

Energy Infrastructure: experts say commodities are underpricing the risks of the Iran War. Meanwhile, commodity prices imply a 2-3x greater impact from Iran vs. the Ukraine War in 2022. Equity markets are in complete **disagreement** with commodity markets: the S&P is ~flat in 48 days since the Iran War began... but energy equities are also flat! By the 48th day of Ukraine, energy was +20% (+45% YTD 2022); by the 48th day of Iran, energy is -1% (+24% YTD 2026). Midstream stocks tell a similar story: +15% on day 48 of the Ukraine War vs. -**1%(!)** since the start of Iran – despite US midstream assets being the largest source of non-Middle Eastern energy exports in the world. Investors are selling energy in expectation of a ceasefire – but is it rational to expect zero valuation uplift as US midstream assets become a vital replacement for an increasingly unstable Middle East?

Natural Resources: the US/Israel-Iran conflict of the last several weeks has had an undeniably large impact on global energy markets, especially once the Strait of Hormuz was blockaded. While most commentary centered on the impact on oil prices, much larger impacts were felt in natural gas markets. With one of the world's largest natural gas exporting facilities debilitated by an Iranian attack, many Asian customers were forced to scramble to procure natural gas supplies, and prices rose significantly. The impacts were felt not only in energy, but in a variety of industries.

[Click here for our white paper, “The Frack-tured Cartel: How Shale’s elastic supply broke OPEC’s grip on the oil market”](#)

March 2026 Performance Summary and Market Commentaries

Please find below performance and commentary for our strategies – MLP & Infrastructure and Natural Resources. See performance tables at the bottom of the commentary. For additional information, please contact us at (832) 241-6400 or info@recurrentadvisors.com.

MLP & Infrastructure Performance Review

During the month of March 2026, the Recurrent MLP & Infrastructure Strategy generated net returns of +9.10%, outpacing the Alerian MLP Index's (AMZ) +1.02% return by +8.08%. Since the strategy's July 2017 inception, Recurrent's MLP & Infrastructure Strategy has outperformed the AMZ by +82.20% (+3.90% annualized), net of fees. On a gross basis, the Strategy has outperformed its benchmark by +118.29% and +5.33% respectively. See performance section at bottom for more detail, plus performance detail on the Recurrent Energy Infrastructure Strategy, which seeks to track the MLP & Infrastructure Strategy while excluding MLPs.

Natural Resources Performance Review

During the month of March 2026, the Recurrent Global Natural Resources Strategy rose +1.44% net of fees, outpacing the S&P Global Natural Resources Index's -1.47% return by +2.91%. During the month, the portfolio's overweight in refining and chemicals added value, along with the underweight in precious metals like gold. Stock selection in the steel sector mildly detracted from performance.

Energy Infrastructure (Midstream)

Per experts, the Iran War is worse than commodity prices suggest

In almost every measurable respect, the war in Iran poses greater risk to energy markets than the Russian invasion of Ukraine in 2022. While commodity prices have jumped more sharply in 2026 than in 2022, experts still see commodity markets as overly complacent.

Expert / consensus expectations early in the war			
	Iran War (2026)	Ukraine War (2022)	More impactful?
Crude Outages	<12 mm barrels per day	<3 mm barrels per day	Iran War
Refinery Outages	3-7 mm barrels per day	Limited	Iran War
LNG/Gas Outage	11 bcf/d LNG, total cutoff	~17 bcf/d RUS exports at risk	Comparable

Source: Recurrent research, IEA, US Energy Information Administration (EIA)

Commodity markets indicate Iran is much worse than Ukraine for energy supply

One does not need to agree with experts' pessimism to see that commodity markets view Iran as a much bigger risk: price increases are roughly double in 48 days of Iran conflict vs. 48 days of the Ukraine War. One exception is oil *futures*, which are stabilized by Shale's unique ability to rapidly increase production, as we predicted and discussed here and here.

Commodity market reactions after Day 48						
	48 days since start of war		2 mos prewar + 48 days war		More impactful?	Magnitude of impact
	Iran	Ukraine	Iran	Ukraine		
Spot oil price	+25%	+8%	+49%	+35%	Iran War	~2x or ~+20%
18 mo oil futures	+11%	+11%	+22%	+29%	Comparable	
Gasoline	+45%	+16%	+76%	+42%	Iran War	~2x or ~+30%
Diesel	+27%	+22%	+60%	+49%	Iran War	~1x or ~+10%
European nat gas	+24%	+12%	+65%	+67%	Iran War	~1x or ~+0%

Source: Recurrent research, Bloomberg

As Iran War drags on, the “ceasefire trade” has driven valuation-insensitive selling

Today, equity markets are in complete disagreement with experts (who see catastrophically high energy prices) and commodity markets (which see a crisis, but a manageable one). Energy equities are ~flat in the 48 days since the surprise attack on Iran, and underperforming comparable timeframes during the Ukraine War by roughly ~20%.

The “ceasefire” trade or the “fade the conflict” trade is currently in ascendance, even as an actual ceasefire remains elusive, and the US recently escalated the conflict with a blockade of all Iranian exports. While investors understandably expect energy-related stocks to fall on any signs of “de-escalation,” does it make sense that the largest disruption in modern history would have zero valuation impact for energy and midstream equities?

Since the start of the conflict, energy equities are flat and in-line with the S&P 500. Midstream stocks are underperforming the S&P over the same timeframe.

Equity market reactions after Day 48			2 mos prewar + 48 days war		More impact?	Magnitude of impact
	48 days since start of war		Iran	Ukraine		
	Iran	Ukraine				
S&P 500	+4%	+4%	+4%	-7%	Comparable	
Broad energy	-1%	+17%	+24%	+43%	Ukraine War	~+20%
Midstream	-1%	+15%	+17%	+26%	Ukraine War	~+10%
E&P	+1%	+19%	+22%	+45%	Ukraine War	~+21%
OFS	+0%	+16%	+38%	+49%	Ukraine War	~+13%
Refining	+7%	+10%	+31%	+27%	Comparable	

Source: Recurrent research, Bloomberg

Can 2022 offer any guide on what to expect in an “energy insecure” market?

In 2022, physical outages were milder than feared as “at risk” oil was re-directed to Asia, and refineries ran well. Europe (slowly) phased out half of Russian gas. Even with milder-than-expected physical disruption, commodities and energy equities made new highs in mid- and late-2022, outperforming the struggling S&P 500. In the 4 years since, midstream stocks have produced equity-like returns, with low correlation, as [we’ve discussed](#).

Commodity market reactions after Day 48		
	From Ukraine Day 48 until...	
	2022 Peaks	4/17/2026
Spot oil price	+18%	-14%
18 mo oil futures	+7%	-19%
Gasoline	+36%	-5%
Diesel	+48%	-2%
European nat gas	+111%	-59%

Source: Recurrent research, Bloomberg

While no two crises are alike, 2022 would serve as a warning against buying commodities during a crisis. The same case cannot be made for midstream and energy equities. This is consistent with our findings in [last month’s note](#), where we found that selling midstream and energy stocks when energy prices spike has historically not generated strong returns.

	From Ukraine Day 48 until...	
	2022 Peaks	4/17/2026
S&P 500	+1%	+72%
Broad energy	+24%	+62%
Midstream	+6%	+95%
E&P	+21%	+30%
OFS	+10%	+42%
Refining	+46%	+137%

Source: Recurrent research, Bloomberg

Commodity rallies fizzle, but American energy exports are likely to make durable gains

As it stands today (close of business 4/17), midstream and energy stocks are flat vs. the day before the Iran War began (2/28), inclusive of dividends.

In 2022, a smaller but still-significant supply shock sent midstream equities significantly higher and set up years of outperformance. In stark contrast, today's market implies that disruptions from the Iran War will have no impact at all on midstream's export-oriented business models. We see today's pre-war midstream/EI valuations as compelling in light of soaring export arbitrages which will incentivize greater volumes of American energy into the global market in years to come.

Natural Resources

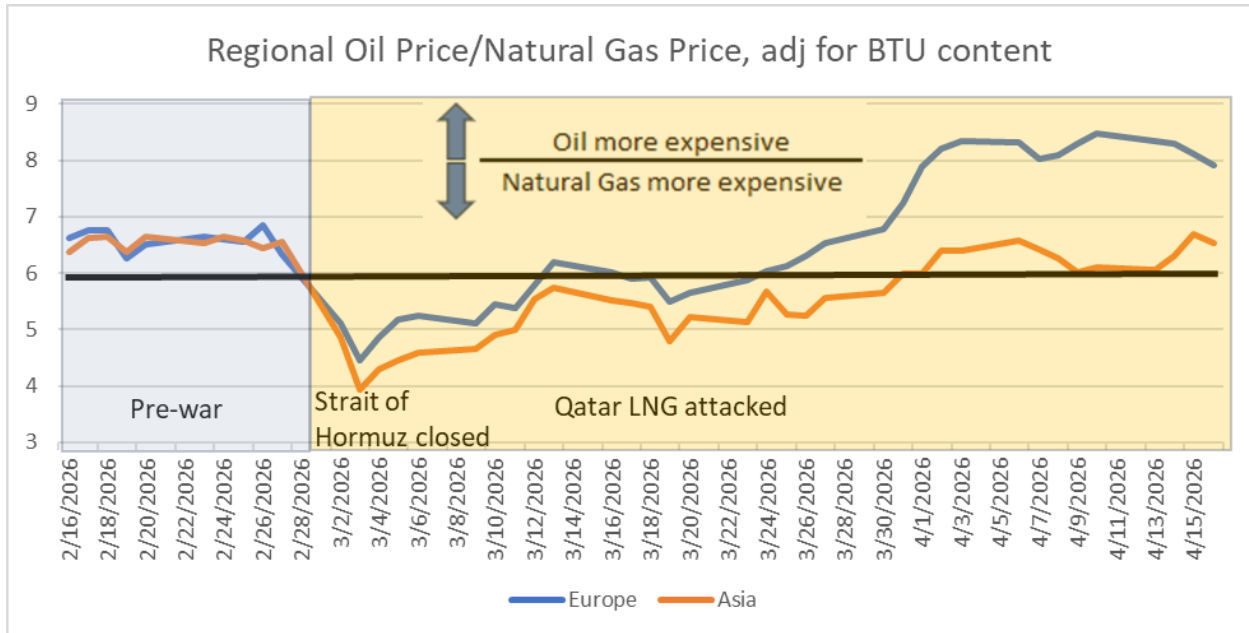
Investment Discussion

Since the beginning of March, the Iran conflict has dominated world headlines, with higher oil prices playing a leading role. In roughly 48 days, the oil price has increased more than 25%, an undeniably large and disruptive price change in such a short period of time. However, global natural gas price changes have been even more dramatic, with potentially more profound impacts.

By way of background, recall that in previous monthly investment letters, we highlighted that there is a BTU (British Thermal Units) equivalency which foundationally serves as equilibrium between oil and natural gas prices, particularly in non-US regions. The equivalency is approximately 6:1, so energy-equivalent pricing would be when natural gas price equals the oil price divided by 6. A \$60 barrel of oil should equate to a \$10 per million BTU.

At the initial stages of the conflict in early March 2026, the relationship between oil and natural gas in Europe and Asia was in a general state of equilibrium, with oil/natural gas prices regionally in line, and the relationship between oil and natural gas approximating the BTU equivalency.

At the outset of the conflict, oil and natural gas price rose, largely keeping the relevant relationships intact. However, Asia relies more heavily on oil and natural gas from the Persian Gulf. In particular, the closing of the Strait of Hormuz limited oil supplies and increased prices, but the impact of eliminating natural gas exports from Qatar to Asia was even more meaningful. Natural gas prices rose more than oil prices, as can be seen in the below chart.



Source: Recurrent research, Bloomberg

As natural gas prices rose more than oil prices, particularly in Asia, a unique dynamic evolved. An arbitrage opportunity emerged, and as many as **eleven** LNG tankers diverted from European destinations to Asian destinations. An example of the changed destinations is seen in the screenshot from kpler’s X (formerly Twitter) account below. Due to oil/natural gas price dislocations, Asian LNG buyers were willing to pay enough to compensate European buyers to cancel their contracts and find alternate (oil) sources for their hydrocarbon needs. For the cargo holder, positive optionality remains until the shipment is delivered.

Map form @kpler.



Last edited 11:07 PM · Mar 23, 2026 · 157.2K Views

Source: kpler, x.com

Oil and natural gas pricing were further dislocated after a Qatari LNG facility was damaged by Iranian attacks, which will take as long as five years to repair. As a result of Asia's disproportionate reliance on oil/natural gas from the Persian Gulf, prices remain higher than the rest of the world, increasing global cost structures for industries which use oil/natural gas as major input costs. Refining, chemicals, and aluminum industries face significant impacts as a result, although this certainly does not represent a comprehensive list.

One final note – despite global natural gas prices rising significantly, US natural gas prices remain low, with oil:gas price ratios approximating 25-30:1! In fact, as of April 17th, US natural gas prices are **lower** than before the beginning of the conflict. The ramifications of low natural gas prices in the aforementioned industries are very material, and US producers, already cost competitive, are now among the lowest cost on a global basis. Additionally, from an economic perspective, lower energy prices mute inflationary impacts, while Europe and Asia feel the full brunt of higher energy prices.

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