

Oil Market : 2024 - The Year That Was...

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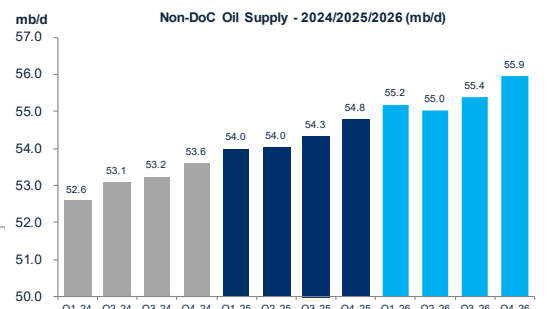
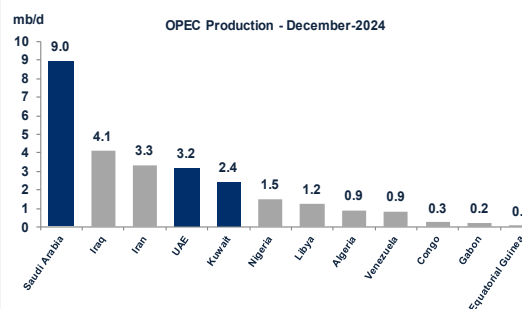
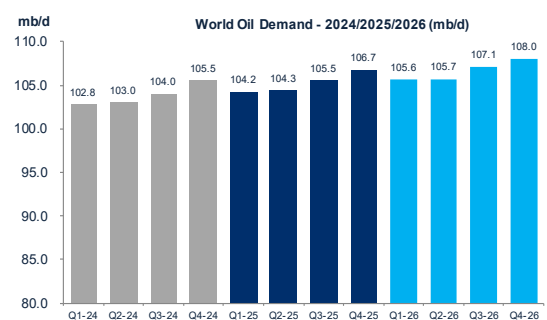
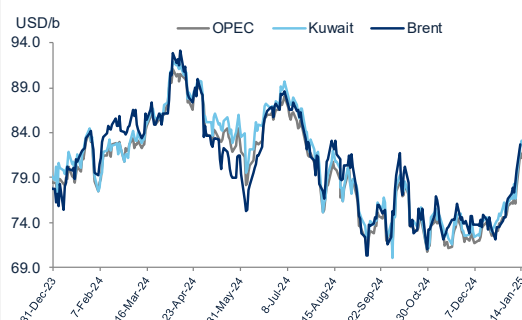
Oil starts 2025 on a high note, reaching 5-month highs on tighter supplies...

Oil prices declined for the second consecutive year in 2024 after expectations of a recovery in oil demand in China failed to realize while record production in the US forced prices to remain subdued during the year. The market in 2024 two distinct halves with gains seen during the first half of the year followed by declines during the second half. Prices remained below the 80/b mark for most part 2H-2024 also due to lower economic growth seen in key economies in Europe. Also, the war on Gaza and Lebanon, the Russia/Ukraine conflict and the supply disruption in the Red Sea further added to the risks in the oil market, resulting in temporary support to prices. Meanwhile, a consistently strengthening US Dollar against a basket of currencies limited demand growth from key emerging market oil importers.

The start of 2025 was marked by a healthy recovery in prices backed by talks of renewed stricter sanctions on Russia coupled with hopes of higher demand from China. The colder weather conditions as well as crude oil inventory decline for the eighth consecutive week in the US also added support to oil prices. The record gain in natural gas prices also led to talks of gas to oil switch for electricity generation. However, uncertainties related to oil production policies in the US after the formation of the new government capped further gains as the market expects policy support for further production growth in the US. Talks of trade wars and retaliatory sanctions and tariffs also increased speculations in the oil market as Canada and Europe work on their respective strategies to tackle the expected hike in tariffs by the incoming US government.

The US government introduced new sanctions on Russia's energy sector last week and imposed harsher curbs on key oil supplying companies in Russia including Gazprom and Surgutneftegas and on 183 vessels that have shipped Russian oil. Key oil importers like India and China are expected to be the most impacted as reports suggested that these countries benefitted from the lower priced Russian oil during 2024. There is a winddown period until 12-March-2025 to settle payments for Russian oil as the sanctions also include curbs on dealing with Russian banks. A report from IEA showed that the banned vessels carried around a fifth of seaborne Russian oil or 1.6 mb/d during 2024.

Supply side factors have also supported the recent crude oil price trend. While OPEC+ production remained constrained, oil production in the US declined for the fifth consecutive week until the week of 10-January-2025. Weekly oil production data from the US showed output at 13.48 mb/d last week as compared to a record high of 13.63 mb/d reached at the start of December-2024. OPEC crude oil production remained range-bound during last month at 26.7 mb/d, as per data from OPEC secondary sources, after a recovery in production in swing producers were offset by fall in output in larger producers in the group.



Sources : OPEC, EIA, Bloomberg

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Oil Market in 2024

Year End Oil Prices (USD/b)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPEC	28.76	53.30	64.47	51.55	67.96	50.24	77.97	81.29	78.44	74.59
Change (%)	-45.4%	85.3%	21.0%	-20.0%	31.8%	-26.1%	55.2%	4.3%	-3.5%	-4.9%
Brent	36.61	54.96	66.73	50.57	67.77	51.22	77.24	82.82	77.69	74.58
Change (%)	-33.8%	50.1%	21.4%	-24.2%	34.0%	-24.4%	50.8%	7.2%	-6.2%	-4.0%

Average Oil Price for the Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPEC	48.74	39.10	52.43	69.78	64.04	41.47	69.89	100.05	82.95	79.88
Change (%)	-49.1%	-19.8%	34.1%	33.1%	-8.2%	-35.2%	68.5%	43.1%	-17.1%	-3.7%
Brent	52.32	43.64	54.12	71.34	64.30	41.96	70.86	100.93	82.49	80.51
Change (%)	-47.1%	-16.6%	24.0%	31.8%	-9.9%	-34.7%	68.9%	42.4%	-18.3%	-2.4%

Source : Bloomberg, EIA, Kamco Invest Research

Crude oil traded in a relatively narrow range but mostly trended downward during 2024...

The oil market in 2024 was characterized by continued risk on the geopolitical front with the continued war on Gaza, the Russia/Ukraine conflict and the disruption of the Red Sea route. However, the risk premium related to the war faded as the market witnessed record oil supplies from the US that limited the impact of OPEC+ curbs on the oil market. In addition, lower-than-expected demand growth in China in 2024 also affected the sentiments in the oil market. The Chinese government announced measures to support the economy only came during the tail end of the year and were mostly related to policies with an implied impact on crude oil demand in the country.

In terms of prices, crude oil traded in a relatively narrower range in 2024 vs. 2023. Crude oil prices only briefly breached the USD 90/b mark during the 1H-2024 and mostly traded around the USD 85/b mark. However, the third quarter of the year witnessed continued decline in prices going below the USD 70/b mark by the second week of September-2024 as OPEC+ discussed unwinding of the supply cuts that were ultimately postponed. The last quarter of the year mostly saw range bound prices below the USD 75/b mark.

OPEC reference basket prices peaked at a yearly high of USD 91.11/b at the start of April-2024, the highest prices since the end of October-2023 led by tensions in the Middle East region in addition to an increase in crude oil imports in China during March-2024. Brent spot prices also peaked around the same time at USD 92.8/barrel during the first week of April-2024. On the other hand, the lowest point during the year was seen in September-2024 when OPEC reference basket prices reached USD 70.8/barrel while Brent spot crude reached USD 70.3/barrel. The year closed with OPEC reference basket trading at USD 74.59/barrel resulting in a decline of 4.9% during the year, while Brent prices saw a slightly smaller yearly decline of 4.0% after reaching USD 74.58/barrel by the end of the year. Future prices witnessed an even smaller decline of 3.1% for near term Brent contracts that traded at USD 74.64/b at the close of the year. The spread between Brent and WTI crude grades narrowed during the year and stood at an average of USD 4.44/b as compared to an average of USD 4.69/b in 2023. The spread at the end of the year narrowed to USD 2.47/b as compared to USD 5.2/b at the start of the year.

The consensus estimates on crude oil grades underwent drastic changes during 2024 as unprecedented events occurred during the year, in addition to underwhelming recovery in global oil demand, especially in China. The Bloomberg estimate for Brent crude oil future prices in 2024 started the year with a forecast of USD 84.6 per barrel but closed the year significantly lower at around USD 80 per barrel. A similar downgrade was seen in forecasts from the EIA for both Brent and WTI crude grades.

OPEC production in 2024 and spare capacity				
OPEC Production (tb/d)	Average Production 2024	Q1-Q3 2024 Target	Capacity	Spare Capacity
Algeria	907	908	1,060	153
Congo	255	277	300	45
Equatorial Guinea	57	70	120	63
Gabon	212	169	220	8
Iran	3,259	Exempt	3,830	571
Iraq	4,190	4,009	4,800	610
Kuwait	2,423	2,413	2,820	397
Libya	1,105	Exempt	1,200	95
Nigeria	1,409	1,500	1,600	191
Saudi Arabia	8,973	8,978	12,000	3,027
UAE	2,940	2,912	4,650	1,710
Venezuela	856	Exempt	890	34
Total	26,586	21,236	33,490	6,904

Source : Bloomberg, LSEG Workspace, OPEC, Kamco Invest Research.

Note : Spare capacity is based on average production in 2024 and total capacity data from Bloomberg.

OPEC Production

The production policy for the countries under the OPEC+ agreement (DoC) remained unchanged during the year after the implementation of additional voluntary cuts of 2.2 mb/d at the start of the year. The group's attempt to unwind the output cuts and the voluntary cuts were unsuccessful as oil prices remained subdued during the year. OPEC production witnessed consistent growth during the first half of the year followed by a steep decline during September-2024 due to a fall in production in Libya. The recovery in production in the country supported the growth during October-2024 and November-2024 resulting in the highest yearly production rate for OPEC at 27.17 mb/d at the end of November-2024.

Average OPEC crude oil production declined for the second consecutive year during 2024. Output from the 12-members in the OPEC averaged at 26.6 mb/d during the year as compared to 27.0 mb/d during 2023, registering a decline of 1.6% or 435 tb/d, according to data from OPEC secondary sources. The decline was led by fall in output from 7 out of the 12 producers in the group while the remaining 5 producers

reported higher production. Saudi Arabia once again registered the biggest decline in crude oil production during 2024 after the implementation of voluntary cuts. Average crude oil production in the Kingdom reached 8.97 mb/d during 2024 as compared to 9.6 mb/d in 2023, registering a decline of 6.6% or 636 tb/d during 2024. Kuwait was next with the second-biggest decline in average crude oil production at 172 tb/d with production averaging at 2.42 mb/d in 2024 as compared to 2.6 mb/d during 2023. Iraq and Algeria also recorded decline in average production during the year. Iraq produced at an average rate of 4.2 mb/d in 2024 registering a decline of 99 tb/d as compared to 2023. Algeria, meanwhile, recorded a decline of 66 tb/d and produced at an average rate of 907 tb/d during 2024, the lowest in four years. Average oil production in Libya also declined during the year to 1.11 mb/d as compared to 1.16 mb/d in 2023 mainly led by production embargo in the country during August-2024. Average monthly output in Libya declined to the lowest in four years during August-2023 to reach 0.54 mb/d as a result of a political standoff in the country that halted production and exports from the terminals in the country.

On the other hand, Iran reported the biggest increase in output during the year reaching an average of 3.26 mb/d in 2024 as compared to 2.86 mb/d during 2023, registering an increase of 0.4 mb/d or 14.0%. Venezuela was next with an output growth of 107 tb/d in 2024 reaching an average production of 856 tb/d, the highest in six years. Nigeria recorded the third-biggest production growth during the year at 94 tb/d and an average yearly production of 1.4 mb/d, the highest since 2020.

US crude oil production

Oil production growth in the US slowed to 2.0% during 2024, the smallest growth in three years, with an average production of 13.2 mb/d during the year as compared to 12.9 mb/d during 2023. The increase reflected record crude oil output in the US towards the close of the year when average monthly output reached over 13.6 mb/d. The growth reflected continued growth in shale output during the year as producers were encouraged to grow production to book profits from the elevated oil prices. Data from Bloomberg showed shale oil output reaching a record during 2024 at an average of 10.3 mb/d. The latest forecast from the US EIA showed oil production reaching 13.5 mb/d in 2024 and to 13.6 mb/d in 2026.

Production ('000 b/d)	2020	2021	2022	2023	2024	5-Yr CAGR
Algeria	904	913	1,017	973	907	-2.4%
Change (%)	-11.5%	1.0%	11.4%	-4.3%	-6.8%	
Congo	289	263	260	261	255	-4.7%
Change (%)	-10.8%	-9.0%	-1.1%	0.4%	-2.3%	
Equatorial Guinea	115	98	84	56	57	-13.5%
Change (%)	-2.5%	-14.8%	-14.3%	-33.3%	1.8%	
Gabon	191	182	197	203	212	-0.3%
Change (%)	-11.2%	-4.7%	8.2%	3.0%	4.4%	
Iran	1,991	2,392	2,554	2,859	3,259	6.7%
Change (%)	-15.5%	20.1%	6.8%	11.9%	14.0%	
Iraq	4,076	4,046	4,439	4,289	4,190	-2.2%
Change (%)	-12.9%	-0.7%	9.7%	-3.4%	-2.3%	
Kuwait	2,439	2,419	2,704	2,595	2,423	-2.0%
Change (%)	-9.2%	-0.8%	11.8%	-4.0%	-6.6%	
Libya	367	1,138	981	1,162	1,105	0.1%
Change (%)	-66.5%	210.1%	-13.8%	18.5%	-4.9%	
Nigeria	1,578	1,373	1,204	1,315	1,409	-4.6%
Change (%)	-11.6%	-13.0%	-12.3%	9.2%	7.1%	
Saudi Arabia	9,204	9,114	10,531	9,609	8,973	-1.7%
Change (%)	-6.0%	-1.0%	15.5%	-8.8%	-6.6%	
UAE	2,804	2,727	3,066	2,950	2,940	-1.0%
Change (%)	-9.4%	-2.7%	12.4%	-3.8%	-0.3%	
Venezuela	512	553	688	749	856	1.5%
Change (%)	-35.7%	8.0%	24.4%	8.9%	14.3%	
Total OPEC	24,470	25,218	27,725	27,021	26,586	-1.0%
Change (%)	-12.5%	3.1%	9.9%	-2.5%	-1.6%	
US*	11,323	11,308	11,992	12,935	13,200	1.4%
Change (%)	-8.0%	-0.1%	6.0%	7.9%	2.0%	

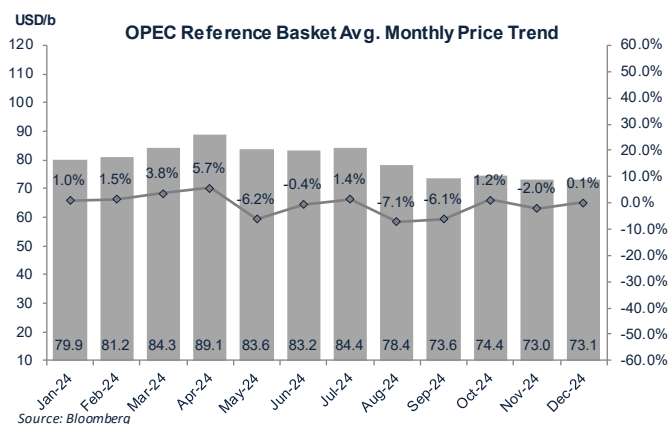
Source : OPEC, Bloomberg, EIA, Kamco Invest Research.

Oil Prices

Oil prices surged to the highest level in five months last week following consistent gains since the start of the year. Brent spot prices gained 10.9% since the start of the year until Wednesday (13-Jan-2025) to reach USD 82.7/b, while Brent futures breached the USD 80/b mark for the first time since October-2024 and traded around USD 81/b on Thursday. The gains came after data showed tightening oil market in 2025 led by sanctions on Russia coupled with positive data that suggested higher demand for crude oil. The latest weekly data on crude oil inventories in the US showed the longest streak of declines since 2021 with eight consecutive weeks of declines that pushed aggregate inventories to the lowest level in almost two years at 412.7 million barrels as of 10-January-2024. The prompt spread on WTI widened to 1.29 per barrel indicating a backwardation in the oil market and reflecting tightening market conditions.

On the other hand, rig count data from Baker Hughes indicated that the aggregate oil rigs in the US once again went below the 500 mark and was reported at 497 for the week ended 19-January-2024. The decline in rig count coupled with higher supplies from the US indicated better well productivity in the sector.

Meanwhile, in its latest forecast, the EIA made a slight upgrade to its forecast for Brent crude for 2025. The agency expects Brent crude spot to average at USD 74.0/b in 2025 as compared to its previous forecast of USD 73.58/b. The forecast for 2026 showed a steep decline from of around 10.8% from 2025 estimates and is expected to reach USD 66/b, as per the EIA. The broader consensus estimate from Bloomberg showed a downgrade in estimates for the next four quarters and prices are expected to reach USD 72.75/b by year end. In terms of monthly trend, Brent crude averaged at USD 73.8/b during December -2024 after witnessing a marginal monthly decline of 0.7% vs. November-2024. The OPEC crude basket, meanwhile, showed a small gain of 0.1% and averaged at USD 73.1/b.



Average Crude Oil Prices, USD/b	Nov-2024	Dec-2024	Change (USD)	Avg. 2023	Avg. 2024
OPEC Reference Basket	73.0	73.1	0.1	83.0	79.9
Arab Light	74.5	74.6	0.1	84.9	81.5
Basrah Light	71.7	71.9	0.1	80.7	78.4
Bonny Light	75.4	74.2	(1.2)	83.5	82.2
Djeno	66.8	66.3	(0.5)	75.1	73.2
Es Sider	72.0	71.9	(0.1)	82.2	79.7
Iran Heavy	72.8	73.0	0.2	83.1	79.7
Kuwait Export	73.6	73.7	0.1	84.3	80.7
Merey	59.6	61.1	1.6	64.4	65.3
Murban	72.8	73.4	0.5	82.9	79.7
Rabi	73.8	73.3	(0.5)	82.1	80.2
Saharan Blend	74.9	74.6	(0.3)	83.6	81.7
Zafiro	76.0	75.7	(0.3)	83.4	82.2
Other Crudes					
Brent	74.3	73.8	(0.5)	82.6	80.6
Dubai	72.7	73.0	0.4	82.0	79.6
Isthmus	67.0	67.6	0.6	73.1	74.0
LLS	71.5	72.3	0.9	80.1	78.3
Mars	69.0	70.5	1.5	77.1	75.7
Minas	76.8	76.4	(0.4)	80.6	84.5
Urals	61.9	62.0	0.1	59.6	66.0
WTI	69.6	69.8	0.2	77.6	75.9
Differentials					
Brent/WTI	4.7	4.0	(0.7)	5.0	4.7
Brent/LLS	2.8	1.4	(1.4)	2.5	2.3
Brent/Dubai	1.6	0.7	(0.9)	0.6	1.1

Source: OPEC Monthly Oil Market Report - Jan-2025

World Oil Demand

The global oil demand growth forecast for 2025 was kept unchanged by the OPEC in its latest monthly report. The agency expects demand to grow by 1.45 mb/d this year to reach 105.2 mb/d. However, there was a revision to demand data for 2024 that resulted in a downgrade of 0.07 mb/d to total demand forecast for 2025. The year 2024 was characterized by strong demand fundamentals in the US with indicators like labor, unemployment rates, economic growth rates as well as industrial production and manufacturing all pointing to a resilient year despite higher inflation rates. The most recent data on industrial production in the US for December-2024 showed a monthly growth of 0.9% with the index reaching the highest since February-2024. The data on inflation also showed progress with core consumer price index showing a decline for the first time in six months during December-2024 at 3.2% while headline CPI came in line with expectation at 2.9% as compared to 2.7% in November-2024. On the other hand, oil demand in China failed to reach the levels expected at the start of 2024 and overall

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	25.03	24.48	25.01	25.45	25.50	25.11	0.08	0.31
of which US	20.48	19.95	20.50	20.72	20.89	20.52	0.04	0.21
Europe	13.50	12.88	13.63	14.11	13.43	13.51	0.02	0.12
Asia Pacific	7.24	7.54	6.99	6.94	7.54	7.25	0.01	0.15
Total OECD	45.77	44.90	45.62	46.51	46.47	45.88	0.11	0.23
China	16.74	16.99	16.89	17.12	17.19	17.05	0.31	1.85
India	5.55	5.88	5.86	5.55	5.89	5.79	0.24	4.31
Other Asia	9.60	10.00	10.08	9.75	9.81	9.91	0.30	3.16
Latin America	6.80	6.80	6.94	7.00	7.02	6.94	0.14	2.09
Middle East	8.76	8.82	8.60	9.17	9.08	8.92	0.16	1.81
Africa	4.48	4.64	4.32	4.43	4.91	4.57	0.09	2.05
Russia	3.98	4.01	3.91	4.05	4.17	4.04	0.05	1.35
Other Eurasia	1.25	1.37	1.28	1.15	1.33	1.28	0.03	2.53
Other Europe	0.80	0.79	0.83	0.77	0.85	0.81	0.01	1.40
Total Non-OECD	57.97	59.30	58.72	58.99	60.24	59.32	1.34	2.32
Total World	103.75	104.20	104.34	105.50	106.71	105.2	1.45	1.40

Source: OPEC Monthly Oil Market Report - Jan-2025

imports of crude oil declined during the year by 1.9%. This was the first yearly decline in crude oil imports in China (excluding the pandemic years) in two decades. In terms of regional trend, the demand in the OECD region is expected to grow by 0.11 mb/d while non-OECD region is expected to show a stronger growth of 1.34 mb/d in 2025. Meanwhile, the forecasts from the IEA showed demand increasing by a relatively smaller pace of 1.05 mb/d in 2025 to reach 104.0 mb/d as compared to 102.9 mb/d in 2024.

For 2026, the OPEC forecasts suggest steady growth in demand driven mainly by higher demand from China and India. In its first forecast for the year 2026, the OPEC expects world oil demand to grow by 1.43 mb/d to reach 106.63 mb/d. The growth is expected to mainly come from the non-OECD region with demand in the region expected to grow by 1.31 mb/d in 2026 to reach 60.62 mb/d. Non-OECD demand, meanwhile, is expected to see a much smaller growth of 0.12 mb/d and is expected to average at 46.0 mb/d during the year. Demand from India, China and Other Asia are expected to see the strongest growth during the year.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.11	24.61	25.03	25.60	25.54	25.2	0.09	0.35
of which US	20.52	20.02	20.51	20.85	20.91	20.58	0.06	0.28
Europe	13.51	12.92	13.63	14.15	13.43	13.54	0.02	0.17
Asia Pacific	7.25	7.57	7.00	6.93	7.55	7.26	0.01	0.14
Total OECD	45.88	45.10	45.67	46.69	46.53	46	0.12	0.26
China	17.05	17.19	17.20	17.44	17.44	17.32	0.27	1.58
India	5.79	6.11	6.14	5.82	6.19	6.06	0.27	4.67
Other Asia	9.91	10.27	10.34	10.07	10.12	10.2	0.29	2.94
Latin America	6.94	6.93	7.07	7.12	7.14	7.07	0.13	1.82
Middle East	8.92	8.96	8.76	9.36	9.17	9.06	0.14	1.61
Africa	4.57	4.75	4.45	4.55	4.98	4.68	0.11	2.37
Russia	4.04	4.07	3.95	4.11	4.21	4.09	0.05	1.24
Other Eurasia	1.28	1.43	1.31	1.17	1.35	1.31	0.03	2.54
Other Europe	0.81	0.81	0.83	0.80	0.88	0.83	0.02	2.19
Total Non-OECD	59.32	60.52	60.05	60.43	61.48	60.62	1.31	2.21
Total World	105.20	105.63	105.72	107.12	108	106.63	1.43	1.36

Source: OPEC Monthly Oil Market Report - Jan-2025

Oil Supply

According to IEA, global oil supply increased by 20 tb/d in December-2024 to reach 103.5 mb/d led by higher production from Libya that more than offset a seasonal decline in production from non-OPEC+ suppliers. Data also showed a noticeable decline in production in the UAE and Kuwait. Data from Rystad Energy showed a fall in output from shale patches in the US for the first time in six months during December-2024 to reach 10.5 mb/d. The decline is expected to continue in the coming weeks led by the cold snap in the Permian basin that affects pipeline flows.

Non-DoC Oil Supply - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	27.62	27.95	28.11	28.41	28.65	28.28	0.66	2.40
of which US	21.71	21.84	22.24	22.35	22.41	22.21	0.50	2.30
Europe	3.61	3.79	3.66	3.64	3.75	3.71	0.10	2.80
Asia Pacific	0.44	0.43	0.42	0.43	0.43	0.43	(0.01)	(1.79)
Total OECD	31.66	32.16	32.19	32.48	32.83	32.42	0.76	2.39
China	4.57	4.63	4.61	4.53	4.54	4.58	0.01	0.12
India	0.79	0.78	0.79	0.8	0.8	0.79	0.01	1.00
Other Asia	1.61	1.61	1.58	1.57	1.57	1.58	(0.03)	(1.81)
Latin America	7.24	7.41	7.44	7.52	7.64	7.50	0.27	3.67
Middle East	2.00	2.01	2.03	2.03	2.03	2.02	0.02	1.01
Africa	2.31	2.33	2.33	2.33	2.32	2.33	0.02	0.73
Other Eurasia	0.37	0.37	0.37	0.37	0.37	0.37	0.00	0.07
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	2.02
Total Non-OECD	18.99	19.24	19.26	19.25	19.36	19.28	0.29	1.52
Total Non-DoC Production	50.65	51.4	51.45	51.74	52.19	51.7	1.05	2.06
Processing gains	2.52	2.58	2.58	2.58	2.58	2.58	0.06	2.38
Total Non-DoC Supply	53.17	53.98	54.03	54.32	54.77	54.28	1.11	2.08

Source: OPEC Monthly Oil Market Report - Jan-2025

Meanwhile, the OPEC kept its forecast for the growth in non-DoC liquids supply in 2025 unchanged at 1.11 mb/d with supplies expected to average of 54.28 mb/d. This compares to an average supply growth of 1.3 mb/d estimated for 2024 that reached 53.17 mb/d. The y-o-y growth in supplies is expected to be mainly driven by higher production in the US that is forecasted to increase output by 0.5 mb/d vs. 2024 coupled with higher production in Brazil, Canada and Norway that are expected to add a total of 0.44 mb/d during the year. This increase is forecasted to be partially offset by a fall in supply from Angola mainly led by aging wells.

For 2026, the OPEC expects non-DoC liquids supply growth to come in at 1.1 mb/d to reach 55.38 mb/d during the year. The growth is expected to be once gain driven by higher production in the US that is expected to increase output by 0.51 mb/d coupled with higher supplies from Brazil (+0.2 mb/d), Canada (+0.14 mb/d) and Argentina (+0.06 mb/d). The OPEC expects this growth to be once again partially offset by a fall in output in Angola in 2026. At the regional level, OECD liquids supply is expected to increase in 2026 by 0.6mb/d as compared to a 0.5 mb/d increase in supply expected for the non-OECD region. Supplies from OECD Asia Pacific and OECD Europe regions are expected to decline next year that is expected to be more than offset by higher supplies from OECD Americas.

Non-DoC Oil Supply - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	28.28	28.74	28.69	29.00	29.30	28.94	0.65	2.31
of which US	22.21	22.49	22.67	22.79	22.93	22.72	0.51	2.30
Europe	3.71	3.73	3.63	3.60	3.70	3.66	(0.04)	(1.19)
Asia Pacific	0.43	0.43	0.41	0.41	0.40	0.41	(0.01)	(3.35)
Total OECD	32.42	32.91	32.72	33.02	33.40	33.01	0.59	1.83
China	4.58	4.63	4.63	4.53	4.52	4.58	0.00	(0.01)
India	0.79	0.8	0.79	0.79	0.8	0.8	0.00	0.39
Other Asia	1.58	1.58	1.56	1.55	1.55	1.56	(0.02)	(1.43)
Latin America	7.50	7.79	7.88	8.02	8.12	7.95	0.45	5.98
Middle East	2.02	2.04	2.06	2.07	2.08	2.06	0.04	1.89
Africa	2.33	2.32	2.31	2.31	2.38	2.33	0.00	0.15
Other Eurasia	0.37	0.37	0.37	0.37	0.37	0.37	0.00	0.91
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	1.97
Total Non-OECD	19.28	19.65	19.69	19.74	19.93	19.75	0.48	2.47
Total Non-DoC Production	51.7	52.56	52.41	52.76	53.33	52.77	1.07	2.07
Processing gains	2.58	2.61	2.61	2.61	2.61	2.61	0.03	1.16
Total Non-DoC Supply	54.28	55.17	55.02	55.37	55.94	55.38	1.10	2.03

Source: OPEC Monthly Oil Market Report - Jan-2025

OPEC Oil Production & Spare Capacity

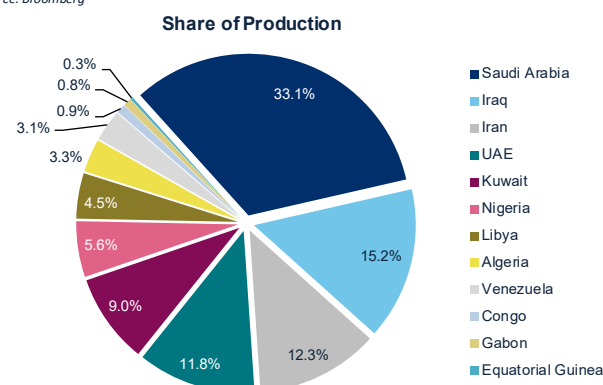
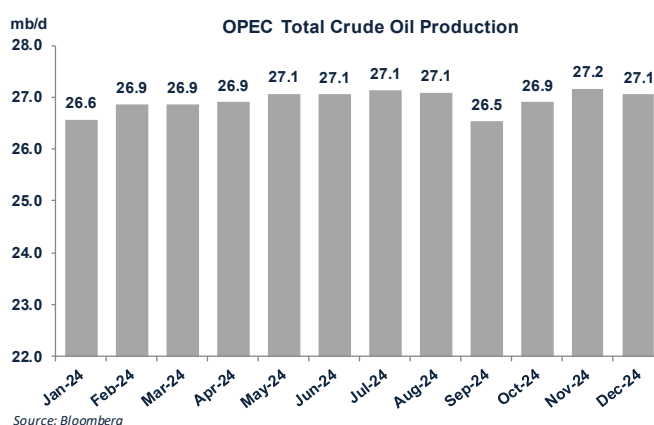
OPEC oil production witnessed a steep decline during December-2024 that came after two consecutive months of higher production in the group. Average production from OPEC declined by 120 tb/d during the month to reach 27.05 mb/d, as per data from Bloomberg. The decline was mainly led by a fall in production in the UAE by 100 tb/d reaching an average production of 3.2 mb/d. Iran and Kuwait also reported a fall in production during the month by 40 tb/d each followed by Venezuela with a decline of 30 tb/d. These declines were partially offset by higher production mainly in Nigeria and Libya that registered a growth of 40 tb/d each during the month. On the other hand, data from OPEC secondary sources showed a marginal gain in monthly production during December-2024 at 26 tb/d reaching an average of 26.74 mb/d. The data from OPEC also showed a relatively smaller decline in production in the UAE (-44 tb/d) coupled with marginal fall in output in Saudi Arabia and Iraq.

Production ('000 b/d)	Nov-24	Dec-24	Change		Capacity	Spare Capacity
Total OPEC-12	27,170	27,050	-120	-0.44%	33,490	6,470
Saudi Arabia	8,950	8,950	0	0.0%	12,000	3,050
Iraq	4,120	4,120	0	0.0%	4,800	680
Iran	3,360	3,320	-40	-1.2%	3,830	510
UAE	3,300	3,200	-100	-3.0%	4,650	1,450
Kuwait	2,470	2,430	-40	-1.6%	2,820	390
Nigeria	1,470	1,510	40	2.7%	1,600	90
Libya	1,190	1,230	40	3.4%	1,200	0
Algeria	890	900	10	1.1%	1,060	160
Venezuela	880	850	-30	-3.4%	890	40
Congo	230	250	20	8.7%	300	50
Gabon	230	220	-10	-4.3%	220	0
Equatorial Guinea	80	70	-10	-12.5%	120	50
Total OPEC-11	23,050	22,930	-120	-0.52%	28,690	5,760

Source: Bloomberg

A report from LSEG Workspace showed that India's share of oil imports from OPEC increased for the first time in nine years during 2024. The consistent decline was seen since 2016 when OPEC accounted to over 80% of India's crude oil imports. However, the increase in share of Russia in India's crude oil mix pushed down OPEC's share to below 50% in 2023 to reach 49.6% that recovered to 51.5% in 2024. Total crude oil imports of India stood at 4.84 mb/d in 2024, an increase of 4.3% from 2023. The trend is expected to continue in 2025 as the sanctions announced by the US on Russian producers and tankers would hamper purchases by top imports India and China. This was also reflected in the crude oil imports figures for December-2024 for India which showed the share of Middle Eastern crude grades reaching a 22-month high level to about 52%.

Oil production in Libya continued to show growth in December-2024 reaching 1.23 mb/d with a monthly growth of 40 tb/d (+53 tb/d as per OPEC secondary sources). Recent data from Libya's NOC showed oil production reaching 1.413 mb/d last week. The country is also planning to boost production to 2 mb/d by the end of the year with an additional investment of around USD 3 Bn to USD 4 Bn. Meanwhile, oil production in Nigeria also increased last month to over 1.5 mb/d, the highest in four years as per government data.



Brent Crude Oil Price Forecast

Firm	As Of	Q1-25	Q2-25	Q3-25	Q4-25
JYSKE BANK AS	14/Jan/25	80.0	80.0	73.0	70.0
Morgan Stanley	13/Jan/25	77.5	75.0	72.5	72.5
Rabobank	10/Jan/25	72.5	71.0	69.0	67.5
JPMorgan Chase & Co	9/Jan/25	74.0	77.0	73.0	69.0
Citigroup Inc	9/Jan/25	71.0	60.0	60.0	55.0
ING Groep NV	9/Jan/25	73.0	71.0	72.0	68.0
Standard Chartered Bank	7/Jan/25	89.0	92.0	95.0	93.0
Goldman Sachs Group Inc/The	6/Jan/25	75.0	77.0	77.0	75.0
Bank of America Merrill Lynch	6/Jan/25	68.0	66.0	64.0	62.0
MPS Capital Services Banca per le Imprese SpA	24/Dec/24	78.0	78.0	74.0	
MUFG Bank	20/Dec/24	73.0	69.0	74.0	77.0
Market Risk Advisory Co Ltd	20/Dec/24	72.3	73.3	75.3	76.0
Emirates NBD PJSC	18/Dec/24	75.0	75.0	72.5	70.0
Barclays PLC	16/Dec/24	83.0	84.0	84.0	80.0
BNP Paribas SA	13/Dec/24	72.0	75.0	76.0	75.0
Australia & New Zealand Banking Group Ltd	12/Dec/24	65.2	70.5	76.0	78.0
UBS Group AG	11/Dec/24	80.0	80.0	80.0	80.0
Tradingeconomics.com	11/Dec/24	73.4	73.9	74.4	
United States Department of Energy	10/Dec/24	74.0	74.3	74.0	72.0
Intesa Sanpaolo SpA	6/Dec/24	79.0	78.0	78.0	77.0
TD Securities	6/Dec/24	69.0	71.0	73.0	73.0
Natixis SA	3/Dec/24	75.0	70.0	75.0	73.0
Landesbank Baden-Wuerttemberg	3/Dec/24	75.0	70.0	70.0	70.0
Kshitij Consultancy Services Pvt Ltd	2/Dec/24	71.9	69.1	72.6	77.1
Commerzbank AG	19/Nov/24	75.0	80.0	80.0	80.0
Julius Baer	18/Nov/24	70.0	67.5	65.0	65.0
Panmure Gordon & Co PLC	13/Nov/24	74.0	73.0	73.0	72.0
Berenberg	15/Oct/24	75.0	75.0		
RBC	7/Oct/24	74.0	73.3	72.3	71.0
Deutsche Bank AG	1/Oct/24	70.0	70.0	65.0	60.0
HSBC Holdings PLC	30/Sep/24	70.0	76.5	76.5	76.5
Australian Government	30/Sep/24	75.2	73.7	72.1	70.5
Panmure Liberum	25/Sep/24	83.0	81.0	81.0	80.0
Median		74.0	73.9	73.5	72.8
Mean		74.6	74.2	74.0	72.8
High		89.0	92.0	95.0	93.0
Low		65.2	60.0	60.0	55.0
Current Fwd		78.9	76.5	74.9	73.6
Difference (Median - Current)		-4.9	-2.6	-1.4	-0.9

Source: Bloomberg

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