Analysis

Middle East Update 24th July: Disruption “Doubling Up”?

After last week’s return to “closure” transit levels at Hormuz, this week has seen disruption “spread” to the Red Sea with the first Houthi attacks on ships in 2026. Initial datapoints suggest a drop in VLCCs crossing the Bab El Mandeb (but not a “closure”) alongside some signs of re-routing. In this *Analysis* we review latest trends and plans to boost energy security by developing “bypass” options.

Hormuz Attacks & Transits

Following further attacks on vessels (now 11 reported in July) and limited progress in peace negotiations, transits through the Strait of Hormuz have remained limited with an average of 13 vessel crossings per day over the past week (90% below ‘normal’) while in tonnage terms, transits are >95% down. Just 1 ship visibly transited via the “Omani route” over the past week, with >70% passing via the “Iranian route” and ~25% crossing “dark”. The flow of energy leaving the Gulf via Hormuz has been equally constrained this week (even with 2 laden VLCCs of 4m bbl crossing Hormuz yesterday, only ~2m bpd of crude has left the MEG this week vs 10m bpd in early July and 15m bpd pre-conflict while no LNG carriers / VLGCs have left the region in over a week). Unsurprisingly, oil (Brent now $96/bbl) and gas prices (European TTF: +13% w-o-w to $21/MMBTU, 4-month high) have responded (also impacted by Red Sea disruption risk, see below).

Red Sea Attacks & Transits

Focus has also returned this week to the Red Sea with Yemen’s Houthi group claiming to have attacked 2 Saudi-linked tankers (the first Houthi ship attacks in the Red Sea in 2026). Initial datapoints suggest a drop in the number of VLCCs crossing the Bab El Mandeb, but not a “closure”, with an average of 1 per day across 21-23rd July, vs 3 per day across Apr-Jun while some Chinese-linked VLCCs passed yesterday (having loaded at Yanbu). Suezmax and Aframax traffic, mostly linked to (growing) Russian crude exports, has also been stable.

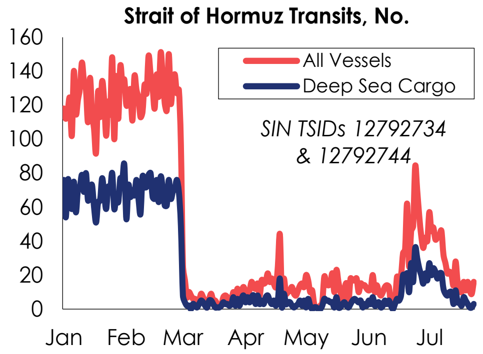
Amid increased security risk, (very) early indications suggest an increased share of crude exports at Yanbu (>5m bpd in recent days, +4m bpd vs “normal”) is now heading northbound to the Suez Canal. Even re-routing just 50% Yanbu exports to Asia via Suez / Cape could boost crude tonne-miles by ~5% globally (with further inefficiencies if VLCCs are used given the need to part-discharge / load before / after transiting Suez). This type of re-routing could add further support to an already elevated tanker rate environment. This week average global VLCC earnings rose 13% w-o-w to $145,000/day (Suezmax ($167,000/day) and Aframax ($130,000/day) earnings also still robust).

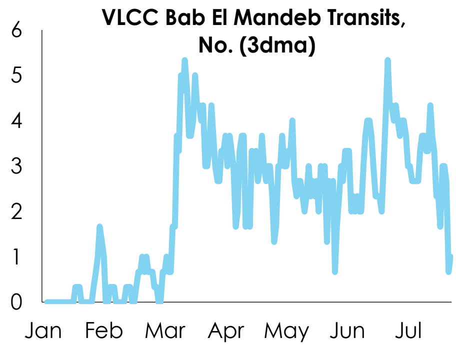
Across other shipping segments, favourable arbitrage dynamics have seen VLGC earnings gain 24% w-o-w to $172,000/day while LNG spot rates ($88,000/day) remain stable at strong levels for the season. Bulker rates have trended sideways but remain firm in general (Capesize: $33,000/day) while container freight rates, having peaked (earlier) seasonally, are gradually easing back. The developing situation in the Red Sea is not likely to encourage liner companies considering a return (Red Sea / Suez container transits remain >80% below “normal”).

“Bypass” Options?

Longer-term planning of infrastructure investment to reduce future reliance on Hormuz continues. Export capacity from bypass pipelines could rise from 8m bpd today to 17m bpd if all projects are built, with these developments often involving longer shipping distances (e.g. Yanbu, via Gulf of Aden, is 15% further to Asia than the MEG), while two new Middle East container terminals, to be built in Fujairah (outside of the Gulf), have been announced. Alongside re-stocking demand (to higher levels than previously?), some of the potential longer-term “solutions” to the current crisis may be supportive drivers for energy shipping markets.

Graphs of the Week





Bypass Pipeline Name	Country	Export Capacity	Start-Up Year	Status
East-West	Saudi Arabia	5m bpd	1981	Active
Habshan-Fujairah	U.A.E.	1.8m bpd	2012	Active
KRG Export Line	Iraq (via Turkey)	0.9m bpd	2013	Active
EXISTING		**7.7m bpd**		
West-East	U.A.E.	1.8m bpd	2027	Under Construction
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East-West Pipeline Expansion	Saudi Arabia	2m bpd	2027?	Proposed
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PROPOSED		**8.8m bpd**		
TOTAL		**16.5m bpd**		

Source: Clarksons Research

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***Shipping Intelligence Weekly*, 24 July 2026**
Published by:
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E-mail: sales.crs@clarksons.com
Website: www.clarksons.net
Group: www.clarksons.com
Shipping Intelligence Network: sin.clarksons.net
World Fleet Register: wfr.clarksons.net
Printed on FSC/PEFC certified paper.
Shipping Intelligence Weekly is available each Friday on Shipping Intelligence Network.
Contact research.crs@clarksons.com for subscription details.

CLARKSONS RESEARCH

Middle East Conflict: Shipping Market Update

24th July 2026

Contact research.crs@clarksons.com for updates and access to all underlying data via subscription to Shipping Intelligence Network.

Report Contents

Middle East Conflict Update – 24th July

Continued limited Hormuz transits this week (90%) below normal while disruption has now "spread" to the Red Sea

Summary 24th July

- *Following further vessel attacks on vessels (now 11 reported in July), transits via the Strait of Hormuz have remained limited with an average of 13 vessel crossings per day over the past week (90% below "normal")*
- *Focus has also returned this week to the Red Sea, with Yemen's Houthi group claiming to have attacked 2 Saudi-linked tankers, the first Houthi vessel attacks in the Red Sea in 2026*
- *Initial datapoints suggest a drop in the number of VLCCs crossing the Bab El Mandeb if not a "closure", with an average of 1 per day vs 3 per day across Apr-Jun while some Chinese-linked VLCCs passed yesterday and Suezmax/Aframax traffic has also been stable*
- *(Very) early indications suggest an increased share of crude exports at Yanbu (>5m bpd, +4m bpd vs "normal") is now heading northbound to the Suez Canal with re-routing via the Suez / Cape having potential to boost crude tonne-mile trade*
- *Energy shipping markets remain elevated, with VLCCs finishing the week strongly as earnings globally stood at $145,000/day with Suezmax ($167,000/day) and Aframax ($130,000/day) earnings also still robust*
- *Longer-term planning of infrastructure investment to reduce future reliance on Hormuz continues; export capacity from bypass pipelines could rise from 8m bpd today to 17m bpd if all projects are built with these developments often involving longer shipping distances (e.g. Yanbu, via Gulf of Aden, is 15% further to Asia than the MEG)*

Hormuz Attacks & Transits

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Red Sea Attacks & Transits (cont.)

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- Amid increased security risk, (very) early indications suggest an increased share of crude exports at Yanbu (>5m bpd in recent days, +4m bpd vs "normal") is now heading northbound to the Suez Canal.
- Even re-routing just 50% Yanbu exports to Asia via Suez / Cape could boost crude tonne-miles by ~5% globally (with further inefficiencies if VLCCs are used given the need to part-discharge / load before / after transiting Suez).
- This type of re-routing could add further support to an already elevated tanker rate environment. This week average global VLCC earnings rose 13% w-o-w to $145,000/day (Suezmax ($167,000/day) and Aframax ($130,000/day) earnings also still robust).

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Middle East Conflict Update – 24th July

Long-term focus on reducing future reliance on Hormuz continues with pipeline investment ramping up

Red Sea Attacks & Transits (cont.)

- Across other shipping segments, favourable arbitrage dynamics have seen VLGC earnings gain 24% w-o-w to $172,000/day while LNG spot rates ($88,000/day) remain stable at strong levels for the season.
- Bulker rates have trended sideways but remain firm in general (Capesize: $33,000/day) while container freight rates, having peaked (earlier) seasonally, are gradually easing back.
- The developing situation in the Red Sea is not likely to encourage liner companies considering a return (Red Sea / Suez container transits remain >80% below "normal").

"Bypass" Options

- Longer-term planning of infrastructure investment to reduce future reliance on Hormuz continues.
- Export capacity from bypass pipelines could rise from 8m bpd today to 17m bpd if all projects are built, with these developments often involving longer shipping distances (e.g. Yanbu, via Gulf of Aden, is 15% further to Asia than the MEG), while two new Middle East container terminals, to be built in Fujairah (outside of the Gulf), have been announced.
- Alongside re-stocking demand (to higher levels than previously?), some of the potential longer-term "solutions" to the current crisis may be supportive drivers for energy shipping markets.

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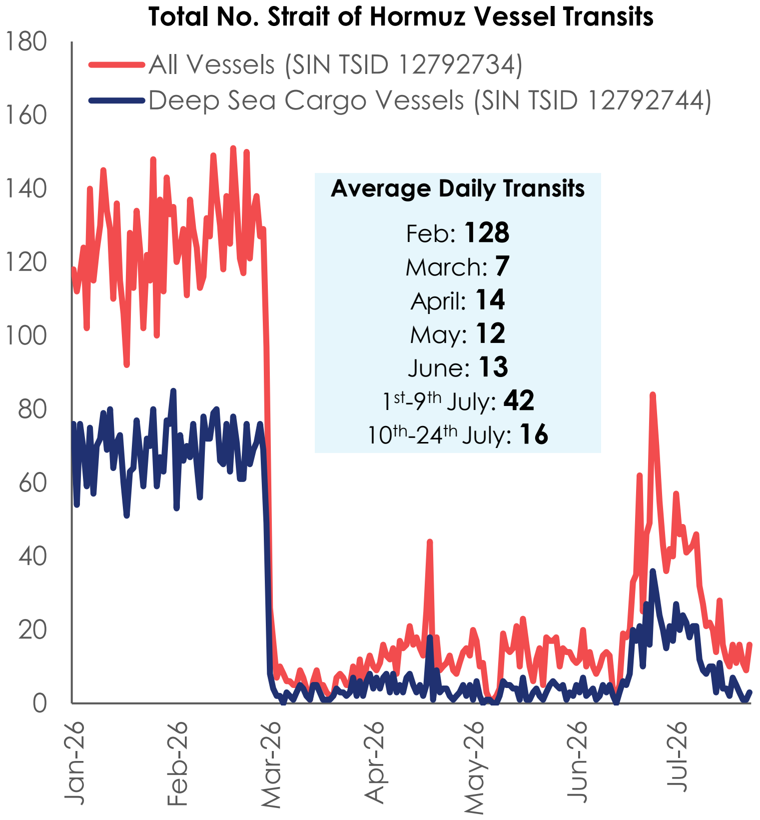
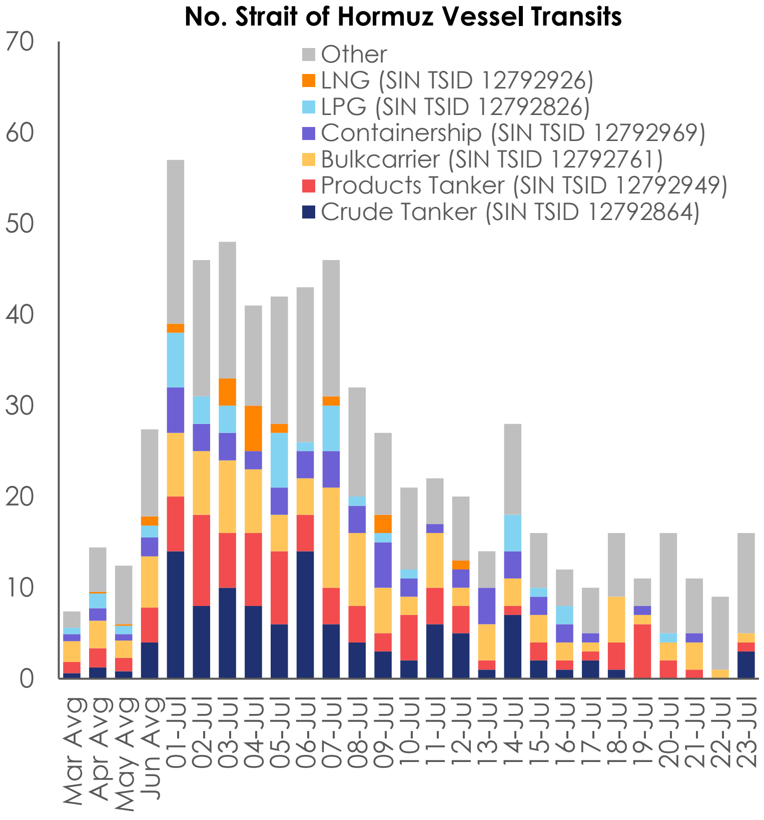
Middle East Conflict: Strait of Hormuz Transit Trends (1)

Transits have eased back after a range of vessel attacks reported in the Gulf; transits ~90% below pre-conflict levels

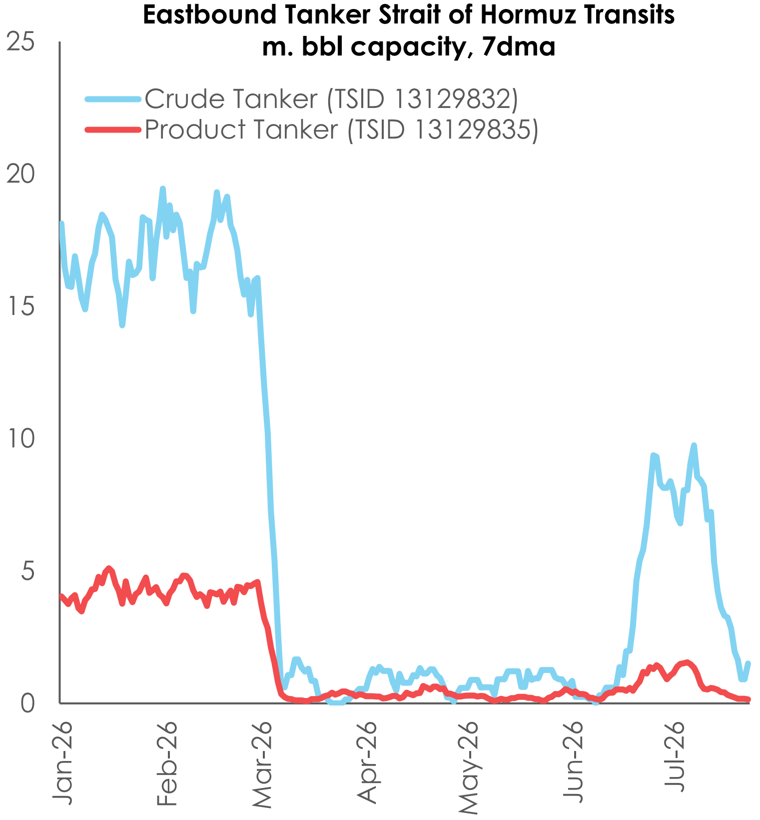
Transits falling to 90% below pre-conflict levels in recent days



Transits remain at lower levels in recent weeks; now similar to Mar-May levels



Crude flows now ~10% of pre-conflict levels; product flows at ~5%

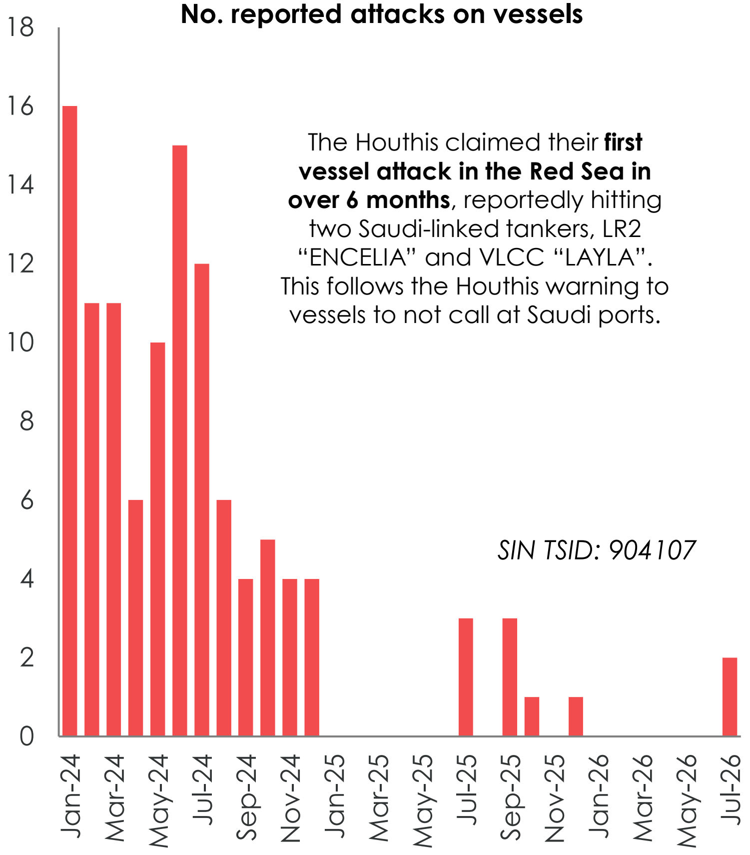


Source: Clarksons Research. Series tracks vessels seen to have completed a transit through the Strait of Hormuz. Basis data derived from AIS vessel movements data. Timeseries basis completed transits identified and subject to variations in movements data coverage over time. From 28th Feb 2026 series basis enhanced logic to track vessels seen to have completed a transit, whether or not recorded as seen within the Strait of Hormuz itself, to account for "gaps" in AIS transmission, AIS "interference" and "local" vessel activity. Enhanced logic includes assessment of reasonable "consistency" of vessel activity prior to and following transit on the basis of multiple AIS vessel positions. Time-series in this period subject to variation in assessment of AIS vessel position data over time. Identifying transits has become more challenging amid increased disruption and the timeseries may "undercount" to some extent.

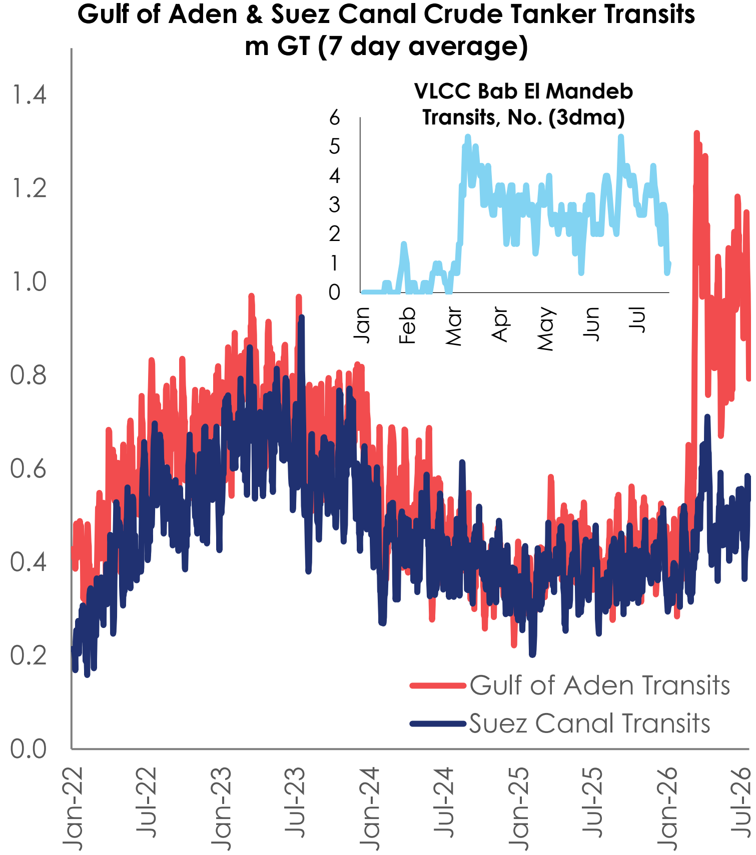
Red Sea Oil Flows & Transits In Focus

Yanbu exports higher since Hormuz "closure", though attacks in Red Sea may impact flows via Gulf of Aden

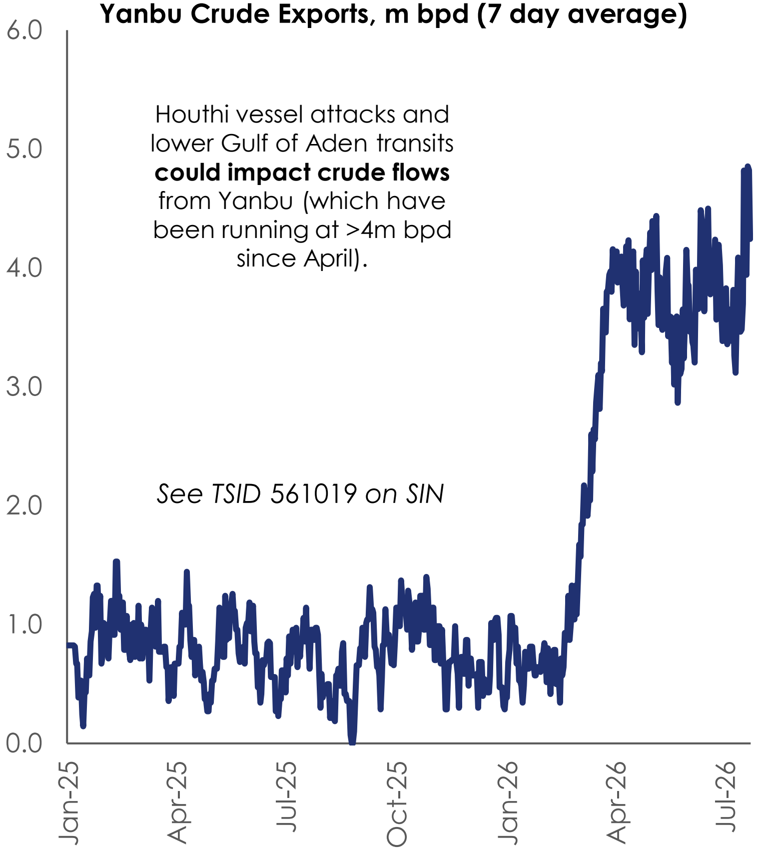
Two Saudi vessels reported attacked following rising tensions with the Houthis



Gulf of Aden VLCC transits remain elevated, though softening in recent days



Yanbu crude exports rising to ~5m bpd (+4m bpd versus 'normal' levels)

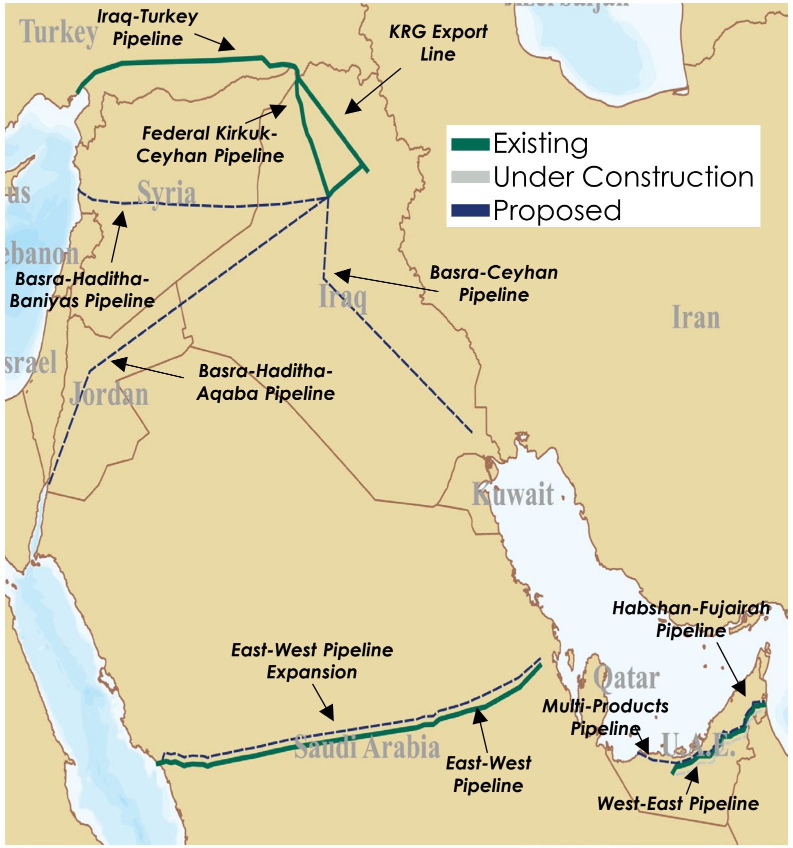


Source: Clarksons Research

Middle East Conflict: Bypass Pipelines

"Bypass" pipelines are being constructed / proposed to "bypass" Hormuz, also focus on growing Red Sea oil flows

Several Hormuz bypass pipelines now being planned…



… potentially boosting bypass Hormuz export capacity to ~17m bpd…

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….bringing a range of potential tanker demand impacts in the short / long term

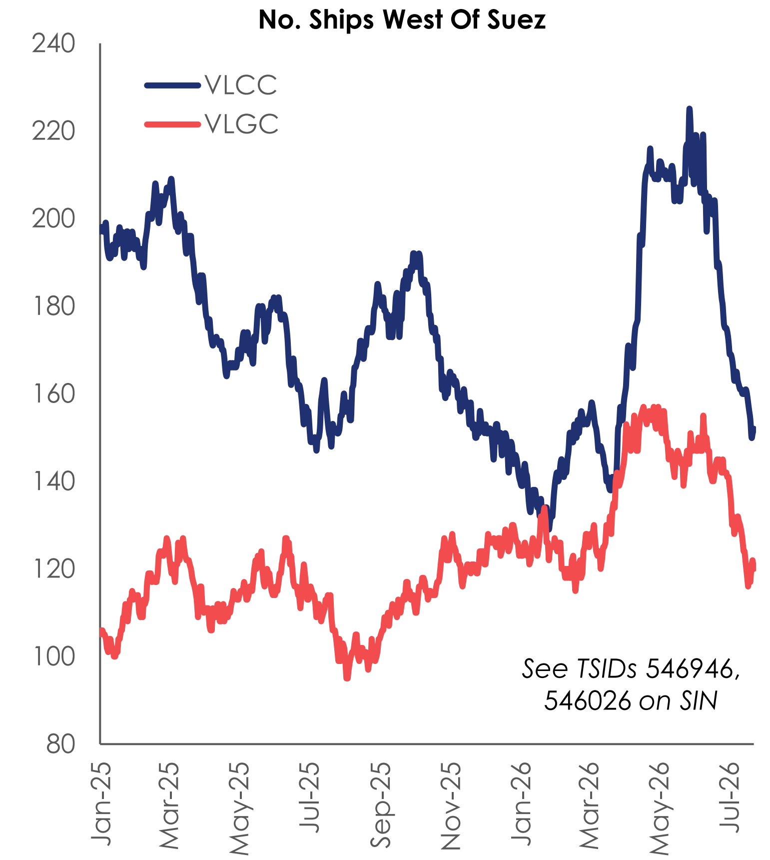
- In order to reduce reliance on the Strait of Hormuz, exporter countries are ramping up investment in **"bypass" pipelines**.
- Export capacity from bypass pipelines could rise from **8m bpd** today to **~16m bpd** if all proposed projects are built.
- Some of these pipelines will involve **longer distances to key oil demand centres** (e.g. Yanbu is ~15% further away from Asia than the Middle East) and, if pipelines are well-utilised, this could provide support to tanker demand in the medium-term.
- In the near-term, **focus on Red Sea oil flows has also grown** amid rising tensions between Yemeni group Houthis and Saudi Arabia. If vessel crossings through the Gulf of Aden are restricted, then Red Sea oil exports would have to travel >2x further to reach Asian destinations.
- **A range of data is available to track Red Sea shipping activity** on *SIN* (including crude flows from Yanbu and Gulf of Aden transit series).

Source: Clarksons Research. * Total takeaway capacity of East-West pipeline currently around 7m bpd but export capacity from terminals at Yanbu closer to 5m bpd.

Vessel Repositioning

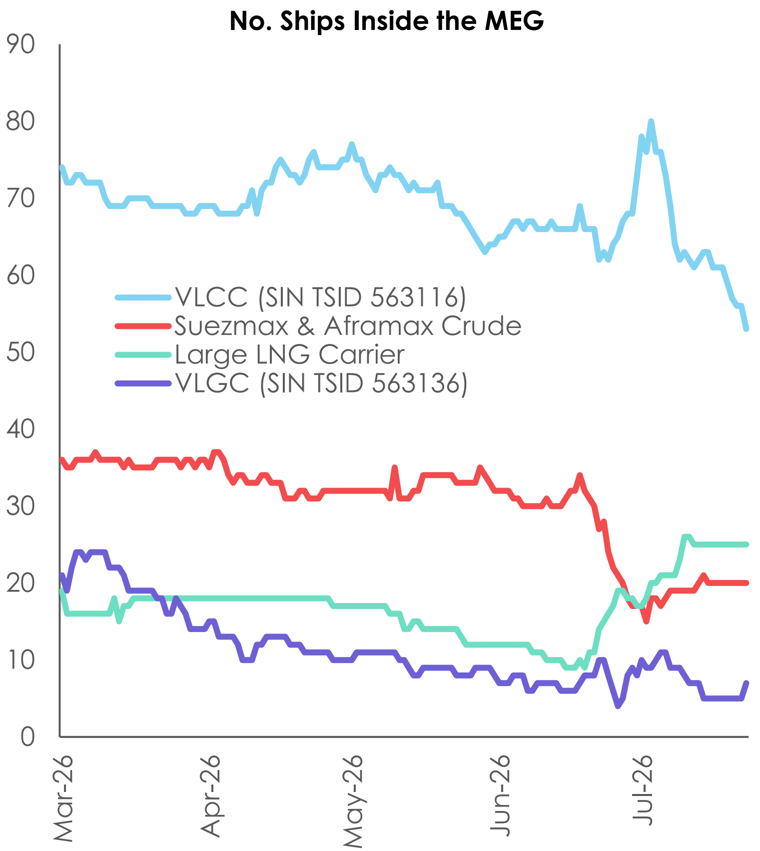
Higher levels of vessels still in the East for now; new series on *SIN* track latest positioning trends

Number of vessels in the West remains sharply down for now



Crude tankers off Oman have picked up materially in recent weeks

Number of VLCCs in MEG eased recently amid lower Hormuz transits



Source: Clarksons Research

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