

Oil Market Monthly Report

May-2025

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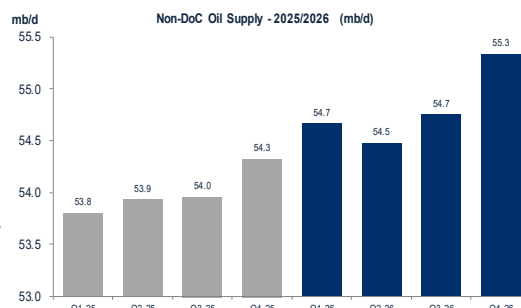
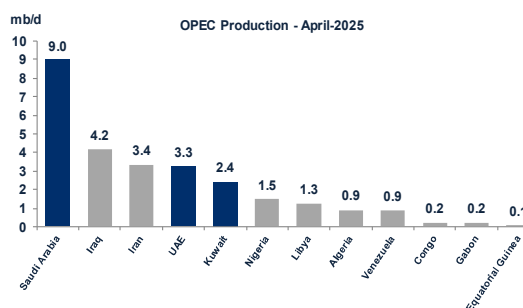
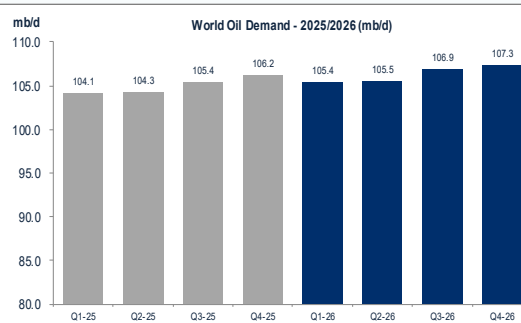
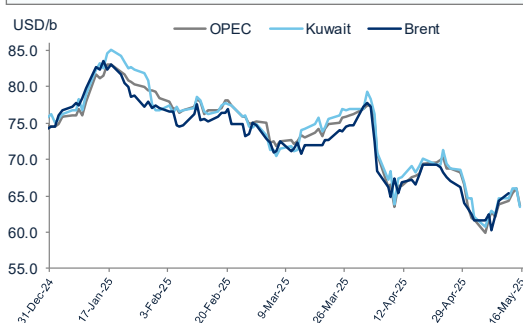
Oil recovers after sliding from two-week highs on supply concerns...

The speculations surrounding talks between the US and Iran moved crude oil prices higher at the start of the week on indications of curbs. Talks continued between the two producers during the week resulting in volatile crude oil prices. Brent crude future prices traded around USD 63/b after declining by more than 5% during mid week but recovered by the end of week to reach USD 65.4/b. The volatility comes after consistent gains at the start of last week following a healthy gain of 4.3% during the previous week led by signs of improving market fundamentals. These gains were mainly led by talks of easing trade tensions between the US and China coupled with expectations of increasing oil demand in China. Supply side factors also supported gains that mainly included sanctions on Russia, Iran and Venezuela. The market also took cues from the softer-than-expected inflation numbers from the US pointing to a relatively smaller economic impact from the tariffs. A relatively weaker greenback vs. historical levels also supported crude oil prices while estimates of higher inventories in the US partially dented the rally.

Meanwhile, the weekly crude oil inventory report from the US EIA pointed to an unexpected build of 3.5 million barrels during the week ended 9-May-2025 that was much higher than analyst forecasts. This was the biggest weekly increase in inventory since the week of 28-March-2025 that pushed total inventories to 441.8 million barrels, the highest since the week of 18-April-2025. The increase was led by an increase in imports, as per a Reuters report, from OPEC+ countries.

On the demand front, the latest monthly report from the OPEC kept demand growth forecasts unchanged but maintained a cautiously optimistic tone related to trade developments, although the report showed a trimmed economic growth outlook for the world to 2.9% vs. its previous forecast of 3.0% growth. On the other hand, the monthly oil report from the IEA showed that oil demand is expected to slow during the remainder of the year due to economic headwinds. However, the report also noted the positive impact of lower oil prices on overall oil demand. The latest traffic data from China also showed a strong rebound in from the steep drop during the first week of the month.

On the supply side, OPEC crude oil output declined last month to reach 26.7 mb/d, according to data from OPEC secondary sources. The decline was mainly led by lower output from Venezuela, Iran, Nigeria and Libya that was partially offset by an increase in output reported by Saudi Arabia and the UAE. Meanwhile, the trend in oil production in the US remained mixed over the last few weeks owing to lower prices that was also reflected in the data for oil rig count. Production remained elevated at 13.4 mb/d but below the record reached at the end of March-2025.



Sources : OPEC, EIA, Bloomberg

Junaid Ansari

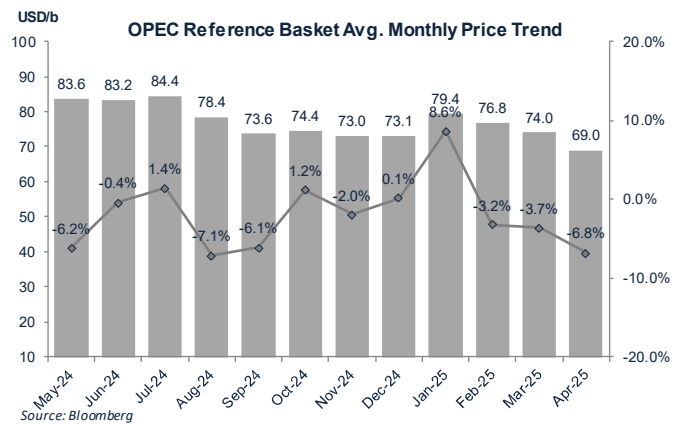
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Oil Prices

Crude oil prices touched the highest level in more than two weeks at the start of last week but failed to sustain the momentum after news that the US President said that they are closer to a deal with Iran. A successful deal would pave the way for Iran to increase oil output which stood at 3.35 mb/d as of April-2025, according to Bloomberg, with a total capacity of 3.83 mb/d, indicating a spare capacity of close to 0.5 mb/d. The declines also came after the weekly oil inventory report from the EIA showed an unexpected build during the week ended 9-May-2025. As per the report, crude oil inventories in the US showed the biggest increase in six weeks to reach 441.8 million barrels. Meanwhile, a survey of oil drillers in the shale patch, quoted by Bloomberg, showed muted sentiments from oil drillers. As per the survey, respondents expect oil prices to trade at current levels by the end of the year at around USD 60/b for WTI.



In terms of monthly price trend, prices of all crude grades witnessed steep declines to reach multi-year low levels during April-2025 reflecting the fears of demand impact from the tariffs imposed by the US government. This was also the third consecutive month of decline in average crude oil prices. Average spot Brent crude oil price declined by 6.6% to reach USD 67.8/b during April-2025, the lowest monthly average in four years as compared to an average of USD 72.5/b during March-2025. On the other hand, average OPEC reference basket price witnessed a slightly bigger decline of 6.8%, the biggest decline in eight months, to reach USD 69.0/b while Kuwait export grade crude prices witnessed a similar decline of 6.7% to average at USD 70.3/b during April-2025. Meanwhile, the consensus estimate for Brent crude showed sharp downward revisions for the next four quarters with some recent forecasts suggesting prices going below USD 60/b this year. The median consensus forecast for Brent crude grade for Q2-2025 stood at USD 67.0/b, according to data from Bloomberg, witnessing a downward revision of USD 6/b. Similarly, the forecast for Q3-2025 stood at USD 68/b, revised down by 4.75/b as compared to the consensus last month.

Average Crude Oil Prices, USD/b	Mar-2025	Apr-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	74.0	69.0	(5.0)	83.7	74.8
Arab Light	76.1	70.9	(5.2)	85.2	76.6
Basrah Light	73.8	68.6	(5.2)	81.7	74.1
Bonny Light	73.6	68.5	(5.1)	86.9	74.6
Djeno	65.0	60.3	(4.7)	77.4	66.3
Es Sider	71.2	67.0	(4.2)	84.6	72.5
Iran Heavy	74.8	69.7	(5.0)	83.2	75.4
Kuwait Export	75.4	70.3	(5.1)	84.1	76.1
Merey	61.1	56.7	(4.4)	69.9	62.4
Murban	72.6	67.7	(4.9)	83.4	74.6
Rabi	72.0	67.3	(4.7)	84.4	73.2
Saharan Blend	72.8	68.0	(4.9)	86.4	74.3
Zafiro	75.0	70.1	(5.0)	86.3	76.0
Other Crudes					
Brent	72.5	67.8	(4.8)	84.9	73.7
Dubai	72.6	67.8	(4.8)	83.2	74.7
Isthmus	68.1	63.7	(4.5)	77.4	69.0
LLS	71.1	65.3	(5.9)	81.7	72.1
Mars	69.3	64.2	(5.1)	79.0	70.5
Minas	75.5	71.5	(4.0)	87.2	76.8
Urals	58.3	54.1	(4.2)	67.5	60.0
WTI	68.0	63.1	(4.9)	79.0	69.4
Differentials					
Brent/WTI	4.5	4.7	0.1	5.9	4.3
Brent/LLS	1.4	2.5	1.1	3.1	1.6
Brent/Dubai	(0.1)	(0.0)	0.0	1.7	(1.0)

Source: OPEC Monthly Oil Market Report - May-2025

World Oil Demand

Global oil demand growth forecast for 2025 was kept unchanged by the OPEC in its latest monthly report. The agency expects oil demand to grow by 1.3 mb/d during the year and average at 105.0 mb/d. However, there were adjustments to forecasts for Q1-2025 reflecting actual data for the quarter. The adjustments were mainly made to demand estimates for the US which underwent an upward adjustment of 0.21 mb/d as well as OECD Asia Pacific with an upward adjustment of 0.05 mb/d. These increases were partially offset by downward adjustment to estimates for OECD Europe by 0.05 mb/d as well as 0.25 mb/d downward adjustment to demand estimate for the non-OECD region. Within the non-OECD region, demand estimates for India, China, Middle East Other Asi and Latin America were lowered that were partially offset by upward adjustment to demand estimates for the Africa region. On the other hand, demand forecast from the IEA showed a slight upward revision to demand forecast for 2025 backed by healthy demand growth in Q1-2025. According to the IEA monthly report, global oil demand growth is expected to come in at 740 tb/d in 2025, a slight upward revision from 730tb/d growth forecasted in the previous month's

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	24.77	24.89	25.32	25.20	25.05	0.10	0.41
of which US	20.42	20.23	20.40	20.67	20.72	20.51	0.09	0.43
Europe	13.51	12.80	13.62	14.06	13.50	13.49	(0.01)	(0.09)
Asia Pacific	7.21	7.58	6.98	6.93	7.39	7.22	0.02	0.21
Total OECD	45.66	45.16	45.48	46.31	46.08	45.76	0.10	0.23
China	16.65	16.86	16.68	17.03	17.04	16.90	0.25	1.50
India	5.55	5.70	5.84	5.50	5.91	5.74	0.19	3.39
Other Asia	9.66	9.90	10.28	9.75	9.75	9.92	0.26	2.72
Latin America	6.78	6.81	6.92	6.99	6.94	6.92	0.13	1.98
Middle East	8.78	8.75	8.66	9.21	9.08	8.93	0.14	1.65
Africa	4.57	4.78	4.41	4.61	4.99	4.70	0.12	2.71
Russia	3.98	4.02	3.85	4.04	4.19	4.03	0.05	1.13
Other Eurasia	1.26	1.37	1.29	1.18	1.32	1.29	0.03	2.51
Other Europe	0.80	0.79	0.83	0.77	0.87	0.82	0.01	1.40
Total Non-OECD	58.05	58.98	58.77	59.08	60.10	59.24	1.19	2.05
Total World	103.70	104.14	104.26	105.39	106.19	105.00	1.30	1.25

Source: OPEC Monthly Oil Market Report - May-2025

report. As per the IEA, demand growth stood at 990 tb/d y-o-y during Q1-2025 but is expected to slow significantly to reach 650 tb/d for the remainder of the year. The forecast for the rest of the year is expected to be affected by economic headwinds as well as record EV sales. The agency said that despite the trade deal with UK and the 90-day accord with China, oil demand is expected to be affected by the increased trade uncertainty that is expected to weigh on the world economy. The forecast for the rest of the year also reflect weaker-than-expected non-OECD delivery data, especially for China and India. Nevertheless, emerging economies are expected to remain the key driver of oil demand growth this year as well as next year, as per the IEA, with an expected demand growth of 860 tb/d this year followed by 1.0 mb/d growth next year. On the other hand, OECD countries are expected to see a demand decline of 120 tb/d this year followed by a decline of 240 tb/d next year. For 2026, the forecast from OPEC showed no change with an expected demand growth of 1.28 mb/d to reach an average of 106.3 mb/d during the year.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.05	24.85	24.90	25.44	25.24	25.11	0.06	0.25
of which US	20.51	20.26	20.42	20.80	20.74	20.56	0.05	0.24
Europe	13.49	12.83	13.61	14.09	13.49	13.51	0.01	0.08
Asia Pacific	7.22	7.60	6.99	6.92	7.39	7.23	0.01	0.07
Total OECD	45.76	45.28	45.50	46.45	46.11	45.84	0.08	0.17
China	16.90	17.00	16.93	17.30	17.23	17.12	0.21	1.25
India	5.74	5.91	6.11	5.74	6.18	5.99	0.25	4.28
Other Asia	9.92	10.15	10.52	10.05	10.04	10.19	0.27	2.73
Latin America	6.92	6.94	7.05	7.11	7.07	7.04	0.13	1.82
Middle East	8.93	8.89	8.82	9.40	9.17	9.07	0.14	1.61
Africa	4.70	4.89	4.54	4.73	5.07	4.81	0.11	2.30
Russia	4.03	4.07	3.89	4.09	4.23	4.07	0.04	1.12
Other Eurasia	1.29	1.44	1.31	1.20	1.34	1.32	0.03	2.52
Other Europe	0.82	0.81	0.83	0.80	0.90	0.83	0.02	2.18
Total Non-OECD	59.24	60.10	60.00	60.42	61.23	60.44	1.20	2.03
Total World	105.00	105.38	105.50	106.87	107.35	106.28	1.28	1.22

Source: OPEC Monthly Oil Market Report - May-2025

World Oil Supply

Non-DoC liquids supply growth forecast for 2025 was once again lowered marginally by 0.1 mb/d in OPEC's 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. The downward revision mainly reflected lowered supply forecast for the OECD region with the US supply growth forecast lowered by 0.07 mb/d vs. previous forecast and is expected to average at 22.1 mb/d. The forecast for the overall Americas region was lowered by 0.09 mb/d, indicating cuts to supply forecast for Canada. The forecast also reflected the latest rig count data from Baker Hughes that showed 10 consecutive weeks of rig count decline in the North America region by the week ended 9-May-

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	27.90	28.18	28.22	28.36	28.17	0.46	1.65
of which US	21.76	21.68	22.27	22.22	22.21	22.10	0.33	1.53
Europe	3.53	3.58	3.57	3.55	3.63	3.58	0.05	1.43
Asia Pacific	0.44	0.40	0.43	0.43	0.43	0.42	(0.01)	(2.74)
Total OECD	31.68	31.89	32.18	32.20	32.43	32.18	0.49	1.56
China	4.56	4.69	4.61	4.52	4.53	4.59	0.02	0.46
India	0.80	0.83	0.82	0.82	0.80	0.82	0.01	1.80
Other Asia	1.61	1.64	1.58	1.56	1.57	1.59	(0.03)	(1.66)
Latin America	7.22	7.39	7.38	7.49	7.64	7.48	0.25	3.48
Middle East	1.99	2.01	2.00	2.00	1.99	2.00	0.01	0.54
Africa	2.33	2.33	2.33	2.33	2.32	2.33	(0.01)	(0.26)
Other Eurasia	0.37	0.36	0.37	0.37	0.37	0.37	(0.00)	(0.47)
Other Europe	0.10	0.09	0.10	0.10	0.10	0.10	0.00	0.04
Total Non-OECD	19.00	19.34	19.18	19.18	19.33	19.26	0.26	1.39
Total Non-DoC Production	50.68	51.23	51.36	51.38	51.75	51.43	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	53.80	53.93	53.95	54.32	54.00	0.81	1.52
DoC NGLs and non-conventionals	8.29	8.44	8.44	8.31	8.40	8.40	0.11	1.31
DoC Crude Oil Production	40.87	40.91	-	-	-	-	-	-
Total World Supply	102.36	103.15	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - May-2025

2025. For the US, overall rig count declined last week to reach 578 rigs, the lowest since January-2025. Supply forecast for the overall OECD region was also downgraded by 0.09 mb/d after a marginal downward revision for OECD Asia Pacific. The forecast for the non-OECD region was kept unchanged but there were minimal changes at the country level. Meanwhile, forecasts from the IEA showed that world oil supply is expected to grow by 1.6 mb/d to reach an average of 104.6 mb/d in 2025 mainly led by higher production growth from non-OPEC+ producers that are expected to add 1.3 mb/d in additional supplies this year.

For 2026, non-DoC liquids supply growth is expected to be in line with this year, as per the OPEC. The agency expects supply growth of 0.8 mb/d next year to reach an average supply of 54.81 mb/d after making a downward adjustment of 0.1 mb/d to the yearly forecast. The downward revision once again reflected lowered forecast for supplies from the US partially offset by an upward revision to forecast mainly from Latin America, China and Other Asia regions. As per the IEA, world oil supply is expected to increase by 970 tb/d next year with non-OPEC+ producers expected to increase supply by 820 tb/d and the remaining 150 tb/d of increase is expected to come from OPEC+ producers.

Non-DoC Oil Supply - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	28.17	28.37	28.32	28.63	28.93	28.56	0.40	1.41
of which US	22.10	22.15	22.33	22.45	22.59	22.38	0.28	1.28
Europe	3.58	3.60	3.50	3.48	3.58	3.54	(0.04)	(1.24)
Asia Pacific	0.42	0.43	0.40	0.41	0.40	0.41	(0.01)	(3.40)
Total OECD	32.18	32.40	32.22	32.52	32.90	32.51	0.34	1.05
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	0.40
Other Asia	1.59	1.59	1.56	1.55	1.55	1.56	(0.02)	(1.42)
Latin America	7.48	7.80	7.84	7.91	8.02	7.89	0.42	5.58
Middle East	2.00	2.02	2.03	2.05	2.05	2.04	0.04	1.91
Africa	2.33	2.31	2.30	2.30	2.37	2.32	(0.01)	(0.33)
Other Eurasia	0.37	0.37	0.37	0.37	0.37	0.37	0.00	0.91
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	2.01
Total Non-OECD	19.26	19.66	19.65	19.63	19.83	19.69	0.43	2.25
Total Non-DoC Production	51.43	52.06	51.88	52.15	52.73	52.21	0.77	1.50
Processing gains	2.57	2.60	2.60	2.60	2.60	2.60	0.03	1.17
Total Non-DoC Supply	54.00	54.66	54.48	54.75	55.33	54.81	0.80	1.48

Source: OPEC Monthly Oil Market Report - May-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production declined for the second consecutive month during April-2025. As per Bloomberg data, average OPEC production stood at 27.24 mb/d during the month, the lowest in three months, registering a decline of 0.2 mb/d as compared to the previous month. The decline was mainly led by lower production reported by Venezuela, UAE, and Nigeria that was partially offset by marginal growth in production mainly in Iraq and Saudi Arabia. Data from Bloomberg showed that OPEC production has declined in four out of the five previous months. On the other hand, data from OPEC secondary sources showed a relatively smaller production decline of 62 tb/d with production averaging at 26.7 mb/d during April-2025. The decline was led by a broad-based fall in production that was partially offset by an increase in production in Saudi Arabia and the UAE.

Production ('000 b/d)	Mar-25	Apr-25	Change		Capacity	Spare Capacity
Total OPEC-12	27,440	27,240	-200	-0.73%	33,640	6,400
Saudi Arabia	8,950	8,970	20	0.2%	12,000	3,030
Iraq	4,150	4,180	30	0.7%	4,800	620
Iran	3,350	3,350	0	0.0%	3,830	480
UAE	3,330	3,250	-80	-2.4%	4,650	1,400
Kuwait	2,430	2,430	0	0.0%	2,820	390
Nigeria	1,550	1,490	-60	-3.9%	1,600	110
Libya	1,270	1,270	0	0.0%	1,290	20
Algeria	910	910	0	0.0%	1,060	150
Venezuela	980	880	-100	-10.2%	980	100
Congo	250	240	-10	-4.0%	300	60
Gabon	210	220	10	4.8%	230	10
Equatorial Guinea	60	50	-10	-16.7%	80	30
Total OPEC-11	23,290	23,060	-230	-0.99%	28,840	5,780

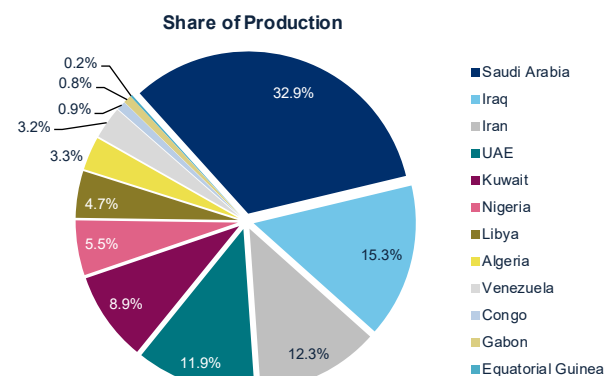
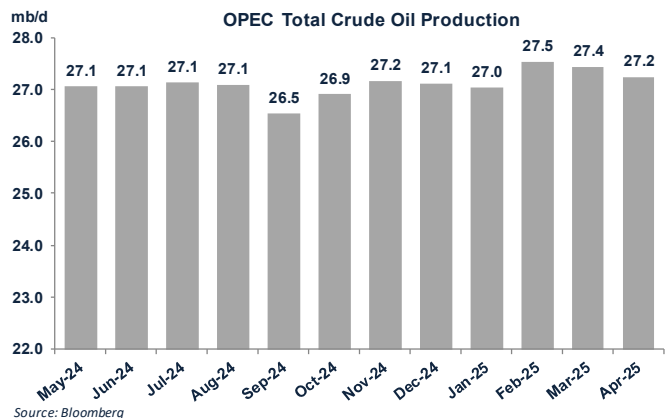
Source: Bloomberg

Output from the broader DoC producers group showed a production decline of 106 tb/d after output from the non-OPEC DoC countries showed an output decline of 45 t b/d during the month. This decline was mainly led by lower output from Kazakhstan and Malaysia partially offset by marginal growth in output from Russia and Oman.

Meanwhile, the OPEC+ announced to increase daily crude oil production by the group by another 411 tb/d for June-2025. This along with the announced increases for May-2025 and April-2025 to around 0.96 mb/d or 43.6% of the 2.2 mb/d in pledged cuts. The IEA expects OPEC+ supply growth of 310 tb/d this year reflecting the unwinding of production cuts followed by an increase of 150 tb/d in 2026.

Oil production in Venezuela declined during April-2025 after US renewed its sanctions on the country. This led to revocation of license issued to oil producer Chevron that produces around 0.2 mb/d of Venezuela's daily output through four joint ventures with the state owned oil company. The sanctions resulted in the company exiting their operations in the country before the 27-May-2025 deadline.

Oil production in Nigeria went below its OPEC+ quota to reach 1.47 mb/d during April-2025. The decline was led by structural issues in production as well as underinvestment in facilities, although the government has recently announced a new target to expand capacity to 2.5 mb/d by 2026.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-25	Q3-25	Q4-25	Q1-26
JYSKE BANK AS	12/May/25	60.0	60.0	58.0	57.0
Bank of America Merrill Lynch	6/May/25	76.0	74.0	72.0	72.0
Morgan Stanley	2/May/25	60.0	60.0	60.0	57.5
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
Citigroup Inc	30/Apr/25	62.0	63.0	63.0	65.0
JPMorgan Chase & Co	29/Apr/25	67.0	63.0	61.0	55.0
Banco Santander SA	25/Apr/25	62.5	61.5	60.0	
Landesbank Baden-Wuerttemberg	25/Apr/25	70.0	70.0	70.0	70.0
Barclays PLC	23/Apr/25	65.0	65.0	65.0	
Australia & New Zealand Banking Group Ltd	16/Apr/25	55.0	60.0	71.0	75.0
Intesa Sanpaolo SpA	16/Apr/25	65.0	67.0	70.0	74.0
HSBC Holdings PLC	15/Apr/25	67.0	67.0	65.0	65.0
ING Groep NV	15/Apr/25	68.0	70.0	66.0	65.0
MPS Capital Services Banca per le Imprese SpA	15/Apr/25	68.0	69.0	70.0	
Westpac Banking Corp	14/Apr/25	62.8	62.0	64.3	66.3
Goldman Sachs Group Inc/The	14/Apr/25	65.0	63.0	62.0	61.0
UBS Group AG	14/Apr/25	68.0	68.0	68.0	68.0
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
RBC	27/Mar/25	67.0	64.0	63.0	63.0
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
Societe Generale SA	18/Mar/25	72.5	72.5	70.0	
Panmure Liberum	18/Mar/25	71.0	70.0	70.0	69.0
Tradingeconomics.com	12/Mar/25	71.1	71.5	71.9	
Macquarie Group Ltd	11/Mar/25	66.0	72.0	72.0	
United States Department of Energy	6/Mar/25	74.0	75.0	73.0	71.0
Emirates NBD PJSC	28/Feb/25	75.0	72.5	70.0	70.0
Kshitij Consultancy Services Pvt Ltd	28/Feb/25	74.0	74.6	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	
BNP Paribas SA	13/Dec/24	75.0	76.0	75.0	73.0
TD Securities	6/Dec/24	71.0	73.0	73.0	75.0
Median		67.0	68.0	70.0	68.5
Mean		67.2	67.1	67.1	67.0
High		76.0	76.0	75.0	75.0
Low		53.0	52.0	58.0	55.0
Current Fwd		65.3	65.4	65.1	65.2
Difference (Median - Current)		1.7	2.6	4.9	3.3

Source: Bloomberg

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