

Oil Market Monthly Report

September-2025

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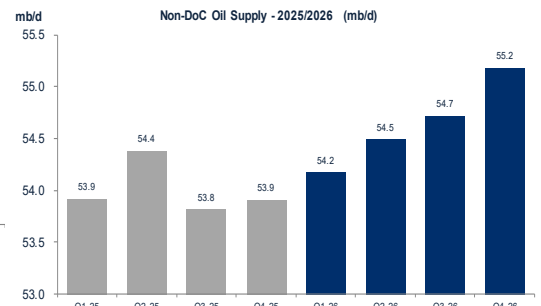
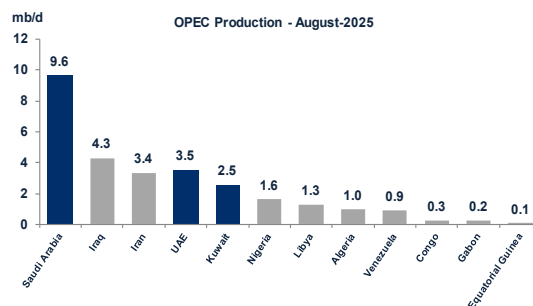
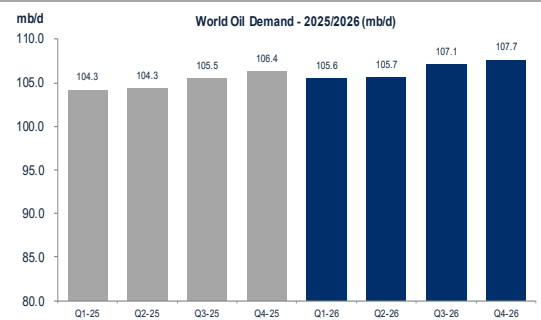
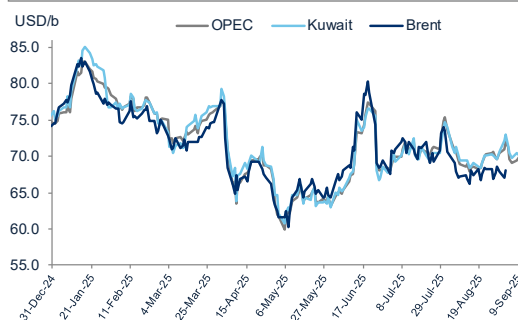
Oil sees partial recovery on smaller OPEC+ hike, Qatar strike...

Crude oil prices recovered from the losses during the first week of the month but traded below the USD 70/b levels despite escalating geopolitical issues. Recent gains were led by smaller-than-expected increase announced by the OPEC+ for October-2025, the strike on Qatar, a renewed push to impose new sanctions on countries buying crude oil from Russia as well as the increase in aggression in the Russia/Ukraine conflict. There are also reports that show a decline in investments by energy companies in the US along with layoffs in the oil sector as the current oil prices makes it unprofitable for oil companies. However, the gains were capped by forecasts of weaker demand in the US after the release of recent economic data including higher than expected inflation, continued oversupply in the oil market led by countries outside the OPEC+ and higher US output and doubts on recovery in oil demand in China.

The recently release CPI in the US showed higher than expected monthly growth of 0.4% for August-2025. The data on the US labor market also sounded alarm on the economy with job growth almost flat during August-2025. The revised numbers for the 12 months until March-2025 also indicated weak trends. In addition, the weekly crude oil inventory report from the EIA showed and increase for the second consecutive week adding 3.9 million barrels during the week ended 5-September-2025. On the demand side, the EIA warned of a fall in gasoline demand this year followed by a marginal increase in demand next year to 8.93 mb/d supported by lower fuel prices. The agency also forecasted an increase in inventory build due to oversupply, especially after the OPEC+ announced increase in output.

On the geopolitical front, the strike on Qatar risked the ongoing efforts for a deal over Gaza, leading to a 1.7% increase in crude oil prices. On the other hand, the recent attacks on Russian energy infrastructure as well as earlier attacks from on Ukrainian government offices as once again flared up the war between the two countries. Efforts from the US to force a deal between the two countries resulted in talks of renewed restrictions on Russian crude oil supply with the US and Europe imposing new tariffs on countries buying oil from Russia, especially India and China. The tariffs would be expected to further restrict the exports of Russian crude oil, although past efforts only had a minimal impact. The decision by Iraq and Saudi Arabia to stop supplying crude oil to one of Russia's oil refineries in India also came as a result of the sanctions.

On the supply side, US oil output showed a steep increase last month adding 0.2 mb/d to reach 13.4 mb/d by the end of the month. The trend continued this month with output reaching 13.5 mb/d in the first week. OPEC+ also increased output last month after implementing the announced production hikes. Bloomberg data showed an increase of 0.4 mb/d last month by OPEC with total output reaching 28.55 mb/d, the highest since June-2023.



Sources : OPEC, EIA, Bloomberg

Junaid Ansari

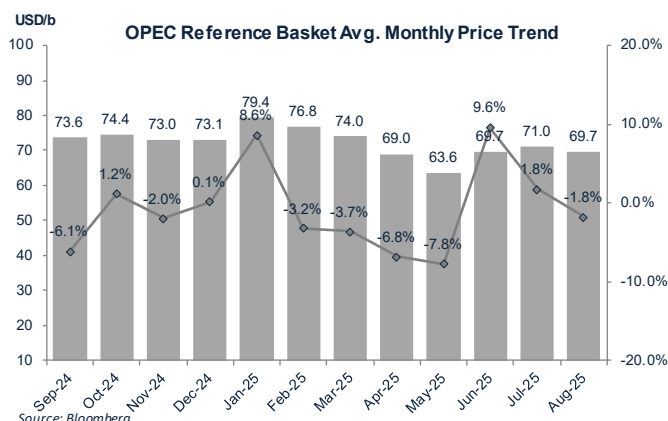
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Oil Prices

The trend in crude oil prices remained volatile during September-2025 but oil traded below the USD 70/b level since the start of the month despite escalating geopolitical issues in the region as well as globally. The gains at the start of the month came after the announcement of sanctions on Iran and the ongoing threat of sanctions on Russia from the US and Europe. In addition, there were earlier speculations that OPEC+ would keep the output steady during October-2025 and would not implement a hike resulting in elevated prices. However, prices declined for three consecutive days towards the end of the first week after reports suggested that OPEC+ would continue to implement steeper hikes in output causing Brent to trade around the USD 65/b mark. Nevertheless, the decision of a smaller-than-expected hike from OPEC+ led to gain in prices after the announcement. That said, warnings of increasing oil market glut in the coming months mainly due to the unwinding of OPEC+ cuts led to downward pressure on crude oil prices. This was also reflected in IEA's latest monthly report that warned of record surplus next year, significantly boosting its oil supply forecast from last month.



In terms of monthly price trend, average crude oil prices declined across the board during August-2025. Average spot Brent crude oil price declined by 3.8% to reach USD 68.2/b during August-2025 as compared to an average of USD 71.0/b during July-2025. On the other hand, average OPEC reference basket price witnessed a relatively smaller decline of 1.7% to reach USD 69.7/b vs. USD 71.0/b last month while Kuwait export grade crude prices witnessed a decline of 1.0% to average at USD 70.7/b during August-2025. Meanwhile, the consensus estimate for Brent crude showed mixed revisions for the next six quarters. The median consensus forecast for Brent crude grade for Q3-2025 and Q4-2025 were steady at USD 67/b and USD 64/b, respectively, according to data from Bloomberg. However, Q1-2026 is expected to see lower prices with the forecast now showing prices reaching USD 62/b from USD 63.5/b last month. The EIA, in its latest short term energy outlook, slightly raised the price forecast for Brent crude to USD 68/b for 2025 from around USD 67/b in its previous forecast.

Average Crude Oil Prices, USD/b	Jul-2025	Aug-2025	Change (USD)	YTD Avg. 2024	YTD Avg. 2025
OPEC Reference Basket	71.0	69.7	(1.2)	83.0	71.6
Arab Light	72.2	71.4	(0.8)	84.7	73.2
Basrah Light	70.6	69.6	(1.0)	81.4	71.1
Bonny Light	72.0	70.3	(1.7)	85.2	72.1
Djeno	63.5	60.8	(2.7)	76.3	63.7
Es Sider	71.1	68.0	(3.0)	83.2	70.4
Iran Heavy	70.8	69.2	(1.6)	82.9	71.7
Kuwait Export	71.4	70.7	(0.7)	83.9	72.5
Merey	58.1	56.2	(1.9)	68.6	59.0
Murban	71.1	70.1	(1.0)	82.8	71.6
Rabi	70.5	67.8	(2.7)	83.3	70.7
Saharan Blend	72.5	69.2	(3.2)	84.7	71.8
Zafiro	73.1	69.6	(3.5)	85.1	72.9
Other Crudes					
Brent	71.0	68.2	(2.7)	83.7	71.1
Dubai	70.8	69.4	(1.4)	82.6	71.4
Isthmus	67.4	64.5	(2.8)	77.0	67.1
LLS	69.8	65.9	(3.9)	81.3	69.7
Mars	67.2	64.0	(3.2)	78.7	68.0
Minas	74.9	72.4	(2.6)	87.7	74.5
Urals	59.1	56.1	(3.0)	68.0	58.1
WTI	67.4	64.1	(3.3)	78.8	67.2
Differentials					
Brent/WTI	3.6	4.2	0.6	5.0	3.9
Brent/LLS	1.1	2.3	1.2	2.4	1.4
Brent/Dubai	0.1	(1.2)	(1.3)	1.1	(0.3)

Source: OPEC Monthly Oil Market Report - Sep-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, albeit marginally by 0.02 mb/d, 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 that was partially offset by lowered forecasts for Europe and OECD Asia Pacific regions. Revisions for the non-OECD were mainly made to the Other Asia region that fully offset the upward adjustments to demand for the OECD region.

Meanwhile, the IEA, in its monthly report, raised its demand forecast for the year due to lower oil prices boosting consumption. According to the agency, oil demand is expected to increase by 740 tb/d this year, an upward revision of 60 tb/d from its previous forecast. The increase reflects steady deliveries in advanced economies as against comparatively subdued

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	25.03	24.94	25.12	25.40	25.29	25.19	0.16	0.64
of which US	20.42	20.42	20.48	20.67	20.72	20.57	0.15	0.73
Europe	13.48	12.92	13.60	14.02	13.49	13.51	0.03	0.22
Asia Pacific	7.18	7.31	6.93	6.92	7.38	7.13	(0.04)	(0.70)
Total OECD	45.69	45.17	45.64	46.34	46.16	45.83	0.14	0.31
China	16.65	16.86	16.47	17.03	17.04	16.85	0.20	1.20
India	5.55	5.70	5.70	5.50	5.91	5.70	0.15	2.70
Other Asia	9.65	9.85	10.23	9.74	9.74	9.89	0.24	2.49
Latin America	6.75	6.80	6.89	6.96	6.91	6.89	0.14	2.07
Middle East	8.85	8.78	8.83	9.28	9.15	9.01	0.16	1.81
Africa	4.65	4.89	4.58	4.68	5.07	4.80	0.16	3.23
Russia	3.98	4.01	3.85	4.04	4.19	4.02	0.04	1.01
Other Eurasia	1.26	1.42	1.31	1.18	1.32	1.31	0.05	3.97
Other Europe	0.80	0.81	0.83	0.77	0.87	0.82	0.02	2.50
Total Non-OECD	58.16	59.11	58.70	59.19	60.21	59.31	1.15	1.98
Total World	103.84	104.29	104.34	105.53	106.37	105.14	1.29	1.25

Source: OPEC Monthly Oil Market Report - Sep-2025

consumption in emerging economies. As per the IEA, oil demand growth in the OECD came in at 80 tb/d, which was higher-than-expected supported by lower oil prices. However, the forecast for 2H-2025 shows a contraction in demand resulting in a broadly flat y-o-y demand for the full year. The demand growth was also reflected in record refinery activity with global crude runs approaching an all time high level of 85.1 mb/d in August-2025 that utilized the excess supply of crude oil.

For 2026, global oil demand growth forecast was also kept unchanged by the OPEC after an upward adjustment in its previous month's forecast. As per the OPEC report, demand growth for 2026 is expected to come in at 1.4 mb/d with total demand expected to reach 106.5 mb/d during the year. That said, there were revisions at the regional level with upward adjustments to forecast for the non-OECD region, mainly in Latin America, that was fully offset by downward revision to demand growth forecast for the OECD region.

World Oil Demand - 2025/2026, mb/d	2025	Q1-26	Q2-26	Q3-26	Q4-26	2026	Y-o-Y Growth	% Chg.
Americas	25.19	25.02	25.22	25.61	25.38	25.31	0.12	0.48
of which US	20.57	20.45	20.59	20.88	20.80	20.68	0.11	0.53
Europe	13.51	12.95	13.64	14.07	13.54	13.55	0.04	0.30
Asia Pacific	7.13	7.31	6.91	6.89	7.36	7.12	(0.01)	(0.14)
Total OECD	45.83	45.28	45.77	46.56	46.28	45.97	0.15	0.31
China	16.85	17.00	16.70	17.27	17.23	17.05	0.20	1.19
India	5.70	5.89	5.94	5.72	6.16	5.93	0.22	4.04
Other Asia	9.89	10.09	10.47	10.04	10.04	10.16	0.27	2.73
Latin America	6.89	6.94	7.02	7.08	7.04	7.02	0.13	1.89
Middle East	9.01	8.96	8.99	9.48	9.26	9.17	0.16	1.78
Africa	4.80	5.05	4.76	4.86	5.19	4.96	0.16	3.33
Russia	4.02	4.06	3.89	4.09	4.23	4.07	0.04	1.24
Other Eurasia	1.31	1.48	1.34	1.20	1.34	1.34	0.03	2.29
Other Europe	0.82	0.83	0.83	0.80	0.90	0.84	0.02	2.44
Total Non-OECD	59.31	60.30	59.93	60.54	61.39	60.54	1.23	2.07
Total World	105.14	105.58	105.70	107.10	107.67	106.52	1.38	1.31

Source: OPEC Monthly Oil Market Report - Sep-2025

World Oil Supply

World oil supply witnessed an increase during August-2025 as compared to the previous month reflecting the ongoing unwinding of output cuts announced by the OPEC+ countries. Total world oil supply reached a record level during the month and stood at 106.9 mb/d as compared to 105.6 mb/d during July-2025, according to data from the IEA. The increase also reflected an increase in non-OPEC+ supply that hovered at near record levels during the month. As per the IEA, world oil production is expected to increase by 2.7 mb/d this year to reach 105.8 mb/d and further increase by 2.1 mb/d next year to reach 107.9 mb/d in 2026. As per the report, non-OPEC+ countries are expected to account for almost half of the total

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	28.42	28.11	28.00	28.14	0.43	1.52
of which US	21.76	21.81	22.48	22.12	21.86	22.07	0.31	1.42
Europe	3.53	3.59	3.54	3.58	3.60	3.58	0.04	1.42
Asia Pacific	0.44	0.40	0.43	0.43	0.42	0.42	(0.01)	(4.55)
Total OECD	31.69	32.03	32.39	32.12	32.02	32.14	0.46	1.42
China	4.56	4.69	4.66	4.55	4.53	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	1.58	1.56	1.60	0.00	0.00
Latin America	7.23	7.42	7.60	7.42	7.68	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	2.29	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	0.10	0.10	0.10	0.00	0.00
Total Non-OECD	18.99	19.32	19.41	19.14	19.32	19.30	0.31	1.63
Total Non-DoC Production	50.68	51.35	51.81	51.25	51.34	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	53.92	54.38	53.82	53.91	54.01	0.81	1.52
DoC NGLs and non-conventionals	8.54	-	-	-	-	8.65	0.11	1.29
DoC Crude Oil Production	40.86	40.92	41.31	-	-	-	-	-
Total World Supply	102.60	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - Sep-2025

increase during 2025 and 2026 at 1.4 mb/d and more than 1 mb/d, respectively.

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 54.01 mb/d. There were revisions in quarterly data downward revision to demand forecast for Q1-2025 and Q4-2025 for the OECD regions that were largely offset by positive upward revision to forecast for Q2-2025, especially for the US market, as well as Q3-2025 for demand growth in Europe. In the non-OECD group, demand forecast was lowered for the first three quarters of the year that was almost offset by an upward revision to forecast for Q4-2025.

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 region was lowered that was fully offset by an upward revision to supply forecast for the non-OECD countries outside of the DoC producer group.

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	0.22	0.78
of which US	22.07	21.63	22.25	22.35	22.44	22.17	0.10	0.45
Europe	3.58	3.60	3.49	3.47	3.57	3.53	(0.04)	(1.40)
Asia Pacific	0.42	0.43	0.40	0.41	0.40	0.41	(0.01)	(2.38)
Total OECD	32.14	31.82	32.16	32.44	32.75	32.30	0.16	0.50
China	4.61	4.66	4.66	4.56	4.55	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	1.60	1.60	1.57	1.56	1.56	1.57	(0.02)	(1.88)
Latin America	7.53	7.90	7.93	7.97	8.03	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	2.33	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	19.30	19.74	19.73	19.68	19.83	19.75	0.45	2.33
Total Non-DoC Production	51.44	51.57	51.89	52.12	52.58	52.04	0.60	1.17
Processing gains	2.57	2.60	2.60	2.60	2.60	2.60	0.03	1.17
Total Non-DoC Supply	54.01	54.17	54.49	54.72	55.18	54.64	0.63	1.17

Source: OPEC Monthly Oil Market Report - Sep-2025

OPEC Oil Production & Spare Capacity

OPEC crude oil production increased for the sixth consecutive month during August-2025 led by the unwinding of production cuts announced by the OPEC+ group. Data from OPEC secondary sources showed average OPEC production reaching 27.9 mb/d during August-2025, the highest in 26 months, after reporting an increase of 478 tb/d during the month. The increase was once again led by higher production mainly in Saudi Arabia, Iraq, UAE and Kuwait that accounted for a combined increase of 507 tb/d in August-2025 as compared to the previous month. Output in Venezuela also showed a marginal monthly increase during August-2025. These increases were partially offset by a decline in output mainly in Iran coupled with marginal declines in the rest of the OPEC group. On the other hand, data from Bloomberg showed a slightly smaller increase of 0.4 mb/d during August-2025 to reach 28.55 mb/d during the month. Data from Bloomberg showed an

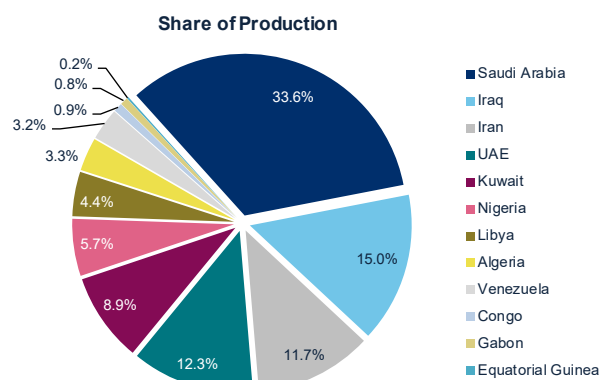
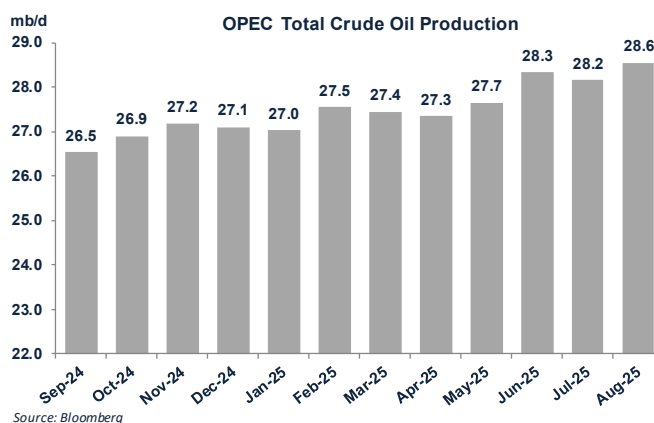
Production ('000 b/d)	Jul-25	Aug-25	Change		Capacity	Spare Capacity
Total OPEC-12	28,150	28,550	400	1.42%	33,700	5,150
Saudi Arabia	9,370	9,600	230	2.5%	12,000	2,400
Iraq	4,160	4,280	120	2.9%	4,800	520
Iran	3,310	3,350	40	1.2%	3,830	480
UAE	3,570	3,500	-70	-2.0%	4,650	1,150
Kuwait	2,500	2,540	40	1.6%	2,820	280
Nigeria	1,580	1,630	50	3.2%	1,630	0
Libya	1,300	1,270	-30	-2.3%	1,320	50
Algeria	940	950	10	1.1%	1,060	110
Venezuela	900	910	10	1.1%	980	70
Congo	260	250	-10	-3.8%	300	50
Gabon	210	220	10	4.8%	230	10
Equatorial Guinea	50	50	0	0.0%	80	30
Total OPEC-11	23,990	24,270	280	1.17%	28,900	4,630

Source: Bloomberg

increase in output mainly in Saudi Arabia, Iraq, Nigeria, Iran and Kuwait that was partially offset by lower m-o-m output from the UAE. Based on the data for July-2025, the spare capacity for OPEC producers stood at 5.15 mb/d or 15.3% of the total production capacity as per Bloomberg estimates.

Output from the broader DoC producers group showed a production growth of 509 tb/d to reach an average of 42.4 mb/d during August-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 50 tb/d during month reaching average output of 9.2 mb/d, despite talks of sanctions. This increase was partially offset by a decline in production reported by Kazakhstan by 23 tb/d with average output reaching 1.8 mb/d during August-2025.

Meanwhile, defying expectations from oil watchers, the OPEC+ once again decided to increase production and unwind the 1.65 mb/d of halted crude oil production a year in advance hoping that the increase in volume would offset the impact of lower prices. The group decided to increase output by 137 tb/d starting October-2025 after much larger hikes in until September-2025. The group said that the remainder of unwinding would depend on market conditions and they could pause or even reverse hikes if needed. As per Bloomberg, the full reversal is expected to be gradually added in monthly stages over the next twelve months until September-2026.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q2-25	Q3-25	Q4-25	Q1-26
Goldman Sachs Group Inc/The	8/Sep/25	67.0	64.0	61.0	58.0
HSBC Holdings PLC	8/Sep/25	67.0	65.0	65.0	65.0
JYSKE BANK AS	8/Sep/25	63.0	58.0	57.0	55.0
Kshitij Consultancy Services Pvt Ltd	8/Sep/25	70.0	62.0	73.0	78.6
JPMorgan Chase & Co	5/Sep/25	63.0	61.0	55.0	57.0
Bank of America Merrill Lynch	4/Sep/25	66.0	61.0	64.0	68.0
Intesa Sanpaolo SpA	4/Sep/25	67.0	63.0	61.0	63.0
Standard Chartered Bank	2/Sep/25	52.0	65.0	71.0	76.0
Citigroup Inc	1/Sep/25	66.0	63.0	65.0	65.0
Landesbank Baden-Wuerttemberg	29/Aug/25	65.0	60.0	60.0	60.0
Emirates NBD PJSC	28/Aug/25	65.0	65.0	65.0	65.0
Morgan Stanley	21/Aug/25	67.5	65.0	60.0	60.0
UBS Group AG	21/Aug/25	68.0	62.0	62.0	65.0
Australia & New Zealand Banking Group Ltd	20/Aug/25	75.0	68.0	65.0	65.0
Rabobank	19/Aug/25	69.0	63.0	60.0	58.0
Westpac Banking Corp	18/Aug/25	66.9	61.7	60.0	61.3
ING Groep NV	6/Aug/25	65.0	62.0	58.0	56.0
Deutsche Bank AG	29/Jul/25	68.0	61.0		
Commerzbank AG	24/Jul/25	65.0	65.0	70.0	70.0
MPS Capital Services Banca per le Imprese SpA	18/Jul/25	69.0	66.0	66.0	
RBC	17/Jul/25	65.0	57.0	55.0	54.0
BNP Paribas SA	8/Jul/25	66.0	59.0	55.0	58.0
United States Department of Energy	8/Jul/25	68.0	64.0	60.0	59.0
Market Risk Advisory Co Ltd	7/Jul/25	66.0	64.3	64.7	65.7
Panmure Liberum	3/Jul/25	66.0	65.0	65.0	65.0
Macquarie Group Ltd	27/Jun/25	66.0	67.0	61.0	58.0
Natixis SA	25/Jun/25	69.0	63.0	62.0	63.0
Bank Mandiri PT	17/Jun/25	70.2	66.5	66.8	67.8
Julius Baer	17/Jun/25	67.5	60.0	60.0	60.0
MARC Ratings Berhad	17/Jun/25	69.0	68.0		
MUFG Bank	30/Apr/25	63.0	62.0	64.0	62.0
Banco Santander SA	25/Apr/25	61.5	60.0		
Barclays PLC	23/Apr/25	65.0	65.0		
Tradingeconomics.com	17/Apr/25	67.4	68.7	70.1	
Australian Government	31/Mar/25	69.3	68.6	67.8	67.1
Capital Economics Ltd	24/Mar/25	71.0	70.5		
Societe Generale SA	18/Mar/25	72.5	70.0		
Median		67.0	64.0	62.0	63.0
Mean		66.7	63.8	62.9	62.9
High		75.0	70.5	73.0	78.6
Low		52.0	57.0	55.0	54.0
Current Fwd		69.4	66.9	66.5	66.3
Difference (Median - Current)		-2.4	-2.9	-4.5	-3.3

Source: Bloomberg

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