

Oil Market Monthly Report

June-2025

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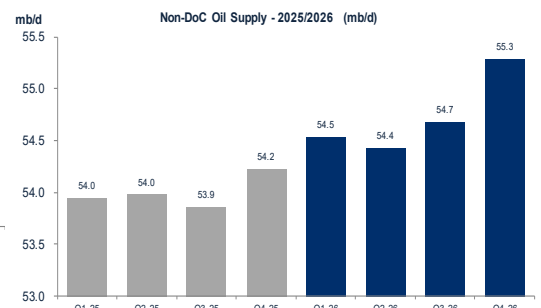
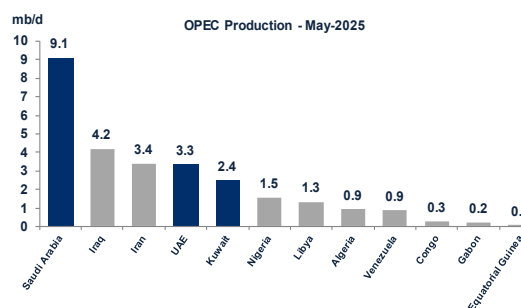
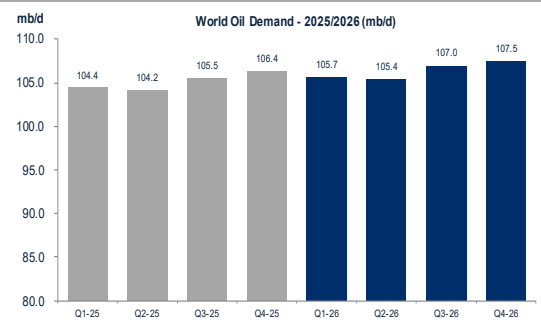
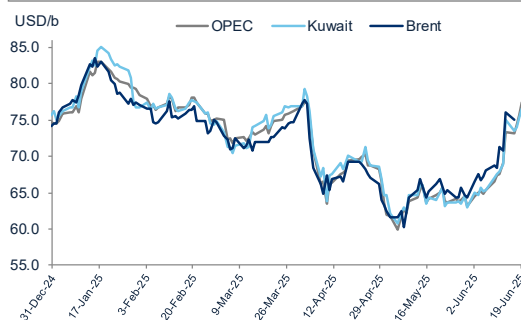
Buffer capacity and demand concerns trim crude oil war premium...

Crude oil prices reached the highest level since mid-January-2025 led by fears of a wider fallout of the ongoing war in the Middle East. The price rise mainly reflected fears that an escalation of the war would result in the closure of the Strait of Hormuz. International shipping companies also expressed fear to their shipments and said to avoid the route during the ongoing war. In addition to the war risk premium, the expected loss of output from Iran due to attacks on its oil facilities also provided a boost to crude oil prices. That said, gains were capped by ample buffer production capacity with other OPEC+ members as well as in the US. A report that China has record inventory of crude oil and would not be forced to stock more oil also capped gains. Also, the failure to impose a lower price cap on Russian crude oil from USD 60/b to USD 45/b by the EU also resulted in muted gains.

Meanwhile, the Strait of Hormuz carries around 15-20% of global crude oil supplies or around 15 to 20 mb/d. Reports showed that in the even of the closure of the route, only a fraction of the output could be shifted to pipelines. This resulted in fears of a supply shortage if the war continues. However, oil producers in the region continued to pump oil and in fact accelerated shipments in order to push out as much supplies as possible on floating tankers before the window narrows or closes. This blunted the rise in crude oil prices during the last week. The market is factoring in supply disruptions only in extreme cases and expects ample crude oil in the market this year. Some comments from the industry also showed that the route will not close as a closure would affect supplies of crude oil to China and India, Iran's two biggest crude oil buyers.

On the demand side, the OPEC kept its oil demand growth forecast unchanged for the current year and for 2026. Although the tariff war has taken a back seat due to the war in the Middle East, the additional tariffs are expected to affect global economic growth and oil demand. Recent economic developments also point to a underwhelming economic growth as US Fed once again kept rates unchanged and lowered forecast for economic growth while in the EU, recent rate cuts shows how regulators and central banks are making efforts to support investments and economy.

In terms of supply, OPEC oil production increased by 200 tb/d during the month. This was the first month when the group implemented its unwinding efforts to raise output. However, the increase was lower than the announced 411 tb/d as some producers lowered output or kept their output same as previous month to account for previous breach of OPEC+ production quotas. The increase was mainly led by higher output mainly from Saudi Arabia and Libya. Meanwhile, oil production in the US increased marginally for the sixth consecutive week to reach 13.43 mb/d, but remained below record levels.

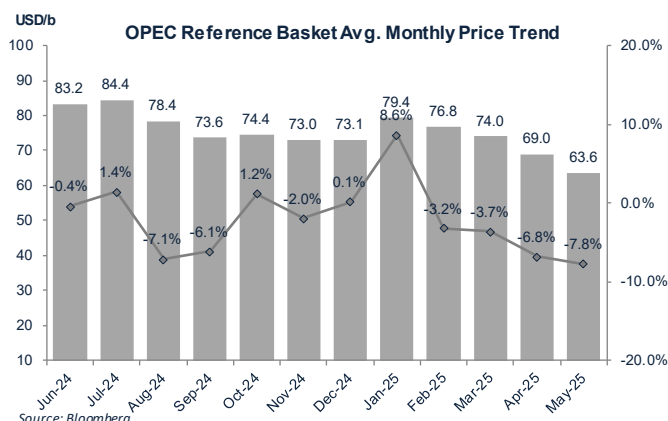


Sources : OPEC, EIA, Bloomberg

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Oil Prices

Crude oil prices surged 14% following the war in the Middle East involving Iran coupled with threats of supply disruption in the region. Brent futures prices closed at USD 78.9/b on Thursday after growing concerns that the US would join the war, however, the news that the US would delay the decision by two weeks resulted in the biggest single day decline in prices in over five weeks by 2.3% with oil closing the week at USD 77.0/b. That said, with the US attacking three nuclear sites in Iran has opened door for further uncertainty in the oil market and has escalated the situation with oil now expected to breach the USD 80/b mark. Some forecasters suggest that oil could even breach the USD 90/b mark, although ample supplies in the oil market in addition to softer trends on the demand front with the tariff war still a looming threat for the oil market could offset some of the gains in prices. Nevertheless, increasing attacks has kept oil traders alert and this was reflected in the bullish bets on Brent crude. According to Bloomberg, money manager have increased their net long position on the crude grade with the biggest gain in eight months since early October-2024 and this could see further gains when the market opens on Monday.



In terms of monthly price trend, prices of all crude grades continued to witness steep declines during May-2025 to reach multi-year low levels reflecting the fears of demand impact from the tariffs imposed by the US government. This was also the fourth consecutive month of decline in average crude oil prices. Average spot Brent crude oil price declined by 5.4% to reach USD 64.1/b during May-2025, the lowest monthly average in more than 50 months since the pandemic-led decline as compared to an average of USD 67.8/b during April-2025. On the other hand, average OPEC reference basket price witnessed a slightly bigger decline of 7.8%, the biggest decline in two years, to reach USD 63.6/b while Kuwait export grade crude prices witnessed the biggest monthly decline of 9.0% to average at USD 63.9/b during May-2025. Meanwhile, the consensus estimate for Brent crude showed sharp downward revisions for the next six quarters. The median consensus forecast for Brent crude grade for Q3-2025 stood at USD 66.0/b, according to data from Bloomberg.

Average Crude Oil Prices, USD/b	Apr-2025	May-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	69.0	63.6	(5.4)	83.7	72.5
Arab Light	70.9	65.0	(5.9)	85.3	74.2
Basrah Light	68.6	63.2	(5.4)	81.7	71.8
Bonny Light	68.5	64.6	(3.9)	86.3	72.5
Djeno	60.3	56.6	(3.7)	76.8	64.3
Es Sider	67.0	63.5	(3.5)	83.9	70.6
Iran Heavy	69.7	63.3	(6.5)	83.4	72.9
Kuwait Export	70.3	63.9	(6.3)	84.3	73.6
Merey	56.7	51.7	(5.0)	70.1	60.2
Murban	67.7	63.6	(4.1)	83.6	72.4
Rabi	67.3	63.6	(3.7)	83.8	71.2
Saharan Blend	68.0	64.5	(3.5)	85.5	72.3
Zafiro	70.1	65.0	(5.1)	85.6	73.7
Other Crudes					
Brent	67.8	64.1	(3.7)	84.2	71.7
Dubai	67.8	63.6	(4.2)	83.4	72.4
Isthmus	63.7	61.6	(2.1)	77.4	67.4
LLS	65.3	63.4	(1.9)	81.7	70.3
Mars	64.2	62.1	(2.1)	79.0	68.8
Minas	71.5	67.2	(4.2)	87.6	74.8
Urals	54.1	51.1	(3.1)	67.1	58.1
WTI	63.1	61.1	(2.0)	78.9	67.7
Differentials					
Brent/WTI	4.7	3.0	(1.7)	5.3	4.0
Brent/LLS	2.5	0.7	(1.8)	2.6	1.4
Brent/Dubai	(0.0)	0.5	0.6	0.8	(0.7)

Source: OPEC Monthly Oil Market Report - June-2025

World Oil Demand

Global oil demand growth forecast for 2025 was kept unchanged in the latest monthly report from OPEC at 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. As per the report, there were upward revisions to demand data for Q1-2025 for OECD Americas and the OECD Europe regions. Demand estimates for the US were upgraded by 0.21 mb/d for Q1-2025 while estimates for Europe were upgraded by 0.13 mb/d. These adjustments were also reflected in forecasts for the full year 2025 with demand in the US higher by 0.062 while for OECD Europe, the demand is expected to be higher by 0.025 mb/d. the overall OECD region, demand growth was upgraded by 0.07 mb/d for the year. On the other hand, there were downward revisions to forecasts mainly for Q2-2025 to demand data for key countries in the non-OECD region. This included lowered growth forecasts for both India and China reflecting the impact of the tariffs announced by the US government and the counter tariffs imposed by China on goods coming from the US.

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	24.89	24.94	25.32	25.20	25.09	0.14	0.60
of which US	20.42	20.44	20.46	20.67	20.72	20.57	0.15	0.73
Europe	13.51	12.93	13.56	14.06	13.52	13.52	0.00	0.07
Asia Pacific	7.21	7.53	7.01	6.95	7.41	7.22	0.01	0.14
Total OECD	45.67	45.35	45.51	46.32	46.13	45.83	0.16	0.35
China	16.65	16.86	16.56	17.03	17.04	16.87	0.22	1.32
India	5.55	5.70	5.78	5.50	5.91	5.72	0.17	3.06
Other Asia	9.66	9.86	10.23	9.75	9.75	9.90	0.24	2.48
Latin America	6.77	6.79	6.91	6.98	6.93	6.90	0.13	1.92
Middle East	8.85	8.79	8.73	9.28	9.15	8.99	0.14	1.58
Africa	4.64	4.86	4.50	4.68	5.06	4.78	0.13	3.02
Russia	3.98	4.01	3.85	4.04	4.19	4.02	0.04	1.01
Other Eurasia	1.26	1.41	1.29	1.18	1.32	1.30	0.04	3.17
Other Europe	0.80	0.82	0.83	0.77	0.87	0.82	0.02	2.50
Total Non-OECD	58.17	59.09	58.68	59.21	60.23	59.31	1.13	1.96
Total World	103.84	104.44	104.19	105.53	106.36	105.13	1.29	1.24

Source: OPEC Monthly Oil Market Report - June-2025

The latest data on crude oil imports in China shows a decline during May-2025. Crude oil imports stood at 10.97 mb/d during May-2025, down from 11.69 mb/d during April-2025. This decline was partially offset by a slightly higher domestic production that stood at 4.35 mb/d during May-2025 vs. 4.31 mb/d during April-2025. Meanwhile, demand in India remained elevated with refiners importing record amount of crude oil during May-2025. the trend indicates growing consumption of refined products in India, particularly diesel, gasoline and jet fuel.

World oil demand growth forecast for 2026 was also kept broadly unchanged by the OPEC at 1.28 mb/d with demand expected to reach 106.42 mb/d during the year. There were, however, minor adjustments to forecasts for both OECD and non-OECD countries. Longer term forecasts from the IEA showed crude oil demand peaking at 105.6 mb/d in 2029 with China expected to see an early demand peak during 2027 due to growth in EVs. The agency said that slower adoption of EVs and cheaper gasoline are expected to support consumption in the US.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.09	24.97	24.96	25.44	25.24	25.15	0.06	0.24
of which US	20.57	20.47	20.48	20.80	20.74	20.62	0.05	0.24
Europe	13.52	12.96	13.55	14.09	13.51	13.53	0.01	0.07
Asia Pacific	7.22	7.55	7.01	6.94	7.41	7.23	0.01	0.14
Total OECD	45.83	45.47	45.52	46.47	46.16	45.91	0.08	0.17
China	16.87	17.00	16.81	17.30	17.23	17.09	0.21	1.30
India	5.72	5.91	6.04	5.74	6.18	5.97	0.25	4.37
Other Asia	9.90	10.10	10.47	10.05	10.04	10.17	0.27	2.73
Latin America	6.90	6.92	7.04	7.10	7.06	7.03	0.13	1.88
Middle East	8.99	8.93	8.89	9.47	9.24	9.13	0.14	1.56
Africa	4.78	4.97	4.63	4.80	5.14	4.88	0.11	2.09
Russia	4.02	4.06	3.89	4.09	4.23	4.07	0.04	1.24
Other Eurasia	1.30	1.47	1.31	1.20	1.34	1.33	0.03	2.31
Other Europe	0.82	0.83	0.83	0.80	0.90	0.84	0.02	2.44
Total Non-OECD	59.31	60.20	59.91	60.55	61.36	60.51	1.20	2.02
Total World	105.13	105.68	105.43	107.01	107.52	106.42	1.28	1.23

Source: OPEC Monthly Oil Market Report - June-2025

World Oil Supply

World oil supply increased by 0.33 mb/d during May-2025 to reach 105.0 mb/d, according to data from the IEA. The increase was led by higher output from both the OPEC+ and non-OPEC+ producers. The increase in OPEC+ output reflected recently announced unwinding of voluntary output cuts. OPEC+ production stood at 42.21 mb/d during the month vs. 42.05 mb/d during April-2025, as per IEA estimates. Forecasts from the IEA showed world oil supply is forecasted to increase by 1.8 mb/d to 104.9 mb/d during 2025 mainly led by an increase in non-OPEC+ output by 1.4 mb/d. Supply is expected to increase by another 1.1 mb/d in 2026, once again reflecting higher output from non-OPEC+ by 840 tb/d, respectively.

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	28.04	28.08	28.15	28.29	28.14	0.43	1.55
of which US	21.76	21.84	22.15	22.15	22.14	22.07	0.31	1.42
Europe	3.53	3.59	3.62	3.53	3.61	3.59	0.05	1.70
Asia Pacific	0.44	0.40	0.43	0.43	0.43	0.42	(0.01)	(4.55)
Total OECD	31.68	32.04	32.12	32.11	32.34	32.15	0.47	1.48
China	4.56	4.69	4.61	4.52	4.53	4.59	0.02	0.66
India	0.80	0.83	0.82	0.82	0.80	0.82	0.02	2.50
Other Asia	1.61	1.62	1.61	1.56	1.57	1.59	(0.02)	(1.24)
Latin America	7.22	7.42	7.47	7.49	7.64	7.50	0.28	3.88
Middle East	1.99	2.01	2.02	2.00	1.99	2.00	0.01	0.50
Africa	2.33	2.32	2.31	2.33	2.32	2.32	(0.01)	(0.43)
Other Eurasia	0.37	0.36	0.36	0.37	0.37	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	19.34	19.29	19.18	19.32	19.28	0.29	1.47
Total Non-DoC Production	50.68	51.38	51.41	51.29	51.66	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	53.95	53.98	53.86	54.23	54.01	0.81	1.52
DoC NGLs and non-conventionals	8.29	-	-	-	-	8.39	0.10	1.19
DoC Crude Oil Production	40.86	40.91	-	-	-	-	-	-
Total World Supply	102.35	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - June-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 54.0 mb/d. There were revisions at the country level with downward revision to supply forecast for the US that was partially offset by a slight upward revision to supply estimates for OECD Europe and non-OECD supplies.

The supply forecast for the overall Americas region and for the US was once again lowered by 0.03 mb/d, indicating cuts to supply forecast mainly for the US. The lowered forecast for the aligns with the latest report on rig count in the US. According to Baker Hughes, oil rig count in the US showed eighth consecutive week of decline during the week ended 20-June-2025 to reach 438 rigs, the lowest rig count since October-2021. The decline reflected weak fundamentals in the oil market with crude oil trading at around the USD 65/b before the current geopolitical crisis. However, the pace of decline in oil rigs have slowed significantly over the last few weeks and could even see an increase after oil prices got a boost from the Middle East situation. Moreover, improving well productivity was also seen with US crude oil production showing marginal but consistent increase over the last few weeks to reach 13.43 mb/d during the week ended 13-June-2025.

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	28.23	28.24	28.54	28.86	28.47	0.33	1.17
of which US	22.07	22.00	22.25	22.35	22.52	22.28	0.21	0.95
Europe	3.59	3.61	3.50	3.48	3.58	3.54	(0.04)	(1.39)
Asia Pacific	0.42	0.43	0.40	0.41	0.40	0.41	(0.01)	(2.38)
Total OECD	32.15	32.26	32.15	32.42	32.84	32.42	0.27	0.84
China	4.59	4.64	4.63	4.54	4.53	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	1.59	1.59	1.57	1.55	1.56	1.57	(0.02)	(1.26)
Latin America	7.50	7.83	7.87	7.93	8.05	7.92	0.42	5.60
Middle East	2.00	2.02	2.04	2.05	2.06	2.04	0.04	2.00
Africa	2.32	2.31	2.29	2.29	2.37	2.31	(0.01)	(0.43)
Other Eurasia	0.36	0.36	0.37	0.37	0.37	0.37	0.00	2.78
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.00
Total Non-OECD	19.28	19.68	19.68	19.66	19.85	19.72	0.43	2.28
Total Non-DoC Production	51.44	51.94	51.83	52.08	52.69	52.14	0.70	1.36
Processing gains	2.57	2.60	2.60	2.60	2.60	2.60	0.03	1.17
Total Non-DoC Supply	54.01	54.54	54.43	54.68	55.29	54.74	0.73	1.35

Source: OPEC Monthly Oil Market Report - June-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production increased after two consecutive months of declines during May-2025. The increase reflected unwinding of production cuts by OPEC+ countries in which the group decided to increase production by 411 tb/d. As per Bloomberg data, average OPEC production stood at 27.54 mb/d during the month, the highest in seventeen months, after registering an increase of 0.2 mb/d as compared to the previous month. The increase was led by a broad-based increase in production across producers in the group with only Iran and Venezuela reporting marginal declines while the rest of the countries showed higher production. On the other hand, data from OPEC secondary sources showed a relatively smaller production growth of 183 tb/d with production averaging at 27.0 mb/d during May-2025. The data from OPEC also showed a broad-based growth in production that was partially offset by marginal decline in production in Iran and Iraq.

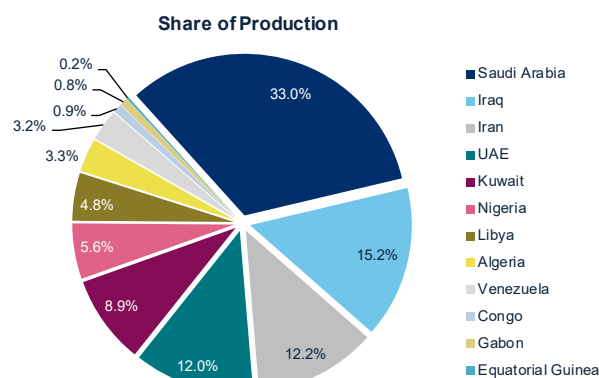
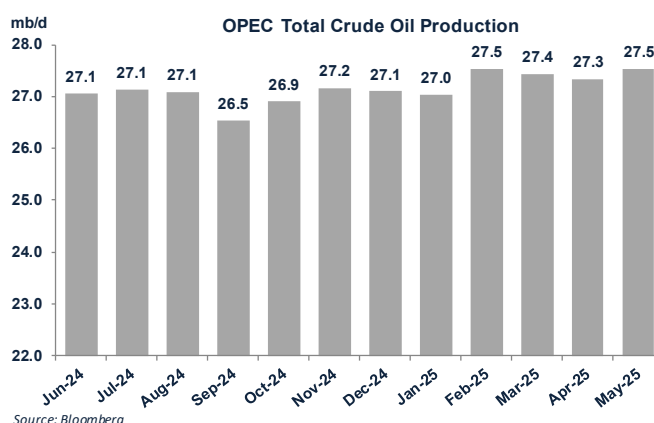
Production ('000 b/d)	Apr-25	May-25	Change		Capacity	Spare Capacity
Total OPEC-12	27,340	27,540	200	0.73%	33,640	6,100
Saudi Arabia	8,970	9,080	110	1.2%	12,000	2,920
Iraq	4,180	4,180	0	0.0%	4,800	620
Iran	3,390	3,360	-30	-0.9%	3,830	470
UAE	3,300	3,310	10	0.3%	4,650	1,340
Kuwait	2,430	2,440	10	0.4%	2,820	380
Nigeria	1,500	1,530	30	2.0%	1,600	70
Libya	1,270	1,320	50	3.9%	1,290	-30
Algeria	910	920	10	1.1%	1,060	140
Venezuela	880	870	-10	-1.1%	980	110
Congo	240	250	10	4.2%	300	50
Gabon	220	220	0	0.0%	230	10
Equatorial Guinea	50	60	10	20.0%	80	20
Total OPEC-11	23,160	23,360	200	0.86%	28,840	5,480

Source: Bloomberg

Output from the broader DoC producers group showed a production growth of 180 tb/d after output from the non-OPEC DoC countries showed a marginal output decline of 3 tb/d during the month. This decline was mainly led by lower output from Kazakhstan that was partially offset by marginal growth in output from South Sudan.

Meanwhile, the OPEC+ once again announced to increase daily crude oil production by the group for the third consecutive month by another 411 tb/d for July-2025. This along with the announced increases for the previous months would mean a total increase of 1.4 mb/d out of the 2.2 mb/d in pledged cuts. There were also speculations on the impact of the ongoing war in the Middle East on the unwinding of the output, with majority of the analysts expected OPEC+ to stick to its decision to increase output. The higher prices would also enable countries with higher than pledged outputs to comply with their quotas with minimal impact on oil revenues.

At the country level, the biggest increase in production was recorded in Saudi Arabia that produced over 9.0 mb/d during the month. Bloomberg data showed production in the Kingdom at 9.08 mb/d after an increase of 110 tb/d from previous month while OPEC secondary sources showed a much larger production rate of 9.18 mb/d with a monthly increase of 177 tb/d during May-2025. Libya also showed a healthy production growth of around 50 tb/d during the month with production reaching the highest average monthly rate in 12 years at 1.32 mb/d.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-25	Q3-25	Q4-25	Q1-26
Bank Mandiri PT	17/Jun/25	73.2	70.2	66.5	66.8
MARC Ratings Berhad	17/Jun/25	67.0	69.0	68.0	
Morgan Stanley	16/Jun/25	72.5	67.5	65.0	60.0
JPMorgan Chase & Co	12/Jun/25	67.0	63.0	61.0	55.0
Westpac Banking Corp	12/Jun/25	63.3	56.3	59.0	60.0
Goldman Sachs Group Inc/The	11/Jun/25	65.0	61.0	59.0	57.0
JYSKE BANK AS	10/Jun/25	60.0	58.0	57.0	55.0
United States Department of Energy	10/Jun/25	65.0	62.0	61.0	60.0
Bank of America Merrill Lynch	6/Jun/25	76.0	74.0	72.0	72.0
Landesbank Baden-Wuerttemberg	4/Jun/25	70.0	65.0	60.0	60.0
Citigroup Inc	30/May/25	62.0	63.0	63.0	65.0
UBS Group AG	30/May/25	68.0	68.0	68.0	68.0
Intesa Sanpaolo SpA	23/May/25	65.0	67.0	70.0	70.0
Kshitij Consultancy Services Pvt Ltd	23/May/25	66.0	64.0	65.0	66.0
BNP Paribas SA	20/May/25	67.0	67.0	62.0	60.0
RBC	15/May/25	69.0	65.0	64.0	63.0
ING Groep NV	8/May/25	64.0	62.0	59.0	58.0
Rabobank	1/May/25	63.0	57.0	58.0	59.0
Standard Chartered Bank	1/May/25	53.0	52.0	65.0	71.0
MUFG Bank	30/Apr/25	65.0	63.0	62.0	64.0
Banco Santander SA	25/Apr/25	62.5	61.5	60.0	
Barclays PLC	23/Apr/25	65.0	65.0	65.0	
Tradingeconomics.com	17/Apr/25	66.1	67.4	68.7	70.1
Australia & New Zealand Banking Group Ltd	16/Apr/25	55.0	60.0	71.0	75.0
HSBC Holdings PLC	15/Apr/25	67.0	67.0	65.0	65.0
MPS Capital Services Banca per le Imprese SpA	15/Apr/25	68.0	69.0	70.0	
Commerzbank AG	10/Apr/25	65.0	65.0	65.0	70.0
Julius Baer	9/Apr/25	60.0	60.0	60.0	60.0
Capital Economics Ltd	24/Mar/25	71.5	71.0	70.5	
Market Risk Advisory Co Ltd	24/Mar/25	72.8	72.0	72.0	72.0
Panmure Liberum	18/Mar/25	71.0	70.0	70.0	69.0
Societe Generale SA	18/Mar/25	72.5	72.5	70.0	
Macquarie Group Ltd	11/Mar/25	66.0	72.0	72.0	
Emirates NBD PJSC	28/Feb/25	75.0	72.5	70.0	70.0
Natixis SA	19/Feb/25	70.0	75.0	73.0	74.0
Deutsche Bank AG	10/Feb/25	74.0	70.0	70.0	
Median		66.5	66.0	65.0	65.0
Mean		66.7	65.7	65.5	64.8
High		76.0	75.0	73.0	75.0
Low		53.0	52.0	57.0	55.0
Current Fwd		68.5	75.7	73.1	71.9
Difference (Median - Current)		-1.9	-9.7	-8.1	-6.9

Source: Bloomberg

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