KAMCO INVEST

Investment Strategy & Research

Oil Market Monthly Report

August-2025

In this Report...

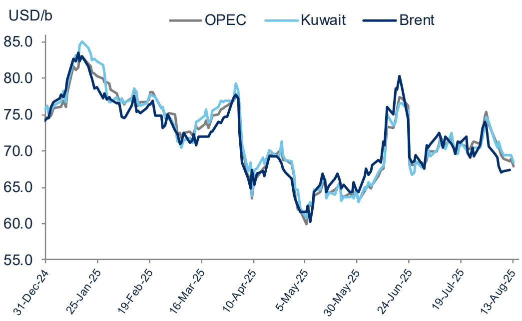
Oil prices slide below USD 70/b on threats of increasing glut...

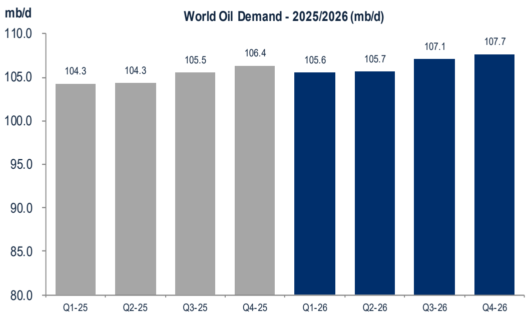
Crude oil price slid back to below the USD 70/b levels after reaching the highest level in almost five weeks at the end of last month that were led by talks of sanctions on Russia and Iran. Prices have declined consistently since the start of August-2025 and traded at around the USD 66/b level mainly led by the speculations surrounding the talks between the US and Russia. Other factors also impacted prices including softening economic data from the US, hike in production announced by OPEC+, concerns about demand revival in China. On the other hand, the renewed talks around interest rate cuts by the US Fed resulted in some support to crude oil prices.

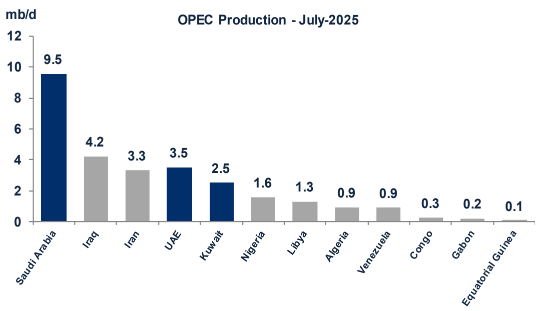
The first round of talks between the US and Russia indicated a softening of stance by the US as it did not announce any new measures that would disrupt oil supplies from Russia. Oil prices had seen some strength prior to the meeting as speculations showed threat of sanctions on Russian oil companies. The US also did not consider retaliatory tariffs on crude oil buyers from Russia that mainly included China and India. However, a recent statement from the US specifically targeted India's oil purchases from Russia. *According to a report from Kpler, Indian refiners continued to purchase oil from Russia with close to 38% of imports this month or around 2 mb/d of crude oil were purchased from Russia. This comes as Indian oil refiners prioritize economic impact of abandoning purchases from Russia despite the announcement of additional tariffs of 25% by the US last week. India has been the biggest buyer of Russian crude oil and has imported around 1.75 mb/d of Russian oil during 1H-2025, as per data from Reuters.* ***On the geopolitical front, the situation remained volatile after a number of drone attacks on Russian refineries and a recent attack on oil pipeline. This situation has forced the Russian government to extend the gasoline export ban through September in order to maintain stable situation in the domestic fuel market.***

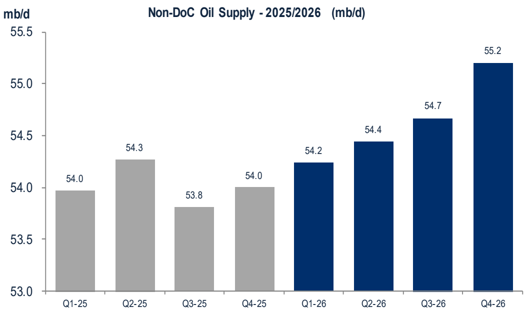
In terms of oil demand, data on crude oil inventory in the US showed steady demand at the start of the month with inventory falling by more than 3 million barrels during the week ended 1-August-2025. However, this reversed in the following week prompting concerns about the end of the summer driving season in the US. *Also, according to data from the EIA, oil exports from the US declined due to the impact of the tariffs.*

On the supply side, oil production in the US increased marginally during the week ended 8-August-2025 to 13.3 mb/d. Crude oil output in the US had reached the lowest level since January-2025 during the third week of July-2025 reflecting the consistently falling oil rigs in the US due to lower crude oil market prices. ***On the other hand, oil production by the OPEC showed a steep increase last month, as per OPEC secondary sources, mainly led by higher production by Saudi Arabia and the UAE.***









Sources : OPEC, EIA, Bloomberg

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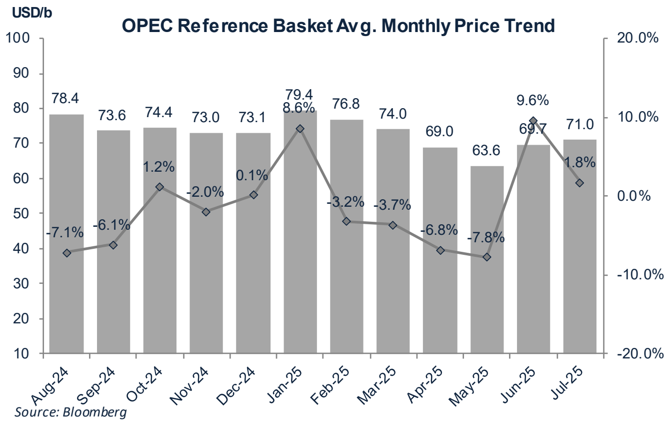
Oil Prices



Crude oil prices declined to the lowest level in more than two months last week mainly led by fears of a supply glut in the near term, especially after the US refrained from imposing additional measures on Russian crude oil buyers after the meeting between the US president and his Russian counterpart last week. Crude oil futures showed marginal recovery and were trading around USD 66 per barrel at the start of this week after falling to USD 65.7/b last week. The market is now eyeing the next phase of talks to be held between the US and Ukraine as well as the impact of tariffs on global economic growth as recent data has shown the initial impact of the tariffs, especially related to consumer sentiments as well as wholesale price index numbers from the US. However, the data on net long positions in the oil market flagged concerns around gain in prices in the near term. Data from Bloomberg showed that the net long positions on rising oil prices fell to the lowest in 16 years led by the expected supply glut in the market. There were also concerns that any further sign of weakness in future oil demand would further push oil prices lower.

In terms of monthly price trend, average crude oil prices remained largely stable with prices of all crude grades showing marginal changes last month. Average spot Brent crude oil price showed a marginal decline of 0.6% to reach USD 71.0/b during July-2025 as compared to an average of USD 71.4/b during June-2025. On the other hand, average OPEC reference basket price witnessed a marginal increase of 1.8% to reach USD 71.0/b vs. USD 69.7/b last month while Kuwait export grade crude prices witnessed a slightly bigger gain of 2.3% to average at USD 71.4/b during July-2025. Meanwhile, the consensus estimate for Brent crude showed mixed revisions for the next six quarters. The median consensus forecast for brent crude grade for Q3-2025 stood at USD 67/b, according to data from Bloomberg, a increase from a forecast of USD 66/b last month. The revisions for the next five quarters, however, showed downward revisions with prices expected to reach USD 63.0/b by Q2-2026.

Average Crude Oil Prices, USD/b	Jun-2025	Jul-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	**69.7**	**71.0**	**1.2**	**83.7**	**71.9**
Arab Light	70.8	72.2	1.3	85.4	73.4
Basrah Light	69.2	70.6	1.3	82.0	71.3
Bonny Light	71.7	72.0	0.2	85.7	72.3
Djeno	63.9	63.5	(0.4)	76.7	64.1
Es Sider	71.0	71.1	0.1	83.6	70.7
Iran Heavy	69.1	70.8	1.7	83.6	72.0
Kuwait Export	**69.8**	**71.4**	**1.6**	**84.6**	**72.7**
Merey	56.9	58.1	1.3	69.6	59.4
Murban	69.8	71.1	1.3	83.5	71.8
Rabi	70.9	70.5	(0.4)	83.7	71.1
Saharan Blend	71.4	72.5	1.1	85.1	72.2
Zafiro	71.7	73.1	1.4	85.5	73.4
Other Crudes					
Brent	71.4	71.0	(0.4)	84.1	71.5
Dubai	69.2	70.8	1.6	83.4	71.7
Isthmus	67.4	67.4	(0.1)	77.5	67.4
LLS	70.4	69.8	(0.6)	81.9	70.3
Mars	69.1	67.2	(1.9)	79.3	68.6
Minas	74.6	74.9	0.3	88.0	74.8
Urals	58.9	59.1	0.2	67.9	58.4
WTI	67.9	67.4	(0.5)	79.2	67.7
Differentials					
Brent/WTI	3.5	3.6	0.1	4.9	3.9
Brent/LLS	1.0	1.1	0.2	2.2	1.3
Brent/Dubai	2.2	0.1	(2.0)	0.8	(0.2)

Source: OPEC Monthly Oil Market Report - Aug-2025

World Oil Demand

Global oil demand growth forecast for 2025 was kept unchanged in the latest monthly report from OPEC at a growth of 1.3 mb/d with demand expected to reach 105.1 mb/d during the year. However, there were changes at the country level mainly reflecting actual data for Q1-2025 and Q2-2025. The revisions included lower-than-expected actual data for Q1-2025 for the OECD Asia Pacific region that resulted in a downward revision in estimates by 0.06 mb/d for Q1-2025 and by 0.05 mb/d for Q2-2025. These downward revisions were partially offset by upward revision to demand data for OECD Europe and for the OECD Americas regions reflecting stronger-than-expected actual data. The net impact was a small downward revision to demand for the OECD during Q1-2025. For the second quarter, data for OECD Europe was revised up by 0.07 mb/d that more than offset downward revision to demand data for OECD Asia Pacific region resulting in an upward revision to demand data for the OECD during Q2-2025. There were revisions to data for the non-OECD countries during Q1-2025. There were downward revisions to demand data for Latin America, Middle East and Other Europe regions partially offset by an upward revision to

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	24.94	24.86	25.03	25.32	25.20	25.10	0.16	0.64
of which US	20.42	20.42	20.48	20.67	20.72	20.57	0.15	0.73
Europe	13.51	12.96	13.63	14.06	13.52	13.54	0.03	0.22
Asia Pacific	7.21	7.34	6.96	6.95	7.41	7.17	(0.04)	(0.55)
Total OECD	**45.67**	**45.15**	**45.62**	**46.32**	**46.13**	**45.81**	**0.14**	**0.31**
China	16.65	16.86	16.47	17.03	17.04	16.85	0.20	1.20
India	5.55	5.70	5.70	5.50	5.91	5.70	0.15	2.70
Other Asia	9.67	9.87	10.25	9.76	9.76	9.91	0.24	2.48
Latin America	6.75	6.80	6.89	6.96	6.91	6.89	0.14	2.07
Middle East	8.85	8.78	8.83	9.28	9.15	9.01	0.16	1.81
Africa	4.65	4.89	4.58	4.68	5.07	4.80	0.16	3.23
Russia	3.98	4.01	3.85	4.04	4.19	4.02	0.04	1.01
Other Eurasia	1.26	1.42	1.31	1.18	1.32	1.31	0.05	3.97
Other Europe	0.80	0.81	0.83	0.77	0.87	0.82	0.02	2.50
Total Non-OECD	**58.17**	**59.13**	**58.72**	**59.21**	**60.23**	**59.33**	**1.15**	**1.99**
Total World	**103.84**	**104.29**	**104.34**	**105.53**	**106.36**	**105.14**	**1.29**	**1.25**

Source: OPEC Monthly Oil Market Report - Aug-2025

data for Other Eurasia. Data for Q2-2025 showed downward revisions to demand data for India and China by around 0.1 mb/d in total that was partially offset by upward revision to demand data for the Middle East and Other Eurasia. The net impact was a downward revision of 0.04 mb/d to demand data for the non-OECD region and an upward revision of 0.02 mb/d during Q2-2025.

For 2026, global oil demand growth forecast was revised upwards by the OPEC reflecting supportive economic activities. As per the OPEC report, demand growth for 2026 was revised by 0.1 mb/d to a growth of 1.4 mb/d with total demand expected to reach 106.5 mb/d during the year. The revision reflected upward revisions to demand data for both the OECD and non-OECD regions. At the country level, OECD Americas and OECD Europe showed upward revision in demand growth while OECD Asia Pacific showed a downward revision of data.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.10	24.94	25.13	25.52	25.30	25.22	0.12	0.48
of which US	20.57	20.45	20.59	20.88	20.80	20.68	0.11	0.53
Europe	13.54	12.98	13.68	14.10	13.57	13.58	0.04	0.30
Asia Pacific	7.17	7.34	6.94	6.92	7.39	7.15	(0.01)	(0.28)
Total OECD	**45.81**	**45.26**	**45.76**	**46.54**	**46.26**	**45.96**	**0.15**	**0.33**
China	16.85	17.00	16.70	17.27	17.23	17.05	0.20	1.19
India	5.70	5.89	5.94	5.72	6.16	5.93	0.22	4.04
Other Asia	9.91	10.11	10.49	10.06	10.06	10.18	0.27	2.72
Latin America	6.89	6.94	7.02	7.08	7.04	7.02	0.13	1.89
Middle East	9.01	8.96	8.99	9.48	9.26	9.17	0.16	1.78
Africa	4.80	5.05	4.76	4.86	5.19	4.96	0.16	3.33
Russia	4.02	4.06	3.89	4.09	4.23	4.07	0.04	1.24
Other Eurasia	1.31	1.48	1.34	1.20	1.34	1.34	0.03	2.29
Other Europe	0.82	0.83	0.83	0.80	0.90	0.84	0.02	2.44
Total Non-OECD	**59.33**	**60.32**	**59.95**	**60.56**	**61.41**	**60.56**	**1.23**	**2.07**
Total World	**105.14**	**105.58**	**105.70**	**107.10**	**107.67**	**106.52**	**1.38**	**1.31**

Source: OPEC Monthly Oil Market Report - Aug-2025

World Oil Supply

World oil supply remained largely unchanged during July-2025 as compared to the previous month despite the ongoing unwinding of output cuts announced by the OPEC+ countries. Total world oil supply stood at 105.6 mb/d, according to data from the IEA. As per the report, OPEC+ output declined by 230 tb/d last month but this decline was fully offset by an equal increase in output from non-OPEC+ countries. The IEA expect global crude runs to reach a record high level of 85.6 mb/d this month resulting in an expected increase of 1.6 mb/d during Q3-2025 vs. a much smaller average increase of 130 tb/d during 1H-2025.

Non-DoC Oil Supply - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	27.71	28.06	28.31	28.11	28.08	28.14	0.43	1.55
of which US	21.76	21.82	22.37	22.12	21.96	22.07	0.31	1.42
Europe	3.53	3.59	3.53	3.55	3.61	3.57	0.04	1.13
Asia Pacific	0.44	0.40	0.44	0.43	0.42	0.42	(0.01)	(4.55)
Total OECD	**31.68**	**32.05**	**32.28**	**32.09**	**32.12**	**32.13**	**0.46**	**1.42**
China	4.56	4.69	4.66	4.50	4.53	4.59	0.03	0.66
India	0.81	0.83	0.82	0.82	0.80	0.82	0.02	1.23
Other Asia	1.61	1.63	1.63	1.57	1.57	1.60	(0.01)	(0.62)
Latin America	7.23	7.42	7.59	7.50	7.65	7.54	0.31	4.29
Middle East	1.99	2.01	2.01	2.00	2.00	2.01	0.02	1.01
Africa	2.33	2.32	2.25	2.29	2.29	2.29	(0.05)	(1.72)
Other Eurasia	0.37	0.36	0.35	0.37	0.36	0.36	0.00	(2.70)
Other Europe	0.10	0.09	0.10	0.10	0.10	0.10	0.00	0.00
Total Non-OECD	**19.00**	**19.35**	**19.42**	**19.15**	**19.31**	**19.31**	**0.31**	**1.63**
Total Non-DoC Production	**50.68**	**51.40**	**51.70**	**51.24**	**51.43**	**51.44**	**0.76**	**1.50**
Processing gains	2.52	2.57	2.57	2.57	2.57	2.57	0.05	1.98
Total Non-DoC Supply	**53.20**	**53.97**	**54.27**	**53.81**	**54.00**	**54.01**	**0.81**	**1.52**
DoC NGLs and non-conventionals	**8.54**	**-**	**-**	**-**	**-**	**8.65**	**0.11**	**1.29**
DoC Crude Oil Production	**40.86**	**40.92**	**41.31**	**-**	**-**	**-**	**-**	**-**
Total World Supply	**102.60**	**-**	**.**	**-**	**-**	**-**	**-**	**-**

Source: OPEC Monthly Oil Market Report - Aug-2025

Meanwhile, the OPEC kept its forecast for non-DoC liquids supply growth unchanged for 2025 in its latest monthly report. The supply from the group is expected to grow by 0.81 mb/d this year and average at 54.01 mb/d. There were revisions in quarterly data with upward revision to supply forecast during Q2-2025 that was fully offset by downward revision to forecasts for Q3-2025 and Q4-2025. At the country level, supply forecasts for the US was revised upwards by 0.15 mb/d for Q2-2025 but an almost equal downward revision was made for supply from the US during Q4-2025. Supply forecast for the OECD Europe region underwent a downward revision during Q2-2025 and Q4-2025 resulting in a downward revision to supply forecast for the OECD region for full year 2025. Data on supply from non-OECD countries showed an upward revision in data for Q2-2025 mainly reflecting higher supplies from Latin America, China and Other Asia was offset by marginal downward revisions for supply from the region during the last two quarters of the year.

For 2026, non-DoC liquids supply growth forecast was revised marginally down by the OPEC reflecting lowered forecasts for both OECD and non-OECD countries. As per the new forecast, supply growth forecast in 2026 was lowered by 0.1 mb/d to 0.63 mb/d with average supply expected to come in at 54.64 mb/d during the year.

Non-DoC Oil Supply - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	28.14	27.90	28.24	28.53	28.82	28.38	0.24	0.85
of which US	22.07	21.68	22.25	22.35	22.48	22.19	0.13	0.54
Europe	3.57	3.59	3.49	3.46	3.56	3.53	(0.04)	(1.12)
Asia Pacific	0.42	0.43	0.40	0.41	0.40	0.41	(0.01)	(2.38)
Total OECD	**32.13**	**31.92**	**32.13**	**32.40**	**32.78**	**32.31**	**0.18**	**0.56**
China	4.59	4.65	4.64	4.55	4.54	4.59	0.00	0.00
India	0.82	0.83	0.82	0.82	0.83	0.82	0.00	0.00
Other Asia	1.60	1.60	1.58	1.56	1.57	1.58	(0.02)	(1.25)
Latin America	7.54	7.87	7.91	7.96	8.03	7.94	0.41	5.31
Middle East	2.01	2.03	2.04	2.05	2.06	2.05	0.04	1.99
Africa	2.29	2.27	2.25	2.26	2.33	2.28	(0.01)	(0.44)
Other Eurasia	0.36	0.36	0.36	0.37	0.36	0.36	0.00	0.00
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.00
Total Non-OECD	**19.31**	**19.72**	**19.71**	**19.67**	**19.82**	**19.73**	**0.42**	**2.18**
Total Non-DoC Production	**51.44**	**51.64**	**51.84**	**52.07**	**52.60**	**52.04**	**0.60**	**1.17**
Processing gains	2.57	2.60	2.60	2.60	2.60	2.60	0.03	1.17
Total Non-DoC Supply	**54.01**	**54.24**	**54.44**	**54.67**	**55.20**	**54.64**	**0.63**	**1.17**

Source: OPEC Monthly Oil Market Report - Aug-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production increased for the fifth consecutive month during July-2025 led by the unwinding of production cuts announced by the OPEC+ group. Data from OPEC secondary sources showed average OPEC production reaching 27.5 mb/d during July-2025, the highest in 20 months. The increase was once again led by higher production mainly in Saudi Arabia and the UAE that was partially offset by a fall in output in Iraq and Iran. OPEC data also showed higher output in Libya and Nigeria during July-2025. On the other hand, data from Bloomberg showed flattish production by the OPEC during July-2025. As per Bloomberg, production from the group declined marginally by 20 tb/d to reach 28.31 mb/d during the month. Data from Bloomberg showed a steep decline in production in Saudi Arabia that was almost fully offset by higher production by the UAE and Kuwait.

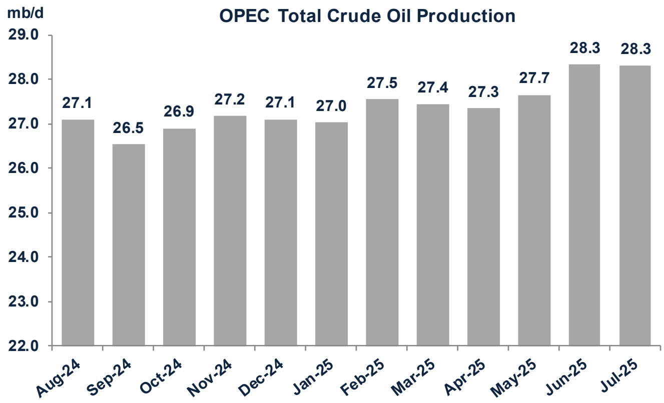
Production ('000 b/d)	Jun-25	Jul-25	Change		Capacity	Spare Capacity
Total OPEC-12	**28,330**	**28,310**	**-20**	**-0.07%**	**33,670**	**5,360**
Saudi Arabia	9,750	9,530	-220	-2.3%	12,000	2,470
Iraq	4,210	4,230	20	0.5%	4,800	570
Iran	3,310	3,310	0	0.0%	3,830	520
UAE	3,400	3,500	100	2.9%	4,650	1,150
Kuwait	2,470	2,500	30	1.2%	2,820	320
Nigeria	1,560	1,580	20	1.3%	1,600	20
Libya	1,280	1,300	20	1.6%	1,320	20
Algeria	930	940	10	1.1%	1,060	120
Venezuela	900	900	0	0.0%	980	80
Congo	250	260	10	4.0%	300	40
Gabon	220	210	-10	-4.5%	230	20
Equatorial Guinea	50	50	0	0.0%	80	30
Total OPEC-11	**24,120**	**24,080**	**-40**	**-0.17%**	**28,870**	**4,790**

Source: Bloomberg

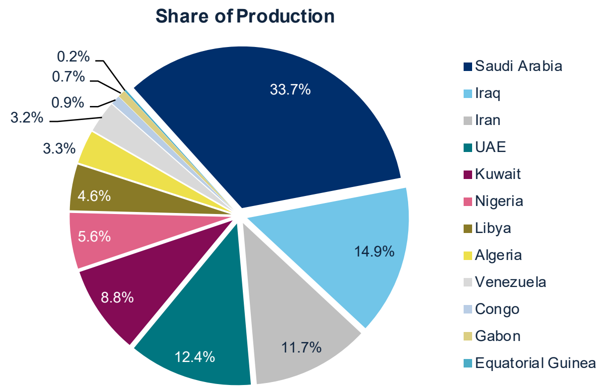
Based on the data for July-2025, the spare capacity for OPEC producers stood at 5.36 mb/d or 15.9% of the total production capacity as per Bloomberg estimates.

Output from the broader DoC producers group showed a production growth of 335 tb/d to reach an average of 41.9 mb/d during July-2025. The growth reflected higher output from both OPEC and non-OPEC DoC countries. In the latter group of countries, Russia showed a sharp increase of 99 tb/d during month reaching average output of 9.1 mb/d. This increase was partially offset by a decline in production reported by Kazakhstan by 36 tb/d with average output reaching 1.8 mb/d during July-2025.

Meanwhile, the OPEC+ once again announced to increase daily crude oil production for the fifth consecutive month by announcing the same level of production hike in September-2025. The producers decided to increase output by 547 tb/d starting next month indicating an earlier-than-planned reversal of the most recent output cut announced by the group. The group cited healthy economy and low inventories as reasons behind it decision to raise output. The output hikes announced for September -2025 along with the announced increases for the previous months would mean a total increase of 2.5 mb/d by the end of next month equivalent to around 2.4% of total world oil demand. As per a report from Reuters, the OPEC+ group may consider another wave of output hikes in its meeting next month to reinstate around 1.65 mb/d of oil production that are in place until the end of 2026.



Source: Bloomberg



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-25	Q3-25	Q4-25	Q1-26
Bank of America Merrill Lynch	14/Aug/25	66.0	61.0	64.0	68.0
Citigroup Inc	14/Aug/25	66.0	63.0	65.0	65.0
Standard Chartered Bank	12/Aug/25	52.0	65.0	71.0	76.0
Goldman Sachs Group Inc/The	11/Aug/25	67.0	64.0	61.0	57.0
JPMorgan Chase & Co	11/Aug/25	63.0	61.0	55.0	57.0
UBS Group AG	11/Aug/25	68.0	62.0	62.0	65.0
ING Groep NV	6/Aug/25	65.0	62.0	58.0	56.0
JYSKE BANK AS	6/Aug/25	62.5	58.0	57.0	55.0
Australia & New Zealand Banking Group Ltd	1/Aug/25	73.0	65.0	61.0	61.0
Kshitij Consultancy Services Pvt Ltd	30/Jul/25	63.5	62.0	73.0	78.6
Deutsche Bank AG	29/Jul/25	68.0	61.0		
Commerzbank AG	24/Jul/25	65.0	65.0	70.0	70.0
MPS Capital Services Banca per le Imprese SpA	18/Jul/25	69.0	66.0	66.0	
RBC	17/Jul/25	65.0	57.0	55.0	54.0
Morgan Stanley	15/Jul/25	67.5	65.0	60.0	60.0
Westpac Banking Corp	14/Jul/25	67.3	61.7	60.0	61.3
BNP Paribas SA	8/Jul/25	66.0	59.0	55.0	58.0
Rabobank	8/Jul/25	68.0	64.0	63.0	63.0
United States Department of Energy	8/Jul/25	68.0	64.0	60.0	59.0
Market Risk Advisory Co Ltd	7/Jul/25	66.0	64.3	64.7	65.7
Panmure Liberum	3/Jul/25	66.0	65.0	65.0	65.0
Emirates NBD PJSC	25/Jun/25	65.0	65.0	65.0	65.0
Natixis SA	25/Jun/25	69.0	63.0	62.0	63.0
HSBC Holdings PLC	23/Jun/25	67.0	65.0	65.0	65.0
Bank Mandiri PT	17/Jun/25	70.2	66.5	66.8	67.8
Julius Baer	17/Jun/25	67.5	60.0	60.0	60.0
MARC Ratings Berhad	17/Jun/25	69.0	68.0		
Intesa Sanpaolo SpA	13/Jun/25	70.0	70.0	70.0	70.0
Landesbank Baden-Wuerttemberg	4/Jun/25	65.0	60.0	60.0	60.0
MUFG Bank	30/Apr/25	63.0	62.0	64.0	62.0
Banco Santander SA	25/Apr/25	61.5	60.0		
Barclays PLC	23/Apr/25	65.0	65.0		
Tradingeconomics.com	17/Apr/25	67.4	68.7	70.1	
Australian Government	31/Mar/25	69.3	68.6	67.8	67.1
Capital Economics Ltd	24/Mar/25	71.0	70.5		
Societe Generale SA	18/Mar/25	72.5	70.0		
Macquarie Group Ltd	11/Mar/25	72.0	72.0		
Median		**67.0**	**64.0**	**63.5**	**63.0**
Mean		**66.7**	**64.0**	**63.2**	**63.4**
High		**73.0**	**72.0**	**73.0**	**78.6**
Low		**52.0**	**57.0**	**55.0**	**54.0**
Current Fwd		**68.6**	**65.5**	**65.2**	**65.1**
Difference (Median - Current)		**-1.6**	**-1.5**	**-1.7**	**-2.1**

Source: Bloomberg

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