

OFFSHORE TECHNOLOGY

Hormuz Tensions and Iran-US Stalemate Push Oil Prices Above \$1 Gain

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Oil prices climbed by more than \$1 on 23 April, driven by two converging pressures: stalled diplomatic negotiations between Iran and the United States, and continued trade and transit restrictions through the Strait of Hormuz. The price movement reflects sustained uncertainty in global crude supply chains, with markets interpreting the lack of ceasefire progress as a signal that near-term resolution remains unlikely.

The Strait of Hormuz is one of the world's most strategically critical energy chokepoints, handling approximately 20% of global oil flows. Any prolonged restriction or threat of closure reverberates across international pricing benchmarks, including Brent crude, which serves as the primary reference for African offshore producers. When Hormuz-linked risk premiums rise, the economics of alternative supply regions — including West and East Africa — become comparatively more attractive to buyers and investors seeking supply diversification.

For Sub-Saharan African producers, sustained elevated oil prices generally translate into improved project economics, accelerated final investment decisions (FIDs), and stronger appetite among international oil companies (IOCs) to advance exploration and development programs. Countries such as Nigeria, Angola, Senegal, Mozambique, and Tanzania — all with active or emerging offshore portfolios — stand to benefit from a pricing environment that justifies higher development costs. Norwegian service companies operating in these markets should treat the current

price environment as a tailwind, not a guarantee, but one that meaningfully reduces the threshold for new contract awards.

At the same time, geopolitical volatility of this nature introduces supply chain and logistics complexity. Shipping route adjustments, insurance premium increases on Middle East-linked vessels, and reallocation of floating assets can affect availability and mobilisation costs for subsea, FPSO, and drilling equipment globally. Norwegian contractors and equipment providers should monitor fleet positioning and asset availability closely, as demand spikes in alternative regions can tighten the market for specialised vessels and services.

The broader macro signal is one of continued instability in the Middle East energy corridor, which historically has corresponded with renewed focus on African offshore as a stable, long-cycle supply alternative. With several African projects at or near FID — including deepwater blocks off Namibia, Senegal's Sangomar expansion, and TotalEnergies-led developments in Angola — the current pricing environment could accelerate decision timelines. Norwegian service companies with established regional presence are best positioned to respond rapidly if client spending commitments are brought forward.

Why this matters to partners and clients of Saga

Norwegian service companies should use the current elevated price environment to accelerate engagement with IOC clients on African offshore projects approaching FID, particularly in Namibia, Angola, and Senegal where development economics improve materially above \$75/bbl. Companies with mobile assets — drilling rigs, construction vessels, subsea equipment — should review fleet positioning given potential demand reallocation away from the Middle East. This is a monitor-and-position moment, not yet a direct bid trigger, but market conditions are moving in a favourable direction.

PARTNER ANGLES

- **FPSO:** Rising Brent prices strengthen the business case for FPSO commitments on Namibian and Angolan deepwater projects; Norwegian FPSO contractors should be actively in dialogue with TotalEnergies and Galp project teams.

- **Drilling:** Middle East risk premiums may prompt IOCs to diversify drilling campaigns toward West Africa; Norwegian drilling contractors should assess rig availability and pricing competitiveness for upcoming African licensing rounds.
- **Subsea:** Improved project economics at current price levels bring several stalled West African subsea tiebacks closer to sanction; Norwegian subsea companies should refresh front-end engineering offers on known near-FID scopes.
- **LNG:** Sustained high energy prices reinforce the commercial case for Mozambique and Tanzania LNG exports; Norwegian LNG technology and services firms should monitor offtake agreement progress as a leading indicator of contract activity.
- **Pipeline:** Elevated oil prices support the economics of infield and export pipeline infrastructure in the Gulf of Guinea; Norwegian pipeline contractors should track Nigeria and Angola trunkline projects for near-term tender activity.

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