

European oil stocks rise amid escalating tensions between Israel and Iran

European oil stocks rose on Thursday after Israel carried out airstrikes on Iranian military and nuclear targets, raising fears of a broader regional conflict and a potential disruption in global oil supply.

Shares of Var Energi, BP (NYSE: BP), Shell, Eni, Aker, Equinor, Tullow Oil (LON: TLW), and TotalEnergies (EPA: TTEF) rose between 1% and 4% at 10:10 AM (Brasília time).

BP, Shell (NYSE: SHEL), and TotalEnergies gained along with Brent crude, which surged following reports that Israel had attacked the Natanz uranium enrichment facility and killed key figures in Iran's Islamic Revolutionary Guard Corps, including Commander Hossein Salami, according to Iranian state media.

The Natanz site, home to older centrifuges, was reportedly hit, although there was no confirmation regarding the more fortified Fordow facility.

The strikes mark a significant escalation in Israeli military action, aiming to curb Iran's nuclear capabilities.

Analysts at Citi Research stated that the heightened geopolitical risk had increased the oil price premium. Investors are focused on the potential for Iranian retaliation, which could extend beyond Israel and impact regional energy infrastructure.

The Strait of Hormuz, through which about 20.9 million barrels per day of crude oil and derivatives are transported, is seen as a critical flashpoint.

Citi noted that while Iran may struggle to fully close the strait due to the presence of the U.S. Fifth Fleet in Bahrain, it could still disrupt maritime traffic by deploying mines or attacking tankers.

During the 1980–1988 Iran-Iraq War, hundreds of commercial vessels and oil facilities were attacked in efforts to cut off the rival's revenue. That history has resurfaced in market fears of renewed Iranian action.

Israel appears to have avoided striking Kharg Island, which handles roughly 90% of Iran's oil exports.

However, Citi analysts warned that if the military campaign continues, Israeli forces may eventually target it to cut off funding to Iran's proxy network.

The International Atomic Energy Agency reported that Iran violated non-proliferation obligations, further complicating the situation.

Israeli Prime Minister Benjamin Netanyahu stated that Iran now possesses enough enriched uranium for nine atomic bombs and defended the strikes as a preventive measure.

The White House said Israel acted independently and warned Iran against targeting U.S. assets or personnel in the region. U.S. President Donald Trump, who has pushed for diplomatic talks with Iran, previously set a red line on American casualties, including the 2020 drone strike that killed Quds Force leader Qassem Soleimani.

Citi noted that Iran-backed militias, including those in Iraq and Yemen, remain active threats to U.S. and regional targets and could respond if ordered.

Oil markets are now watching for signs that Iran will revive tactics used in 2019, when tankers and regional infrastructure were targeted.

Investors are also closely monitoring the upcoming U.S.-Iran nuclear negotiations scheduled for Sunday, which are now in doubt.

Citi analysts stated that any perceived threat to Gulf oil exports is likely to push prices higher, with European energy stocks continuing to respond to supply concerns and geopolitical developments.