MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

# AIDE MEMOIRE

## Global supply update – insights for New Zealand for 23 June 2026

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| **Date:** | 23 June 2026 | **Priority:** | High |
| **Security classification:** | In Confidence | **Tracking number:** | BRIEFING-REQ-0035035 |

| **Information for Minister(s)** |
|---|
| Hon Nicola Willis<br>**Minister of Finance** |
| Hon Shane Jones<br>**Associate Minister of Finance** |
| Hon David Seymour<br>**Associate Minister of Finance** |
| Hon Chris Bishop<br>**Associate Minister of Finance** |
| Hon Simeon Brown<br>**Minister for Energy** |

| **Contact for telephone discussion (if required)** | | | |
|---|---|---|---|
| **Name** | **Position** | **Telephone** | **1st contact** |
| Jivan Grewal | General Manager, Fuel Response | Privacy of natural persons | ✓ |
| Kasturi Sukhapure | Senior Policy Advisor | | |

| **The following departments/agencies have been consulted** |
|---|
| Ministry of Foreign Affairs and Trade, New Zealand Defence Force, Ministry of Transport, the Treasury. |

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## Purpose

To summarise developments in global oil supply over the last fortnight and the emerging outlook for New Zealand's fuel supply, particularly given the signing of the US-Iran agreement on 17 June.

## Key points

- The most significant development in the last fortnight is the agreement signed by the US and Iran to end the conflict. This extends the ceasefire for 60 days and reopens the Strait of Hormuz (the Strait). National security or defence [redacted]
- Free and frank opinions [redacted]
- Since the Strait closure, oil markets settled into a delicate balance due to a combination of inventory drawdowns, a fall in China's imports, rerouted exports from the Middle East, an increase in US exports and demand destruction. Some of these measures are short-term and given global inventories are being drawn at a record pace, the reopening of the Strait is critical to ensuring global oil supply.
- Crude and product prices dropped in response to the agreement and the potential re-opening of the Strait but remain elevated above pre-conflict levels. The outlook for global prices depends National security or defence [redacted]
- Free and frank opinions [redacted]

Privacy of natural persons [redacted]

Jivan Grewal
**General Manager, Fuel Response, MBIE**
23 / 06 / 2026

# Background

1. Global oil supply chains include crude production and inventory drawdown, crude flows into Asia and Asian refinery operations. Disruption in these global supply chains will provide early warning of potential issues for New Zealand's supply.

2. You have asked for fortnightly updates on global supply developments. We are monitoring developments under three broad themes:

   a. Importers' ability to secure cargoes as per normal operations ensuring future confidence of supply to New Zealand.

   b. Crude flows into Asian refineries, which are New Zealand's main supplier countries.

   c. Price changes, which are an important forward-looking indicator and key mechanism to balance global supply and demand.

3. We monitor information using a range of information sources including regular discussions with fuel importers, oil market data and intelligence services (Argus Media and Kpler), discussions with Australian officials and reporting from Ministry of Foreign Affairs and Trade (MFAT) posts.

4. Key information sources for this fortnight include the International Energy Agency's (IEA) June Oil Market Report, the US Energy Intelligence Agency's June short-term energy outlook and a discussion with the World Bank on their latest Commodities Market Report. Confidentia
Confidential advice to Government

# Global supply update developments

### The Strait of Hormuz is National security or defence

5. The US and Iran signed a memorandum of understanding to end the war on 17 June. The agreement includes a commitment to reach a final deal within 60 days, an end to fighting on all fronts – including in Lebanon, and the re-opening of the Strait of Hormuz. National
National security or defence

6. The geopolitical situation remains volatile National security or defence
Oil prices dropped in response to the announcement but remain above pre-conflict levels, and there is risk to ongoing price volatility. A return to commercial shipping depends on the terms of the agreement, including assurances of safe passage, availability of insurance coverage National security or defence

7. National security or defence
exports and production from the Gulf countries should see a gradual recovery. Iranian oil exports will resume immediately once the US blockade is lifted and the ~100 ships stuck in the Strait would exit.

8. Confidential information entrusted to the Government
. This will vary between facilities, and there is a range of estimates.

9. In the below sections, we discuss developments across our key watch areas.

## Importers' ability to secure cargoes

10. Disruption to importers' ability to secure cargoes is our strongest signal of a near-term supply disruption.

*Current status*

11. There are no notable developments to report in the last fortnight. Importers continue to indicate confidence in securing supply, with cargoes loading and arriving as expected and no disruption to consignments or change to planning horizons. Commercial Information [redacted]

12. Officials spoke to major importers about expected market changes and impacts on New Zealand supply of the Strait re-opening. [Commercial in-confidence] Commercial Information [redacted]

13. Commercial Information [redacted]

*Looking ahead*

14. Demand for fuel in New Zealand and globally has contracted. As market prices ease, demand is expected to rebound (albeit potentially at lower levels globally than prior to the crisis). Forecasting the speed of ramp up in demand is not straight forward. We may see a tight forward supply as refiners, traders and importers adapt to the changing context.

15. We will continue to engage with fuel importers and monitor supply to New Zealand closely.

## Crude flows into Asia

16. New Zealand's main fuel sources in Asia were heavily dependent on crude from the Middle East and experienced an acute supply and price shock in March and April. In response these refineries rapidly diversified crude imports and are drawing down inventories to partly cover the shortfall.

*Current status*

17. In previous briefings, we have discussed that the oil market had managed to settle into a tight balance through inventory drawdowns, fall in China's imports, rerouted exports from the Middle East, increase in US exports and demand destruction.

18. There are also flows out of the Strait through unconventional means. Flow through the Strait rose sharply in June to around 4mb/d (highest level since the start of the conflict, but still well below 15mb/d pre-conflict). This was due to mostly using 'dark' transits.

19. Key Asian countries, that New Zealand imports refined fuels from, are diversifying crude sources over the longer term. Confidential information entrusted to the Government [redacted]

20. Confidential information entrusted to the Government [redacted].

Confidential information entrusted to the Government

Confidential information entrusted to the Government

21. Confidential information entrusted to the Government The declines are mainly driven by the collective release of IEA tickets, which is expected to slow down in June-July. Part of the drawdown has also been incentivised by high spot prices. If prices drop, incentives to release stock may also drop. Free and frank opinions

22. China’s imports continue to remain low. While China has started drawing on inventories, the large volume (China accounted for roughly 15% of global inventories pre-conflict) means that in the near term, it can continue importing relatively low volumes.

23. Demand destruction has contributed to the current market balance and reducing further upward pressure on prices. Confidential information entrusted to the Government .

Confidential information entrusted to the Government

24. Some of the reduction in demand will be permanent and is part of a structural change in the energy system. Confidential advice to Government

*Looking ahead*

25. The most important factor looking ahead will be the timeframe and terms of the Strait reopening. Confidential information entrusted to the Government

26. Crude markets have adapted through temporary (inventory drawdown, drop in Chinese imports, stoppage of economic activity) and permanent (demand shifts via electrification, alternative routes bypassing the Strait) measures. However, the current delicate balance and depleting inventory levels leaves little room for any further disruption, such as from a refinery outage, hurricane threat or escalating tensions in the Middle East.

### Prices play a key role balancing global supply and demand

27. Prices remain a key lever for balancing global supply and demand and attract supply into markets with the highest willingness and ability to pay.

28. Rising global prices (and other measures such as time spreads and spot prices for commodities like diesel) are key indicators of concerns about future global supply. Higher prices would not necessarily mean disruptions to New Zealand's physical fuel supply.

*Current status*

29. Crude oil futures have fallen quickly in response to the agreement between Iran and the US, but physical crude oil prices, while beginning to drop, have not fallen as sharply, as supply routes and the forward outlook for crude remains uncertain through the Strait.

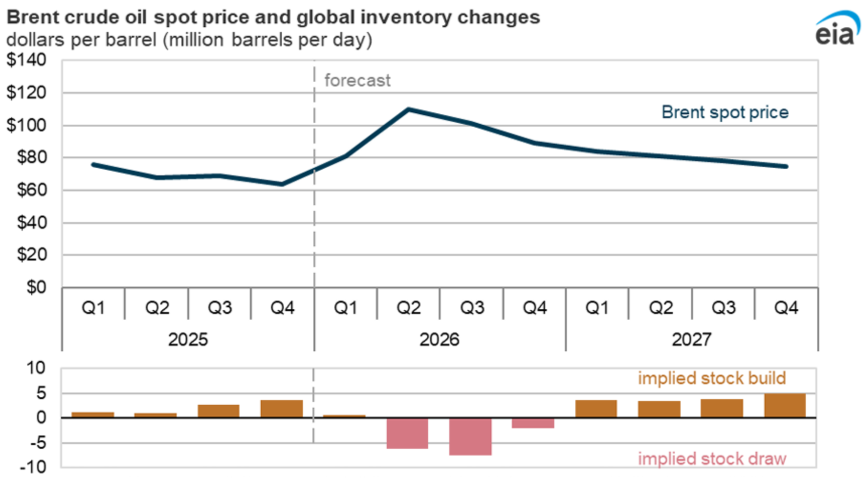
30. Confidential advice to Government [redacted]

Confidential advice to Government [redacted]

Dated Brent (Spot) ICE Brent (Futures) Diesel (10ppm) Petrol (95R) Jet

31. Even before the agreement, the market pricing indicated expectations that the disruption would be resolved in the near-term. The central projections from key organisations such as Confidential information entrusted to the Government [redacted] broadly consistent with futures prices (and the price track incorporated in the Budget 2026 forecasts).

**Figure 4: Inventory and crude spot forecast (source: US Short-Term Energy Outlook June 2026)**




*Looking ahead*

32. The outlook for global prices depends on National security or defence [redacted] As inventories reach historic lows, prices would be expected to rise and further reduce demand.

33. Confidential information entrusted to the Government [redacted]

34. Decisions by governments and commercial entities about when and how fast they rebuild their inventories will influence the supply and demand balance in the market and could potentially constrain a fall in prices.

## Next steps

35. We will continue to actively monitor developments National security or defence [redacted] and advise Ministers accordingly.