Red Sea / Bab-el-Mandeb

Selective Disruption, Not Closure

Power & Corridors x NERAI Foresight Desk | 20 August 2026 | Horizon: 8 weeks

CORRIDOR RISK | MODERATE CONFIDENCE | DERIVATION PUBLISHED

BOTTOM LINE

1. Bab-el-Mandeb is already in selective operational disruption. It is not closed, and it is not normal. The forward question is whether elevated pressure converts selective disruption into sustained commercial avoidance.
2. [NERAI] The corridor model puts disruption probability at 15.8% over 2 weeks, 47.0% over 4 weeks and 74.6% over 8 weeks. These are disruption probabilities, not probabilities of formal closure - a distinction that changes what a charterer or underwriter should do about them.
3. [VERIFIED] Traffic fell sharply after the July blockade of Saudi Arabia and then stabilised, with tankers taking a heavier hit than container shipping. That combination - a real drop that then holds - is what selective disruption looks like from the outside.

WHY THE DISTINCTION IS THE WHOLE BRIEF

Closure is a physical state: the strait cannot be used. Disruption is a commercial state: it can be used, at a price, by those willing to accept the risk. Almost everything that matters to a shipowner, an insurer or a cargo owner happens inside the second state, and reporting that collapses the two makes the corridor look binary when the decisions are not.

THE SCORE, AND WHAT IT IS

2 WEEKS	4 WEEKS	8 WEEKS
15.8%	47.0%	74.6%

Scale 0-100% probability that the corridor experiences a disruption event within the horizon. Inputs: shock probabilities across threat and conflict topic series for corridor countries, floored by observed live transit disruption. Baseline: the model's own calibrated shock forecasts, not market pricing. Read it as the chance that operating conditions deteriorate materially, not that the strait shuts. It cannot tell you which actor moves, or on which day. [NERAI] Ledger entry 20 August 2026; inputs 16-17 August 2026.

THE TRAFFIC PICTURE

[VERIFIED] Vessel traffic fell roughly a quarter in the days after the blockade, then stabilised rather than continuing to fall, running around 15% below the pre-ban month by mid-August. Crude transits stayed materially further below normal than the corridor as a whole. A corridor that drops and then holds is being priced, not abandoned.

[INFERENCE] One baseline needs retiring. The 8.7 million barrels/day figure still quoted for Bab-el-Mandeb oil flows is the 2023 level. Flows collapsed to around 4.1 million barrels/day in 2024 and have since risen through 2026 as Saudi Arabia rerouted exports away from Hormuz toward Yanbu. Measuring today's corridor against a 2023 number will overstate the shortfall in one direction and understate the concentration risk in the other.

SCENARIOS TO MID-OCTOBER 2026

SCENARIO A — 55%
Contained pressure with managed escalation. Selective disruption persists; war-risk premiums stay elevated; no corridor-wide withdrawal.

SCENARIO B — 30%
Expanding multi-theatre confrontation with partial Red Sea closure. Sustained avoidance by major carriers; wider Cape of Good Hope rerouting, adding 10-14 days and 15-25% to voyage cost.

SCENARIO C — 10%
Systemic regional transmission with sustained Bab-el-Mandeb closure. Low confidence.

These three sum to 95%. The remaining 5% is reserved for mixed or indeterminate outcomes that do not fit cleanly into A, B or C. The residual is stated rather than silently redistributed, because an unexplained remainder hides whichever outcome the framework failed to name.

WHAT ACTUALLY HAPPENED

20 JULY 2026

Houthi naval blockade declared against Saudi Arabia

[VERIFIED] The declaration targets Saudi Arabia specifically, not Red Sea shipping generally. That scoping matters: it explains why the tanker segment absorbed the shock and container traffic did not.

25 JULY 2026

Aramco facilities at Jizan and Yanbu struck

[VERIFIED] Ballistic missiles and drones hit both sites; the Jizan refinery burned and Yanbu output dipped before being covered from stock. Yanbu is the terminal end of the East-West pipeline and had become the dominant route for Saudi seaborne crude after Hormuz closed, which is why a limited strike there carried disproportionate market weight.

29 JULY 2026

Joint War Committee issues JWLA-034

[VERIFIED] Saudi and Eritrean ports and coastal waters added to the Listed Areas; the Red Sea notification line moved north and the Gulf of Aden boundary was adjusted. War-risk cover repriced accordingly. The corridor was already inside the JWC framework, so this is an expansion of an existing listing, not a first designation.

WHAT WOULD CHANGE THIS

- A shift from Saudi-directed action to attacks on non-Saudi shipping would break the scoping that currently protects container traffic, and would move this from selective to general disruption.
- Independently of that, a negotiated lifting of the blockade would relieve the demand-side pressure but not the war-risk listing, which moves on committee time. Relief on one does not deliver relief on the other.
- [NERAI] JWC-Cast puts a further Listed-Area change within six weeks at 31.6%. Read as the chance of another amendment to an existing listing, not of an initial designation.

METHOD AND LIMITS

Claims are labelled: [VERIFIED] rests on an official publication or named-outlet reporting carrying its date; [NERAI] is proprietary model output; [INFERENCE] is analyst judgement drawn from the two. Corridor probabilities and JWC-Cast are model outputs recorded in NERAI's public forecast ledger on the date shown, so they can be scored later against what happened. NERAI's country and bilateral indices describe the information and conflict environment; they do not describe any actor's intent, and are not used here as evidence of it. Quarter-by-quarter oil-flow figures are held in the full analyst version rather than published here, pending re-verification against the primary source.

SOURCES

1. Joint War Committee / Lloyd's Market Association, JWLA-034, 29 July 2026 - amended Listed Areas.
2. Named-outlet reporting (Reuters, NBC, ABC), 25 July 2026 - Houthi strikes on Aramco facilities at Jizan and Yanbu.
3. Houthi naval blockade declaration against Saudi Arabia, 20 July 2026.
4. Lloyd's List Intelligence, Red Sea Briefs, 6 and 13 August 2026 - traffic decline, stabilisation and tanker impact.
5. U.S. Energy Information Administration, World Oil Transit Chokepoints - Bab-el-Mandeb flow history (8.7 mb/d 2023; ~4.1 mb/d 2024).
6. NERAI corridor forecast ledger, entry of 20 August 2026; model inputs dated 16-17 August 2026.