GoldSquawk

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Kirkuk-Ceyhan restart lifts Ceyhan's role in Mediterranean sour balances

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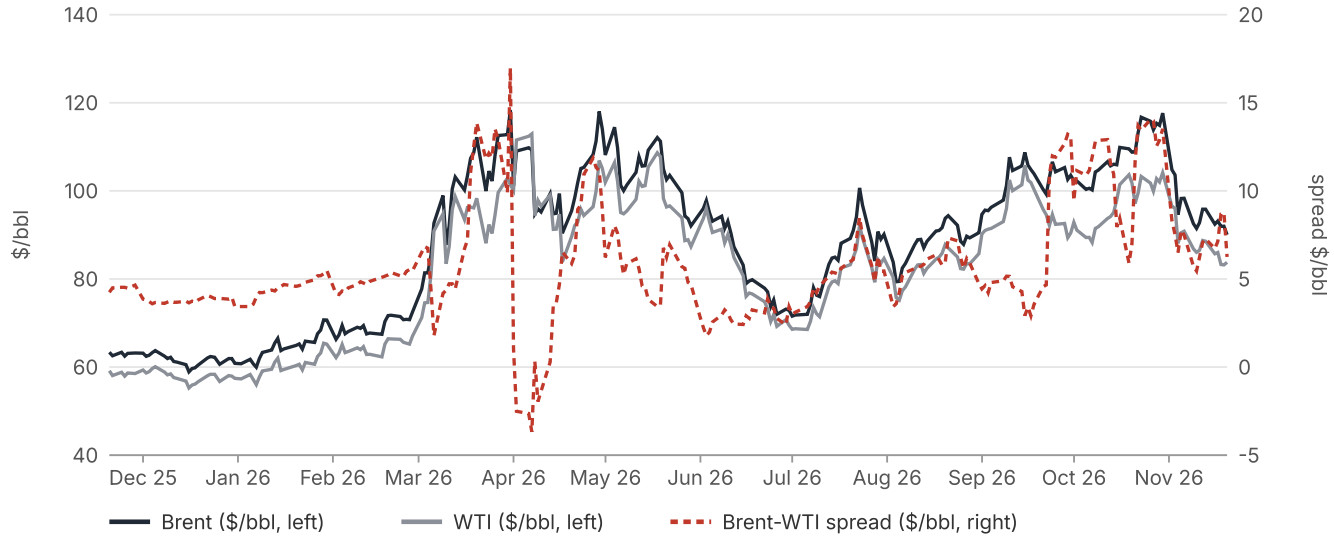
Key takeaways

- Iraq resumed federal crude exports through its rehabilitated Kirkuk-Türkiye line on 17 November 2026 after about 12 years offline, with initial flows at 120,000 bpd and an official ambition to ramp toward 500,000 bpd[1,2,3].
- This restart is distinct from the KRG-linked Iraq-Türkiye Pipeline system, which had already resumed on 27 September 2025; together, the two routes have reportedly pushed Iraq's exports via Türkiye above 300,000 bpd, restoring Ceyhan as a multi-source northern outlet[4,5].
- The spread significance is mainly regional. Additional Kirkuk barrels mean more medium/sour crude reaching the Mediterranean outside Hormuz at a time when war-related sour tightness had driven the Brent-Dubai spread to a record $18.49/b on 31 March 2026[6,7].
- The constraint is not headline transport capacity but available and sustainable supply. Iraq and Türkiye's August 2026 deal referenced minimum exports of 750,000 bpd, yet officials had indicated actual flows of roughly 170,000-200,000 bpd in mid-2026, and MEES said the target was above Iraq's ability to supply[8,9,10].

A second northern outlet is back, and that changes Ceyhan's market role

- Iraq's Oil Ministry said on 17 November 2026 that it had resumed pumping crude for export through the old Iraq-Türkiye pipeline after maintenance and testing, with initial exports set at 120,000 bpd[2]. Iraqi and regional reporting describe this as the federal government's own Kirkuk export line, giving Baghdad a northern route it controls directly rather than relying only on the Kurdistan Region's system[11].
- Oil Minister Basim Mohammed Khudair said flows would rise gradually toward 500,000 bpd as part of a broader effort to strengthen export capacity and diversify outlets[1]. Coverage citing ministry details said pumping began from the IT1A station through a 46-inch line, and one report put the federal section used for restart at 345 km[12].
- This is separate from the KRG-linked Iraq-Türkiye Pipeline export system, which resumed on 27 September 2025 after the 2023 arbitration-related shutdown[4,13]. With both streams now active, Rudaw reported that Iraq's exports via Turkey's Ceyhan port had exceeded 300,000 bpd after the federal restart[5].
- The timing is linked to the 2026 Hormuz disruption. Iraqi officials and other reporting have framed alternative routes via Türkiye as a response to conflict-related disruption through the Strait, while the IEA explicitly listed Iraq via Türkiye among bypass routes around Hormuz[14,7,15].

Figure 1: Brent-WTI remains wide as regional crude dislocations persist



Source: ICE Brent and NYMEX WTI front-month futures via Yahoo Finance; GoldSquawk calculations, as of 20 November 2026.

The spread story is medium/sour replacement economics, not outright global balances

- Northern Iraq's return matters because the barrels are medium/sour crude delivered into the Mediterranean. Before the March 2023 closure, northern exports through Ceyhan averaged more than 400,000 b/d according to the EIA, while Argus described the route as carrying 400,000-450,000 b/d of medium sour Kirkuk crude[16,17].
- That quality and location matter in a year when sour supply was unusually tight. Platts said reduced Middle East Gulf exports created a severe sour shortfall and pushed the Brent-Dubai spread to a record $18.49/b on 31 March 2026, while sour exports from the Gulf averaged 5.88 mb/d in Q2 2026 against 16.88 mb/d a year earlier[6,18].
- The immediate impact is likely to be felt first in Mediterranean replacement economics. Platts said in October and November that the Mediterranean crude market was well supplied, helped by cheap CPC Blend, even as northwest European sour economics stayed constructive because sweet/sour spreads were wide[19,20]. Incremental Kirkuk barrels therefore compete most directly for Med refinery demand and could soften nearby medium/sour tightness if volumes keep rising[19,21].
- Broader East-West stress has already eased somewhat at the margin. Platts said the cash Dubai versus same-month futures spread was minus 12 cents/b on 12 November 2026, versus a pre-war February average of 92 cents/b, and assessed front-month Brent-Dubai EFS at $5.35/b in late October, narrower than in September[22,23]. The Kirkuk-Ceyhan restart alone does not drive those moves, but it is directionally consistent with less extreme sour scarcity outside Hormuz[22,6].

Figure 2: WTI positioning is light as traders wait for proof of sustained flows



Source: CFTC Commitments of Traders (futures only), as of 17 November 2026.

The ramp matters more than the headline capacity

- The August 2026 Iraq-Türkiye agreement kept the northern route operating after the previous treaty expired on 27 July 2026 and referred to minimum export volumes of 750,000 bpd[10,8]. But Turkish Energy Minister Alparslan Bayraktar said in mid-July that Iraq had requested 750,000 bpd of capacity while actual flows were around 180,000-200,000 bpd[9]. Reuters-based reporting in August similarly put exports through the Kirkuk-Ceyhan route around 180,000 bpd[24].
- MEES said the 750,000 bpd minimum was well above Iraq's ability to supply[10]. For the market, that makes realised throughput more important than treaty language: 120,000 bpd federal flow is operating, aggregate exports via Turkey are reportedly above 300,000 bpd, but a sustained move toward 500,000 bpd on the federal line remains an aspiration rather than a demonstrated run rate[1,5].
- Whether northern exports are additive to total Iraqi supply remains crucial. The IEA said Iraq was especially vulnerable to southern export disruption and had to shut in production earlier than many neighbours because of limited alternatives, suggesting northern outlets can raise effective export availability rather than merely re-route barrels[15]. Reuters-based coverage also noted that the effect on overall exports depends on whether pipeline shipments come in addition to existing flows[14].
- There are still material constraints: infrastructure delays and bottlenecks are a longstanding issue in Iraq according to the EIA; the line had been offline for about 12 years; local reporting referenced a leak near Zummar before restart; and security disruptions have already affected KRG producers in 2025-26[16,25,11,26]. On the commercial side, interim KRG export arrangements run to end-January 2027, so payment and contract terms still matter for sustained northern growth[27,4].

Scenarios

- **Supportive regional spread case:** Federal Kirkuk flows hold above the initial 120,000 bpd and total exports via Türkiye remain above 300,000 bpd or rise further, while Mediterranean refiners keep absorbing nearby medium/sour supply. In that setting, Ceyhan becomes a more meaningful balancing outlet and pressure on Med sour replacement barrels could increase[1,5,19].
- **Limited-impact case:** Flows remain closer to current sub-200 kbpd federal levels or suffer operational, security or commercial interruptions, leaving the 750,000 bpd framework largely symbolic. In that setting, the restart matters strategically for Iraq's optionality, but the effect on regional crude differentials stays modest[9,10,11,27].

- **Additive supply case:** Northern exports allow Iraq to avoid shut-ins associated with southern bottlenecks and Hormuz disruption, making the route additive to seaborne availability rather than a simple re-routing exercise. That would strengthen the case that Ceyhan affects not only local Med balances but broader sour-crude substitution chains[15,14].

Levels to watch

- WTI last close $83.80/bbl on 20 Nov 2026
- WTI 200-day moving average $88.29/bbl
- WTI 50-day moving average $94.15/bbl
- Brent-WTI spread +$6.25/bbl on 20 Nov 2026
- WTI 52-week range: $55.27/bbl to $112.95/bbl

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Glossary

Brent-Dubai EFS: The Brent-Dubai Exchange of Futures for Swaps, a commonly watched measure of the pricing gap between Atlantic Basin and Middle East crude benchmarks [27].

Medium/sour crude: Crude oil with medium density and relatively higher sulphur content than sweet grades; these barrels are particularly relevant for many complex refineries and were in short supply during the 2026 Middle East disruption [1] [29].

Ceyhan: Türkiye's Mediterranean export terminal that receives crude from northern Iraqi pipeline systems and ships it to seaborne markets [3][20].

KRG: Kurdistan Regional Government, the authority governing Iraq's semi-autonomous Kurdistan Region, whose pipeline-linked crude exports are separately negotiated from federal Iraqi flows [11].

JMMC: The Joint Ministerial Monitoring Committee of OPEC+, which reviews market conditions and members' production data [5].

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