

United Nations Conference on Trade and Development

**Multi-Year Expert Meeting on Commodities and Development, 16th session**

**9-10 December 2025, Geneva**

**Oil Market Update**

By

Alexander Bressers, International Energy Agency (IEA)

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

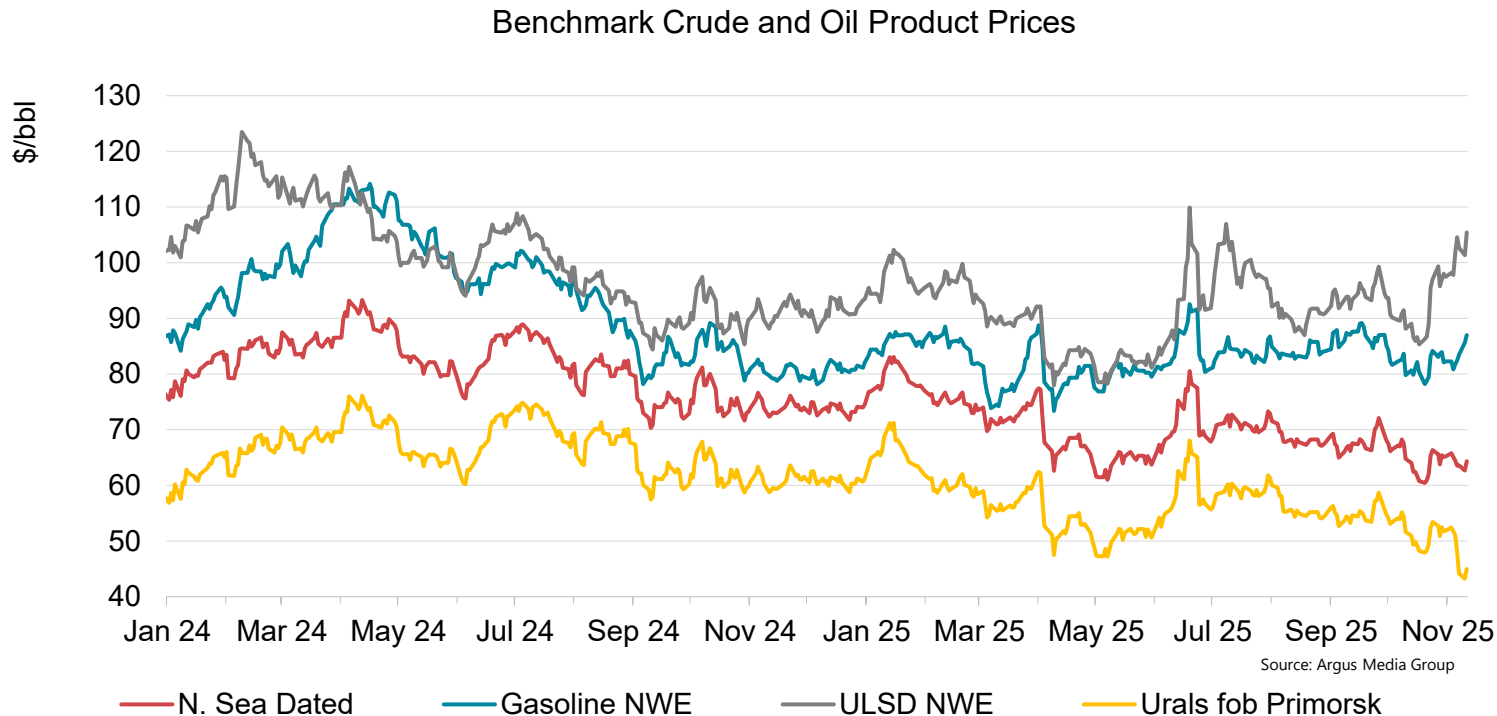


# Oil Market Update

Alexander Bressers

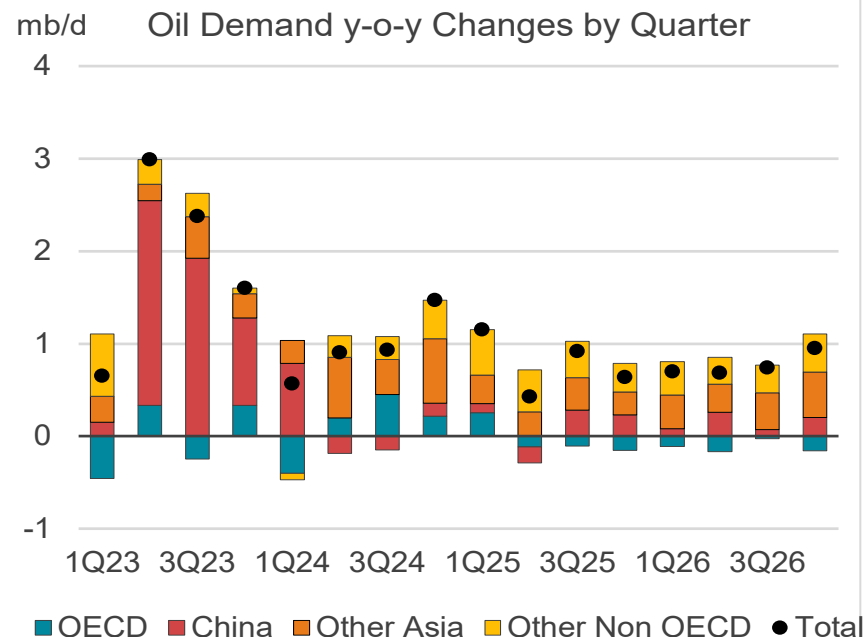
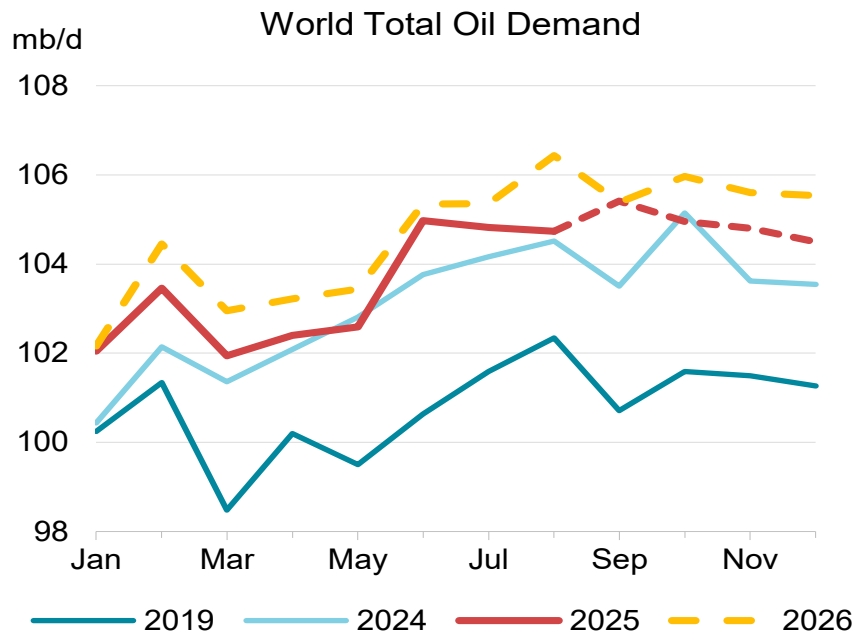
10 December 2025

# Oil in bear market as market focus shifts to 2026 supply glut



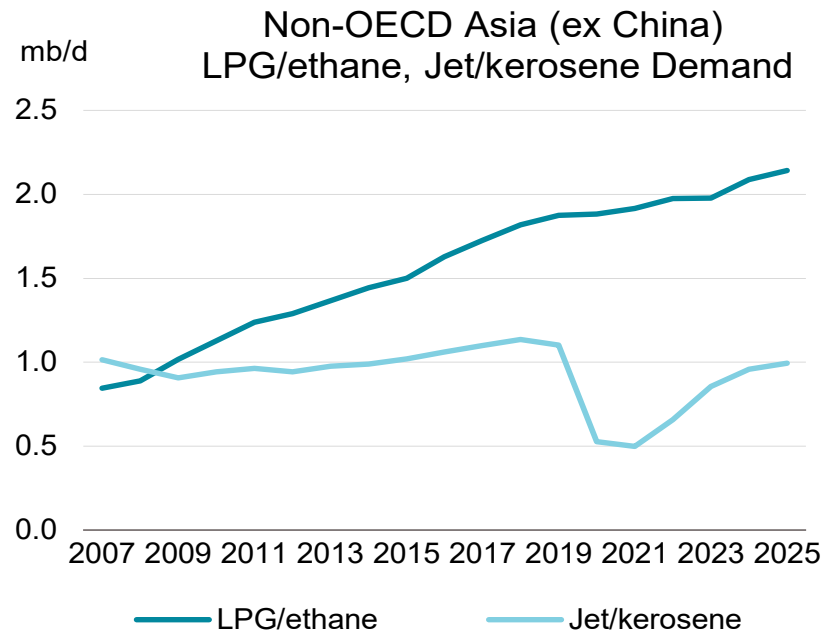
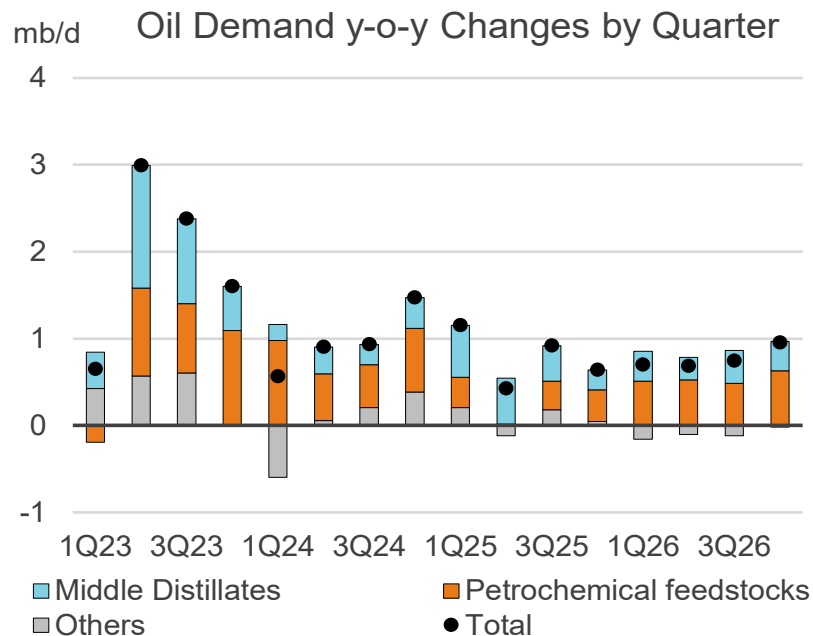
**Benchmark crude oil prices continued to ease in November with Brent at around \$64/bbl, down by \$10/bbl year-to-date. Harsher sanctions against Russia have been overshadowed by weak fundamentals and looming oversupply.**

# Oil demand rebounds in 3Q25 as trade tensions ease



**We expect an increase of 790 kb/d in global oil demand in 2025: 80 kb/d more than last month due to stronger Chinese deliveries as trade tensions subside. We expect a 2026 rise of 770 kb/d, dominated by emerging economies.**

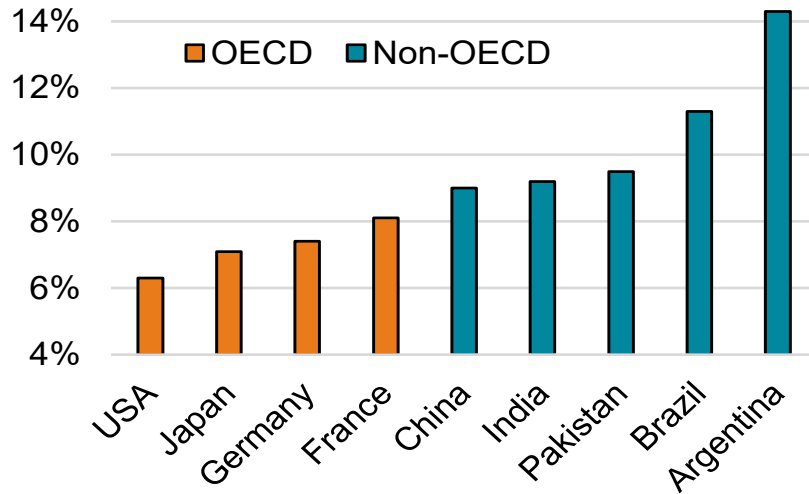
# Middle distillates demand firm while clean cooking supports LPG use



**Middle distillate demand has been firm so far in 2025, buoyed by economic resilience amid the tariff turmoil. However, in Asia jet/kerosene use has been stagnant due to substitution towards LPG in cooking.**

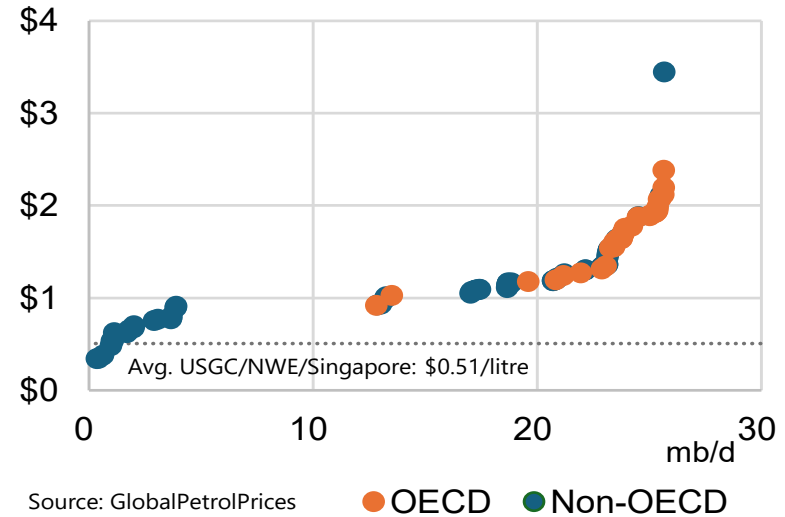
# Weaker linkage market and retail prices in developing countries

Energy % Weight in CPI Baskets,  
1Q25



Source: Oxford Economics.

Gasoline: Retail price by Country vs  
Cumulative Demand, May 2025

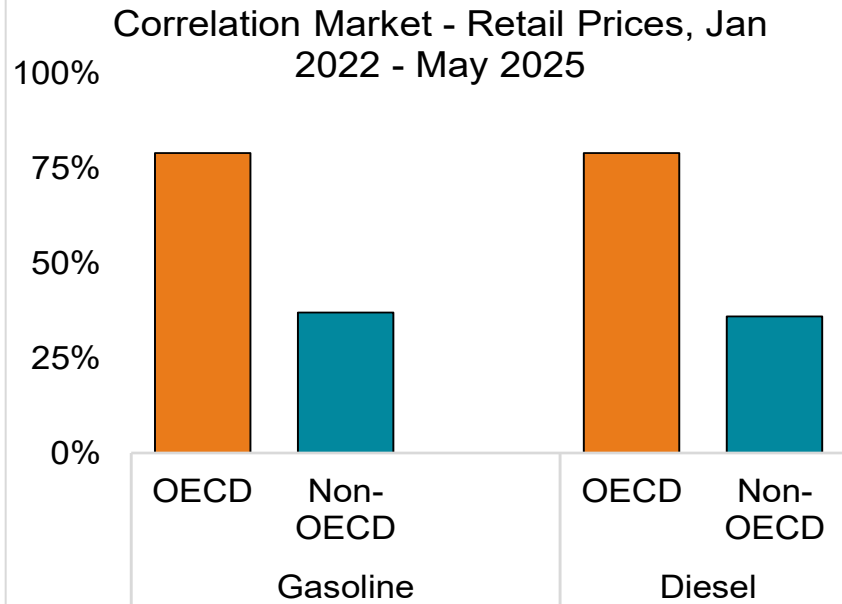


Source: GlobalPetrolPrices

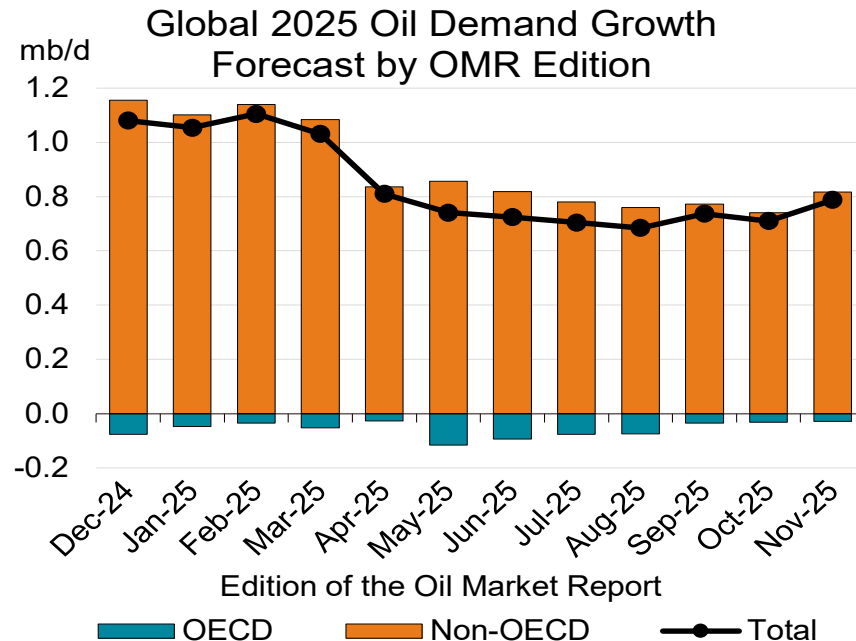
● OECD ● Non-OECD

**While having lower oil prices than developed economies, the prevalence of government price controls and state subsidies in developing countries weaken the linkage with market oil prices.**

# Non-OECD oil consumption downgraded despite falling oil prices

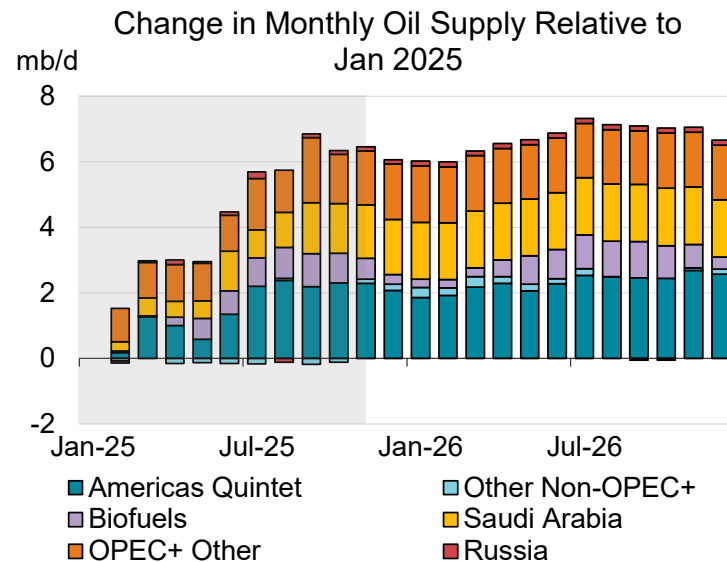
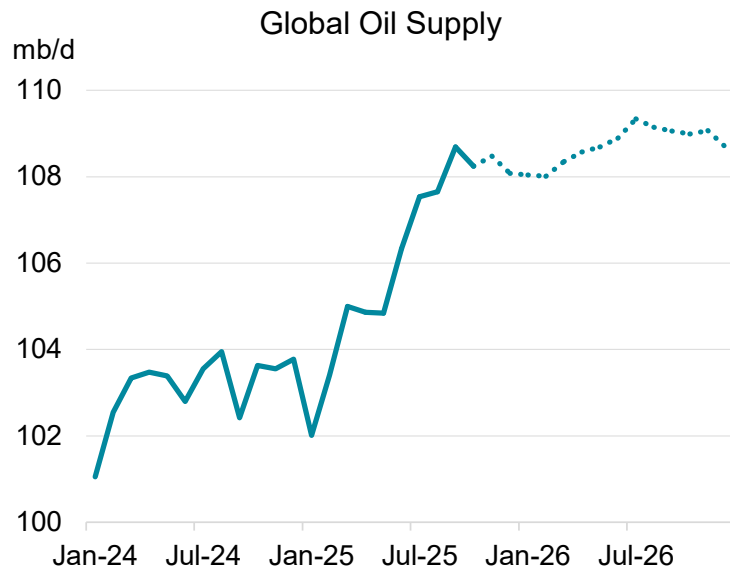


Source: GlobalPetrolPrices.



**The 300 kb/d year-to-date downgrade in our 2025 oil demand growth forecast has occurred entirely in non-OECD. Conversely, the OECD has seen a minor upgrade, partly as a result of lower oil prices and euro strength.**

# The relentless rise in global oil supply is broadly diversified regionally

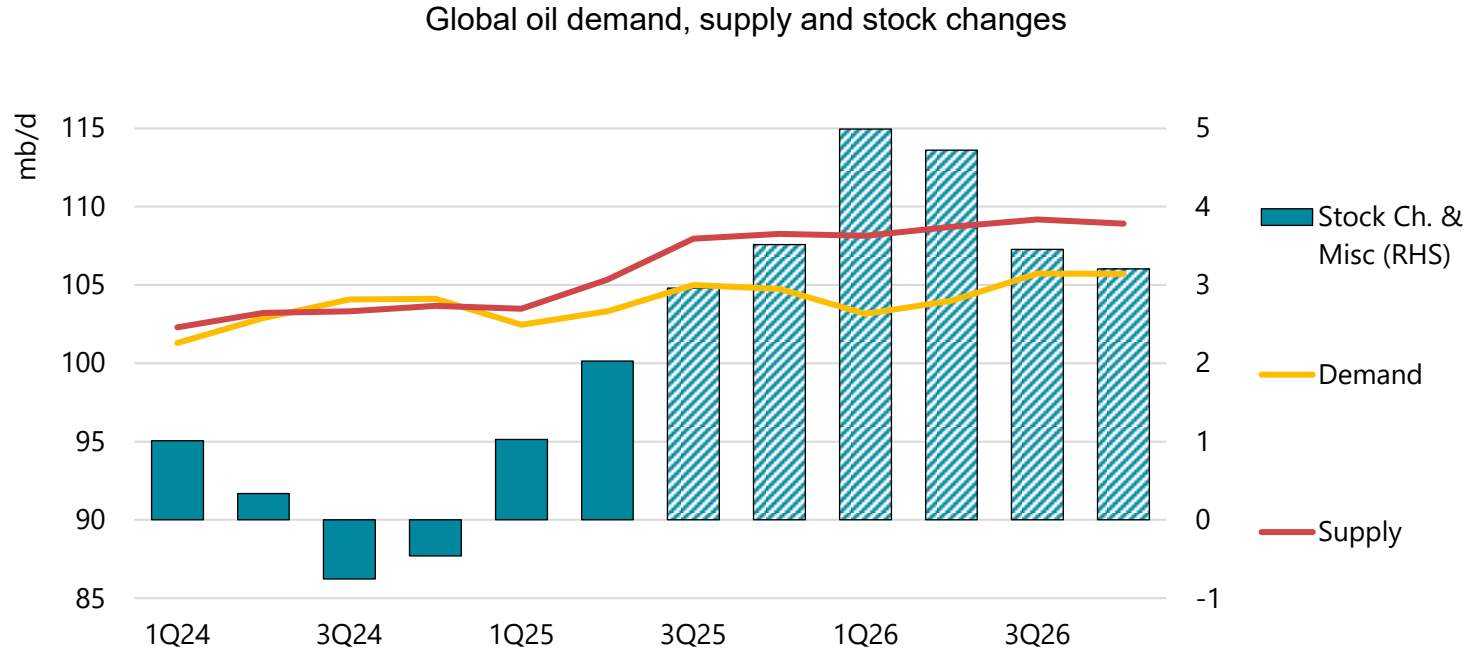


Note: Americas Quintet is Argentina, Brazil, Canada, Guyana and the United States. OPEC+ volumes include crude, condensates and NGLs.

**Global oil supply is up 6.2 mb/d since January, with gains split evenly between OPEC+ and non-OPEC producers.**



# OPEC+ accelerated unwind of cuts lifts 2026 market surplus



Note: Assumes OPEC+ voluntary production cuts are fully unwound in September. Other OPEC+ curbs remain in place

**Oil market balances look ever more bloated as increased OPEC+ supply estimates far outpace demand in 4Q25 and in 2026. These increased supply estimates lift 2H25 surplus to 3.2 mb/d, and untenable 4 mb/d in 2026.**

# Global oil market: key messages

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- Oil price in bear market amid outlook for oversupplied balances.
- Subdued demand amid economic headwinds and vehicle electrification.
- Abundant supply growth led by Americas.
- Asia key driver of demand growth, with OECD in structural decline.
- Trade turmoil weighs especially on demand in developing countries.
- These countries benefit less from lower oil prices/US dollar due to prevalence price controls and subsidies.

