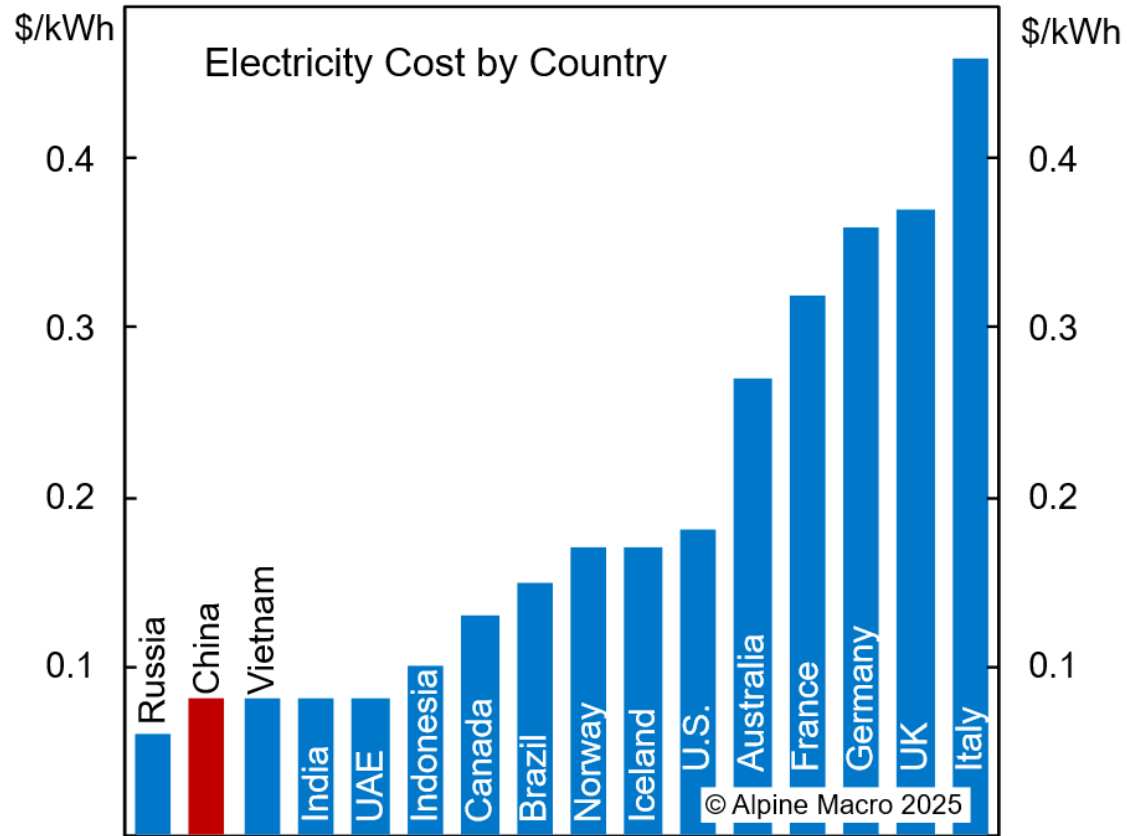
% of US disposable income spent on energy



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FRED . Gasoline, other energy goods, electricity and gas services

# Energy is becoming a huge issue



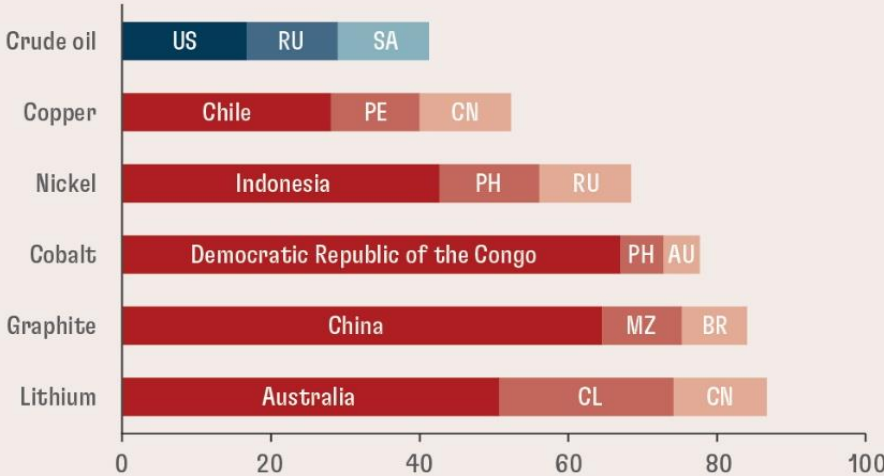
# RACE FOR RARE EARTHS, ENERGY, BIG TECH

**CHART 2**

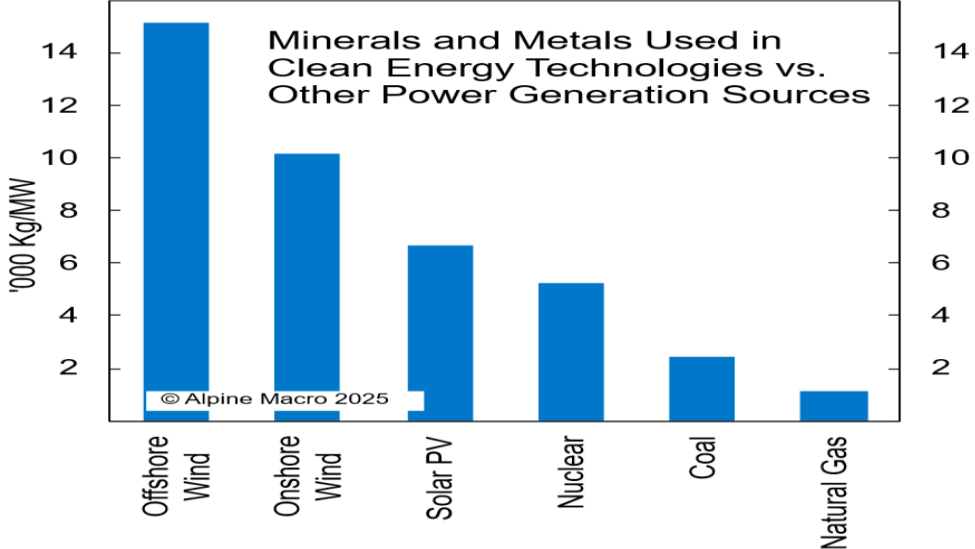
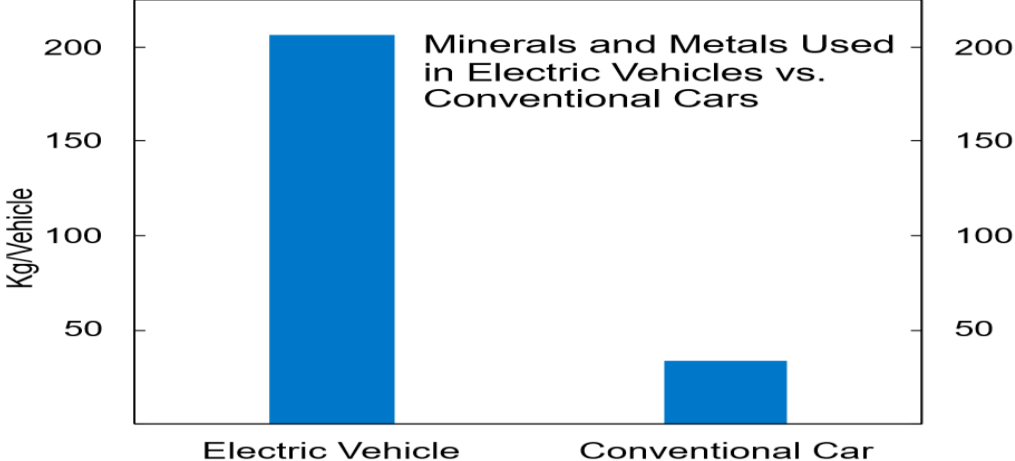
## Concentrated mineral market

The supply of critical minerals is more concentrated than that of crude oil and therefore more vulnerable to trade disruption.

**Top three producers**  
(share of world production, percent)



SOURCES: British Geological Survey; US Geological Survey; and IMF staff calculations.  
NOTE: AU = Australia, BR = Brazil, CL = Chile, CN = China, MZ = Mozambique, PE = Peru, PH = Philippines, RU = Russia, SA = Saudi Arabia, US = United States.



# GEOGRAPHY MATTERS FOR MARITIME TRADE

Overall, countries tended to trade more with geographically distant partners and less with geopolitically distant ones

Global trade in goods indicators

Choose series  Geographical distance of trade ('000 km)  Geopolitical distance of trade, 0-10 scale



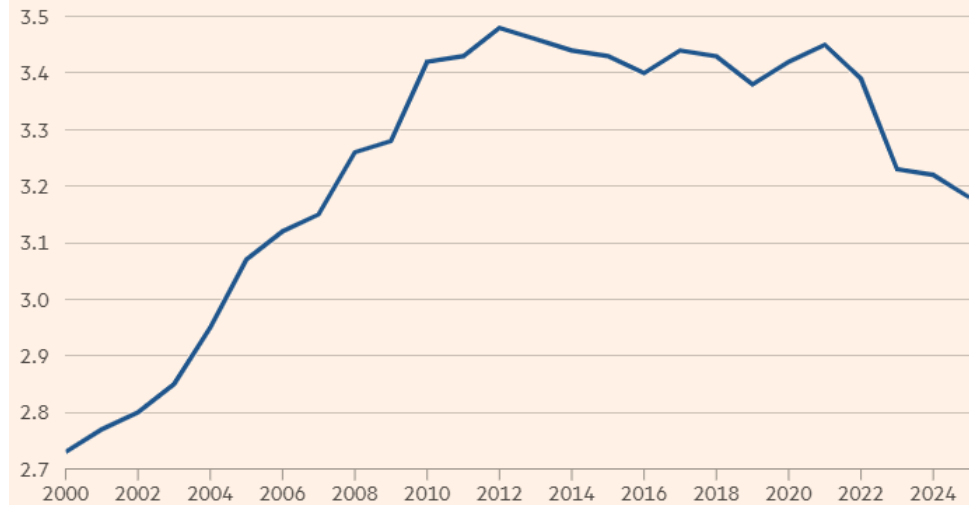
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Source: McKinsey • 2025=estimate. Geopolitical alignment is quantified using a measure based on UN General Assembly voting records from 2005 to 2022. 0-10 scale, where the US=0 and China, Russia & Iran=from 9 to 10

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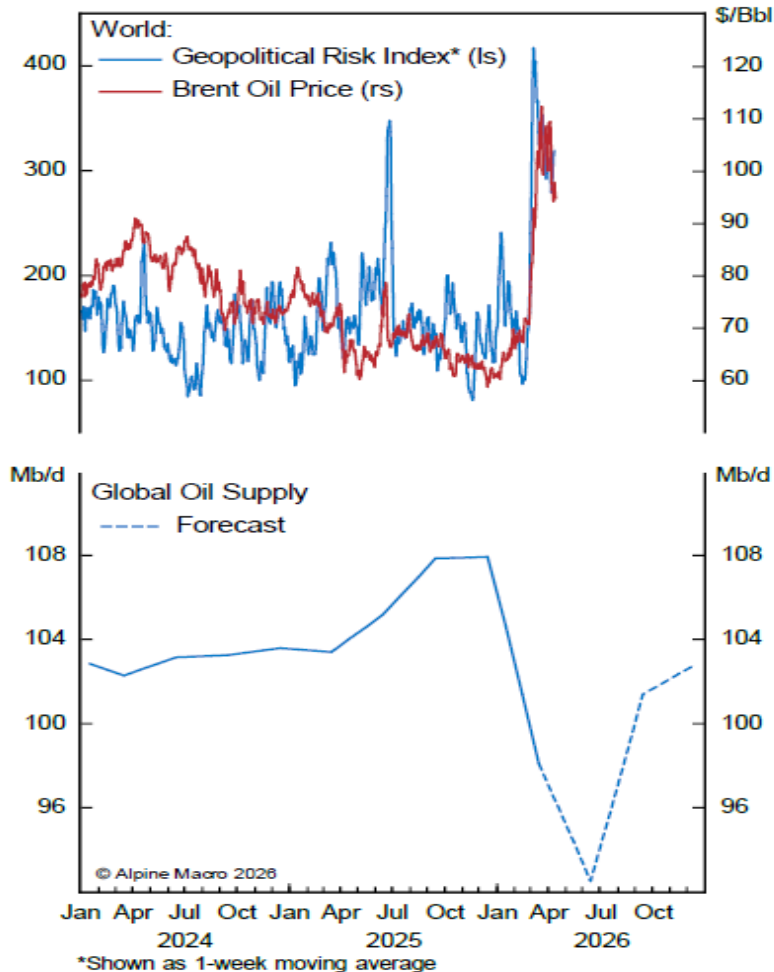


FINANCIAL TIMES

Source: McKinsey • 2025=estimate. Geopolitical alignment is quantified using a measure based on UN General Assembly voting records from 2005 to 2022. 0-10 scale, where the US=0 and China, Russia & Iran=from 9 to 10

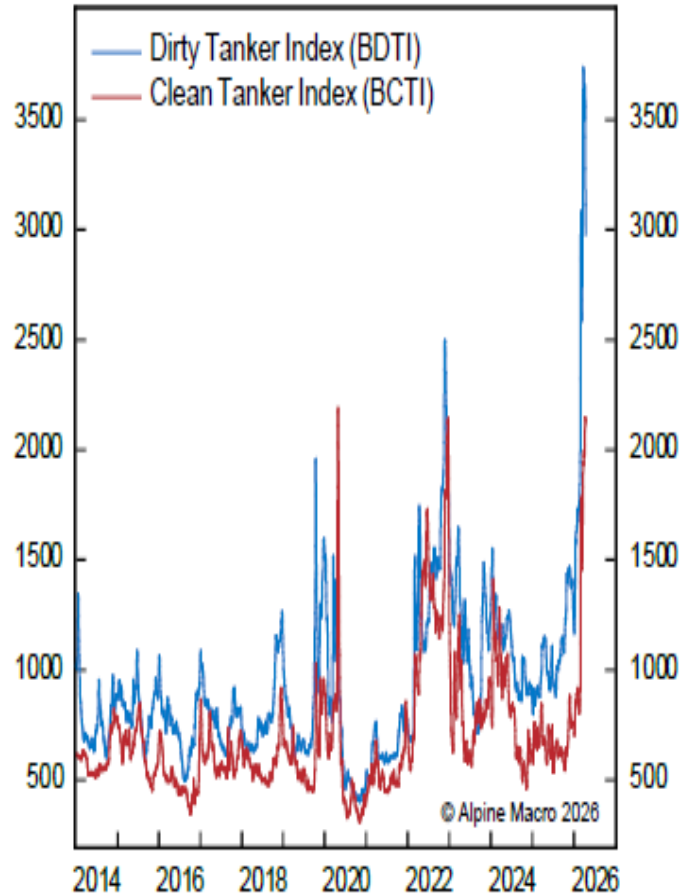
# SHIPPING COSTS SURGING

Chart 2: Oil Supply Will Take Time To Rebound



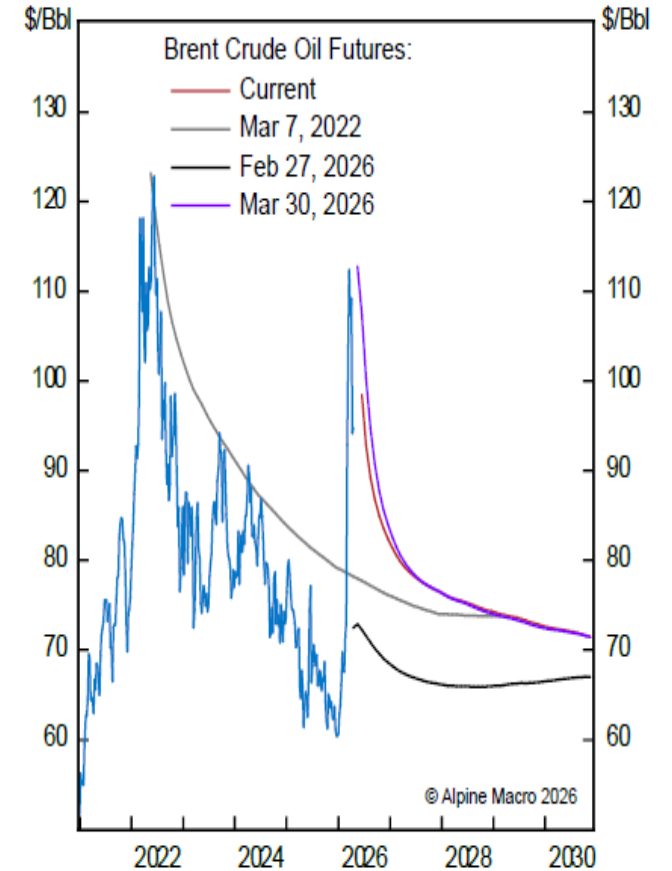
Source: Alpine Macro, IEA, Matteo Iacoviello

Chart 4: Seaborne Transport Costs Have Surged



Source: Alpine Macro

Chart 3: Long-Dated Futures Continue To Project Resting Spot Around \$70



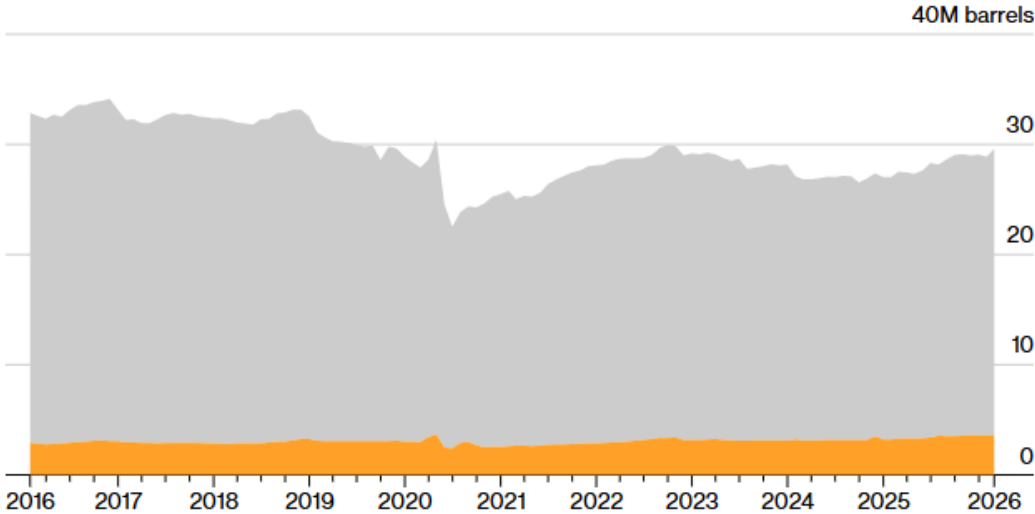
Source: Alpine Macro

# Last Minute Developments

## UAE Production Is More Than 10% of OPEC Total

Monthly OPEC crude oil production

■ UAE ■ Other OPEC members

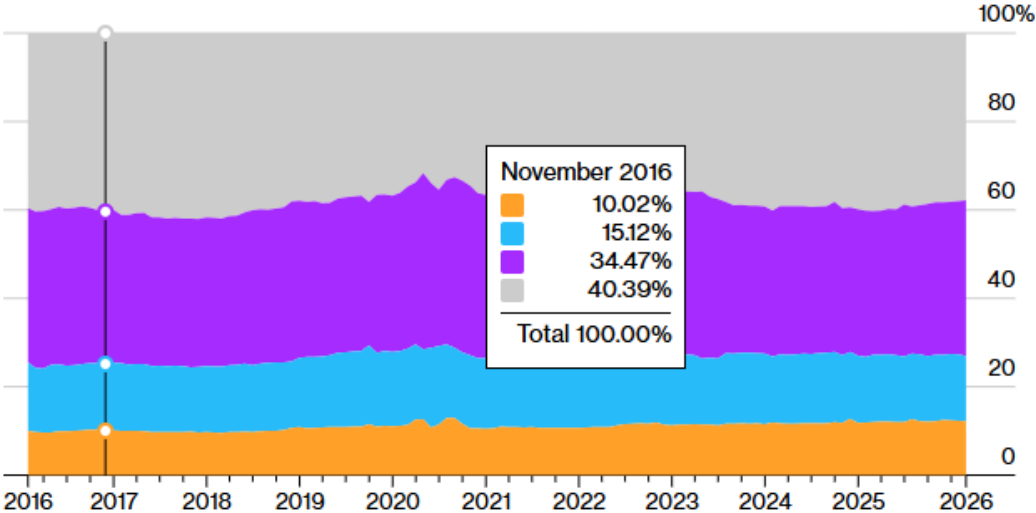


Note: Data through February 2026  
Source: Bloomberg News

## UAE Was the Third Largest Producer in OPEC

Share of monthly OPEC crude oil production

■ UAE ■ Iraq ■ Saudi Arabia ■ Other OPEC members



Note: Data through February 2026  
Source: Bloomberg News

Thank you!