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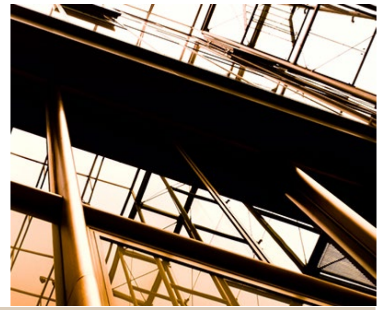
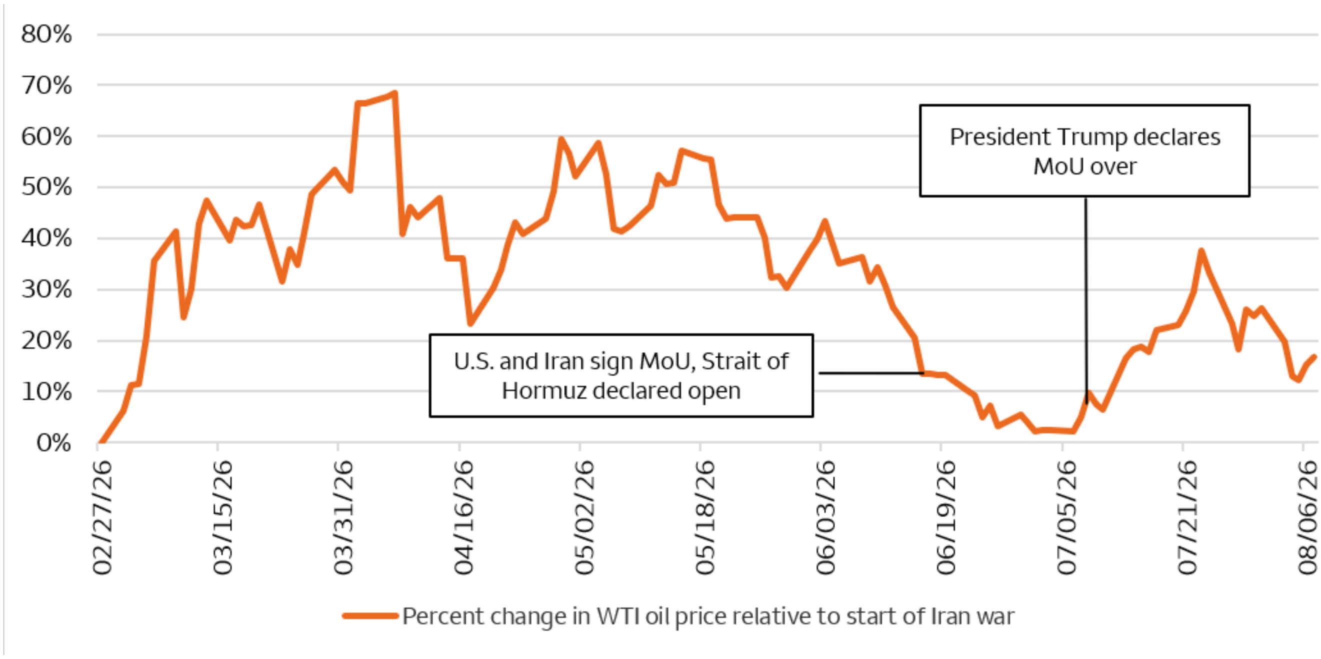
Investment Institute

Chart of the Week



Weekly analysis of key themes in markets | **August 11, 2026**

Oil's round trip and back



Sources: FactSet and Wells Fargo Investment Institute. Chart represents the percentage change in WTI oil price, indexed to 0 on February 27, 2026. WTI oil price at February 27, 2026, was $67.02 per barrel. WTI = West Texas Intermediate. MoU = Memorandum of Understanding.

Oil markets navigate geopolitical uncertainty

Geopolitics have dominated energy commodity prices this year. The Strait of Hormuz is a critical energy chokepoint, and the U.S.-Iran conflict has resulted in unprecedent supply disruption. Several buffers have helped partially mitigate disruptions to oil supply, though some may not be sustainable. The chart above illustrates the percent increase in oil prices since the conflict began in late February.

Looking ahead, we expect the Strait to reopen, at least partially before year-end, as escalating military pressure has failed to achieve its objectives while increasing economic strain on both sides. Even in a de-escalation scenario, it will take time for oil flows and production activity to normalize relative to the pre-war environment. For this reason, it was surprising to us that oil prices briefly returned to nearly pre-war levels in early July.

What it may mean for investors

Our year-end West Texas Intermediate (WTI) oil price forecast of $80-$90 per barrel incorporates a geopolitical risk premium reflecting higher shipping and insurance costs, periodic logistical disruptions, and stronger inventory rebuilding demand. Until another peace agreement is reached, oil prices could exceed our year-end range, as supply buffers remain fragile and supply disruptions have expanded to affect alternative shipping routes through the Red Sea.

Ian Mikkelsen, *Equity Sector Analyst, Energy*

Excerpted from Investment Strategy Report (August 3)

Risk Considerations

Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

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