

Oil Market Monthly Report

December-2025

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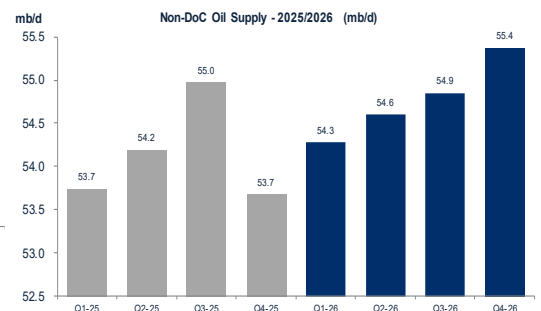
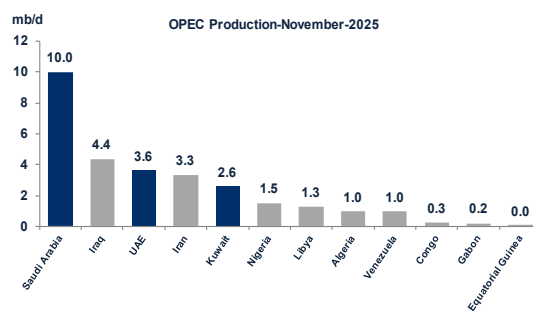
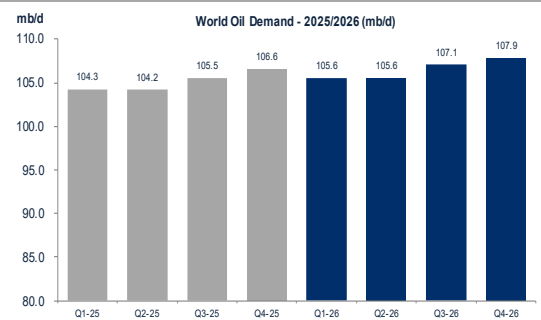
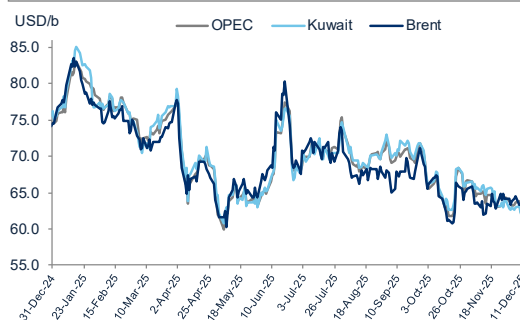
WTI crude declines to six-month lows on oversupply concerns...

Crude oil prices registered consistent declines last week and traded at multi-month low levels led by concerns of oversupply in 2026. US crude grade WTI futures traded below the USD 60/b level at USD 57.44/b at the close of the week, the lowest in six months, while Brent futures were at two month lows at around the USD 61/b mark. The decline also reflected two consecutive weeks of growth in crude oil output in the US that reached near record levels. On the other hand, geopolitical issues, especially related to US and Venezuela and the continued escalation of issues between Ukraine and Russia provided support to crude oil prices. Also, a pickup in refining activity in China during November-2025 provided temporary support to prices, although several other datapoints signaled weakness in the broader economy.

On the supply side, almost all recent forecasts suggest an elevated oversupply situation in the oil market in 2026. The chief economist at Trafigura termed next year's over supply as a "super glut" led by a wave of supplies against sluggish demand growth. Although he added that sustained buying from importers, mainly China, as well as adjusted supply plans from the US and OPEC+ producers could postpone or mitigate the oversupply situation. In its latest monthly report, the IEA forecasted a surplus of 3.84 mb/d next year, a lowered expectation from last month's forecast of a surplus of 4.09 mb/d, about 4% of global consumption. Although elevated, this was for the first time since May-2025 that the agency has lowered its forecast for expected glut in 2026.

On the geopolitical front, there were news related to oil tanker seizures last week threatening supplies of crude oil globally. This included the US seizure of a sanctioned oil tanker off the coast of Venezuela aimed at targeting shadow tanker fleet selling oil to China and other nations. As per Reuters, close to 6 million barrels of crude oil was suspended after the seizure. The report said that the US preparing to intercept more ships transporting Venezuelan crude oil. In an another instance, Iran also seized a foreign tanker in the Gulf of Oman last week carrying 6 million liters of fuel, as per reports. Meanwhile, despite several meetings between Russia and Ukrainian officials brokered by the US, there was no resolution to the ongoing war between the two nations. The latest escalations included attacks by Ukraine targeting the Afipsky oil refinery and an oil storage facility in the Volgograd region. Even Russia continued strikes on Ukrainian energy infrastructure. The refinery has a capacity of processing 180 thousand barrels of crude oil per day.

In terms of production, OPEC+ output increased by 43 tb/d during November-2025, as per OPEC secondary sources, to reach 43.1 mb/d. The increase was mainly led by higher production in Kazakhstan that partially recovered output to September-2025 levels. Oil output from OPEC producers remained almost flat m-o-m.

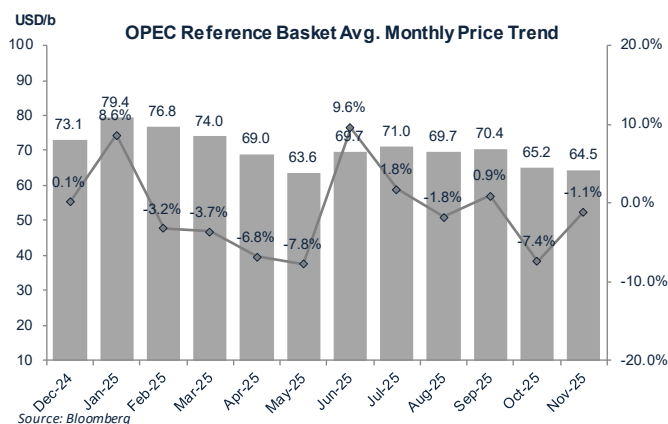


Sources : OPEC, EIA, Bloomberg

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Oil Prices

Crude oil market remained volatile during December-2025 led by key economic events as well as geopolitical issues. Brent crude futures reached the highest levels in two weeks during the first week of the month as expectations built up for US rate cuts for the third time this year. The gains reflected expectations of a boost to economic growth due to the cuts and higher crude oil demand. On the geopolitical front, supply disruptions from Russia and Venezuela also added support to crude oil prices. As per Reuters, the failed talks between Russia and Ukraine has prompted the G7 countries and the European Union to replace a price cap on Russian crude oil exports with a full maritime services ban in order to curb oil revenues generated by Russia. The talks continues between the two countries even as drone attacks caused a fire at Russia's Azov Sea port of Temryuk that handles LPG, oil products and petrochemicals. Prices declined in the subsequent weeks led by forecasts of record oversupply in the oil market.



In terms of monthly price trend, average crude oil prices saw declines across the board during November-2025 after showing sharp declines during October-2025. Average spot Brent crude oil price witnessed a decline of 1.6% to reach USD 63.6/b during November-2025, as compared to an average of USD 64.6/b during October-2025. On the other hand, average OPEC reference basket price witnessed a slightly smaller decline of 1.1% to reach USD 64.5/b as compared to USD 65.2/b during the previous month. Kuwait export grade crude prices also witnessed a similar decline of 1.2% to average at USD 65.2/b during November-2025 vs. USD 66.0/b during October-2025. Average crude oil prices during the first eleven months of the year have seen double-digit declines this year with Brent spot falling by 14.4% while OPEC crude oil basket declining by 12.7% y-o-y. In terms of expectations, the consensus estimate for Brent crude remained consistent with last month's expectations for the next three quarters while it was upgraded marginally for 2H-2026. As per consensus forecasts, crude oil is expected to reach USD 63/b by the end of 2026. That said, the EIA forecasts a relatively lower oil price next year reaching an average of USD 55.08/b next year.

Average Crude Oil Prices, USD/b	Oct-2025	Nov-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	65.2	64.5	(0.7)	80.5	70.3
Arab Light	66.9	66.2	(0.7)	82.1	71.9
Basrah Light	65.0	63.9	(1.2)	79.0	69.8
Bonny Light	65.5	64.8	(0.8)	82.9	70.6
Djeno	57.2	56.2	(1.0)	73.8	62.1
Es Sider	64.7	63.4	(1.3)	80.4	69.0
Iran Heavy	64.7	64.3	(0.5)	80.3	70.2
Kuwait Export	66.0	65.2	(0.8)	81.3	71.2
Merey	48.6	47.5	(1.1)	65.6	56.7
Murban	65.8	65.5	(0.3)	80.3	70.4
Rabi	64.2	63.2	(1.0)	80.8	69.1
Saharan Blend	65.3	64.4	(0.9)	82.4	70.3
Zafiro	64.8	64.4	(0.4)	82.7	70.9
Other Crudes					
Brent	64.6	63.6	(1.0)	81.3	69.6
Dubai	64.8	64.5	(0.4)	80.1	70.1
Isthmus	59.0	57.3	(1.7)	74.6	65.1
LLS	62.0	60.8	(1.2)	78.9	67.9
Mars	59.3	58.7	(0.6)	76.1	66.0
Minas	68.5	67.4	(1.1)	85.2	73.1
Urals	52.1	41.1	(11.0)	66.4	55.8
WTI	60.2	59.5	(0.7)	76.5	65.6
Differentials					
Brent/WTI	4.5	4.2	(0.3)	4.8	4.0
Brent/LLS	2.6	2.8	0.2	2.4	1.7
Brent/Dubai	(0.2)	(0.8)	(0.6)	1.1	(0.5)

Source: OPEC Monthly Oil Market Report - Dec-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 minor adjustments to estimates for the first three quarters of the year reflecting actual data from the producers. As per the OPEC report, demand in the OECD region saw a downward revision for Q1-2025 and Q2-2025 and a higher downward adjustment for 3Q-2025 aggregating to 0.05 mb/d in downward adjustments for the full year. Demand estimates for the OECD Asia Pacific region also underwent a downward revision for Q3-2025 and by 0.02 m/d for full year 2025. These downward adjustments were almost fully offset by an upward revision to estimates for OECD Americas, mostly the US, during the last two quarters of the year. In the non-OECD region, revisions were mainly done to estimates for Q3-2025 and Q4-2025 that fully offset the adjustments made to the data for the OECD region. At the country level, oil imports in China reached the highest level in more than two years during November-2025. According to government data, oil imports in China increased to 50.89 million metric tons, equivalent to 12.38 mb/d, last

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	25.18	24.95	25.20	25.81	25.62	25.40	0.21	0.87
of which US	20.58	20.42	20.63	21.14	21.02	20.80	0.23	1.07
Europe	13.48	12.90	13.63	13.83	13.49	13.46	(0.02)	(0.15)
Asia Pacific	7.18	7.31	6.80	6.91	7.38	7.10	(0.08)	(1.11)
Total OECD	45.84	45.17	45.63	46.55	46.49	45.96	0.12	0.26
China	16.65	16.86	16.47	17.06	17.06	16.87	0.21	1.32
India	5.55	5.70	5.68	5.35	5.89	5.66	0.10	1.98
Other Asia	9.51	9.84	10.20	9.68	9.58	9.82	0.31	3.26
Latin America	6.75	6.79	6.90	6.92	6.91	6.88	0.13	1.93
Middle East	8.85	8.76	8.74	9.12	9.13	8.94	0.08	1.02
Africa	4.63	4.87	4.59	4.78	5.12	4.84	0.21	4.54
Russia	3.98	4.06	3.87	4.04	4.19	4.04	0.06	1.51
Other Eurasia	1.26	1.41	1.31	1.17	1.32	1.30	0.04	3.17
Other Europe	0.80	0.81	0.83	0.81	0.87	0.83	0.02	3.75
Total Non-OECD	58.00	59.10	58.58	58.94	60.08	59.17	1.18	2.02
Total World	103.84	104.26	104.21	105.49	106.57	105.14	1.30	1.25

Source: OPEC Monthly Oil Market Report - Dec-2025

month, the highest in twenty-seven months. The y-o-y increase came in at 4.88% while monthly increase was even stronger at 5.24%. The imports during the first eleven months of the year were up by 3.2% to reach 521.87 million tons. Imports from Saudi Arabia increased during the month to a five-month high level reaching 1.59 mb/d while imports from Iran increased to 1.35 mb/d, the highest level since August-2025, as per Kpler. Russia was the third-biggest supplier with arrivals falling m-o-m to 1.19 mb/d during November-2025. Meanwhile, oil demand trend in India also showed healthy growth during November-2025 reaching the highest level in six months, as per data from India's petroleum ministry. Total consumption reached 21.27 million tons of fuel during the month, up 3.0% y-o-y, led by pickup in activity in the construction and agriculture sectors after the end of the monsoon season. In terms of imports, crude oil from Russia increased to the highest level in five months and are expected to see elevated imports in December, before the implementation of sanctions from the US. In terms of oil demand in 2026, OPEC once again kept it's forecast unchanged with a growth expectation of 1.4 mb/d to a total demand of 106.5 mb/d.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.40	25.03	25.30	26.01	25.71	25.52	0.12	0.47
of which US	20.80	20.45	20.74	21.34	21.11	20.91	0.11	0.53
Europe	13.46	12.93	13.68	13.87	13.54	13.50	0.04	0.30
Asia Pacific	7.10	7.31	6.79	6.88	7.36	7.09	(0.01)	(0.14)
Total OECD	45.96	45.27	45.77	46.77	46.61	46.11	0.15	0.33
China	16.87	17.00	16.70	17.30	17.25	17.06	0.20	1.13
India	5.66	5.89	5.92	5.57	6.14	5.88	0.22	3.89
Other Asia	9.82	10.08	10.45	9.98	9.87	10.10	0.27	2.85
Latin America	6.88	6.92	7.02	7.04	7.04	7.00	0.13	1.74
Middle East	8.94	8.94	8.89	9.32	9.24	9.10	0.16	1.79
Africa	4.84	5.03	4.77	4.96	5.25	5.00	0.16	3.31
Russia	4.04	4.11	3.90	4.09	4.23	4.08	0.04	0.99
Other Eurasia	1.30	1.48	1.33	1.19	1.34	1.34	0.03	3.08
Other Europe	0.83	0.83	0.82	0.84	0.90	0.85	0.02	2.41
Total Non-OECD	59.17	60.28	59.81	60.28	61.25	60.41	1.23	2.10
Total World	105.14	105.55	105.57	107.05	107.87	106.52	1.38	1.31

Source: OPEC Monthly Oil Market Report - Dec-2025

World Oil Supply

World oil supply witnessed another decline during November-2025 as compared to the previous month reflecting a decline in output mainly from OPEC+ producers along with producers outside this group. Total supply declined by 610 tb/d during November-2025 while total decline during the October-2025 and November-2025 stood at 1.5 mb/d from record supply of 109 mb/d in September-2025, according to data from the IEA. As per the IEA's monthly report, OPEC+ accounted for 80% of the decline over the previous two months mainly reflecting output decline from Russia and Venezuela. As per the IEA, oil exports from Russia declined by 0.4 mb/d in November to 6.9 mb/d.

Non-DoC Oil Supply - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	27.72	27.99	28.35	28.89	27.94	28.29	0.58	2.06
of which US	21.76	21.75	22.43	22.81	21.87	22.22	0.46	2.11
Europe	3.53	3.59	3.55	3.66	3.55	3.59	0.05	1.70
Asia Pacific	0.44	0.40	0.43	0.39	0.41	0.41	(0.03)	(6.82)
Total OECD	31.69	31.98	32.34	32.94	31.89	32.29	0.60	1.89
China	4.56	4.69	4.66	4.59	4.55	4.62	0.06	1.32
India	0.81	0.83	0.82	0.81	0.80	0.82	0.01	1.23
Other Asia	1.60	1.62	1.63	1.64	1.58	1.62	0.02	1.25
Latin America	7.23	7.34	7.52	7.72	7.60	7.55	0.31	4.43
Middle East	1.99	1.99	1.99	2.00	1.99	1.99	0.00	0.00
Africa	2.33	2.30	2.24	2.27	2.27	2.27	(0.06)	(2.58)
Other Eurasia	0.37	0.36	0.35	0.36	0.36	0.36	(0.01)	(2.70)
Other Europe	0.10	0.09	0.10	0.09	0.09	0.09	(0.01)	(10.00)
Total Non-OECD	18.99	19.22	19.31	19.50	19.25	19.32	0.33	1.74
Total Non-DoC Production	50.68	51.20	51.65	52.43	51.14	51.61	0.93	1.84
Processing gains	2.52	2.54	2.54	2.54	2.54	2.54	0.02	0.79
Total Non-DoC Supply	53.20	53.74	54.19	54.97	53.68	54.15	0.96	1.79
DoC NGLs and non-conventionals	8.63	-	-	-	-	8.63	0.00	0.00
DoC Crude Oil Production	40.86	40.93	41.31	42.49	-	-	-	-
Total World Supply	102.69	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - Dec-2025

The monthly report from OPEC showed an upward revision to supply forecast for non-DoC liquids production as compared to the previous month's estimates. As per OPEC, supply from non-DoC producers is expected to grow by 1 mb/d in 2025, an upward revision of 50 tb/d reflecting seasonality and latest data received. At the country level, the revision reflects higher output from the US. As per the latest weekly report from the EIA, oil production in the US has seen two consecutive weeks of growth until the first week of December-2025 with output near record high of 13.8 mb/d. Meanwhile, the monthly report from IEA forecasts a slightly lower production growth in 2025 at 3.0 mb/d, a downward revision from its previous month's forecast of a growth of 3.1 mb/d, to reach 106.2 mb/d during the year.

The OPEC kept its forecast for non-DoC liquids production growth for 2026 unchanged at a growth of 0.6 mb/d to reach an average of 54.8 mb/d during the year. At the global level, the IEA has forecasted a slightly smaller supply growth next year at 2.4 mb/d (vs. previous forecast of 2.5 mb/d) to reach an average of 108.6 mb/d. For US oil production, the EIA has forecasted a slight decline in its forecasted output for the US. The agency now expects US oil production to reach 13.5 mb/d next year, a downward revision from its earlier forecast of 13.6 mb/d.

Non-DoC Oil Supply - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	28.29	27.95	28.41	28.72	28.94	28.51	0.21	0.78
of which US	22.22	21.78	22.40	22.50	22.59	22.32	0.10	0.45
Europe	3.59	3.61	3.50	3.48	3.58	3.54	(0.04)	(1.39)
Asia Pacific	0.41	0.41	0.39	0.39	0.38	0.39	(0.01)	(4.88)
Total OECD	32.29	31.97	32.31	32.59	32.90	32.44	0.16	0.46
China	4.62	4.68	4.67	4.58	4.57	4.62	0.00	0.00
India	0.82	0.83	0.82	0.82	0.83	0.82	0.00	0.00
Other Asia	1.62	1.62	1.59	1.58	1.59	1.60	(0.02)	(1.23)
Latin America	7.55	7.90	7.91	7.98	8.10	7.97	0.43	5.56
Middle East	1.99	2.01	2.03	2.04	2.05	2.03	0.04	2.01
Africa	2.27	2.26	2.24	2.24	2.32	2.26	(0.01)	(0.44)
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36	0.00	0.00
Other Europe	0.09	0.09	0.09	0.09	0.09	0.09	0.00	0.00
Total Non-OECD	19.32	19.74	19.72	19.69	19.90	19.76	0.44	2.28
Total Non-DoC Production	51.61	51.71	52.03	52.28	52.80	52.21	0.60	1.16
Processing gains	2.54	2.57	2.57	2.57	2.57	2.57	0.03	1.18
Total Non-DoC Supply	54.15	54.28	54.60	54.85	55.37	54.78	0.63	1.16

Source: OPEC Monthly Oil Market Report - Dec-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production declined marginally during November-2025 after three consecutive months of growth until October-2025, led by a fall in production reported by a majority of the producers in the group. Data from Bloomberg showed OPEC output staying above the 29.0 mb/d mark but declining by 10 tb/d to reach 29.09 mb/d during November-2025 from 29.1 mb/d in October-2025. The small decline was led by a fall in production in Iran, Saudi Arabia, Gabon, Iraq and Equatorial Guinea that was partially offset by an increase in output mainly from the UAE. Based on the data for November-2025, the spare capacity for OPEC producers stood at 4.6 mb/d or 13.7% of the total production capacity, as per Bloomberg estimates. Data from OPEC secondary sources showed average OPEC production reaching 28.48 mb/d during November-2025, in line with the production in October-2025 which was the highest in 30 months. However, at the country level, the OPEC report showed

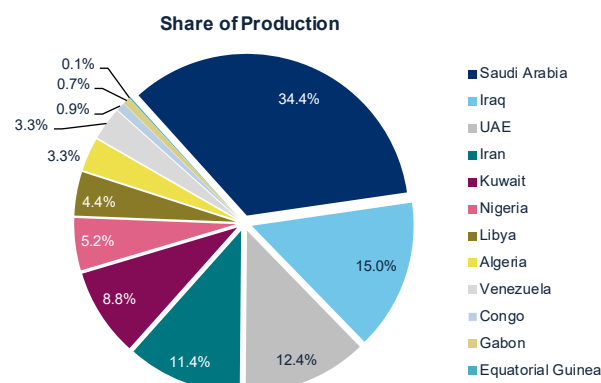
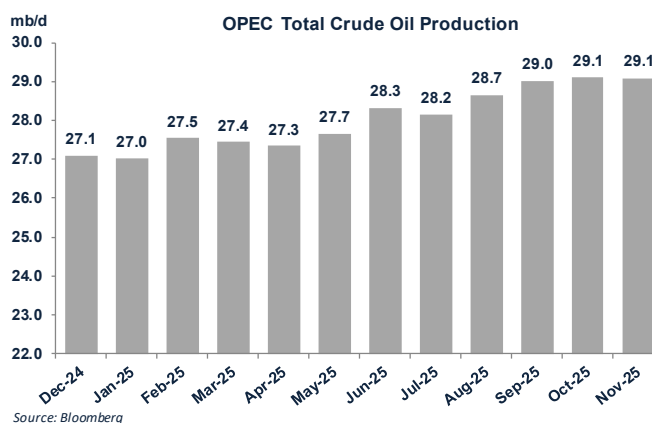
Production ('000 b/d)	Oct-25	Nov-25	Change		Capacity	Spare Capacity
Total OPEC-12	29,100	29,090	-10	-0.03%	33,690	4,600
Saudi Arabia	10,020	10,000	-20	-0.2%	12,000	2,000
Iraq	4,380	4,370	-10	-0.2%	4,800	430
UAE	3,550	3,610	60	1.7%	4,650	1,040
Iran	3,360	3,330	-30	-0.9%	3,830	500
Kuwait	2,560	2,560	0	0.0%	2,820	260
Nigeria	1,520	1,520	0	0.0%	1,600	80
Libya	1,270	1,270	0	0.0%	1,320	50
Algeria	960	970	10	1.0%	1,060	90
Venezuela	950	960	10	1.1%	1,000	40
Congo	250	250	0	0.0%	300	50
Gabon	230	210	-20	-8.7%	230	20
Equatorial Guinea	50	40	-10	-20.0%	80	40
Total OPEC-11	24,720	24,720	0	0.00%	28,890	4,170

Source: Bloomberg

higher output mainly in Saudi Arabia, UAE, Kuwait and Algeria was fully offset by decline in output mainly in Venezuela, Iraq and Iran. Output from the broader DoC producers group showed a production increase of 43 tb/d to reach an average of 43.07 mb/d during November-2025. The increase was solely led by higher output from non-OPEC DoC producers, mainly Kazakhstan that partially recovered its output from a sharp decline during October-2025.

In its latest monthly meeting, OPEC+ reiterated its plan to pause production increases during the first quarter of 2026. The group has announced output increase of 2.9 mb/d since the start of April-2025 until December-2025. The group still has around 3.24 mb/d of output cuts in place despite the hikes announced this year. However, a report from BloombergNEF showed that OPEC+ output fell further below the quota ceiling, excluding compensatory cuts by earlier overproducers.

Oil production in Kazakhstan recovered partially to 1.745 mb/d during November-2025, up by 36 tb/d, after reporting a decline in of 152 tb/d in October-2025. The increase came after the US granted exemptions for Lukoil's projects in Kazakhstan, including the Caspian Pipeline Consortium, Tengizchevroil, and the Karachaganak oil and gas project in mid- November. However, the recent airstrikes by Ukraine that damaged the Caspian Pipeline Consortium during maintenance work could result in reduced output in the near term.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q4-25	Q1-26	Q2-26	Q3-26
MPS Capital Services Banca per le Imprese SpA	11/Dec/25	63.0	59.0	58.0	58.0
United States Department of Energy	9/Dec/25	63.1	54.9	54.0	55.3
JYSKE BANK AS	8/Dec/25	57.0	55.0	60.0	60.0
JPMorgan Chase & Co	5/Dec/25	64.0	60.0	59.0	56.0
Citigroup Inc	4/Dec/25	63.0	60.0	62.0	62.0
Commerzbank AG	4/Dec/25	65.0	60.0	60.0	60.0
Macquarie Group Ltd	4/Dec/25	63.0	57.0	59.0	60.0
UBS Group AG	3/Dec/25	62.0	62.0	65.0	65.0
BNP Paribas SA	1/Dec/25	59.6	54.6	57.3	62.6
BMI, a Fitch Solutions company	28/Nov/25	64.0	62.0	66.0	69.0
Standard Chartered Bank	25/Nov/25	65.0	62.0	63.0	64.0
Bank of America Merrill Lynch	19/Nov/25	61.0	64.0	68.0	72.0
Australia & New Zealand Banking Group Ltd	18/Nov/25	70.0	65.0	65.0	68.0
Goldman Sachs Group Inc/The	17/Nov/25	63.0	58.0	54.0	54.0
OCBC Bank	13/Nov/25	63.5	64.0	62.5	61.1
BloombergNEF	12/Nov/25	64.0	60.0	55.0	53.0
Rabobank	12/Nov/25	62.0	60.0	58.0	58.0
Deutsche Bank AG	11/Nov/25	61.0			
Emirates NBD PJSC	6/Nov/25	65.0	65.0	65.0	65.0
ING Groep NV	6/Nov/25	62.0	58.0	56.0	58.0
Morgan Stanley	3/Nov/25	60.0	57.5	57.5	60.0
Landesbank Baden-Wuerttemberg	31/Oct/25	65.0	65.0	60.0	60.0
Kshitij Consultancy Services Pvt Ltd	29/Oct/25	64.4	69.4	71.8	79.6
Intesa Sanpaolo SpA	28/Oct/25	63.0	63.0	63.0	63.0
Market Risk Advisory Co Ltd	24/Oct/25	62.7	60.7	62.7	64.3
Panmure Liberum	1/Oct/25	65.0	65.0	65.0	66.0
Westpac Banking Corp	15/Sep/25	63.7	60.7	61.3	64.0
Julius Baer	12/Sep/25	62.5	60.0	60.0	62.5
HSBC Holdings PLC	8/Sep/25	65.0	65.0	65.0	65.0
RBC	17/Jul/25	57.0	55.0	54.0	56.0
Natixis SA	25/Jun/25	63.0	62.0	63.0	66.0
Bank Mandiri PT	17/Jun/25	66.5	66.8	67.8	68.9
MARC Ratings Berhad	17/Jun/25	68.0			
Median		63.0	60.7	61.3	62.5
Mean		63.2	61.0	61.2	62.5
High		70.0	69.4	71.8	79.6
Low		57.0	54.6	54.0	53.0
Current Fwd		63.2	60.9	60.9	60.9
Difference (Median - Current)		-0.2	-0.3	0.4	1.6

Source: Bloomberg

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