S&P Global
Commodity Insights

Europe, Eurasia and Africa Crude Oil Markets Long-Term Outlook

European Fundamentals Crude Oil Markets: Fourth Quarter Update

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Fourth Quarter 2025 release notes and enhancements

Important release notes

- This forecast incorporates S&P Global Commodity Insights analysis for 2025-2027 as presented in the **November Short-Term Outlook** updates for crude oil and refined products markets.
- **The long view:** While the energy transition remains relevant, energy security and affordability have gained prominence. The new US administration embodies a broader global shift toward national interests and away from globalization and unfettered capitalism. This outlook incorporates fundamental geopolitical, economic, and national shifts.
- **The economic forecast is based on an average 2.6% global GDP through 2035.** Our outlook assumes a modest increase in global tariff levels and a moderate reduction in global trade relative to history. A key assumption is a dramatic moderation of initially announced US “reciprocal” tariffs on April 2, 2025. The China (Mainland)-US trade relationship is forecast to remain in place with a marginal level of economic and trade “decoupling.”

Fourth quarter 2025 enhancements

- **New Scenarios:** To enhance our existing offering, we have incorporated three additional scenarios: Adaptation, Fracture, and Renaissance, which complement our base case, ASW 2025. These are presented in the last section of this report.
- **Excel tables**
  - Liquids supply and demand balance 1990-2035

Data compiled August 18, 2025.
Source: S&P Global Commodity Insights

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Executive summary

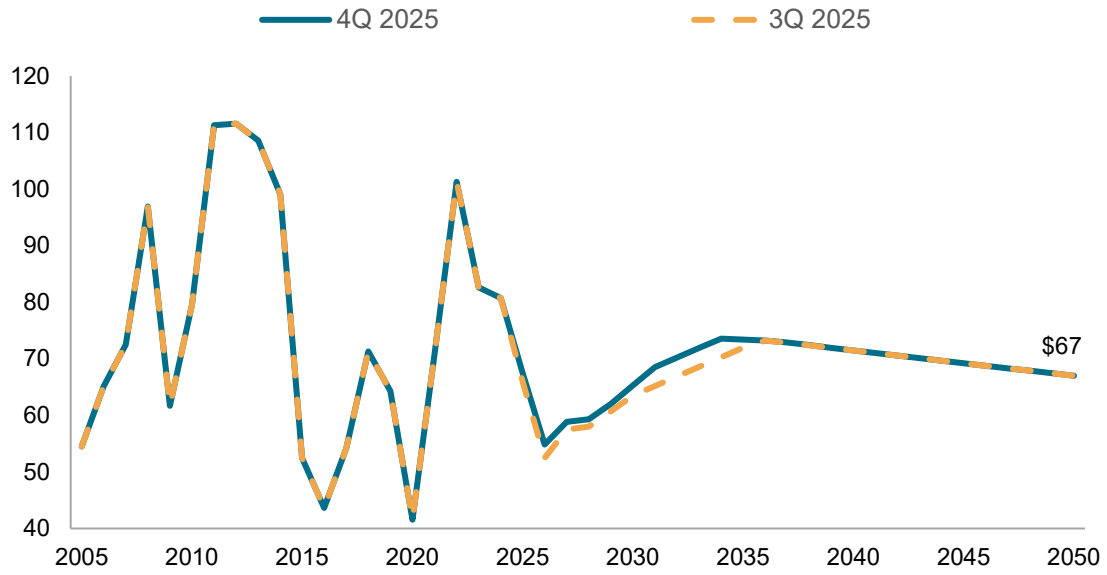
Europe, Eurasia and Africa crude oil market key messages

- **Peak liquids demand by 2031.** Global liquids demand reaches 108.6 million b/d in 2031, before sliding to 99.4 million b/d by 2050. This shift is largely driven by increasing adoption of electric vehicles, the rise of sustainable aviation fuels, and the implementation of greener policies worldwide.
- **Crude oil demand eases long-term.** Crude demand will ease from 84 million b/d in 2025 to 74 million b/d by 2050. This is supported by higher US crude runs which are linked to slower uptake of electric vehicles and biofuels alongside robust long-term demand in the petrochemical sector.
- **Non-OPEC+ crude peaks in 2029.** Production rises to 39.1 million b/d in 2029 followed by a gradual decline as demand weakens post-2035, excreting downward pressure on prices.
- **OPEC+ likely to cut again by 2027.** OPEC+ production is projected to peak at 35.9 million b/d in 2026, with a subsequent easing to 33.6 million b/d by 2035. A strategic production cut of 0.5 million b/d is anticipated in 2027 to address this potential oversupply. This move is expected to stabilize output and gradually increase to balance market fundamentals and mitigate price volatility as non-OPEC+ supply declines.
- **Brent price volatility ahead.** Brent prices are expected to experience volatility, with Dated Brent (constant $) bottoming at $54.8/b in 2026 as volumes peak, then recovering to $73.6/b by 2034 as market conditions tighten. Beyond 2034, prices are likely to soften again as demand weakens, reflecting the ongoing adjustments in global oil markets.
- **Brent – WTI:** The long-term Brent-WTI price differential, averaging around $3/b (constant dollar), reflects significant exports to both Europe and Northeast Asia (NEA). The NEA marginal FCC refiner is assumed to absorb incremental exports of US LSW crude, and with higher freight costs to reach the Asia region, the long-term WTI pricing complex will stay at an export discount relative to Brent. Our updated crude balances still show a slower Permian production trajectory in 2026 through 2035, resulting form increased OPEC+ supply relative to our April ASW update, which supports the narrowing spread beyond 2025 toward historical levels. This quarterly update reflects sufficient Permian take-away capacity. Because of the lower price environment, Permian volumes have remained steady over the past year and may decline further. At the same time, expansions of existing pipeline systems are underway, providing an additional buffer.
- **Brent – Dubai:** In the long term, the narrow Brent-Dubai spread reflects the weakening of the Atlantic Basin refined product demand and prices relative to Asia. In the late 2030's, the US and Europe grow increasingly long, Europe becomes a net diesel exporter. As a result, prices in the Atlantic Basin decline relative to Asia, which puts downward pressure on Brent relative to Dubai with global crude exports increasingly flowing to the East of Suez. The Dubai price is forecast to be slightly stronger through the early 2030s as the demand for coker feedstock in the short-term is anticipated to continue through the end of the decade particularly as new and more complex refineries come online. As we have reduced our OPEC outlook by 200,000 b/d on average from 2027-2035, the Dubai price has been increased modestly.

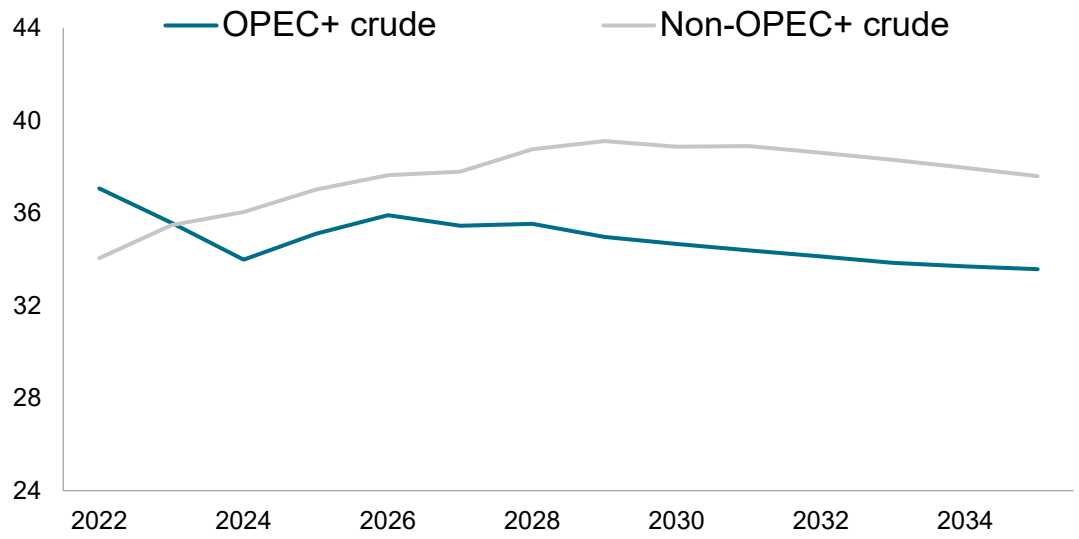
OPEC+ excludes Libya, Iran and Venezuela.
Data compiled November 13, 2025.
Source: S&P Global Commodity Insights

Dated Brent rises $2 on average (2027–2035) as US producers are expected to restrain output through 2028

Crude oil Dated Brent pricing (constant 2024 $/b)



Crude production: OPEC+ vs. non-OPEC+



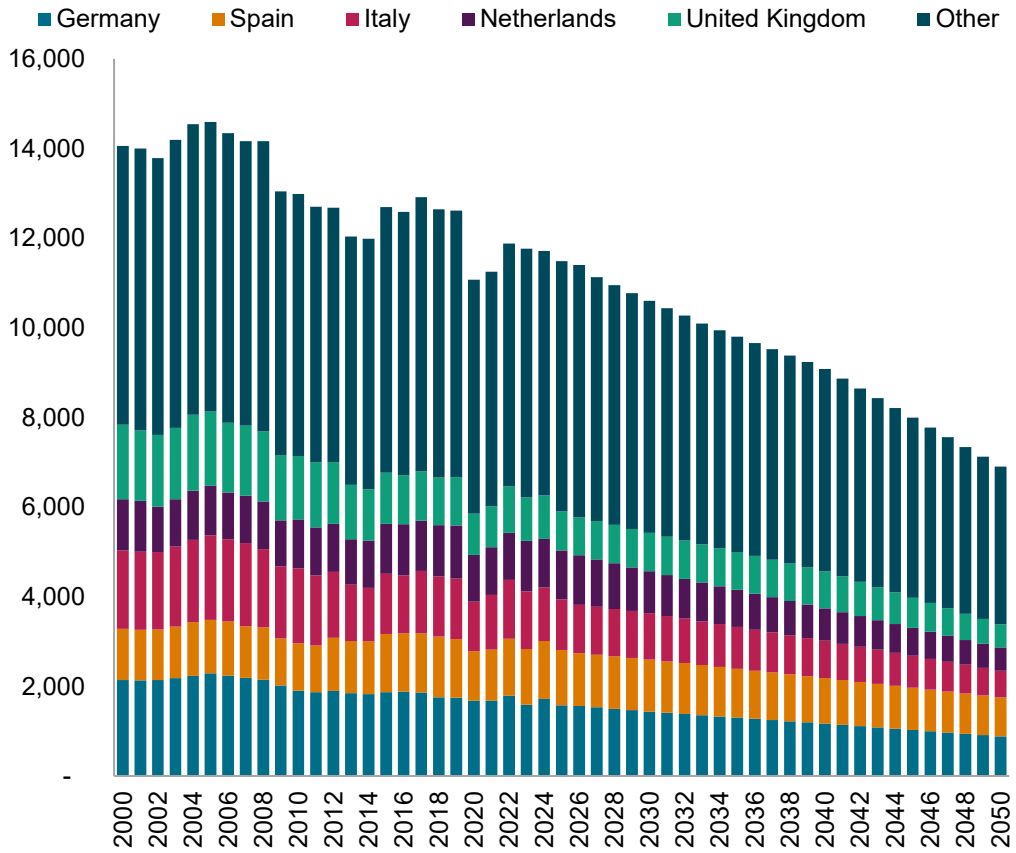
The Dated Brent price outlook: In 2050, our base Dated Brent price is $67 based on the marginal layer of supply, which is largely below $70. In fact, only about 10% of the new-source production requires a Dated Brent price above $60/b. By 2050, the price-setting marginal barrel is anticipated to be from Deepwater Brazil, the US Gulf of Mexico, and higher-cost US tight oil. In response to the OPEC announcements since April, we now expect OPEC to increase its production for the balance of the year and then to stabilize output over the decade. As Chinese oil demand, the historical engine of global oil demand growth, plateaus, we anticipate that global crude prices will be maintained below $70 through 2030 to cap Permian supply growth in line with demand.

Data compiled November 13, 2025.
Source: S&P Global Commodity Insights.

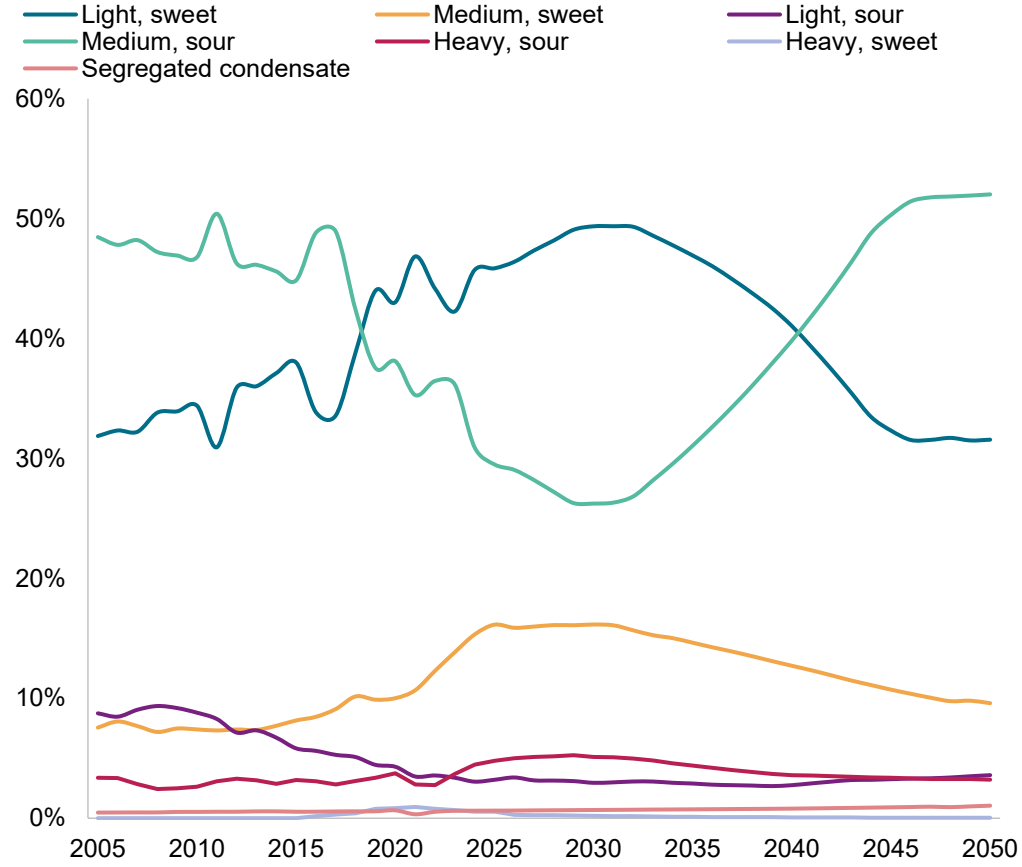
Crude demand

European runs expected to fall significantly, as regional demand falls sharply on environmentally-driven push away from fossil fuels and industrial weakness

Refinery crude and condensate runs in Europe (thousand b/d)



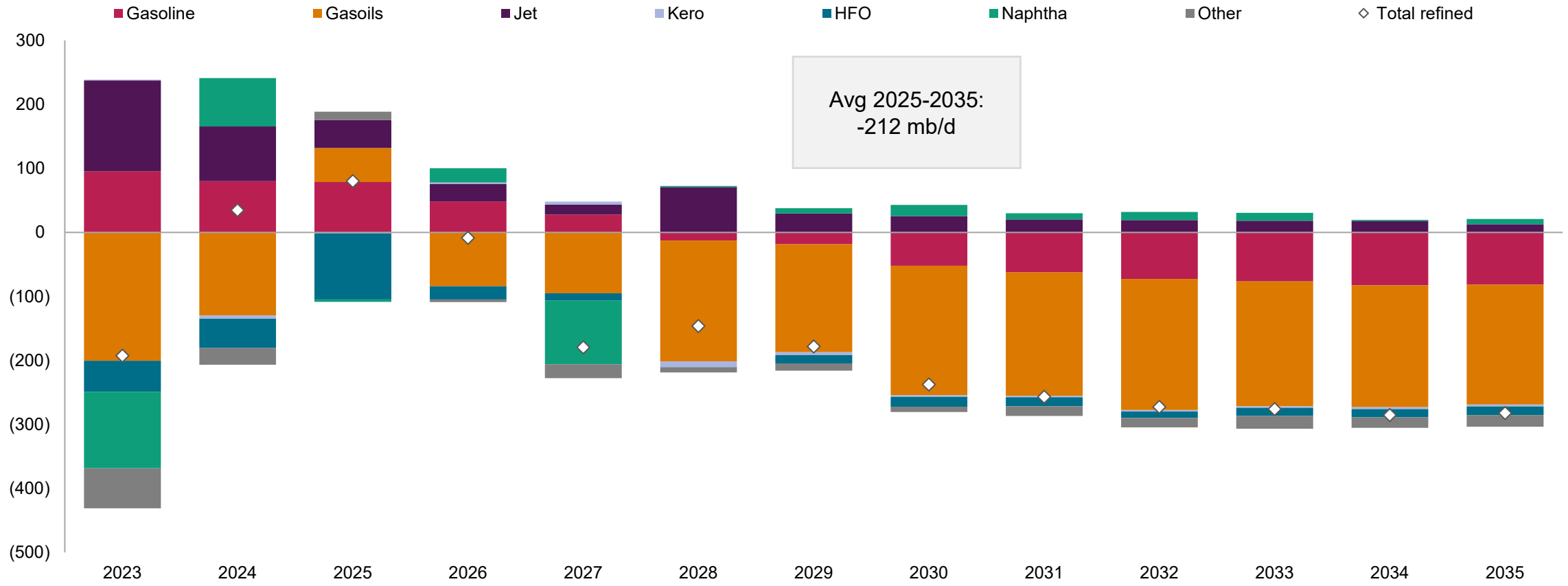
Europe runs by crude type



Data compiled: May 2025.
Source: S&P Global Commodity Insights

European gasoline demand remains resilient in the medium term, but gasoils weigh down overall demand outlook on passenger fleet shift

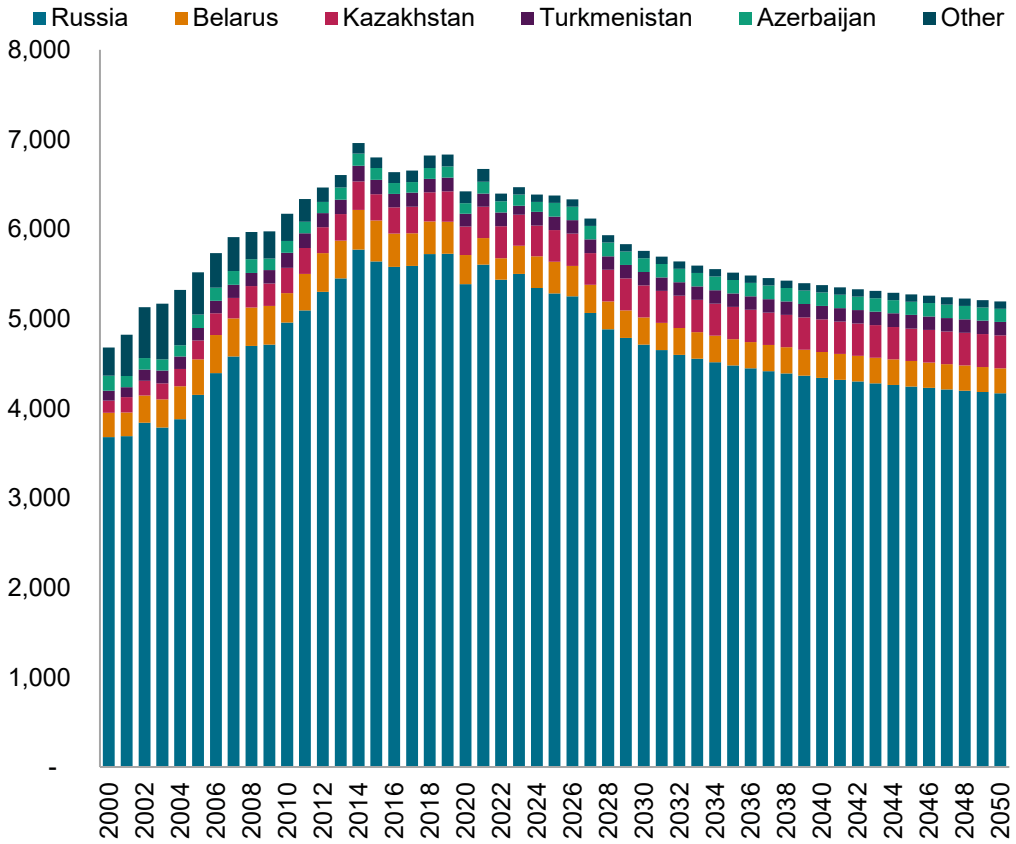
Refined product demand outlook in Europe – year on year change 2023-2035



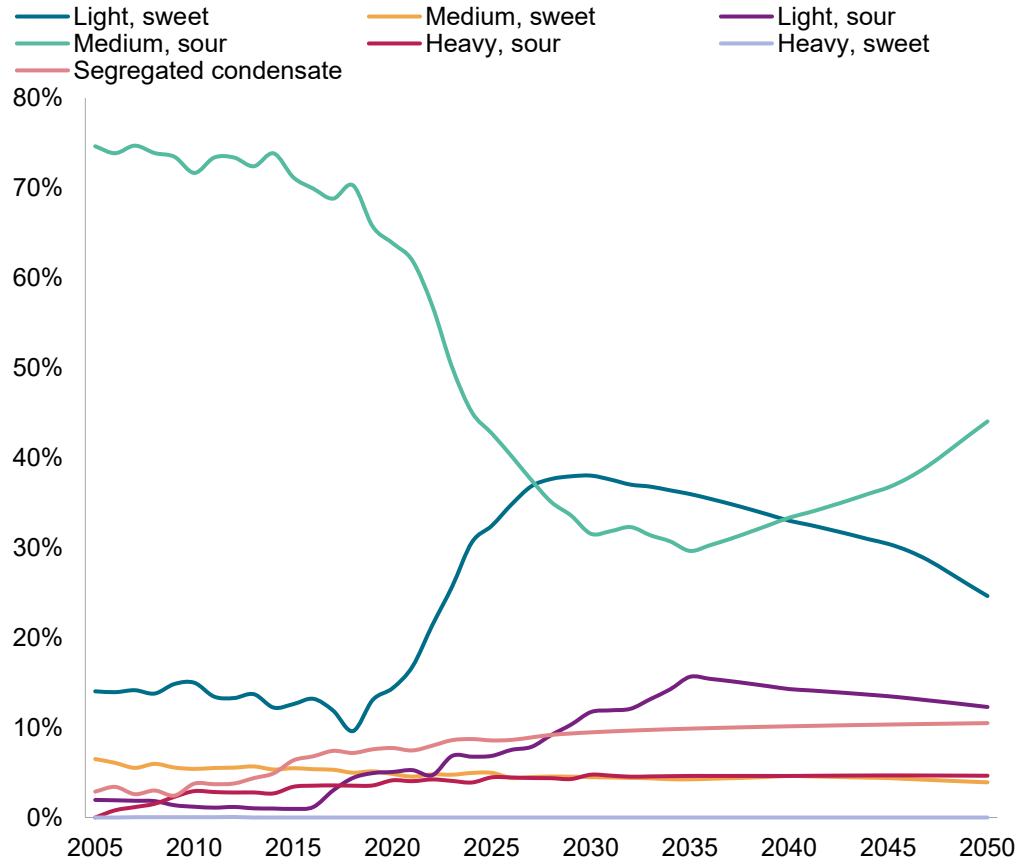
Data compiled November 2025.
Refined products includes biofuels and sustainable aviation fuels (SAF)
Source: S&P Global Commodity Insights

Russia dominates refinery runs in the region, with over 80%. Outlook is for regional runs to gradually decline, from 6.4 million b/d to 5.2 million b/d by 2050.

Refinery crude and condensate runs in CIS (thousand b/d)



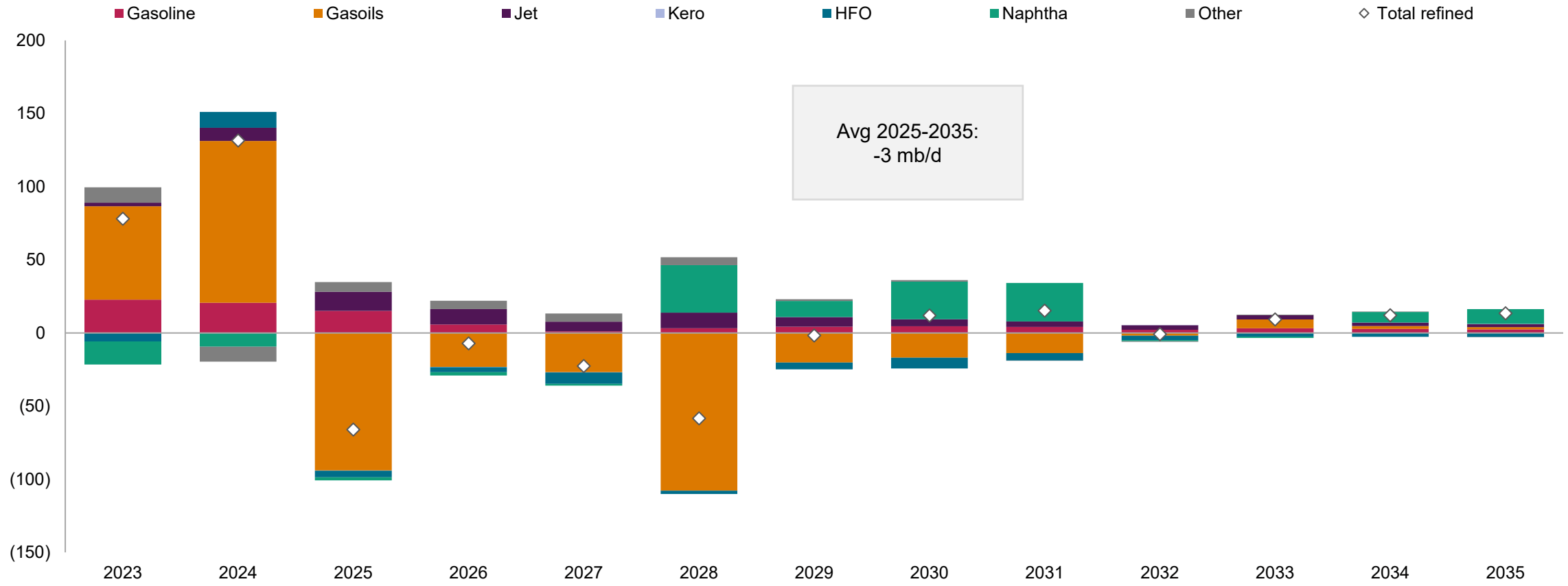
CIS runs by crude type



Data compiled: May 2025.
Source: S&P Global Commodity Insights.

Gasoline demand expected to grow till late 2030s owing to sluggish EV adoption, while a lasting ceasefire would mean a substantial drop in diesel demand

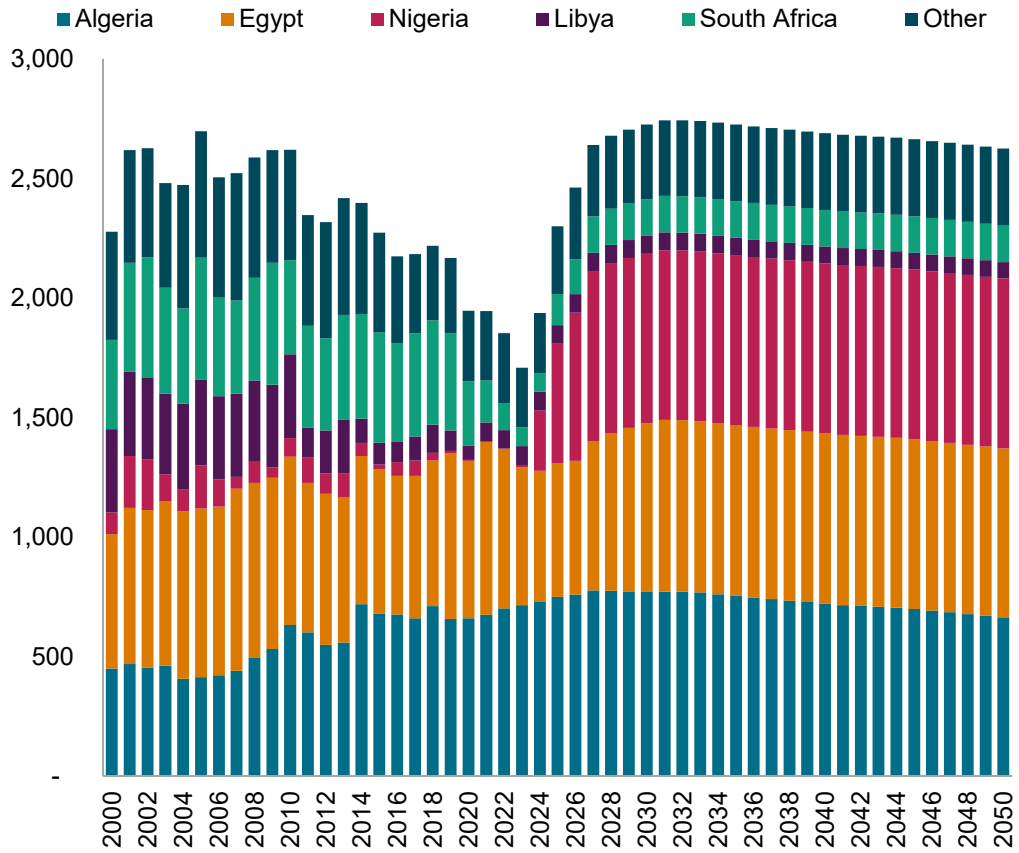
Refined product demand outlook in CIS – year on year change 2023-2035



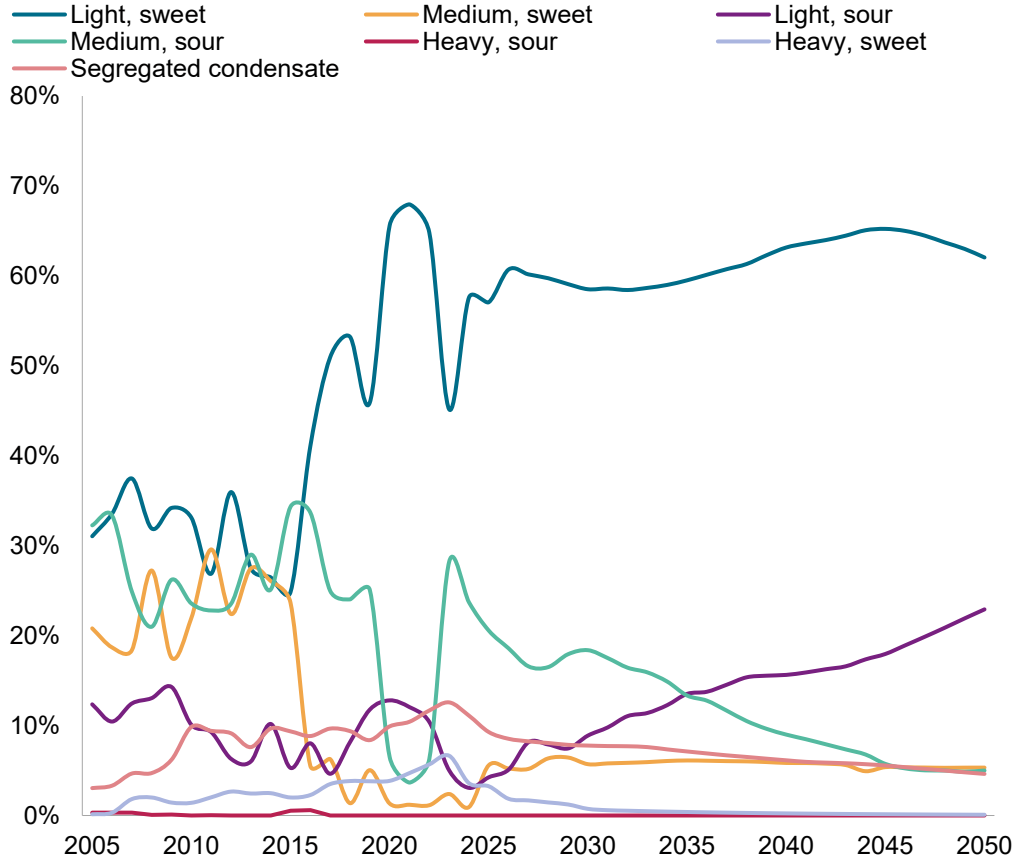
Data compiled November 2025.
Refined products includes biofuels and sustainable aviation fuels (SAF)
Source: S&P Global Commodity Insights

African refinery runs get major boost from Dangote streaming, but the region will struggle to raise runs higher longer-term on lack of substantial new builds

Refinery crude and condensate runs in Africa (thousand b/d)



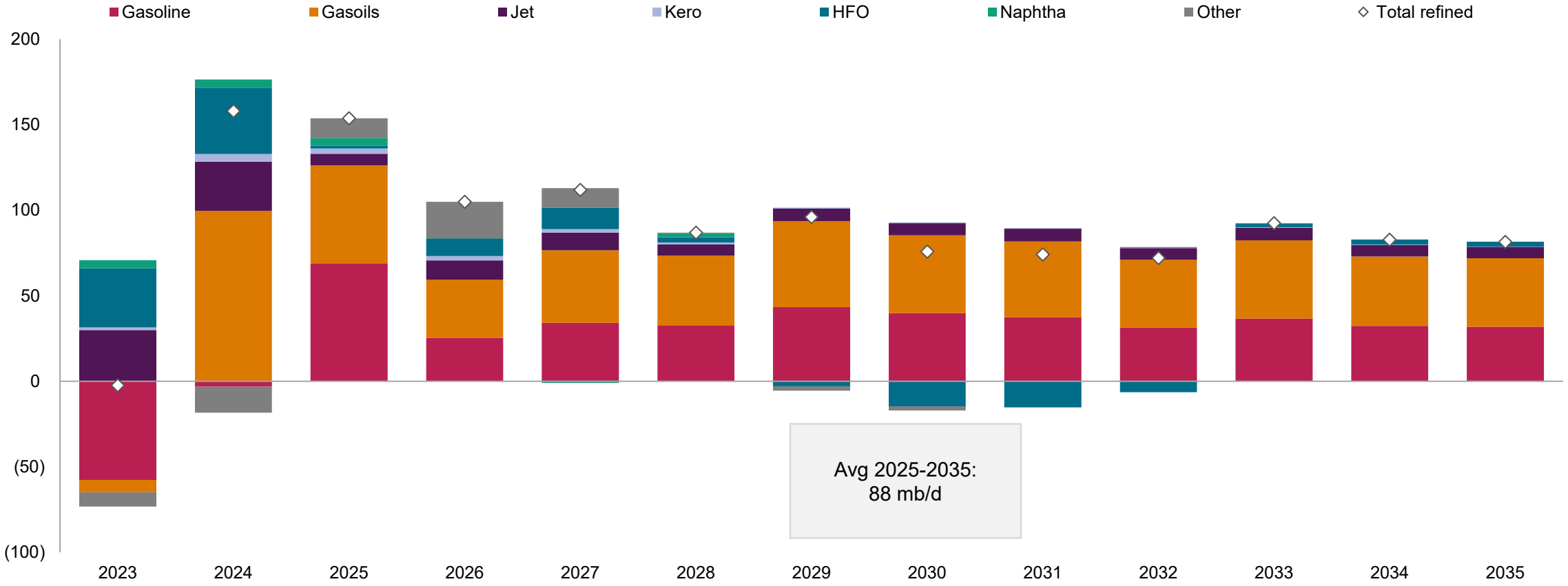
Africa runs by crude type



Data compiled: May 2025.
Source: S&P Global Commodity Insights

African gasoline and gasoil demand will grow strongly, supported by vehicle expansion and limited EV penetration across most markets

Refined product demand outlook in Africa – year on year change 2023-2035

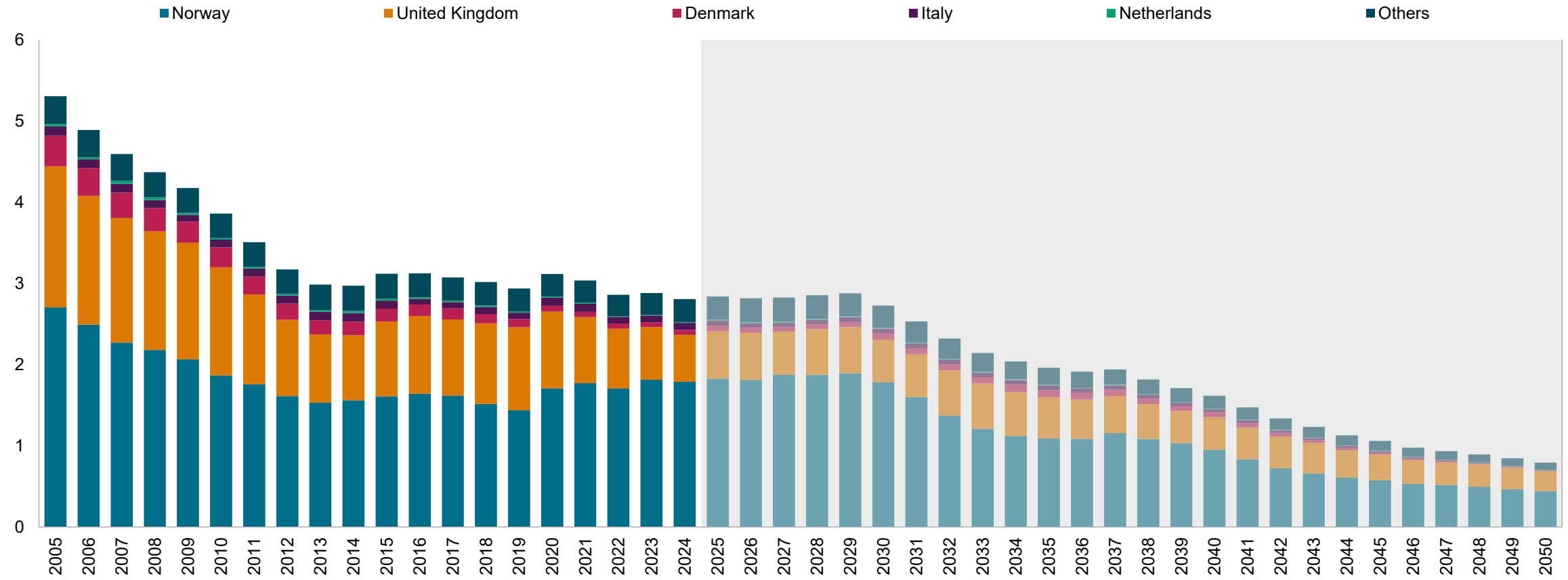


Data compiled November 2025.
Refined products includes biofuels and sustainable aviation fuels (SAF)
Source: S&P Global Commodity Insights

Crude supply

European crude and condensate production by major countries

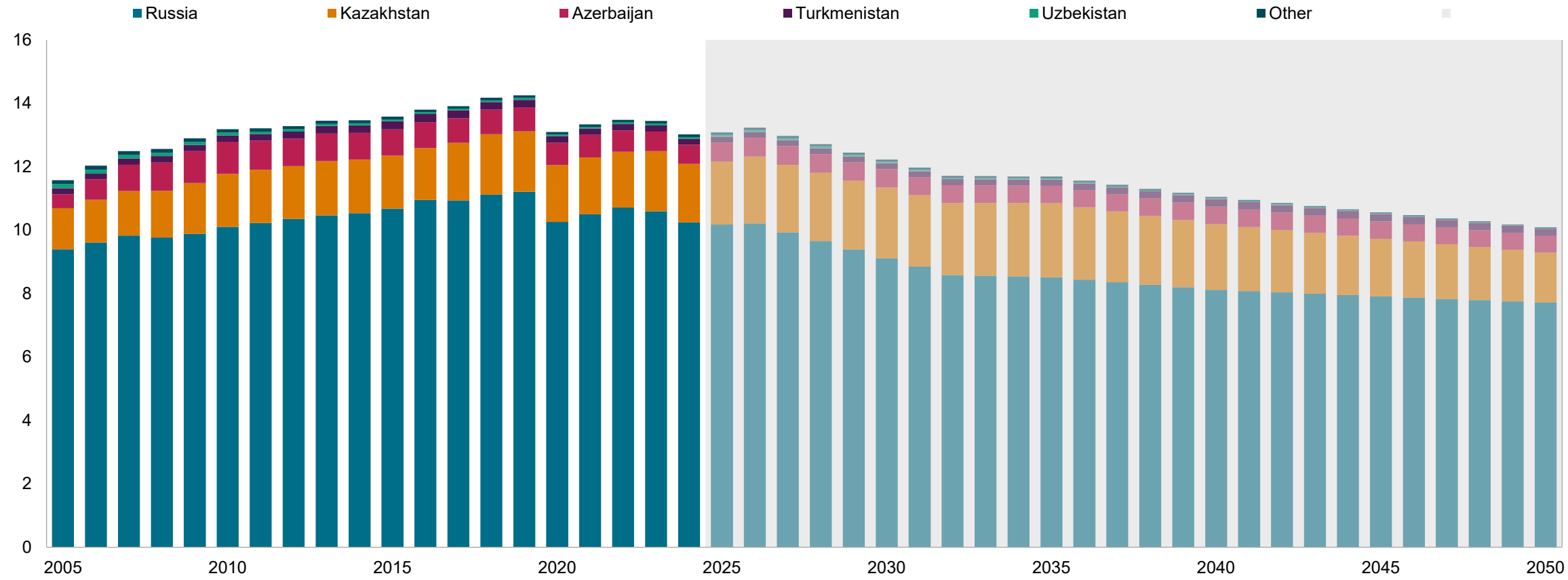
Major European oil producers (million b/d)



Data compiled: May 2025.
Source: S&P Global Commodity Insights.

CIS crude and condensate production by major countries

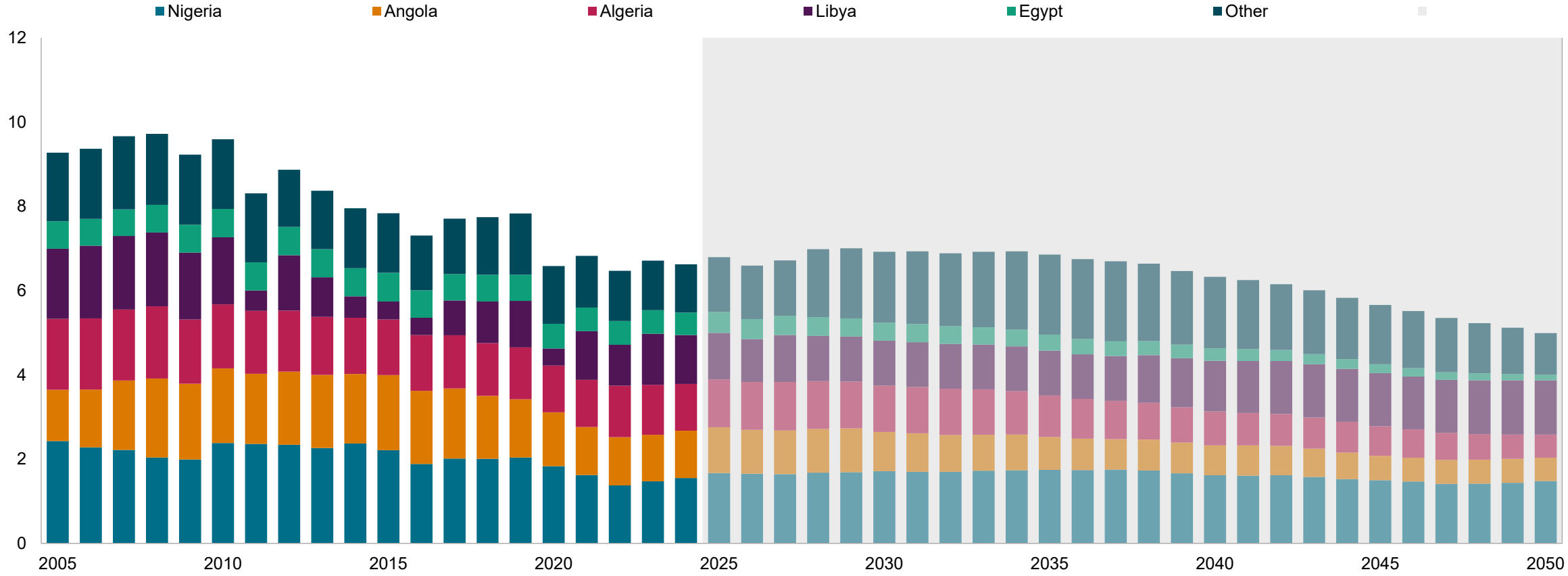
Major CIS oil producers (million b/d)



Data compiled: May 2025.
Source: S&P Global Commodity Insights.

African crude and condensate production by major countries

Major African oil producers (million b/d)



Data compiled: May 2025.
Source: S&P Global Commodity Insights.

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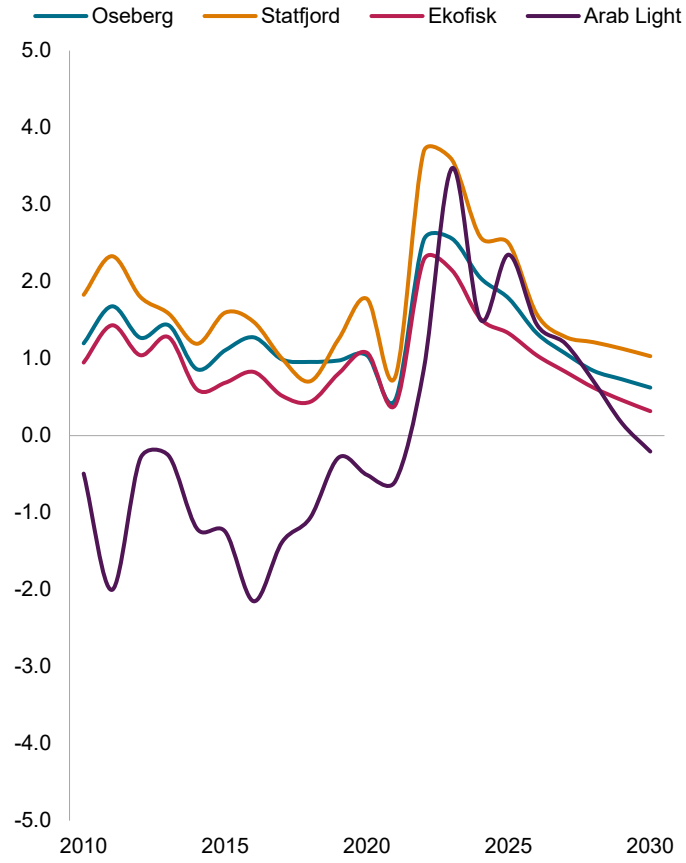
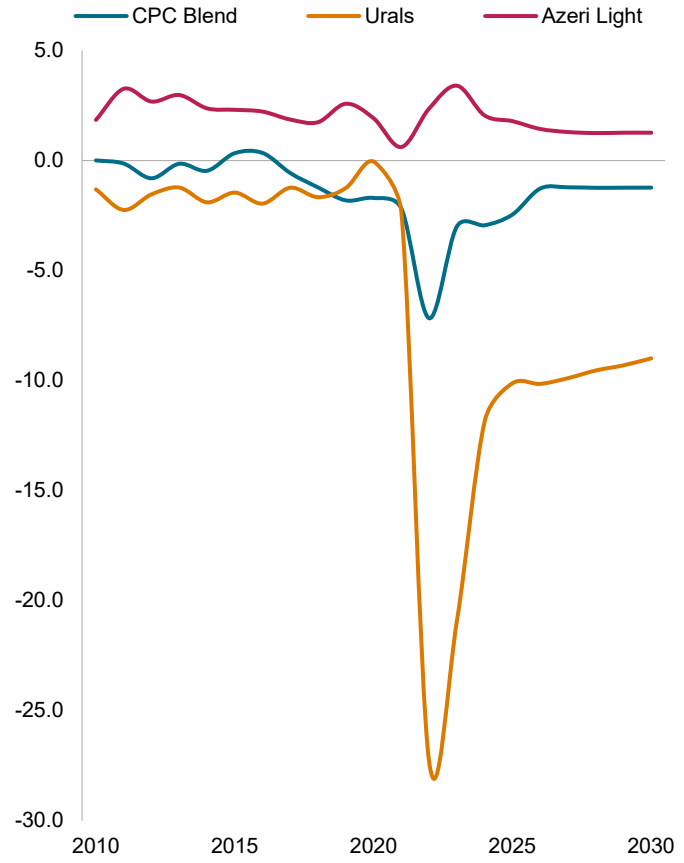
Crude pricing

Light sweet crude differentials in Europe are set to fall as European runs decline, while West African crudes expected to be supported by Dangote demand

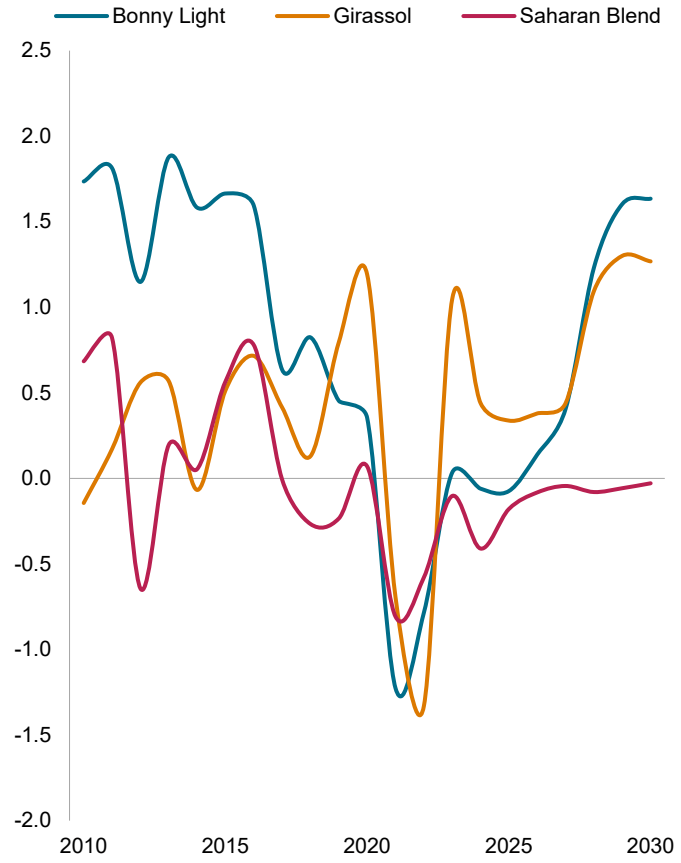
Crude price differentials to Dated Brent ($/b)



Crude price differentials to Dated Brent ($/b)



Crude price differentials to Dated Brent ($/b)



Data compiled: November 2025.
Prices are in constant 2024 US dollars.
Source: S&P Global Commodity Insights.

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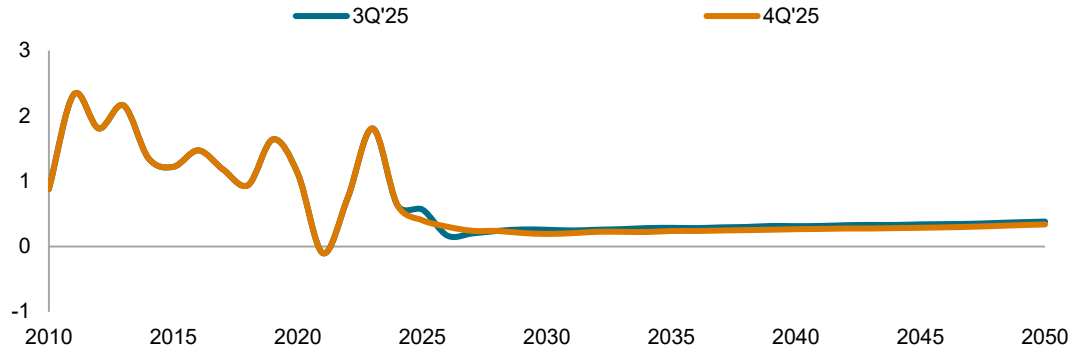
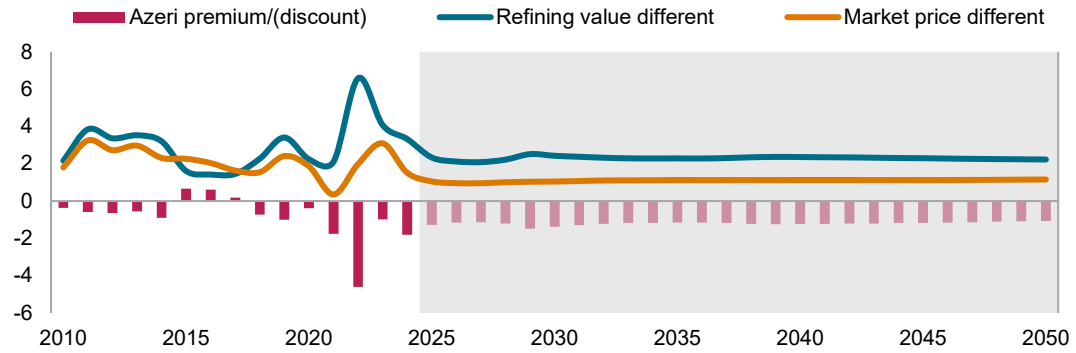
Azeri Light differential to Dated Brent faces near-term decline owing to distillates weakness, long-term outlook remains muted

BTC Blend FOB Ceyhan vs. Dated Brent (Constant 2024 $/b)



Azeri BTC Blend Northwest Europe vs. Dated Brent (assuming Forties quality) ($/b)

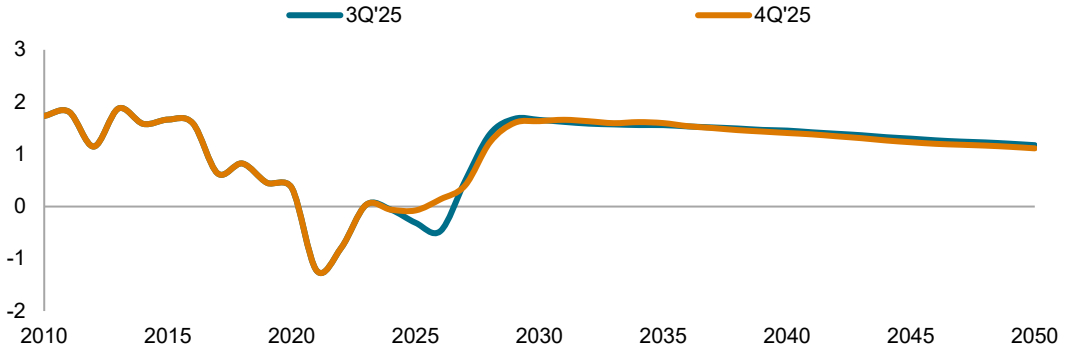


Data compiled: November 2025.
BTC = Baku-Tbilisi-Ceyhan, BFOET = Brent, Forties, Oseberg, Ekofisk and Troll
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

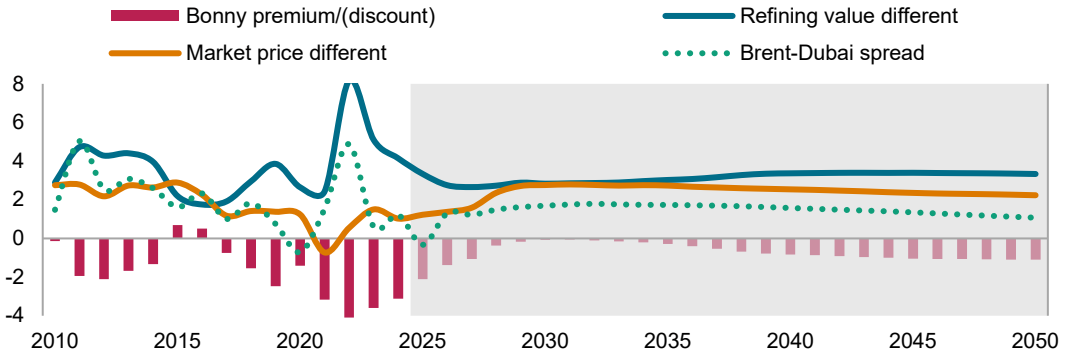
- Azeri Light is expected to remain resilient in the fourth quarter, supported by strong margins in Europe. However, we continue to anticipate the spread between sweet Azeri Light crude and Dated Brent to gradually decline due to weaker regional demand, abundant U.S. crude supply, and elevated freight rates in the region.
- This pressure is expected to be limited as it coincide with the ramping-up to commercial operation at the Dangote refinery, which will rise demand for Atlantic Basin light sweet crudes, thereby reducing availability in the market.
- That said, the spread between Azeri Light differential to Dated Brent is expected to narrow from current strength toward 2030, before slightly increasing (almost stagnating). From 2028 to 2030, diesel cracks are increasing at a lower pace than gasoline. Stronger naphtha cracks will continue to support the rich-naphtha grades such as Forties.
- By the mid-2030s, Europe is projected to become a net exporter of diesel, intensifying competition for market share in Africa and Latin America against exports from the United States and the Middle East. This shift is not expected to provide any additional support to Azeri Light prices, as the increased competition may limit Azeri Light's ability to maintain its pricing advantage in these regions.

Dangote demand lifts Bonny Light crude near-term despite weak diesel outlook, long-term stagnation looms amid changing market dynamics

Bonny Light - Dated Brent spread (Constant 2024 $/b)



Bonny Light vs. Dated Brent (assuming Forties quality) ($/b)

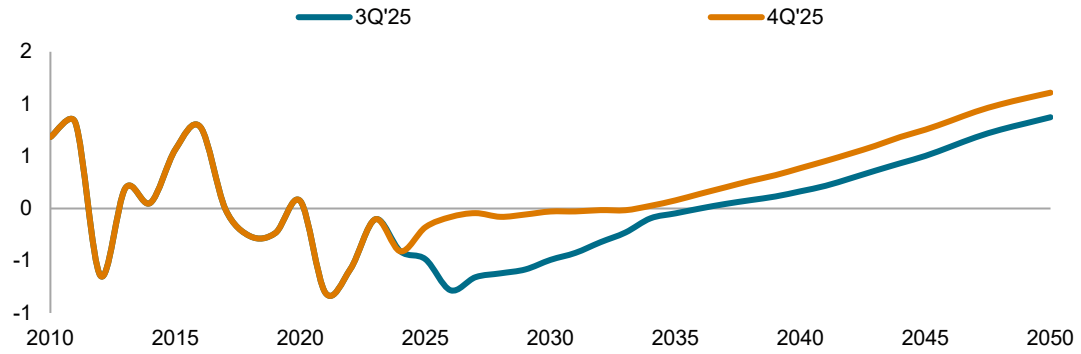


- We expect Bonny light differentials to Dated Brent to rise in the near-term, supported by stronger demand from the Dangote refinery. However, weakening middle distillate cracks, influenced by a weaker economic outlook and a lower demand forecast, are likely to depress its refining value relative to Dated Brent through 2027-28.
- As the Dangote refinery progresses beyond its initial phase and ramps up operations, the market discount for Bonny Light is expected to narrow, as West African crude oil balances tighten through 2035.
- In the longer term, Bonny Light's market price differential is anticipated to steadily decrease, reflecting ample availability and a market preference for naphtha-rich crudes over distillates-heavy grades. Towards the end of the forecast period, Bonny Light prices are projected to stagnate. Most exports will continue flowing to Europe, with smaller volume to the Far East, and minimal shipments to the United States. Notably, USEC FCC Bonny Light margins are forecast to turn negative from the early 2040s.

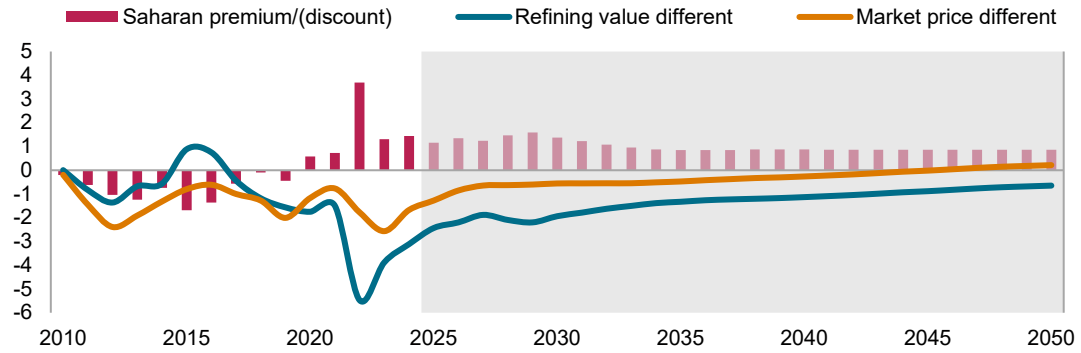
Data compiled: November 2025.
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

Saharan Blend crude forecast to gain near-term, with long-term support from naphtha crack spreads

Saharan Blend vs Dated Brent (Constant 2024 $/b)



Saharan Blend vs. Azeri Light ($/b)

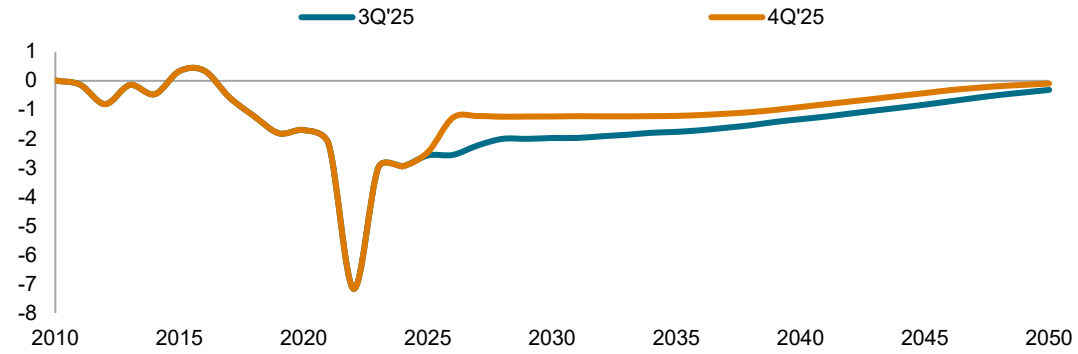


- Saharan Blend, valued for its high naphtha yield, is expected to firm relative to last quarter, with differentials to Dated Brent likely moving toward parity. This trend reflects stronger-than-expected gasoline cracks, which are projected to remain resilient through the decade.
- Naphtha crack spreads are projected to be influenced by the growing Asian market, which is expected to experience significant growth from the late 2020s. However, we have revised the naphtha crack spreads downward for the two last years of the decade, as we anticipate the market to remain weaker. Consequently, the refining values and the spread versus Dated Brent are expected to decline during this period. By the early 2030s, European naphtha crack spreads are forecasted to transition to a structural premium, which is anticipated to positively impact Saharan Blend crack spreads from 2030 onward.
- In the long term, the naphtha crack spread is expected to continue supporting Saharan Blend, resulting in a delivered price by 2050 with an approximate $1/b premium over Azeri Light.

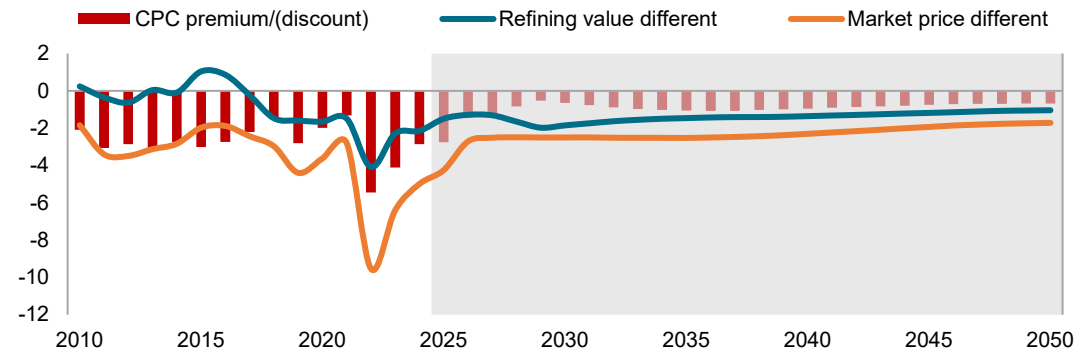
Data compiled: November 2025.
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

CPC Blend, like Saharan Blend, anticipated to gain long-term support from Asia's robust naphtha market, while demonstrating near-term strength amid sanctions

CPC Blend vs Dated Brent (Constant 2024 $/b)



CPC Blend vs. Azeri Light ($/b)

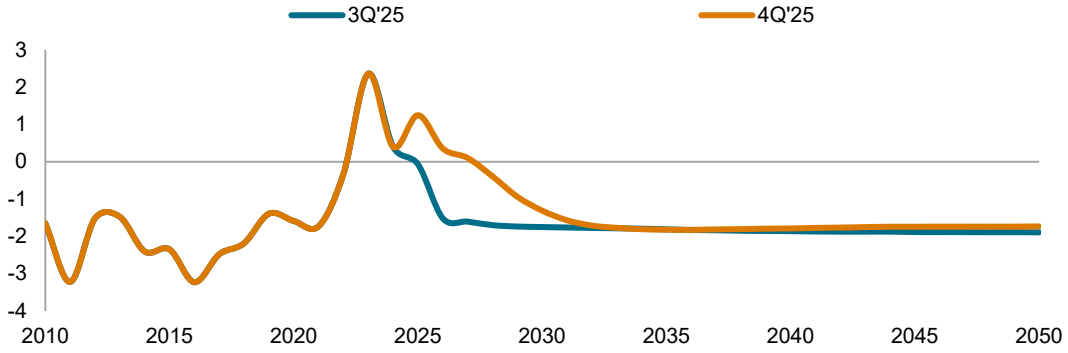


Data compiled: November 2025.
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

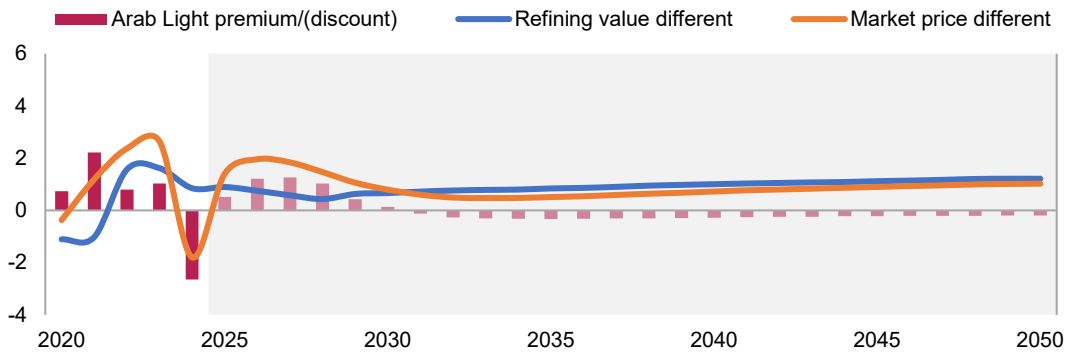
- CPC Blend is seeing near-term support from stronger buying interest, with early December cargoes trading close to parity with Dated Brent. Sanctions have not affected other regional sweet grades. Azeri Light, for instance, has remained stable relative to Dated Brent. Moreover, CPC Blend volumes are expected to be lower toward the end of 2025, likely due to unconfirmed maintenance at Tengiz, Kazakhstan's largest producing field. This temporary supply tightness may support CPC Blend differentials, though the effect is expected to be short-lived.
- Fundamentally, CPC Blend shows a discount to Saharan Blend to facilitate the eastward shift of surplus, driven by its large availability and decreasing refinery runs in Europe. Typically, CPC Blend is marketed with a roughly $2/b discount to Saharan Blend, reflecting its higher mercaptans content.
- Similar to Saharan Blend, CPC Blend is rich in naphtha, and its price is anticipated to receive support from the early 2030s, when naphtha crack spread are expected to shift to a structural premium relative to dated Brent.

Arab Light's differential to Dated Brent to decline near term amid OPEC+ production growth, while the long–term forecast continue to show strength

Arab Light - Dated Brent spread (Constant 2024 $/b)



Arab Light vs. Johan Sverdrup Northwest Europe ($/b)

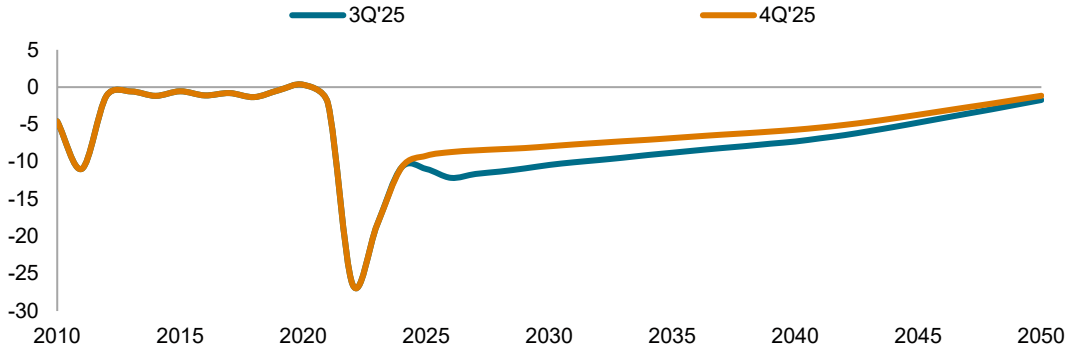


Data compiled: November 2025.
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

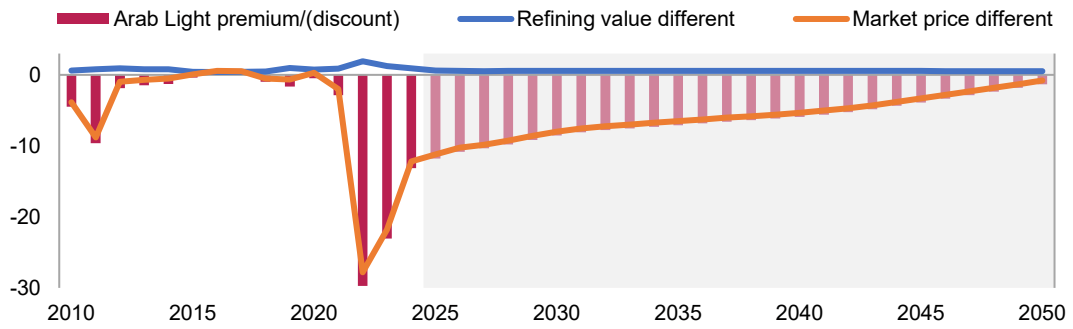
- The differential for Arab Light to Dated Brent is expected to remain positive in the near team, supported by U.S. sanctions on Russian crude exports and increased US pressure on Iran, both of which reinforce Middle Eastern market strength. Despite this, the Official Selling Price (OSP) is set to decline as OPEC+ unwinds production cuts, leading to a slightly negative spread to Dated Brent from 2028, with expectations of further negativity as the decade progresses.
- Arab Light is expected to command a modest premium over Johan Sverdrup relative to their catalytic cracking parity.
- Fuel-oil cracks are likely to remain strong through the early 2030s, supported by supply tightness resulting from a lighter global crude slate. This will sustain Arab Light’s strength in the medium to long term, keeping its differential to Dated Brent at the upper range of pre-pandemic levels.
- Nevertheless, an aggressive production ramp-up by OPEC+ could exert a downward pressure on oil prices and potentially curb non-OPEC+ production, thereby tightening the light crude market. This scenario could result in a lower differential than currently projected.

Urals discounts to Dated Brent persist beyond historical levels, while Arab Light maintains structural premium over Urals

Urals Med vs Dated Brent (Constant 2024 $/b)



Urals Med vs. Arab Light ($/b)



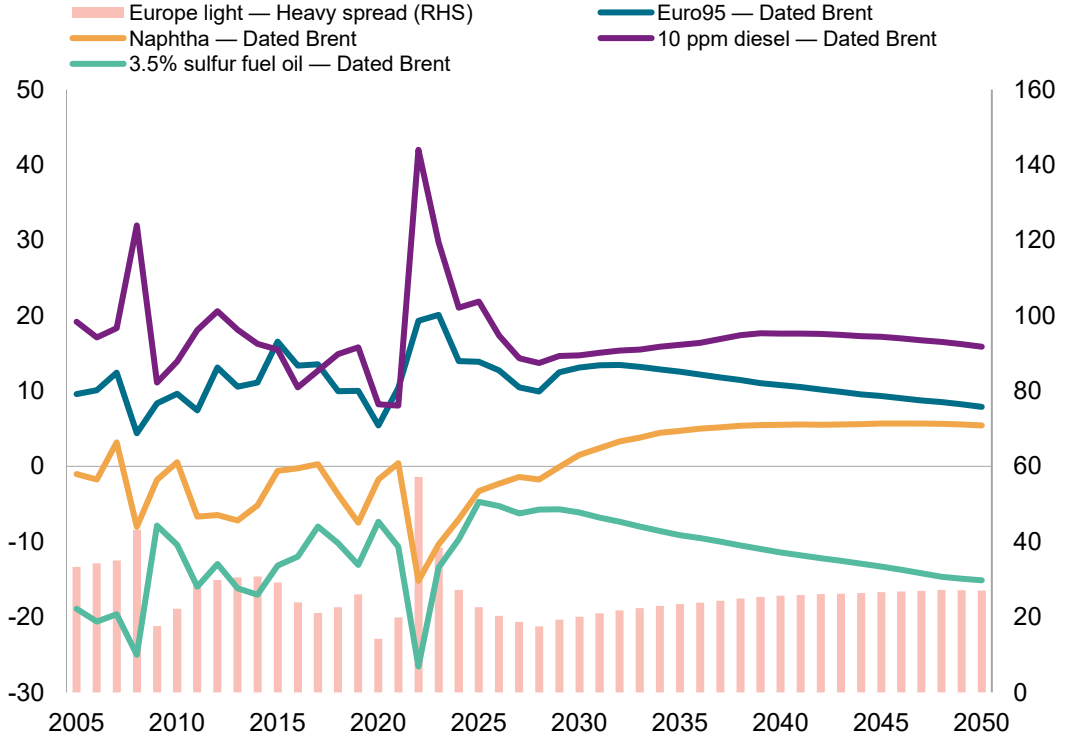
- Various sanctions imposed on vessels utilized for transporting Russian barrels have led to increased costs related to trade of Russian oil, exerting downward pressure on Urals prices. Additionally, the lack of liquidity in the European market for Urals has made assessed values particularly sensitive to fluctuations in freight rate.
- In the medium term, the price difference between Urals and Arab Light is narrowing due to reduced Russian output. The deeper market price discount compared to refining values reflects sellers' motivation to clear surplus supply towards the east. As Russian supply decreases, the discount in the Urals market is expected to diminish, and the price difference between Brent and Urals is anticipated to narrow from the highs observed in 2022–24.

Data compiled: November 2025.
Calculations are on a delivered basis to Rotterdam.
Source: S&P Global Commodity Insights.

Long-term price forecast for Europe shows gasoline and naphtha converging

Diesel cracks to decline near-term in line with new capacity and stagnating global demand growth, while long-term gasoline and naphtha cracks reflect the electrification of the car fleet and continued strong petrochemical appetite

Northwest Europe crack spreads (constant 2024 $/b)



Data compiled: November 2025.
RHS = right-hand side; ppm = parts per million.
Source: S&P Global Commodity Insights.

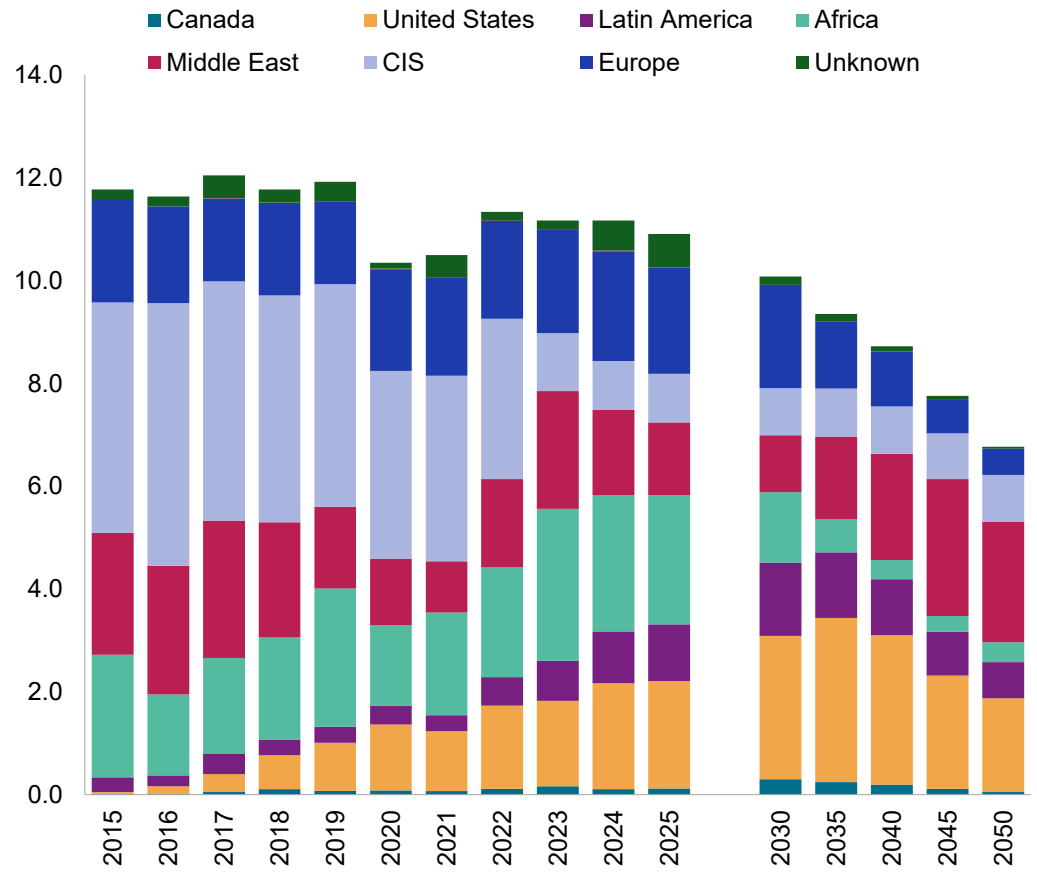
- **Gasoline** cracks are expected to decline in the short-term from but should remain stronger than previously anticipated due to surging demand in North America, Africa and Europe. In the long-term, car sales will continue to shift to alternative powertrains, in part accelerated by increasing pressure from emissions targets and bans on internal combustion engines, significantly affecting gasoline demand. After a margin rebound around 2030, gasoline cracks will begin to decline again, dipping below $8/b by 2050.
- **Gasoil/diesel cracks** are expected to weaken significantly through 2028 from current strength due to incremental supply from east of Suez. From the early 2030s, diesel cracks will increase modestly on the of back carbon costs before stabilizing during the last decade despite declining European diesel demand. After becoming a net exporter, Europe will have to compete for market share in import regions, keeping downward pressure on cracks.
- **Naphtha crack spreads** remain price takers from the growing Asian market, set to increase strongly from the late 2020s, mainly due to a lack of alternative steam cracker feedstocks to meet high demand for plastics and fibers. European cracks are expected to flip to a structural premium from 2030.
- In the near-term, we expect the **3.5% sulfur fuel oil crack** to strengthen from negative $27/b in 2022 to negative $6-5/b range in the second half of the decade. Through 2030, global crude supply growth is predominantly light sweet crude from the Permian. As a result, the overall demand for vacuum bottoms increases relative to the available supply, making HSFO stronger. From the early 2030s onward, our sour residue balances show that medium/heavy sour crude supply growth and decarbonization of shipping and stationary sectors would depress HSFO cracks once again, in order to incentivize further deep conversion capacity additions, most likely creep projects.

Crude trade

European crude oil imports are rewired after the European Union's ban on most Russian oil, with CIS regional market share dropping from above 40% to >10%

- **Russia, formerly supplying up to 45% of Europe's crude oil imports, lost its role as major supplier in the wake of the invasion of Ukraine, and ensuing sanctions.**
  - In response to Russia's invasion of Ukraine, the European Union imposed sanctions targeting Russian oil. A key measure was the ban on seaborne imports of Russian crude, effective December 5, 2022, followed by a ban on refined products on February 5, 2023.
  - These actions – still in force - aimed to reduce EU dependence on Russian energy and limit Russia's oil revenue. Our forecast does not assume return of volumes through 2050.
  - The sanctions have prompted Russia to redirect exports to Asia, particularly mainland China and India, while Europe increased imports from the US, Middle East, and Africa.
- Other CIS light, sweet grades from Central Asia (e.g., BTC Blend, CPC Blend, Azeri Light) will continue to grow.
- US exports to Europe (mostly light, sweet) are expected to increase to about 2.8 million b/d by 2030, around 28% of imports, while Middle Est will account for ~11%.
- **Europe's import requirement – excluding intra-European trade – will fall to around 8 million b/d by 2030 and reduce further to an estimated 6.2 million b/d by 2050**.

Europe crude and condensate imports (million b/d)

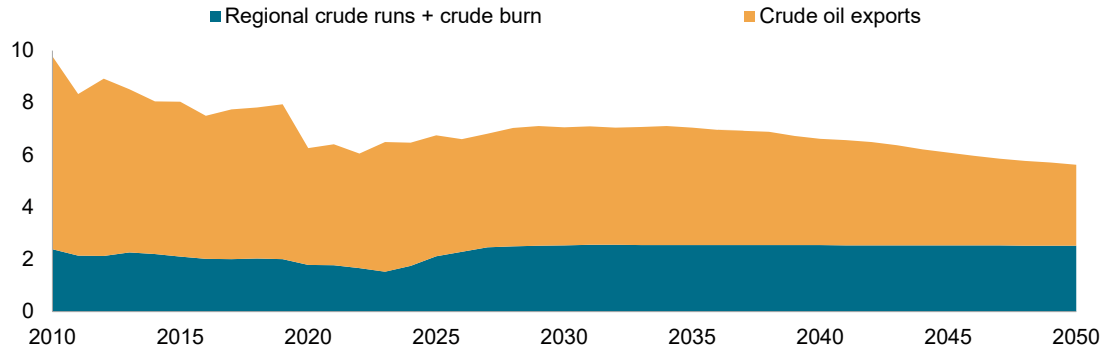


Data compiled: May 2025.
Source: S&P Global Commodity Insights.

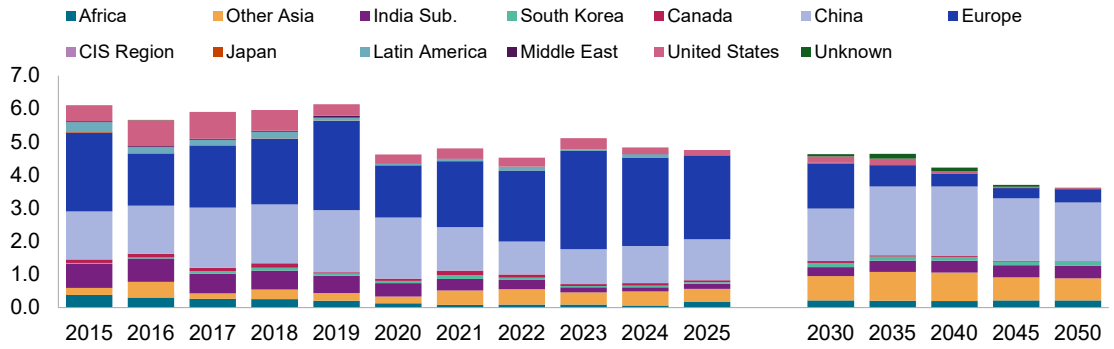
African crude trade to remain dominated by light sweet exports, with Asia a key destination

- Africa exports more crude than it imports — but the picture varies significantly by subregion. West Africa, North Africa, and parts of Central Africa are major exporters, while South Africa, East Africa, and some refining-deficient countries are importers.
- Intra-African trade is rising, driven by new refining projects and regional fuel demand, however Africa will remain a major exporter of light, sweet crude over the outlook horizon.
  - The newly established Dangote mega-refinery, which has a nameplate capacity of 650,000 b/d, has primarily relied on Nigerian light and medium sweet crudes, along with crude oil from the United States. We anticipate that the refinery will begin importing a broader variety of crudes once it reaches full capacity.
- Local production is based on light, sweet grades. There has been a sea change in trade flows from Africa in response to the rise of light, sweet shale production in the United States, with African exporters compensating for declining market share in the US by shifting volumes to Eastern markets like mainland China, India, and other parts of Asia.
- We expect this trend to continue as US shale growth rebounds this decade and as Asian domestic light, sweet crude continues to decline.
- Mainland China currently takes around a quarter of all African exports – this share will rise to exceed 50% by 2040, as Europe's import requirement is reduced.

Africa domestic crude oil disposition (million b/d)



Africa crude and condensate exports (million b/d)



Data compiled: May 2025.
Source: S&P Global Commodity Insights.

S&P Global
Commodity Insights

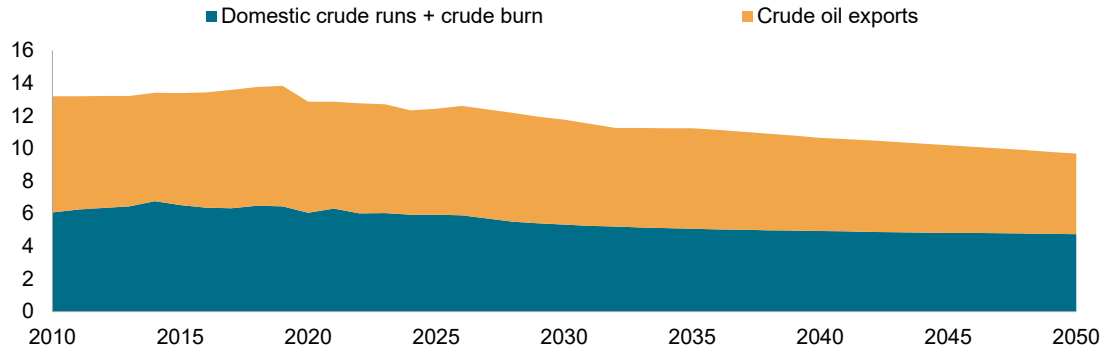
CIS exports reshuffle on sanctions: Russian flows are redirected to India and other Asian countries

- Limited investment is expected to significantly impact oil production in Russia, the region's largest producer, over the next decade. Crude output is expected to decline by 1.6 million b/d, falling from 9.0 million b/d in 2025 to 7.4 million b/d by 2035. This decline reflects the challenges Russia faces in maintaining production levels without access to capital.
- Domestic Russian refining – which accounts for ~80% of crude demand in the region – is expected to decline over the coming decades, as export-oriented refineries remain vulnerable to closures due to their relatively simple configuration and weak margin environment, with regional runs now expected to fall by 1.2 million b/d to 5.2 million b/d.

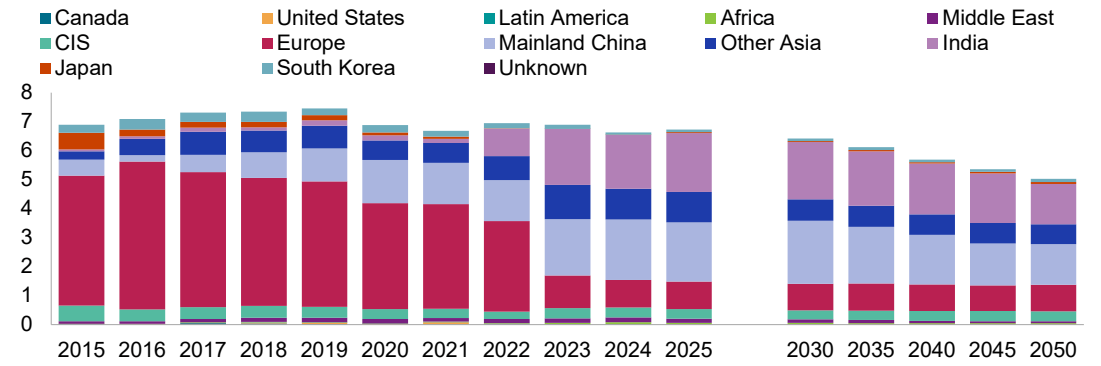
– Russian trade flows have been rewired. Europe's role as a key importer of Russian crude has been sharply reduced due to sanctions, with only non-OECD (Turkey in particular) Europe able to receive seaborne imports.

– Russian exports have mainly been redirected to India and Other Asian countries. Europe will still import some Russian oil by pipeline as a lifeline for those inland refineries with few other supply alternatives.

CIS domestic crude oil disposition (million b/d)



CIS crude and condensate exports (million b/d)

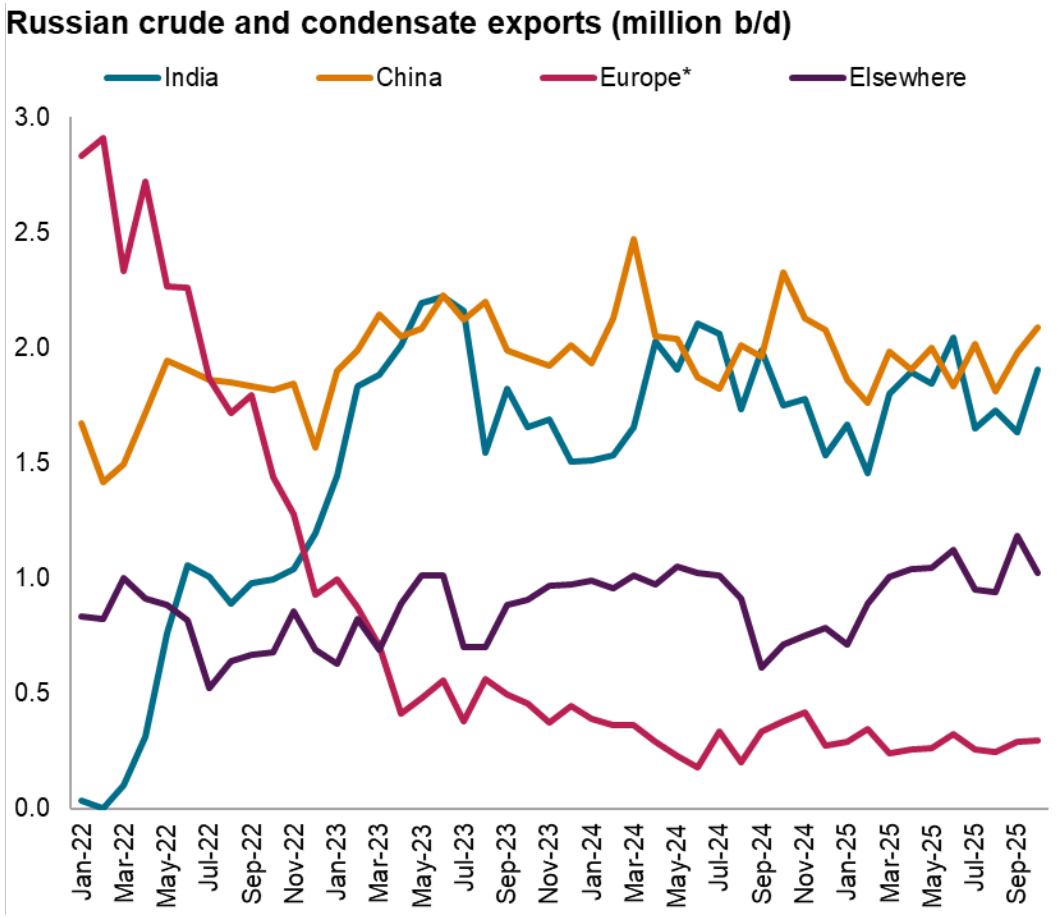


Data compiled: May 2025.
Source: S&P Global Commodity Insights.

S&P Global
Commodity Insights

Russia seeks closer energy ties with mainland China amid Western sanctions; mainland China increasingly imports discounted Iranian crude

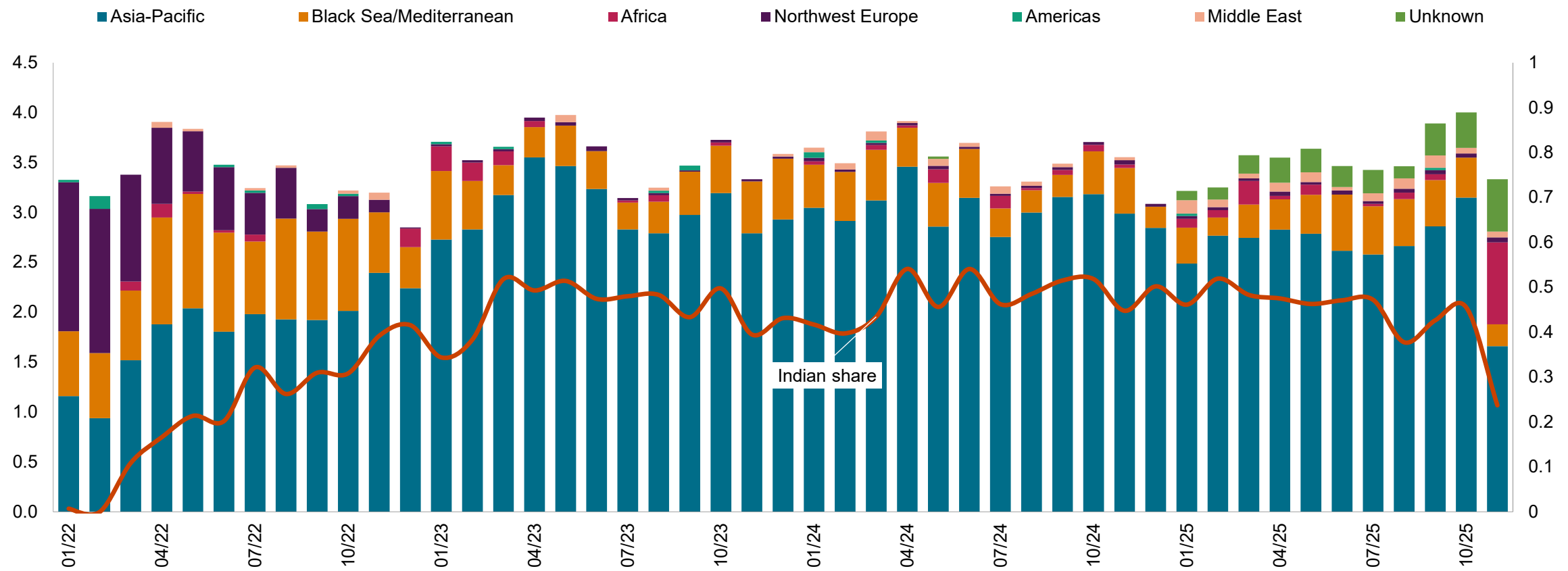
- Senior Russian energy officials met their Chinese counterparts in Beijing on Nov. 25 to strengthen energy ties amid Western sanctions, as mainland China's refineries increasingly turn to discounted Iranian crude. Russia remains mainland China's largest crude supplier, accounting for about 20% of imports, but flows fell 7.7% year over year to 2 million b/d in the first 10 months of 2025, while the value of imports dropped to $42.06 billion from $52.84 billion in 2024.
- The decline reflects growing competitiveness of Iranian crude for mainland China's independent refiners and tightening sanctions discouraging state-run firms from purchasing Russian seaborne crude.
- Independent Chinese refiners, with limited global exposure, remain the primary buyers of Russian seaborne crude. In October, imports surged 42.9% month over month to 761,000 b/d, with Yulong Petrochemical receiving over 1 MMt. Refiners are awaiting new government crude import quotas, which could lead to increased purchases of Russian and Iranian feedstocks.
- Russia's seaborne crude exports reached a record high of 4.0 million b/d in October, according to data from Commodities at Sea, a product of S&P Global Commodity Insights. This included 1.8 million b/d supplied to top buyer India, 1.1 million b/d to mainland China and 345,000 b/d to Turkey. Exports were supported by Ukrainian attacks on refineries, taking significant domestic processing capacity offline, as well as buyers taking advantage of growing discounts on Russian crude and increasing purchases before sanctions come into force.



Data compiled November 2025.
Source: S&P Global Commodity Insights

Preliminary shipping data shows a decline in Russia crude exports by sea amid the latest round of sanctions targeting Russian oil

Russia seaborne crude exports (million b/d)



Data compiled: November 2025.
Source: S&P Global Commodity Insights.

Appendix

Appendix 1: Links to Crude Oil Markets research and resources

- Insight OPEC+ group decides to pause monthly supply increases in Q1 2026 'due to seasonality' (November 2025)
- Insight OPEC+ group agrees to another modest monthly output increase in November (October 2025)
- Insight OPEC+ group agrees to modest output increase in October (September 2025)
- Insight OPEC+ group decides on another big boost to supply in September, raising question about what might follow — even more supply, a pause or a cut (August 2025)
- Insight Geopolitics, energy security, interdependence: The future of North American oil demand (August 2025)
- Insight The US during Trump 2.0: No country for EVs? (July 2025)
- Insight OPEC+ group's decision to accelerate supply increase in August signals coming end to current program and raises questions about what comes next (July 2025)
- Insight Oil market perils and price outlook after the US attack on Iran (June 2025)
- Insight Summer surge: Some OPEC+ countries to continue accelerated monthly supply increases at least through July, prioritizing volume gains over price concerns (June 2025)
- Insight Access to new acreage: The key to shaping the future of Gulf of Mexico crude production (May 2025)
- Insight Margin call: In search of the 'marginal barrel' (April 2025)
- Insight Coming apart: The rise of economic nationalism has consequences — $50/b oil just might be one of them (April 2025)
- Insight Upstream cost: The legacy of the great deflation (July 2024)
- Scheduled Update Global Crude Oil Markets Short-Term Outlook, November 2025 (November 2025)
- Scheduled Update Global Crude Oil Markets Short-Term Outlook — Slides and data, November 2025 (November 2025)
- Scheduled Update North American Crude Oil Markets Short-Term Outlook — November 2025: China's increasing appetite for heavy Canadian crude (November 2025)
- Scheduled Update Asia and Middle East Crude Oil Markets Short-Term Outlook, November 2025: Asia navigates crude supply challenges and opportunities (November 2025)
- Scheduled Update Latin America Crude Oil Markets Short-Term Outlook, November 2025: US military buildup raises uncertainty, but Latin forecast unchanged (November 2025)
- Scheduled Update Europe, Eurasia and Africa Crude Oil Markets Short-Term Outlook, November 2025: European crude spreads get a brief lift from Russia sanctions (November 2025)
- Scheduled Update China Crude Oil Markets Short-Term Outlook, November 2025: Sequential sanctions expected to disrupt China's Q4 crude imports (November 2025)
- Methodology Global and Regional Crude Oil and Refined Product Markets Methodology (Dec. 9, 2024)
- Methodology Integration of heritage Platts Analytics and heritage IHS Markit short-term oil supply: The new outlook explained (Aug. 18, 2023)
- Methodology Integration of heritage Platts Analytics and heritage IHS Markit short-term oil demand: The new outlook explained (July 25, 2023)

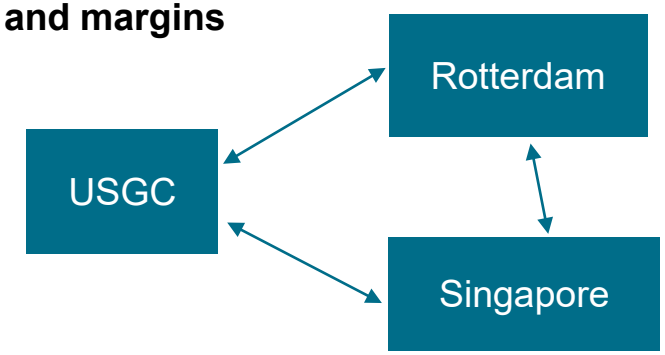
Price forecast approaches and philosophy are different for short, medium and long term

- Forecast horizons:
  - **Short term** (24 months)
    - Evaluation of current market versus balanced market equilibrium level — how “long/short” is the current market?
    - Accounts for market momentum, inventory levels, trade dynamics, capacity outages, etc.
    - Seeks to reflect industry response from the current condition forward over a period of months based on available capacity, feedstocks, ability to arbitrage and other constraints
  - **Medium term** (about five to seven years)
    - Balance starting from short-term balance and incorporating investment and capacity changes
    - Addresses cyclic dynamics of the market — reversion to the mean as defined by long-term equilibrium
  - **Long term** (currently to 2050)
    - Based on long-term demand trends, projections of costs and technology developments
    - Equilibrium pricing set by incremental and reinvestment economics for selected benchmark assets (e.g., margin integrated naphtha cracker in Asia or return on coking upgrade project in Asian refinery)
    - Capacity additions modeled to meet demand growth — seeking resultant price that allows profitable supply without overbuild

Refining and price forecast methodology

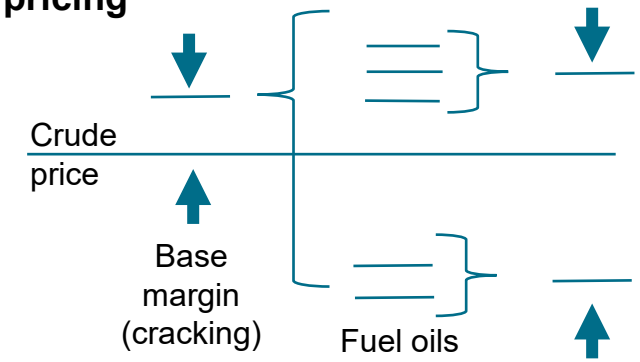
Refining utilization and margins

Margin input in each major region. Arbitrage established to support trade flows.



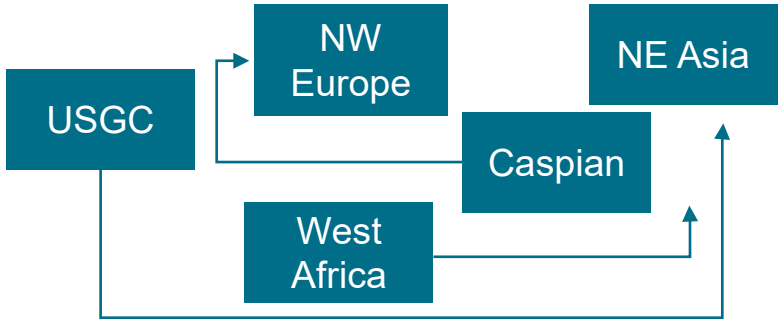
Refining margins pricing

Base margins set at stay-in-business levels. Conversion projects and new-build refineries provided investment returns in only certain markets.

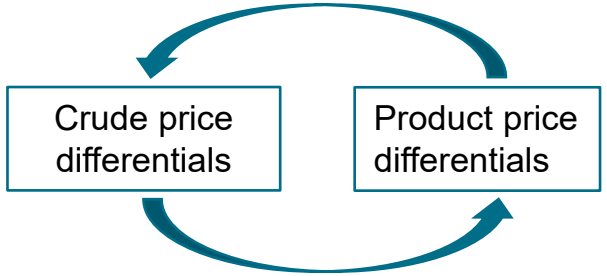


Crude pricing: Trade and quality

Crude FOB price relationships determined through marginal-refining economics and transportation



Crude-product pricing



Crude and product price relationships interrelated through refining economics.

Relationship based in each regional market.

USGC = US Gulf Coast; NW = Northwest; NE = Northeast.
Source: S&P Global Commodity Insights.

Breakeven price calculation methodology

- Breakeven prices (BEPs) are determined for new oil projects on a country and an onshore/offshore situation by solving for the primary product value that generates a net present value (NPV) of 0 at a 20% discount rate, while holding the market price for the product constant.
- For a given country and situation (offshore/onshore), we select a typical representative project from among those expected to begin development in a given year. If our database does not have a project expected to begin development in that year, or if we feel that no project slated to begin that year is representative, we refer to a future/past project and deescalate/escalate costs.
- For a selected typical new project, we estimate the full-cycle costs of finding (including exploration and appraisal costs), capital costs, and operating costs.
  - Capital costs are the costs of materials, equipment, and labor incurred after appraisal, including the costs of drilling production wells and building facilities for processing the oil that is extracted. Decommissioning costs are included.
  - Operating costs are costs incurred after “first oil” is produced.
- To estimate capital and operating costs, we use the UCCI and Upstream Operating Costs Index (UOCI) to project year-to-year changes over the life of the project. Project costs outside the United States are factored in US dollars. Our methodology uses current and forecast currency exchange rates from the economics team.
- We add a contractor risk premium and an owner’s cost surcharge. These costs are associated with the execution of developing the project.
  - The contractor risk premium is essentially a self-funded insurance policy that a contractor adds on top of its best estimates of the cost of time and materials, and a profit margin to account for such risks as engineering, procurement, and construction cost overruns.
  - The owner’s costs account for costs incurred by the owner while the project is under development, construction, and start-up.
- We solve for the breakeven cost of oil using a discounted cash flow model. This analysis incorporates projections of fiscal terms (i.e., taxes, royalties, and other payments to host governments), of production volumes, and a 20% post tax internal rate of return.
- Finally, we normalize breakeven costs found in terms of Brent by accounting for the price differentials outlook at the time the analysis is done. The difference in price between a project’s crude oil and a benchmark crude is largely the result of differences in quality and transportation costs.

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