

Oil Market Monthly Report

June-2026

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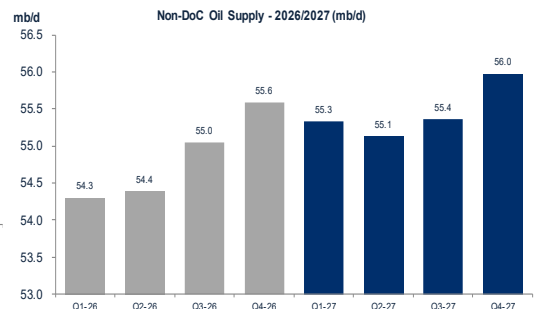
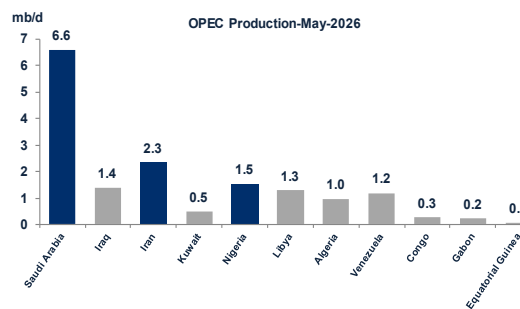
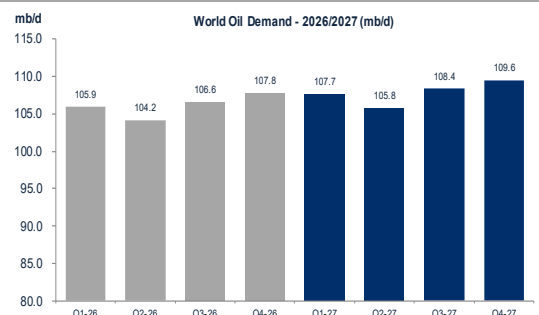
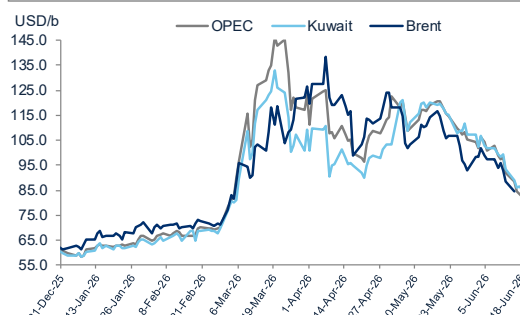
Crude oil prices recede on US-Iran fragile peace deal...

Crude oil prices reached levels last seen at the start of the US-Iran war last week led by the interim peace deal announced between the US and Iran. The key announcement from the deal was reopening of the Strait of Hormuz after roughly four months of war. Brent settled around USD 80.57/b on Friday, down 7.7% on the week but still roughly 30% higher year-to-date, as traders weigh the reopening against persistent risks. These risks materialized soon over the weekend with Iran declaring the closure of the Strait of Hormuz citing ceasefire violations in southern Lebanon, while still sending negotiators to talks in Switzerland. On the other hand, the war between Russia and Ukraine escalated with increasing attacks on Russian oil infrastructure, deep inside its territory.

Meanwhile, the US-Iran deal sent conflicting signals for the oil market that led to increasing uncertainty and volatility. Iran said that ships need its permission, mandatory (currently free) insurance, and must follow its prescribed route and could face future tolls, while Western naval forces (JMIC) say the southern Omani route is open day or night, and the US recommends transiting dark. A reported mine near Oman's coast, lingering mines mid-strait, and slowed tanker traffic add to caution.

On the demand side, the war has significantly and indirectly led to demand destruction, prompting forecasters to slash 2026 estimates. The IEA cut its full-year outlook by about 1.7 mb/d since January and now sees a demand contraction of 1.1 mb/d. The EIA has slashed its forecast by nearly 2 mb/d, and even OPEC trimmed its projection for a second straight month. China helped absorb the shock by importing fewer barrels and tapping commercial reserves, while Asian refiners cut runs. However, analysts expect a sharp rebound: the IEA projects a return to growth of 1.1 mb/d in Q4 and 2 mb/d in 2027, driven by seasonal summer/driving-season demand, falling prices, and pent-up Chinese buying. Asian refiners are already inundated with cargo offers, though they may not immediately need the incoming wave having secured near-term barrels.

On the supply side, a massive restart is underway by producers in the Gulf region. Nearly 80 million barrels are stored on around 40 supertankers in the Persian Gulf ready to cross the Strait of Hormuz, with around 100+ laden tankers stuck inside. Market watchers indicate that around 90% of the affected crude oil production would be back by year end. Iran has already shipped around 20 million barrels from Chabahar and resuming Kharg Island loadings after the US lifted its naval blockade. Iraq ordered five major fields with plans to raise output to 3 mb/d, and Kuwait aims to exceed 2 mb/d within a week. The UAE is selling tenders and expanding Hormuz-bypass pipelines, and ADNOC told buyers to resume loadings. OPEC oil production (excluding the UAE) reached 16.7 mb/d during May-2026.

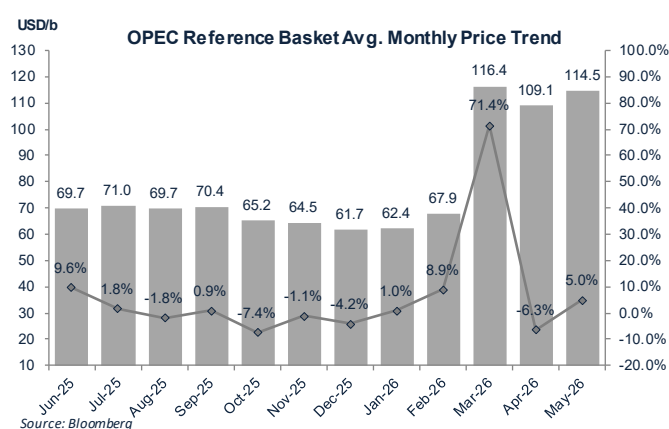


Sources : OPEC, EIA, Bloomberg

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Oil Prices

The global oil market remained volatile last week dropping 7.7% during the week after the US and Iran signed a memorandum of understanding to reopen the Strait of Hormuz following a four-month wartime closure. This interim peace agreement initially drove optimism and pushed crude down below the USD 80/b level for the first time since the first week of March-2026 at USD 79/b a sharp decline from previous wartime peaks. However, Brent futures rebounded to trade just above USD 80 per barrel (with WTI crude tracking near USD 77.54/b) due to a sudden slowdown in Persian Gulf tanker traffic and delays in permanent peace negotiations sparked by escalating military clashes in southern Lebanon that led Iran to close the Strait of Hormuz. In addition, the actual available crude oil on floating storages in the region as well as the speed at which the producers in the region ramp up output would determine the direction of crude oil prices in the coming months. A number of producers have already announced plans to increase output in the coming weeks.



Crude oil traded 35% below its wartime peak yet still roughly 30% higher YTD since full normalization will take months. While global prices are expected to moderate as the critical shipping corridor gradually normalizes, the immediate trend remains caught in a stop-and-start pattern as traders balance the potential influx of regional supply against ongoing maritime risks, logistical constraints, and newly proposed Iranian transit controls.

In terms of monthly price trend, average crude oil price change remained mixed during May-2026. Average spot Brent crude oil price declined for the first time after three consecutive months of gains and reached USD 107.8/b during the month vs. USD 121.4/b last month, registering a fall of 11.2%. On the other hand, average OPEC reference basket price witnessed a gain for the fourth consecutive month and was up 5% to reach USD 114.6/b vs. USD 109.1/b during the previous month, while Kuwait export grade crude prices witnessed a bigger gain of 12.3% to average at USD 118.7/b during May-2026 as compared to USD 105.7/b during the previous month.

Average Crude Oil Prices, USD/b	Apr-2026	May-2026	Change (USD)	YTD Avg. 2025	YTD Avg. 2026
OPEC Reference Basket	109.1	114.6	5.5	72.5	94.5
Arab Light	107.2	122.1	14.9	74.2	96.9
Basrah Light	108.4	120.2	11.8	71.8	95.3
Bonny Light	122.1	114.7	(7.5)	72.5	96.5
Djeno	114.0	100.4	(13.6)	64.3	87.0
Es Sider	125.8	111.8	(14.0)	70.6	96.1
Iran Heavy	105.2	115.4	10.2	72.9	95.0
Kuwait Export	105.7	118.7	13.0	73.6	95.7
Merey	90.5	82.8	(7.7)	60.2	71.3
Murban	104.5	102.2	(2.3)	72.4	90.6
Rabi	120.9	107.3	(13.6)	71.2	94.0
Saharan Blend	133.4	109.0	(24.4)	72.3	97.9
Zafiro	121.2	107.6	(13.6)	73.7	93.5
Other Crudes					
Brent	121.4	107.8	(13.6)	71.7	94.5
Dubai	105.6	101.3	(4.3)	72.4	93.7
Isthmus	101.0	102.5	1.5	67.4	82.7
LLS	102.8	100.6	(2.2)	70.3	85.8
Mars	104.0	101.9	(2.1)	68.8	85.7
Minas	133.3	118.0	(15.3)	74.8	102.5
Urals	95.6	84.1	(11.5)	58.1	66.7
WTI	98.6	99.2	0.5	67.7	83.0
Differentials					
Brent/WTI	22.8	8.6	(14.1)	4.0	11.5
Brent/LLS	18.6	7.2	(11.4)	1.4	8.7
Brent/Dubai	15.8	6.5	(9.3)	(0.7)	0.8

Source: OPEC Monthly Oil Market Report - Jun-2026

World Oil Demand

Global oil demand forecasts for 2026 reflect a stark divide between major energy agencies as they assess the fallout from months of geopolitical disruptions and high fuel prices in the Middle East. The International Energy Agency (IEA) and the US Energy Information Administration (EIA) both project a sharp contraction, predicting that global oil demand will decline by roughly 1.1 mb/d in 2026, dropping the total down to around 103.3 mb/d for the IEA and 102.9 million b/d for the EIA. The IEA attributed this substantial downgrade to intense consumption pullbacks across Asia and Europe following the prolonged closure of the Strait of Hormuz. Conversely, OPEC remains the outliers regarding the immediate near term; while the group recently trimmed its 2026 growth forecast for a second consecutive month due to slowing regional and Indian consumption, it still projects that global demand will actually expand by 970,000 b/d to reach a total of roughly 106.1 mb/d.

Looking ahead to 2027, the major forecasting bodies strongly converge on expectations of a strong, synchronized demand rebound fueled by restoring energy supply corridors and softening crude prices. The EIA anticipates the most aggressive

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.43	25.60	25.27	26.10	25.61	25.65	0.22	0.87
of which US	20.74	20.93	20.71	21.30	20.85	20.95	0.21	1.01
Europe	13.43	12.87	13.52	13.69	13.40	13.37	(0.06)	(0.45)
Asia Pacific	7.10	7.22	6.52	6.84	7.38	6.99	(0.11)	(1.55)
Total OECD	45.95	45.68	45.31	46.63	46.39	46.01	0.06	0.13
China	16.88	17.24	16.65	17.26	17.29	17.11	0.22	1.36
India	5.65	5.85	5.71	5.54	6.08	5.80	0.14	2.65
Other Asia	9.85	10.15	10.20	9.96	9.99	10.07	0.22	2.23
Latin America	6.94	6.94	7.08	7.13	7.09	7.06	0.12	1.73
Middle East	8.82	8.65	8.40	8.97	9.10	8.78	(0.04)	(0.45)
Africa	4.92	5.07	4.80	5.00	5.39	5.07	0.15	3.05
Russia	4.01	4.07	3.87	4.06	4.21	4.05	0.05	1.00
Other Eurasia	1.31	1.44	1.33	1.20	1.37	1.34	0.03	2.29
Other Europe	0.83	0.83	0.82	0.82	0.92	0.85	0.02	2.41
Total Non-OECD	59.21	60.24	58.86	59.94	61.43	60.12	0.91	1.54
Total World	105.16	105.92	104.17	106.57	107.82	106.13	0.97	0.92

Source: OPEC Monthly Oil Market Report - Jun-2026

structural recovery, forecasting global liquid fuels consumption to surge by 2.5 mb/d to a total of 105.3 mb/d. The IEA similarly expects a return to growth of approximately 2 mb/d, which would lift global demand to 105.3 mb/d. OPEC aligns with this optimistic longer-term trajectory, raising its own 2027 outlook to predict robust growth of 1.73 mb/d. This broad 2027 expansion is expected to be anchored heavily by non-OECD demand centers, with strengthening industrial activity in India and China leading the global sequential normalization. Longer term, in its World Oil Outlook 2026, OPEC projects that global oil demand will experience robust, uninterrupted growth through the middle of the century, climbing to 124.1 mb/d by 2050 with no demand peak in sight. This trajectory marks an increase of approximately 19 mb/d from 2025 levels, heavily driven by a 23% expansion in overall global energy demand fueled by population growth, rapid urbanization, and rising living standards in developing economies. Geographically, long-term growth is almost exclusively concentrated in non-OECD nations projected to rise by 26.9 mb/d with India, Africa, and the Middle East serving as the primary anchors.

World Oil Demand - 2026/2027, mb/d	2026	Q1-27	Q2-27	Q3-27	Q4-27	2027	Y-o-Y Growth	% Chg.
Americas	25.65	25.67	25.34	26.23	25.72	25.74	0.10	0.35
of which US	20.95	21.01	20.78	21.39	20.93	21.03	0.08	0.38
Europe	13.37	12.94	13.61	13.76	13.46	13.45	0.07	0.60
Asia Pacific	6.99	7.27	6.57	6.87	7.41	7.03	0.04	0.57
Total OECD	46.01	45.88	45.52	46.87	46.59	46.22	0.21	0.46
China	17.11	17.43	16.85	17.53	17.57	17.35	0.24	1.40
India	5.80	6.15	6.00	5.83	6.38	6.09	0.30	5.00
Other Asia	10.07	10.47	10.50	10.23	10.28	10.37	0.29	2.98
Latin America	7.06	7.07	7.23	7.25	7.22	7.19	0.14	1.84
Middle East	8.78	8.97	8.67	9.30	9.37	9.08	0.30	3.42
Africa	5.07	5.23	4.95	5.18	5.55	5.23	0.16	3.16
Russia	4.05	4.12	3.92	4.10	4.26	4.10	0.05	1.23
Other Eurasia	1.34	1.48	1.36	1.24	1.40	1.37	0.03	2.24
Other Europe	0.85	0.85	0.84	0.84	0.94	0.87	0.02	2.35
Total Non-OECD	60.12	61.77	60.30	61.50	62.97	61.64	1.52	2.53
Total World	106.13	107.65	105.83	108.37	109.56	107.86	1.73	1.63

Source: OPEC Monthly Oil Market Report - Jun-2026

World Oil Supply

World oil supply continued to decline during May-2026 after a sharp fall during the previous two months. Data from IEA showed that world oil supply declined by an additional 0.6 mb/d during May-2026 to reach 94.5 mb/d following a 1.8 mb/d decline in April-2026. This was also 13.6 mb/d below the pre-war levels. The decline was mainly led by a fall in production from the Gulf countries due to the closure of the Strait of Hormuz.

Global oil supply forecasts for 2026 highlight a significant contraction due to the severe geopolitical conflict in the Middle East, though the degree of impact varies across forecasts. The IEA outlines the steepest decline, forecasting that global oil supply

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	28.82	29.04	28.56	0.26	0.95
of which US	22.22	21.78	22.40	22.60	22.69	22.37	0.15	0.68
Europe	3.63	3.76	3.59	3.54	3.65	3.64	0.01	0.28
Asia Pacific	0.41	0.39	0.38	0.39	0.38	0.39	(0.02)	(4.88)
Total OECD	32.32	32.10	32.39	32.74	33.07	32.58	0.26	0.80
China	4.62	4.74	4.68	4.57	4.57	4.64	0.02	0.43
India	0.82	0.82	0.82	0.82	0.83	0.82	0.00	0.00
Other Asia	1.64	1.64	1.63	1.61	1.61	1.62	(0.02)	(1.22)
Latin America	7.55	8.11	8.04	8.09	8.22	8.12	0.57	7.55
Middle East	1.99	1.63	1.59	1.95	1.96	1.78	(0.21)	(10.55)
Africa	2.27	2.24	2.23	2.24	2.31	2.25	(0.01)	(0.88)
Other Eurasia	0.36	0.35	0.35	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	19.34	19.62	19.43	19.73	19.94	19.68	0.35	1.76
Total Non-DoC Production	51.66	51.73	51.82	52.47	53.01	52.26	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	54.20	54.30	54.39	55.04	55.58	54.83	0.63	1.16
DoC NGLs and non-conventionals	8.63	8.69	8.75	8.74	8.87	8.76	0.13	1.55
DoC Crude Oil Production	41.93	39.87	-	-	-	-	-	-
Total World Supply	104.76	102.86	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - Jun-2026

will drop by 3.9 mb/d to an average of 102.4 mb/d in 2026, largely because a significant volumes of crude remained stranded inside the Persian Gulf during the four-month blockade. The US EIA takes a slightly less severe stance for the year, expecting total non-OPEC supply and OPEC NGLs to grow by roughly 1.4 mb/d, bolstered by robust expansion from South American producers like Brazil, Guyana, and Argentina, while keeping US crude output steady at 13.6 mb/d. Meanwhile, OPEC's assessments project a more stable outlook, forecasting non-OPEC supply growth of 0.63 mb/d to reach 54.83 mb/d in 2026, with an estimated call on OPEC+ crude hovering around 43 mb/d.

In contrast, forecasts for 2027 point toward a steep supply expansion as regional infrastructure recovers and production targets adjust. The IEA projects a sharp 8 mb/d surge in global supply to 110.3 mb/d, fueled by the steady restoration of Middle East exports following the US-Iran peace accord alongside an increase in OPEC+ output targets. The EIA also predicts a substantial 1.5 mb/d supply increase for 2027, driven primarily by non-OPEC+ countries and an upward revision in US crude production to 13.8 mb/d. OPEC remains closely aligned on the expansionary path for 2027, estimating that non-OPEC supply will grow by an additional 0.62 mb/d to reach 55.45 mb/d, while the call on OPEC+ crude is expected to rise to 43.6 mb/d.

Non-DoC Oil Supply - 2026/2027, mb/d	2026	Q1-27	Q2-27	Q3-27	Q4-27	2027	Y-o-Y Growth	% Chg.
Americas	28.56	28.58	28.51	28.75	29.01	28.71	0.16	0.53
of which US	22.37	22.26	22.39	22.43	22.52	22.40	0.03	0.13
Europe	3.64	3.62	3.52	3.46	3.58	3.55	(0.09)	(2.47)
Asia Pacific	0.39	0.38	0.36	0.38	0.38	0.38	(0.01)	(2.56)
Total OECD	32.58	32.59	32.39	32.60	32.97	32.64	0.06	0.18
China	4.64	4.67	4.65	4.56	4.58	4.62	(0.02)	(0.43)
India	0.82	0.81	0.80	0.80	0.81	0.81	(0.01)	(1.22)
Other Asia	1.62	1.60	1.59	1.60	1.61	1.60	(0.02)	(1.23)
Latin America	8.12	8.38	8.42	8.52	8.69	8.50	0.39	4.68
Middle East	1.78	1.94	1.96	1.97	1.99	1.96	0.18	10.11
Africa	2.25	2.29	2.28	2.27	2.27	2.28	0.02	1.33
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	19.68	20.15	20.15	20.17	20.41	20.22	0.54	2.74
Total Non-DoC Production	52.26	52.74	52.54	52.77	53.38	52.86	0.60	1.15
Processing gains	2.57	2.59	2.59	2.59	2.59	2.59	0.02	0.78
Total Non-DoC Supply	54.83	55.33	55.13	55.36	55.97	55.45	0.62	1.13

Source: OPEC Monthly Oil Market Report - Jun-2026

OPEC Oil Production & Spare Capacity

OPEC crude oil production continued to see decline during May-2026 reaching multi-decades low levels during the month as the Strait of Hormuz continued to remain blocked by Iran and the US that resulted in limited output from the region and significantly hampered exports. Average group output declined by 1.2 mb/d during the month and stood at 16.3 mb/d (excluding output from the UAE), according to data from Bloomberg. Within the group, Iran witnessed the steepest decline of 710 tb/d with output averaging at 3.1 mb/d during May-2026 followed by Kuwait and Saudi Arabia also with significant m-o-m declines. These declines were partially offset by higher output in Venezuela and Iraq that reported an increase of 40 tb/d each during May-2026 followed by Equatorial Guinea and Gabon with marginal increase in production during the month. Data from the IEA and OPEC secondary sources also showed decline in output from the group. As per the IEA, OPEC production

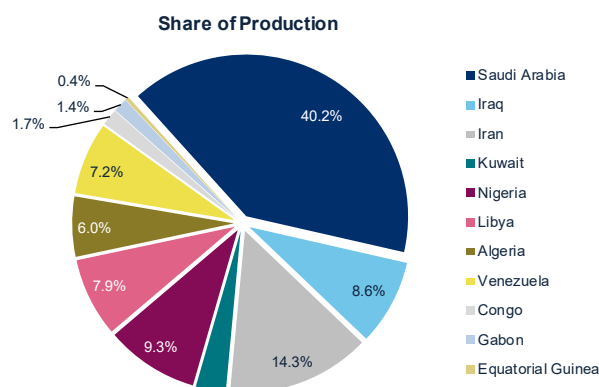
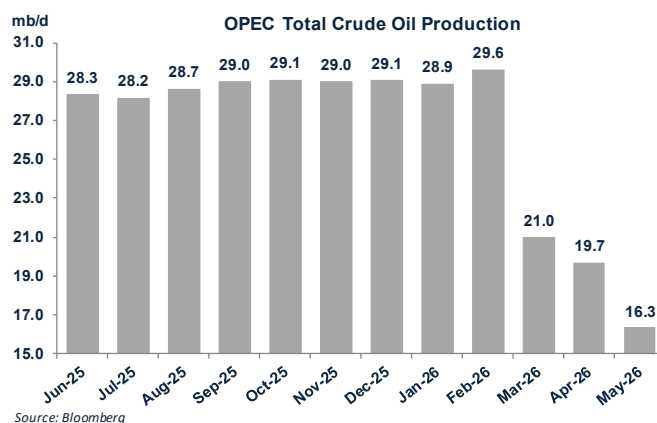
Production ('000 b/d)	Apr-26	May-26	Change		Capacity	Spare Capacity
Total OPEC-11	17,550	16,330	-1,220	-6.95%	29,040	12,890
Saudi Arabia	6,810	6,570	-240	-3.5%	12,000	5,430
Iraq	1,360	1,400	40	2.9%	4,800	3,400
Iran	3,050	2,340	-710	-23.3%	3,830	1,490
Kuwait	800	490	-310	-38.8%	2,820	2,330
Nigeria	1,560	1,520	-40	-2.6%	1,600	80
Libya	1,320	1,290	-30	-2.3%	1,320	30
Algeria	980	980	0	0.0%	1,060	80
Venezuela	1,140	1,180	40	3.5%	1,000	0
Congo	270	270	0	0.0%	300	30
Gabon	220	230	10	4.5%	230	0
Equatorial Guinea	40	60	20	50.0%	80	20
Total OPEC-10	16,190	14,930	-1,260	-7.78%	24,240	9,310

Source: Bloomberg

declined by 0.87 mb/d to 16.37 mb/d during May-2026 but showed a sharper decline in production in Iran with average production of 2.3 mb/d in May-2026 vs. 3.36 mb/d in output during the previous month. As per the IEA, output from Gulf countries was 13.6 mb/d below the pre-war levels during May-2026.

OPEC secondary sources showed that production declined by 264 tb/d with average production reaching 16.7 mb/d. As per OPEC secondary sources, oil production in Iran dropped by nearly 546 tb/d during the month to reach an average of 2.33 mb/d. On the other hand, most of the other gulf producers showed higher production during the month. As per OPEC, oil production in Saudi Arabia increased by 157 tb/d during the month to reach 6.9 mb/d. Iraq, Venezuela and Kuwait also reported higher crude oil production during the month.

Meanwhile, the OPEC+ is pursuing a "business-as-usual" unwinding of its voluntary production cuts, though the increases are largely symbolic while the Iran war and Strait of Hormuz closure prevented producers from physically delivering the extra barrels. After pausing increases for Q1 2026 on seasonal grounds, the OPEC+ have approved consecutive monthly quota hikes (roughly 206 tb/d for May-2026 and 188 tb/d for June-2026). At their most recent meeting, the group agreed a fourth monthly output rise and reaffirmed the importance of adopting a cautious approach and retaining full flexibility to increase, pause or reverse the phase-out of the voluntary production adjustments.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-26	Q3-26	Q4-26	Q1-27
Landesbank Baden-Wuerttemberg	19/Jun/26	75.0	75.0	70.0	70.0
Citigroup Inc	18/Jun/26	99.0	75.0	70.0	
Commerzbank AG	18/Jun/26	100.0	85.0	80.0	80.0
Bank of America Merrill Lynch	17/Jun/26	98.0	79.0	73.0	72.0
Fitch Solutions	17/Jun/26	88.0	75.0	71.0	
Standard Chartered	16/Jun/26	98.0	85.0	80.5	78.0
Goldman Sachs Group Inc	15/Jun/26	98.0	84.0	80.0	78.0
Intesa Sanpaolo SpA	15/Jun/26	98.0	88.0	78.0	70.0
JYSKE BANK AS	15/Jun/26	93.0	85.0	85.0	75.0
Morgan Stanley	15/Jun/26	110.0	90.0	80.0	80.0
JPMorgan Chase & Co	12/Jun/26	103.0	104.0	98.0	85.0
ING Groep NV	11/Jun/26	103.0	110.0	100.0	90.0
Rabobank	11/Jun/26	107.0	103.0	93.0	88.0
Kshitij Consultancy Services Pvt Ltd	1/Jun/26	102.5	140.0	158.0	139.0
BloombergNEF	29/May/26	101.0	85.7	76.5	69.3
Natixis SA	22/May/26	109.0	96.0	86.7	84.0
UBS Group	21/May/26	100.0	105.0	95.0	90.0
HSBC Holdings PLC	18/May/26	114.0	101.0	87.0	75.0
Australia & New Zealand Banking Group Ltd	15/May/26	115.0	95.0	90.0	85.0
walletinvestor.com/commodity-forecast	15/May/26	106.9	105.7	104.3	103.0
Tradingeconomics.com	13/May/26	103.4	108.7	112.6	116.7
Deutsche Bank AG	12/May/26	96.0	87.0	78.0	75.0
Panmure Gordon & Co PLC	8/May/26	90.0	80.0	72.5	70.0
BML, a Fitch Solutions company	30/Apr/26	88.0	75.0	71.0	
BNP Paribas SA	28/Apr/26	110.0	90.0	85.0	82.0
Oxford Institute for Energy Studies	23/Apr/26	102.0	95.0	86.0	82.0
Julius Baer Group Ltd	20/Apr/26	79.2	62.5	60.0	60.0
United States Department of Energy	7/Apr/26	114.6	99.8	88.0	81.9
MPS Capital Services Banca per le Imprese SpA	3/Apr/26	90.0	80.0	75.0	70.0
Macquarie Group Ltd	27/Mar/26	113.0	78.0	86.0	
Market Risk Advisory Co Ltd	24/Mar/26	93.3	83.3	76.7	71.7
Australian Government	18/Mar/26	58.0	57.0	55.0	52.0
Barclays PLC	5/Mar/26	82.8	75.4	72.2	
Westpac Banking Corp	16/Feb/26	68.0	65.7	63.0	60.7
Median		99.5	85.3	80.0	78.0
Mean		97.3	88.3	83.4	80.5
High		115.0	140.0	158.0	139.0
Low		58.0	57.0	55.0	52.0
Current Fwd		95.4	78.8	76.8	75.2
Difference (Median - Current)		4.1	6.5	3.2	2.8

Source: Bloomberg

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