

Oil Market Monthly Report

February-2026

In this Report...

Oil Prices	2
Oil Demand	3
Oil Supply	4
Production & Capacity	5
Oil Price Forecast	6

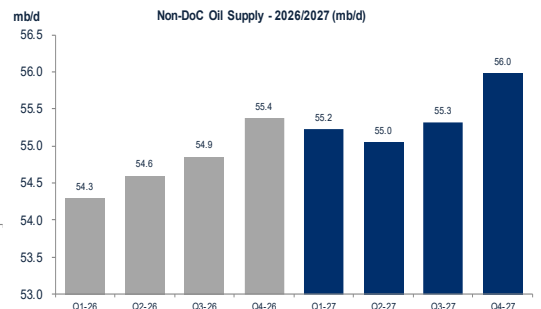
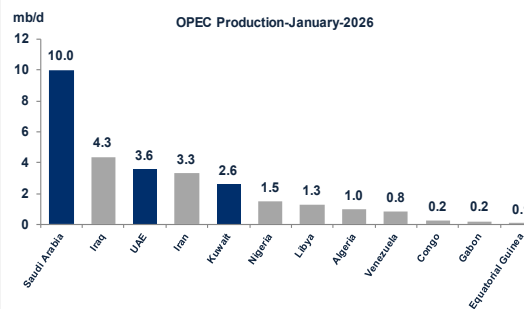
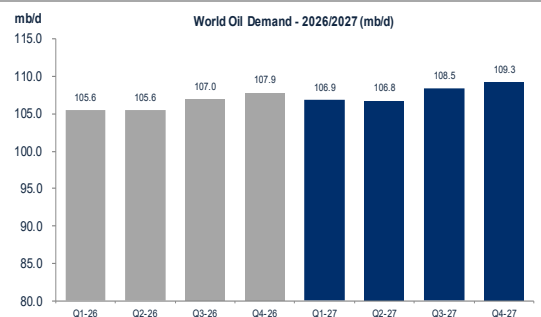
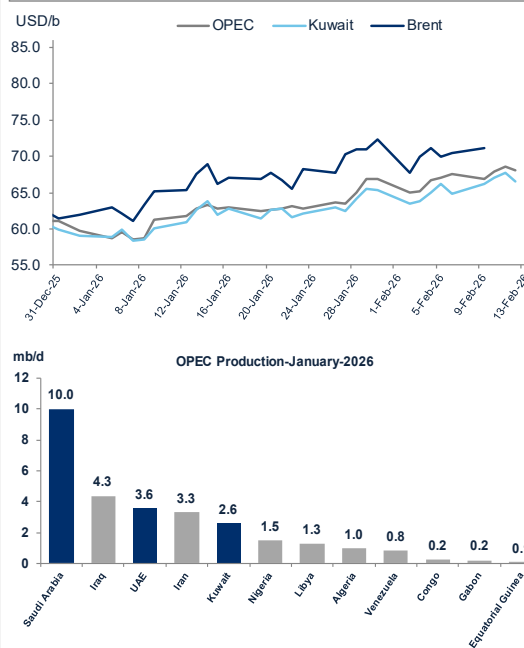
Oil prices remain steady at elevated levels led by geopolitics...

Crude oil prices remained elevated at around the highest monthly average levels in five months led by the ongoing geopolitical issues involving Iran while supply from Russia continued to face sanctions. The recent strength in prices were also backed by recent economic data releases, including the inflation and labor market data in the US. On the other hand, a steep increase in US crude oil inventories during the first week of the month as refinery utilization rates dropped partially offset the overall gain. Nevertheless, the market continues to factor in oversupply concerns in the near term that got further support after the US revealed its plans for reviving output from Venezuela.

On the geopolitical front, while talks continued between the US and Iran over the latter's nuclear capabilities, the US sent its second aircraft carrier in the middle east region to build pressure on Iran, further fueling geopolitical tensions in the region and adding a war premium to crude oil prices. The US military recently boarded second oil tanker linked to Iran aimed at curbing supplies from Iran, although the US government termed it as an interdiction. Meanwhile, attacks between Russia and Ukraine intensified recently after subsiding last month. The latest attack involved drone strikes on Russia's energy infrastructure by Ukraine involving Lukoil's Volgograd oil refinery in southern Russia. Another drone attack involved infrastructure at the Russia's Taman seaport and fuel tanks. Meanwhile, fuel flows from Venezuela resumed after the US eased sanctions on exports from the OPEC member, although curbs remain on shipments to Cuba, transactions involving Chinese companies and oil-for-debt structures.

On the demand front, the latest labor statistics from the US helped assuage concerns regarding the economic impact of tariffs. The data that came in better-than-expected supported sentiments around consumption growth in the US, while a lower than expected inflation that declined for the straight month during January-2026 boosted hopes of at least two rate cuts this year. Meanwhile, CNPC, China's largest oil and gas producer and supplier, said that oil demand in the country is expected to plateau starting this year until 2030 with marginal increase in demand led by oversupply and an expected fall in domestic output of refined oil products. India, on the other hand, expects a new record for refined fuels and products during the upcoming fiscal year.

On the supply side, crude oil output in the US increased for the first time this year during the first week of February-2026 to reach 13.7 mb/d during the week ended 6-Feb-2026 following a month of extreme weather. The increase came despite a fall in the supply of petroleum products during the same week as well as a fall in oil rig count that reached the lowest level since the start of this year. Oil output from the OPEC also witnessed a sharp drop during the month led by a broad-based decline in output from almost all members of the group.

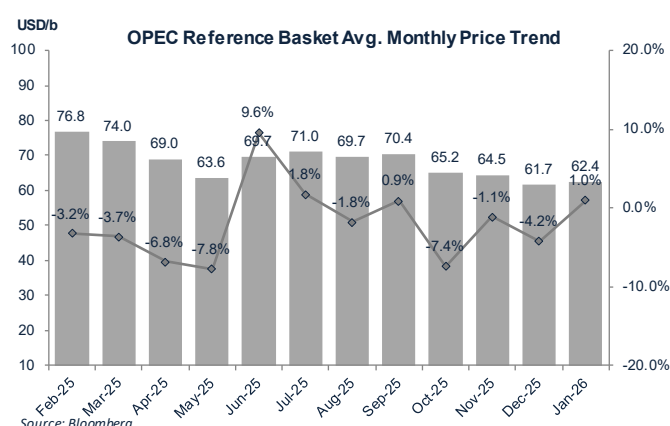


Sources : OPEC, EIA, Bloomberg

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Oil Prices

Crude oil prices rallied more than 11% since the start of this year backed by geopolitical concerns related to US and Iran, Russia and Ukraine as well as the recently settled issues between the US and Venezuela. Brent crude oil prices remained elevated and traded around the USD 67/b levels after going above the USD 70/b mark, the highest level in six months during the last week of January-2026. The ongoing nuclear talks between the US and Iran added war risk premium to the market and provided a strong support to crude oil prices as US used various tactics to pressure Iran into negotiations, including oil tanker seizures, similar to their actions with Venezuela earlier this year. Iran also conducted naval drills in the Strait of Hormuz ahead of talks, keeping tensions high in the region. On the other hand, elevated crude oil prices have led some OPEC+ producers to expect a resumption of supply increases starting from April-2026, as per a Bloomberg report.



In terms of monthly price trend, average crude oil prices saw gains during January-2026 after three consecutive months of declines during Q4-2025. Average spot Brent crude oil price witnessed a healthy gain of 6.4% to reach USD 66.7/b during January-2026, as compared to an average of USD 62.7/b during December-2025. On the other hand, average OPEC reference basket price witnessed a much smaller increase of 1.0% to reach USD 62.3/b as compared to USD 61.7/b during the previous month. Kuwait export grade crude prices, on the other hand, witnessed a small decline of 0.8% to average at USD 60.7/b during January-2026 vs. USD 61.2/b during December-2025. In terms of expectations, the consensus estimate for Brent crude underwent and upgrade from last month's expectations with median forecasts upgraded for Q1-2026 and 2H-2026 with prices expected to trade around USD 62.0/b starting from the second half of this year. The forecast upgrade reflected higher prices during January-2026. The EIA also upgraded its forecast for average Brent crude oil for 2026 but lowered it for 2027. The agency expects Brent crude to average at USD 57.69/b this year vs. USD 55.87/b in its previous STEO and expects next year's prices to average at USD 53.0/b as against its previous forecast of USD 54.02/b.

Average Crude Oil Prices, USD/b	Dec-2025	Jan-2026	Change (USD)	YTD Avg. 2025	YTD Avg. 2026
OPEC Reference Basket	61.7	62.3	0.6	79.4	62.3
Arab Light	62.9	62.8	(0.0)	80.8	62.8
Basrah Light	60.9	61.3	0.4	78.0	61.3
Bonny Light	63.7	67.7	4.0	80.1	67.7
Djeno	55.2	59.3	4.0	71.8	59.3
Es Sider	62.7	66.8	4.0	77.6	66.8
Iran Heavy	61.4	60.9	(0.6)	79.7	60.9
Kuwait Export	61.2	60.7	(0.5)	80.4	60.7
Merey	45.5	43.2	(2.3)	66.9	43.2
Murban	63.0	64.0	1.0	80.4	64.0
Rabi	62.2	66.3	4.0	78.8	66.3
Saharan Blend	63.4	67.7	4.3	80.3	67.7
Zafiro	62.7	66.7	4.0	81.2	66.7
Other Crudes					
Brent	62.7	66.7	4.0	79.3	66.7
Dubai	62.0	62.1	0.1	80.6	62.1
Isthmus	55.7	57.5	1.8	73.3	57.5
LLS	59.9	61.8	1.9	77.5	61.8
Mars	57.1	59.0	1.9	75.7	59.0
Minas	67.2	70.2	3.0	82.1	70.2
Urals	35.6	37.6	1.9	66.5	37.6
WTI	58.0	60.3	2.3	75.3	60.3
Differentials					
Brent/WTI	4.7	6.5	1.8	4.0	6.5
Brent/LLS	2.8	5.0	2.2	1.7	5.0
Brent/Dubai	0.7	4.7	4.0	(1.3)	4.7

Source: OPEC Monthly Oil Market Report - Feb-2026

World Oil Demand

Global oil demand growth forecast for 2026 was kept unchanged in the latest monthly report from OPEC at a growth of 1.38 mb/d with demand expected to reach 106.52 mb/d during the year. However, there were minor adjustments to estimates at the regional level with demand growth forecast for OECD countries lowered that was fully offset by an upward adjustment to the forecast for non-OECD countries. All the three regions in the OECD, i.e. OECD Americas, OECD Europe and OECD Asia Pacific saw demand growth forecast lowered by 10 tb/d in OPEC's latest report. On the other hand, upgrades were made to forecasts for China and Latin America. The forecasts were also kept unchanged for 2027 at a growth of 1.34 mb/d with demand expected to reach 107.86 mb/d during the year.

Forecasts from the IEA, however, showed a lowered demand expectation for 2026. The agency now expects oil demand growth to reach 0.85 mb/d in 2026 as compared to its previous forecast of 0.93 mb/d for the year. The lowered forecast reflects economic uncertainties as well as the recent increase in prices that would affect demand. The IEA expects demand growth to

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.39	25.03	25.30	26.00	25.71	25.51	0.12	0.47
of which US	20.81	20.45	20.74	21.36	21.11	20.92	0.11	0.53
Europe	13.43	12.93	13.67	13.80	13.50	13.47	0.04	0.30
Asia Pacific	7.09	7.32	6.77	6.87	7.34	7.07	(0.01)	(0.28)
Total OECD	45.91	45.27	45.73	46.67	46.55	46.06	0.15	0.33
China	16.88	17.00	16.70	17.30	17.29	17.07	0.20	1.13
India	5.65	5.89	5.92	5.57	6.10	5.87	0.22	3.89
Other Asia	9.82	10.05	10.42	9.98	9.91	10.09	0.27	2.75
Latin America	6.90	6.92	7.04	7.09	7.04	7.02	0.13	1.74
Middle East	8.93	8.96	8.91	9.29	9.20	9.09	0.16	1.79
Africa	4.88	5.08	4.80	4.97	5.31	5.04	0.16	3.28
Russia	4.04	4.11	3.90	4.10	4.23	4.09	0.04	1.24
Other Eurasia	1.31	1.47	1.33	1.20	1.35	1.34	0.03	2.29
Other Europe	0.83	0.83	0.82	0.84	0.90	0.84	0.02	1.20
Total Non-OECD	59.22	60.31	59.84	60.34	61.33	60.46	1.23	2.09
Total World	105.13	105.58	105.57	107.01	107.88	106.52	1.38	1.32

Source: OPEC Monthly Oil Market Report - Feb-2026

be driven solely by non-OECD economies, especially China that is forecasted to lead in terms of demand growth during the year. In terms of products, the agency expects petrochemical feedstock products to drive more than half of the gains in 2026 whereas share of transportation fuels are expected to decline significantly.

Expectations for oil demand growth in China came under scrutiny after recent inflation data highlighted persistent weakness in domestic demand conditions. However, near term expectations for demand in the coming months remain upbeat mainly led by the seasonal demand associated with the lunar year holidays that normally sees higher demand for transportation fuels. Meanwhile, oil demand in India saw a slight decline during January-2026 from the record high levels of fuel consumption recorded in the previous month. Total fuel consumption stood at 21.05 million tons during the month with a m-o-m slide of around 3.0%. Gasoline consumption declined by 1.2% during the month but diesel demand consumption was up by 3.3%. Demand for naphtha and bitumen declined in double digits during January-2026.

World Oil Demand - 2026/2027, mb/d	2026	Q1-27	Q2-27	Q3-27	Q4-27	2027	Y-o-Y Growth	% Chg.
Americas	25.51	25.10	25.37	26.11	25.80	25.60	0.09	0.35
of which US	20.92	20.53	20.81	21.46	21.18	21.00	0.08	0.38
Europe	13.47	12.95	13.71	13.84	13.53	13.51	0.04	0.30
Asia Pacific	7.07	7.30	6.75	6.85	7.32	7.06	(0.02)	(0.14)
Total OECD	46.06	45.35	45.83	46.81	46.66	46.16	0.11	0.22
China	17.07	17.16	16.86	17.53	17.53	17.27	0.20	1.17
India	5.87	6.11	6.13	5.79	6.33	6.09	0.22	3.75
Other Asia	10.09	10.32	10.68	10.24	10.19	10.36	0.27	2.68
Latin America	7.02	7.06	7.19	7.21	7.16	7.16	0.14	1.99
Middle East	9.09	9.12	9.03	9.49	9.36	9.25	0.16	1.76
Africa	5.04	5.24	4.95	5.15	5.47	5.20	0.16	3.17
Russia	4.09	4.16	3.95	4.14	4.28	4.13	0.05	0.98
Other Eurasia	1.34	1.51	1.36	1.24	1.38	1.37	0.03	2.24
Other Europe	0.84	0.84	0.84	0.86	0.92	0.86	0.02	2.38
Total Non-OECD	60.46	61.52	60.98	61.64	62.61	61.69	1.24	2.03
Total World	106.52	106.88	106.81	108.45	109.27	107.86	1.34	1.26

Source: OPEC Monthly Oil Market Report - Feb-2026

World Oil Supply

World oil supply witnessed another steep decline during January-2026 continuing the declining trend seen over the last few months. Data from IEA showed that world oil supply declined by 1.2 mb/d in January-2026 to reach an average of 106.6 mb/d led by fall in output from both OPEC+ and non-OPEC+ producers. The decline was led by fall in output from North America operations as severe winter weather conditions disrupted supplies from the region. In addition, disruption in oil production in Kazakhstan continued during the month which, along with the fall in production from Russia and Venezuela due to geopolitical events, lowered the overall output for the OPEC+ countries.

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	3.60	3.62	3.51	3.49	3.59	3.55	(0.04)	(1.39)
Asia Pacific	0.41	0.41	0.38	0.39	0.38	0.39	(0.01)	(4.88)
Total OECD	32.30	31.98	32.31	32.60	32.91	32.45	0.16	0.46
China	4.62	4.67	4.67	4.57	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	1.58	1.59	(0.02)	(1.85)
Latin America	7.55	7.90	7.92	7.98	8.11	7.98	0.43	5.70
Middle East	1.99	2.01	2.03	2.04	2.05	2.03	0.04	2.01
Africa	2.27	2.25	2.24	2.24	2.31	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	19.71	19.69	19.90	19.76	0.45	2.28
Total Non-DoC Production	51.61	51.72	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	54.29	54.60	54.85	55.37	54.78	0.63	1.16
DoC NGLs and non-conventionals	8.63	-	-	-	-	-	-	-
DoC Crude Oil Production	41.93	-	-	-	-	-	-	-
Total World Supply	104.71	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - Feb-2026

The monthly report from OPEC showed no change in the 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 0.63 mb/d in 2026 to reach an average output of 54.78 mb/d during the year. For 2027, the OPEC once gain kept its forecast unchanged as compared to last month and expects non-DoC output to increase by 0.61 mb/d during the year to an average of 55.39 mb/d. Meanwhile, the IEA, in its monthly report, marginally lowered its forecast for world oil supply in 2026. The agency expects world oil output to increase by 2.4 mb/d in 2026 to reach an average of 108.6 mb/d during the year. The IEA expect the increase to be almost equally shared by both OPEC+ and non-OPEC+ producers.

In terms of monthly supplies, the import of Venezuelan oil resumed in the US as refiners stepped up purchases of heavy feedstock from the country. Companies like Chevron are planning to use more Venezuelan crude in their US refineries and hope that output from its joint ventures could rise by about 50% over the next 18 to 24 months. In terms of supplies from Russia, China remained the top buyer of Russian crude as discounts on Russian crude oil widened to new records as sellers reduced prices to attract demand from China and offset the likely loss of sales to India.

Non-DoC Oil Supply - 2026/2027, mb/d	2026	Q1-27	Q2-27	Q3-27	Q4-27	2027	Y-o-Y Growth	% Chg.
Americas	28.51	28.54	28.46	28.70	28.96	28.67	0.16	0.56
of which US	22.32	22.21	22.34	22.38	22.47	22.35	0.03	0.13
Europe	3.55	3.58	3.47	3.42	3.54	3.50	(0.05)	(1.41)
Asia Pacific	0.39	0.39	0.37	0.39	0.39	0.38	(0.01)	(2.56)
Total OECD	32.45	32.50	32.30	32.51	32.88	32.55	0.10	0.31
China	4.62	4.65	4.64	4.54	4.56	4.60	(0.02)	(0.43)
India	0.82	0.81	0.80	0.80	0.81	0.81	(0.01)	(1.22)
Other Asia	1.59	1.58	1.56	1.57	1.58	1.57	(0.02)	(1.26)
Latin America	7.98	8.24	8.28	8.38	8.55	8.36	0.39	4.76
Middle East	2.03	2.08	2.12	2.16	2.24	2.15	0.12	5.91
Africa	2.26	2.31	2.30	2.29	2.29	2.30	0.03	1.77
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36	0.00	0.00
Other Europe	0.09	0.10	0.10	0.10	0.10	0.10	0.00	11.11
Total Non-OECD	19.76	20.13	20.15	20.21	20.50	20.25	0.49	2.48
Total Non-DoC Production	52.21	52.63	52.45	52.72	53.38	52.80	0.59	1.13
Processing gains	2.57	2.59	2.59	2.59	2.59	2.59	0.02	0.78
Total Non-DoC Supply	54.78	55.22	55.04	55.31	55.97	55.39	0.61	1.11

Source: OPEC Monthly Oil Market Report - Feb-2026

OPEC Oil Production & Spare Capacity

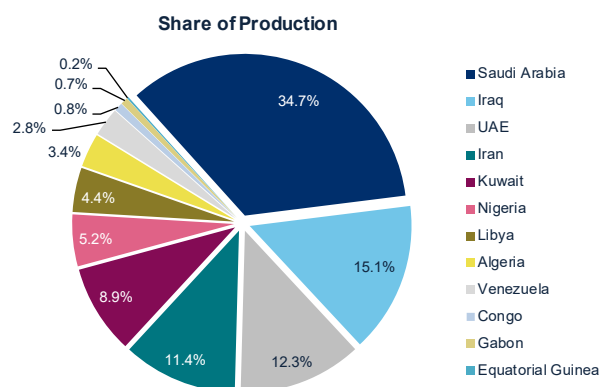
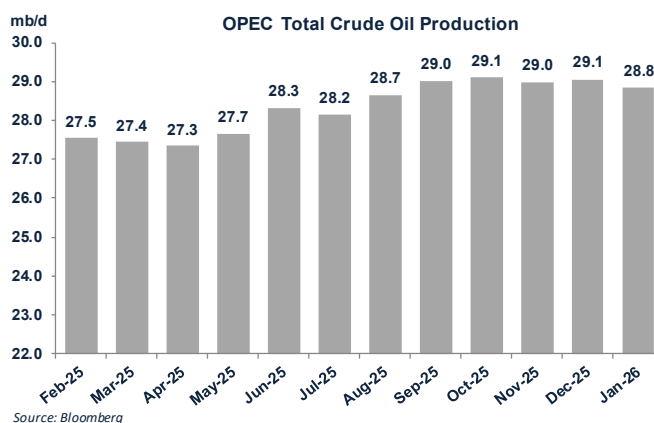
OPEC crude oil production witnessed a steep decline in January-2026 led by a broad-based decline in output for most of the producers in the group. Data from Bloomberg showed output declining by 230 tb/d during the month, the biggest decline in 16 months, to reach an average production of 28.83 mb/d, the lowest level in five months. At the country level, only Iran and Kuwait reported a slight increase in production during the month while most of the other producers reported declines. Oil output from Saudi Arabia remained unchanged at 10 mb/d during the month. Meanwhile, data from OPEC secondary sources showed a slightly smaller monthly production decline of 135 tb/d to reach an average output of 28.45 mb/d during January-2026. As per the OPEC, the decline was mainly led fall in output in Venezuela, Iran and Nigeria while Iraq was the only producer that should a noticeable growth in output with an increase of 38 tb/d to reach an average of 4.2 mb/d.

Production ('000 b/d)	Dec-25	Jan-26	Change		Capacity	Spare Capacity
Total OPEC-12	29,060	28,830	-230	-0.79%	33,690	4,860
Saudi Arabia	10,000	10,000	0	0.0%	12,000	2,000
Iraq	4,370	4,340	-30	-0.7%	4,800	460
UAE	3,590	3,560	-30	-0.8%	4,650	1,090
Iran	3,270	3,300	30	0.9%	3,830	530
Kuwait	2,560	2,570	10	0.4%	2,820	250
Nigeria	1,520	1,490	-30	-2.0%	1,600	110
Libya	1,320	1,280	-40	-3.0%	1,320	40
Algeria	970	970	0	0.0%	1,060	90
Venezuela	900	820	-80	-8.9%	1,000	180
Congo	270	240	-30	-11.1%	300	60
Gabon	230	210	-20	-8.7%	230	20
Equatorial Guinea	60	50	-10	-16.7%	80	30
Total OPEC-11	24,690	24,490	-200	-0.81%	28,890	4,400

Source: Bloomberg

Output from the broader DoC producers group showed a steeper production decline of 439 tb/d, as per OPEC secondary sources, with average output from the broader OPEC+ group reaching 42.45 mb/d during January-2026. The decline was mainly led by a sharp fall in output in Kazakhstan that reported a monthly decline of 249 tb/d. Output from Russia also declined during the month led by attacks on oil infrastructure as well as broadening sanctions from the US on buyers of oil from Russia, including on India. Average output from Russia declined by 58 tb/d during January-2026 to reach 9.2 mb/d. Recent reports show that some members of the OPEC+ group see a scope for resumption of output hikes by the group after the pause ends in March-2026.

Oil production in Kazakhstan declined in January-2026 after a fire in electrical equipment at its Tengiz field. The incident shut production at the field that accounts for nearly 40% of the country's output. Data from SAC FEC showed that average output from the Tengiz oil field fell by two-thirds during January-2026 to 234 tb/d from 692 tb/d in December-2025. Total oil and condensate output fell to 1.3 mb/d during the month after two other major oil fields saw decline in output, including the Kashagan oilfield that saw output down by a third due to maintenance while the output at the Karachaganak oilfield was down by 13%. Output also declined due to restrictions on the Caspian Pipeline Consortium export route after the pipeline was damaged in a drone attack.



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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