KAMCO INVEST

Investment Strategy & Research

Oil Market Monthly Report

October-2025

In this Report...

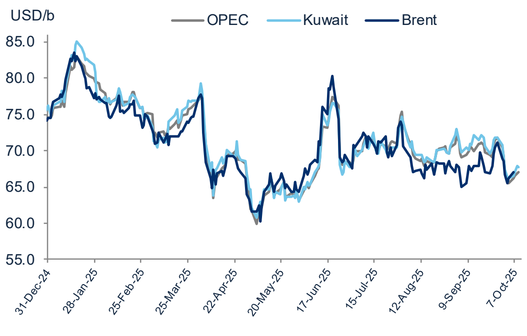
Oil rebounds from five-month lows amid oversupply and trade war concerns...

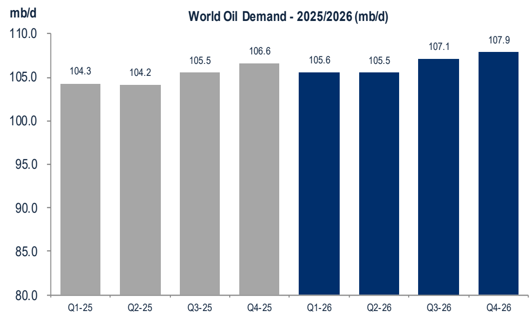
The reemergence of the trade spat between the US and China that led to renewed concerns regarding tariffs resulted in steep decline across asset classes and financial markets. The broader Bloomberg commodities index declined close to 3% after two consecutive days of declines at the close of last week while crude oil traded around USD 63/b after losing 5.3% over the two days and 10.6% from its recent peak of over USD 70/b. The declines reflected concerns of demand disruptions due to the tariffs as well as forecasts of a new record high crude oil output in the US this year. *In addition, the recently announced production hike by the OPEC+ group, albeit smaller than expected, also exerted downward pressure on crude oil prices. On the geopolitical front, the proposed peace plan related to the war on Gaza led to a decline in war risk premium on crude oil that resulted in lower prices.*

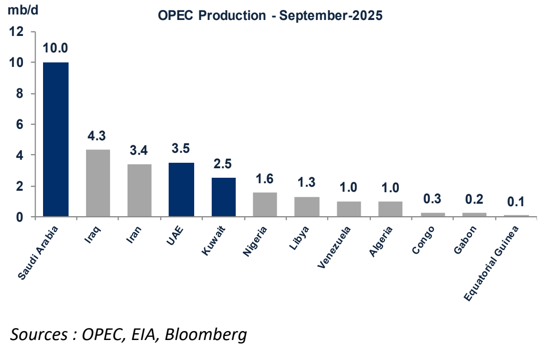
On the other hand, the continued war between Russia and Ukraine in which the latter struck a crude oil processing unit at a refinery in Russia supported prices. The continued attacks on Russian refineries has slumped domestic refining activity but has increased crude oil exports. As per a Bloomberg report, Russia's refineries are set to process 4.86 mb/d in October-2025, a decline of close to 0.5 mb/d from July-2025. *To manage and ensure continued supply of refined fuel in the domestic market, the Russian government recently announced subsidies for its refiners and discourage oil exports from the country even if the prices are more appealing.*

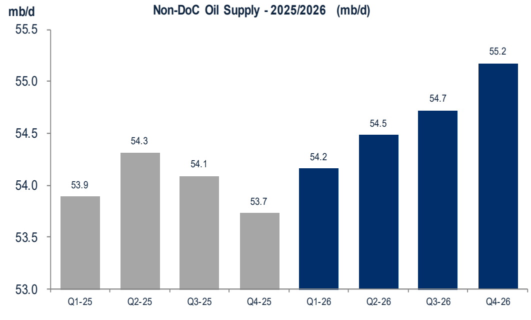
In the latest tariff-related actions, the Chinese government imposed new port fees on US ships and unveiled sweeping new curbs on the export of rare earth and other critical minerals from China along with anti trust investigation on US-listed Qualcomm. This resulted in a spike in oil tanker rates to the highest since 2020 as well as some cancellations of vessels. *The Chinese government termed this as defensive actions that replicated similar levies by the US government. These actions came while negotiations between the two trading partners continue. The US retaliated with announcement of additional 100% tariffs on Chinese imports as well as export controls on software starting from next month. On the other hand, trade negotiations continue between India and the US and reports suggested some progress on talks.*

On the supply side, US crude oil output showed a steep increase after three consecutive weeks of gains and reached a new record high level of 13.63 mb/d during the week ended 3-Oct-2025. The US also significantly upgraded its production forecast for the next year despite ongoing and forecasted subdued crude oil prices. ***OPEC+ also increased output last month following hikes announced by the OPEC+ group. Bloomberg data showed an increase of 0.4 mb/d last month by OPEC with total output reaching 29.1 mb/d.***









Sources : OPEC, EIA, Bloomberg

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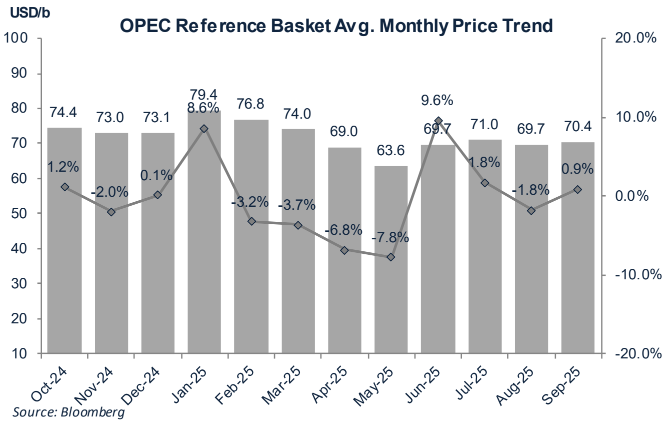
Oil Prices



Crude oil prices briefly traded above the USD 70/b mark during the last week of September-2025 after almost two months of trading below this level. The surge was led by Ukrainian attacks on Russia's energy infrastructure that prompted a ban on diesel exports from Russia. Talks of tighter sanctions on Russia also supported prices. However, prices receded quickly since the start of October-2025 that was initially led by announcement by the OPEC+ to hike output. News on oversupply concerns continued to keep prices low and the peace plan implemented for the war on Gaza also erased the war risk premium on crude oil. Brent crude oil futures prices reached USD 62.73/b at the close of last week, the lowest in almost five months, following the announcement of additional 100% tariff on China by the US in response to China's reply to taxes on vessels on its ports. Prices remained turbulent this week but futures showed partial recovery and traded above USD 63.0/b after investors hoped potential talks between the two warring trading nations could ease the ongoing tensions. US officials also indicated that they were open to talks while China urged the US to continue with the negotiations.

In terms of monthly price trend, average crude oil prices saw marginal changes across the board during September-2025. Average spot Brent crude oil price witnessed a small gain of 0.5% to reach USD 67.9/b during September-2025 as compared to an average of USD 68.2/b during August-2025. On the other hand, average OPEC reference basket price witnessed a slightly bigger gain of 0.9% to reach USD 70.4/b vs. USD 69.7/b during the previous month while Kuwait export grade crude prices witnessed a gain of 2.1% to average at USD 72.2/b during September-2025. Meanwhile, the 9M-2025 for Brent spot crude oil stood at USD 70.9/b, a y-o-y decline of 14.0% from an average of USD 82.5/b during 9M-2024. The full year average stood at USD 80.5/b reflecting declines towards the end of the year. In terms of expectations, the consensus estimate for Brent crude showed downward revisions for the next five quarters. The median consensus forecast for brent crude grade for Q4-2025 now stood at USD 63.0/b vs. USD 64.0/b last month, according to data from Bloomberg.

Average Crude Oil Prices, USD/b	Aug-2025	Sep-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	**69.7**	**70.4**	**0.7**	**82.0**	**71.5**
Arab Light	71.4	72.6	1.2	83.7	73.1
Basrah Light	69.6	70.4	0.8	80.4	71.0
Bonny Light	70.3	69.4	(0.8)	84.4	71.8
Djeno	60.8	60.5	(0.3)	75.2	63.3
Es Sider	68.0	67.9	(0.2)	82.1	70.1
Iran Heavy	69.2	69.8	0.6	81.9	71.5
Kuwait Export	**70.7**	**72.2**	**1.5**	**82.9**	**72.4**
Merey	56.2	55.3	(0.9)	67.2	58.6
Murban	70.1	70.2	0.1	81.8	71.4
Rabi	67.8	67.4	(0.3)	82.2	70.3
Saharan Blend	69.2	69.0	(0.3)	83.7	71.5
Zafiro	69.6	68.1	(1.4)	84.2	72.3
Other Crudes					
Brent	68.2	67.9	(0.3)	82.7	70.8
Dubai	69.4	70.0	0.6	81.6	71.3
Isthmus	64.5	63.9	(0.7)	76.0	66.7
LLS	65.9	65.9	(0.0)	80.3	69.3
Mars	64.0	63.6	(0.4)	77.6	67.5
Minas	72.4	71.8	(0.6)	86.9	74.2
Urals	56.1	55.3	(0.9)	67.3	57.8
WTI	64.1	63.6	(0.5)	77.8	66.8
Differentials					
Brent/WTI	4.2	4.3	0.1	4.9	3.9
Brent/LLS	2.3	2.0	(0.3)	2.4	1.5
Brent/Dubai	(1.2)	(2.1)	(0.9)	1.1	(0.5)

Source: OPEC Monthly Oil Market Report - Oct-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 changes at the regional level that included an upward revision to demand forecast for the OECD region that was offset by an equivalent downward revision to forecast for the non-OECD region. The upward revision to OECD growth mainly included estimates for increase in demand in the Americas as well as Europe that was partially offset by lowered forecasts for the OECD Asia Pacific region. Revisions for the non-OECD region were mainly made to the China, India and the Other Asia regions that fully offset the upward adjustments to demand for the OECD region. The demand growth forecast for 2026 was also kept unchanged at a growth of 1.4 mb/d but once again there were upward adjustments to demand forecast for the Americas region, mainly the US, that was almost fully offset by downward adjustments to demand forecast for the Europe, OECD Asia Pacific region as well as to the non-OECD region. Oil demand in the US remained healthy as seen from the latest numbers from the US EIA. As per the report, total

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	24.94	25.21	25.64	25.57	25.34	0.16	0.64
of which US	20.58	20.42	20.63	20.91	20.99	20.74	0.16	0.78
Europe	13.48	12.92	13.65	13.99	13.49	13.51	0.03	0.22
Asia Pacific	7.18	7.31	6.80	6.96	7.38	7.11	(0.06)	(0.97)
Total OECD	**45.84**	**45.17**	**45.67**	**46.59**	**46.44**	**45.97**	**0.13**	**0.28**
China	16.65	16.86	16.47	16.97	17.04	16.84	0.18	1.14
India	5.55	5.70	5.61	5.38	5.91	5.65	0.10	1.80
Other Asia	9.51	9.83	10.12	9.60	9.60	9.79	0.28	2.94
Latin America	6.75	6.80	6.91	6.96	6.91	6.89	0.15	2.07
Middle East	8.85	8.77	8.75	9.28	9.15	8.99	0.14	1.58
Africa	4.63	4.87	4.59	4.74	5.12	4.83	0.20	4.32
Russia	3.98	4.06	3.86	4.04	4.19	4.04	0.06	1.51
Other Eurasia	1.26	1.42	1.34	1.18	1.32	1.31	0.06	3.97
Other Europe	0.80	0.81	0.83	0.78	0.87	0.82	0.02	2.50
Total Non-OECD	**58.00**	**59.11**	**58.49**	**58.93**	**60.13**	**59.17**	**1.17**	**2.02**
Total World	**103.84**	**104.29**	**104.15**	**105.52**	**106.57**	**105.14**	**1.30**	**1.25**

Source: OPEC Monthly Oil Market Report - Oct-2025

weekly petroleum products supplied, which is an indicator of oil consumption in the US, rose to 21.99 mb/d during the week ended 3-October-2025, the highest since December-2022, as compared to 20.17 mb/d during the previous week. An upbeat forecast was also presented by the CEO of Aramco who said that he expects oil demand to grow by 1.1 mb/d to 1.3 mb/d this year and between 1.2 mb/d and 1.4 mb/d next year. The increase would be led by higher demand in developing countries.

Crude oil imports in China declined in September-2025 to 47.252 million tons as compared to 49.492 million tons during August-2025. However, YTD imports have increased by 2.6% y-o-y until September-2025 to reach 423.0 million tons as China continues to stockpile oil in its strategic reserve. Oil demand in India also declined during September-2025 as the monsoon season weighed on oil demand during the month. As per data from the oil ministry, fuel oil consumption in India declined to the lowest in one year during September-2025 at 18.63 million tons led by 4% fall in sale of gasoline and 8.8% decline in sale of naphtha. These declines were offset by higher demand for diesel that was up 3.2% during the month.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.34	25.02	25.31	25.85	25.66	25.46	0.12	0.47
of which US	20.74	20.45	20.74	21.12	21.07	20.84	0.11	0.48
Europe	13.51	12.95	13.70	14.03	13.54	13.55	0.04	0.30
Asia Pacific	7.11	7.31	6.79	6.93	7.36	7.10	(0.01)	(0.14)
Total OECD	**45.97**	**45.28**	**45.80**	**46.81**	**46.56**	**46.12**	**0.15**	**0.33**
China	16.84	17.00	16.70	17.20	17.23	17.03	0.20	1.13
India	5.65	5.89	5.86	5.60	6.16	5.88	0.22	4.07
Other Asia	9.79	10.07	10.36	9.90	9.90	10.06	0.27	2.76
Latin America	6.89	6.93	7.04	7.08	7.04	7.02	0.13	1.89
Middle East	8.99	8.95	8.91	9.48	9.26	9.15	0.16	1.78
Africa	4.83	5.03	4.77	4.91	5.25	4.99	0.16	3.31
Russia	4.04	4.11	3.89	4.09	4.23	4.08	0.04	0.99
Other Eurasia	1.31	1.48	1.36	1.20	1.34	1.35	0.03	3.05
Other Europe	0.82	0.83	0.83	0.81	0.90	0.84	0.02	2.44
Total Non-OECD	**59.17**	**60.29**	**59.71**	**60.28**	**61.30**	**60.40**	**1.23**	**2.08**
Total World	**105.14**	**105.58**	**105.52**	**107.09**	**107.87**	**106.52**	**1.38**	**1.31**

Source: OPEC Monthly Oil Market Report - Oct-2025

World Oil Supply

In its latest Short Term Energy Outlook, the US EIA said it expects oil production to be higher than previous forecasts despite concerns of a supply glut in the oil market that would push prices lower. The agency expects oil production to average at 13.53 mb/d in 2025 as compared to its previous forecast of 13.44 mb/d. The upgrade to forecast was also reflected in the recent weekly production report from the DOE. As per these reports, oil production in the US reached a new record high of 13.63 mb/d during the week ended 3-October-2025 after showing three consecutive weeks of gains. The increase came after oil rig count showed five consecutive weeks of gains until the last week of September-2025 and only declined marginally by 2

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	28.04	28.38	28.28	27.86	28.14	0.43	1.52
of which US	21.76	21.81	22.46	22.27	21.73	22.07	0.31	1.42
Europe	3.53	3.59	3.55	3.59	3.61	3.59	0.05	1.70
Asia Pacific	0.44	0.40	0.43	0.43	0.42	0.42	(0.01)	(4.55)
Total OECD	**31.69**	**32.03**	**32.36**	**32.31**	**31.90**	**32.15**	**0.46**	**1.45**
China	4.56	4.69	4.66	4.56	4.54	4.61	0.05	1.10
India	0.81	0.83	0.82	0.82	0.80	0.82	0.02	1.23
Other Asia	1.60	1.62	1.63	1.61	1.57	1.61	0.00	0.63
Latin America	7.23	7.42	7.60	7.49	7.63	7.53	0.30	4.15
Middle East	1.99	2.01	2.01	2.00	2.00	2.01	0.02	1.01
Africa	2.33	2.30	2.24	2.30	2.28	2.28	(0.05)	(2.15)
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	0.10	0.10	0.00	0.00
Total Non-OECD	**18.99**	**19.32**	**19.41**	**19.24**	**19.30**	**19.32**	**0.33**	**1.74**
Total Non-DoC Production	**50.68**	**51.35**	**51.77**	**51.55**	**51.19**	**51.47**	**0.79**	**1.56**
Processing gains	2.52	2.54	2.54	2.54	2.54	2.54	0.02	0.79
Total Non-DoC Supply	**53.20**	**53.89**	**54.31**	**54.09**	**53.73**	**54.01**	**0.81**	**1.52**
DoC NGLs and non-conventionals	**8.54**	**-**	**-**	**-**	**-**	**8.64**	**0.10**	**1.17**
DoC Crude Oil Production	**40.86**	**40.93**	**41.31**	**42.46**	**-**	**-**	**-**	**-**
Total World Supply	**102.60**	**-**	**.**	**-**	**-**	**-**	**-**	**-**

Source: OPEC Monthly Oil Market Report - Oct-2025

rigs during the week ended 3-October-2025 to reach 422 rigs. The EIA also said it expects inventories to rise consistently next year but production is expected to be slightly lower than 2025 estimates. As per the report, US oil production is expected to average at 13.51 mb/d in 2026, a 0.1% decline from this year's level as against a previous forecast of a yearly decline of 1%.

The OPEC once again 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 54.01 mb/d. There were revisions in quarterly data with downward revision to supply forecast for Q2-2025 and Q4-2025 for the Americas and the US that was offset by upward revision to supply estimates for the Q3-2025. The non-OECD region also saw an upward revision to supply during Q3-2025 that was partially offset by marginal downward revision to supply estimate for the last quarter of 2025. For 2026, non-DoC liquids supply growth forecast was also kept unchanged by the OPEC at 0.63 mb/d with average supply expected to come in at 54.64 mb/d during the year. At the regional level, however, supply forecast for the OECD Europe region and the non-OECD regions was upgraded marginally that was fully offset by an downward revision to supply forecast for Africa during Q4-2026 as well as lowered estimates for processing gains during the year.

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	27.80	28.26	28.57	28.79	28.36	0.21	0.78
of which US	22.07	21.63	22.25	22.35	22.44	22.17	0.10	0.45
Europe	3.59	3.60	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**	**31.83**	**32.17**	**32.45**	**32.76**	**32.31**	**0.16**	**0.50**
China	4.61	4.67	4.66	4.57	4.56	4.61	0.00	0.00
India	0.82	0.83	0.82	0.82	0.83	0.82	0.00	0.00
Other Asia	1.61	1.61	1.58	1.57	1.57	1.58	(0.02)	(1.86)
Latin America	7.53	7.90	7.93	7.97	8.04	7.96	0.43	5.71
Middle East	2.01	2.03	2.04	2.05	2.06	2.05	0.04	1.99
Africa	2.28	2.27	2.25	2.25	2.32	2.27	(0.01)	(0.44)
Other Eurasia	0.36	0.36	0.36	0.36	0.36	0.36	0.00	0.00
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	0.00
Total Non-OECD	**19.32**	**19.76**	**19.75**	**19.69**	**19.84**	**19.76**	**0.44**	**2.28**
Total Non-DoC Production	**51.47**	**51.59**	**51.91**	**52.15**	**52.60**	**52.07**	**0.60**	**1.17**
Processing gains	2.54	2.57	2.57	2.57	2.57	2.57	0.03	1.18
Total Non-DoC Supply	**54.01**	**54.16**	**54.48**	**54.72**	**55.17**	**54.64**	**0.63**	**1.17**

Source: OPEC Monthly Oil Market Report - Oct-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production increased for the seventh consecutive month during September-2025 led by the unwinding of production cuts announced by the OPEC+ group. Data from Bloomberg showed OPEC output breaching the 29.0 mb/d for the first time in thirty months since March-2023. Total group output reached 29.05 mb/d during September-2025, an increase of 0.4 mb/d vs. the previous month, mainly led by higher output from Saudi Arabia, Venezuela, Iran and Libya. These increases were partially offset by a decline in output mainly in Nigeria. Based on the data for September-2025, the spare capacity for OPEC producers stood at 4.64 mb/d or 13.8% of the total production capacity as per Bloomberg estimates. Data from OPEC secondary sources showed average OPEC production reaching 28.44 mb/d during September-2025, the highest in 29 months, after reporting an increase of 524 tb/d during the month. The increase was led by higher production in almost all

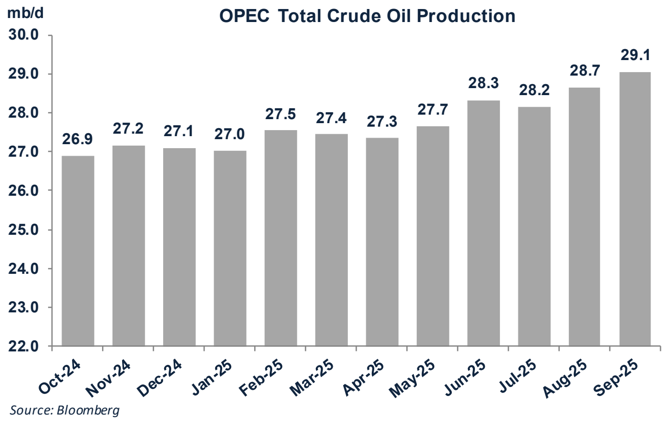
Production ('000 b/d)	Aug-25	Sep-25	Change		Capacity	Spare Capacity
Total OPEC-12	**28,650**	**29,050**	**400**	**1.40%**	**33,690**	**4,640**
Saudi Arabia	9,660	9,980	320	3.3%	12,000	2,020
Iraq	4,320	4,320	0	0.0%	4,800	480
Iran	3,350	3,390	40	1.2%	3,830	440
UAE	3,500	3,500	0	0.0%	4,650	1,150
Kuwait	2,540	2,520	-20	-0.8%	2,820	300
Nigeria	1,630	1,550	-80	-4.9%	1,600	50
Libya	1,270	1,310	40	3.1%	1,320	10
Venezuela	910	1,000	90	9.9%	1,000	0
Algeria	950	960	10	1.1%	1,060	100
Congo	250	250	0	0.0%	300	50
Gabon	220	220	0	0.0%	230	10
Equatorial Guinea	50	50	0	0.0%	80	30
Total OPEC-11	**24,330**	**24,730**	**400**	**1.64%**	**28,890**	**4,160**

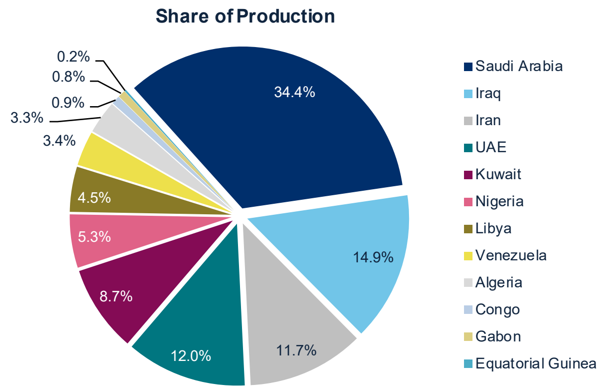
Source: Bloomberg

countries, mainly in Saudi Arabia, UAE and Iraq, as compared to the previous month. Output in Venezuela also showed an increase as the country produced at 967 tb/d, the highest level in 6.5 years. These increases were partially offset by a decline in output mainly in Nigeria. Output from the broader DoC producers group showed a production growth of 630 tb/d to reach an average of 43.05 mb/d during September-2025. The growth reflected higher output from both OPEC and non-OPEC DoC countries. In the latter group of countries, Russia showed a sharp increase of 148 tb/d during month reaching average output of 9.32 mb/d, despite talks of sanctions. This increase was partially offset by a decline in production reported by Kazakhstan and Mexico.

In its latest meeting, the OPEC+ group continued to announce output hikes but at a slower-than-expected pace. The oil market reflected concerns of a much bigger output hike before the meeting and when the OPEC+ announced an increase of 137 tb/d during November-2025, the market took a breather and resulted in some gain in prices. The cumulative output hikes since April-2025 until November-2025 stood at 2.7 mb/d.

On the supply side, there was a breakthrough in the deadlock related to oil exports from Iraq's Kurdistan region resulting in resumption of flows from the region. The pipeline has remained shut for more than two years due to disputes. The country also recently announced a third offshore export pipeline to boost the country's capacity.





Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-25	Q3-25	Q4-25	Q1-26
JPMorgan Chase & Co	10/Oct/25	61.0	55.0	57.0	57.0
Goldman Sachs Group Inc/The	7/Oct/25	64.0	61.0	58.0	54.0
Kshitij Consultancy Services Pvt Ltd	7/Oct/25	62.0	67.0	72.0	79.6
Standard Chartered Bank	7/Oct/25	65.0	71.0	76.0	81.0
Emirates NBD PJSC	2/Oct/25	65.0	65.0	65.0	65.0
MPS Capital Services Banca per le Imprese SpA	1/Oct/25	64.0	60.0	57.0	55.0
Macquarie Group Ltd	1/Oct/25	63.0	57.0	59.0	60.0
Panmure Liberum	1/Oct/25	65.0	65.0	65.0	66.0
Rabobank	1/Oct/25	63.0	61.0	58.0	59.0
Bank of America Merrill Lynch	30/Sep/25	61.0	64.0	68.0	72.0
Citigroup Inc	30/Sep/25	63.0	60.0	62.0	62.0
JYSKE BANK AS	29/Sep/25	57.0	55.0	60.0	
Landesbank Baden-Wuerttemberg	29/Sep/25	65.0	65.0	60.0	60.0
Market Risk Advisory Co Ltd	25/Sep/25	65.1	63.3	64.3	65.3
Commerzbank AG	23/Sep/25	65.0	65.0	65.0	65.0
Intesa Sanpaolo SpA	18/Sep/25	63.0	61.0	63.0	63.0
BloombergNEF	16/Sep/25	63.5	57.0	51.5	49.5
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
Australia & New Zealand Banking Group Ltd	11/Sep/25	62.0	65.0	65.0	68.0
ING Groep NV	11/Sep/25	62.0	58.0	56.0	58.0
HSBC Holdings PLC	8/Sep/25	65.0	65.0	65.0	65.0
BNP Paribas SA	1/Sep/25	40.0	40.0	45.0	53.0
Morgan Stanley	21/Aug/25	65.0	60.0	60.0	60.0
UBS Group AG	21/Aug/25	62.0	62.0	65.0	65.0
Deutsche Bank AG	29/Jul/25	61.0			
RBC	17/Jul/25	57.0	55.0	54.0	56.0
United States Department of Energy	8/Jul/25	64.0	60.0	59.0	58.0
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			
MUFG Bank	30/Apr/25	62.0	64.0	62.0	63.0
Banco Santander SA	25/Apr/25	60.0			
Barclays PLC	23/Apr/25	65.0			
Tradingeconomics.com	17/Apr/25	68.7	70.1		
Median		**63.0**	**61.0**	**61.7**	**63.0**
Mean		**62.6**	**61.3**	**61.5**	**62.8**
High		**68.7**	**71.0**	**76.0**	**81.0**
Low		**40.0**	**40.0**	**45.0**	**49.5**
Current Fwd		**64.8**	**64.3**	**64.3**	**64.3**
Difference (Median - Current)		**-1.8**	**-3.3**	**-2.7**	**-1.3**

Source: Bloomberg

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