The OMJ Outlook for Q4 2025 and 2026

OMJ
The Oil Market Journal

1) Good afternoon and thank you for your warm welcome. My name is Sam Coalter and I am the European Markets Editor at the Oil Market Journal.

Today, we will explore how this year's geopolitical events from sweeping tariffs to escalating conflicts have reshaped global oil markets. Then, we will dive into the data and forecasts to understand what lies ahead for Q4 and into 2026.

2) Before we explore the market outlook, let me briefly introduce OMJ.

We provide live prices, news and analysis on the Rotterdam spot market and the oil futures markets in London and New York. We have clients in over 45 countries ranging from oil majors, large regional players, local distributors, and service station operators. We also provide oil price services to transportation companies and industrial buyers. Our data partnerships include major vendors such as S&P Global Insights Platts, Argus, ICE, NYMEX and a wide range of commodity exchanges across the world.

OMJ was founded in 1999 and is run by a team of experienced market and IT professionals. We provide a low-cost oil price, news and analytical solution which is easy to use can be efficiently deployed by clients large and small via our website, mobile app, and Excel plug-in.

3) The world-renowned physicist Stephen Hawking once said, 'Intelligence is the ability to adapt to change.'

And if there's one word that defines the oil markets today, it's change.

Over the past few years, we've moved from long-term cycles to real-time reactions. Price swings, shifting alliances, and energy transition pressures are now daily realities. Geopolitical shocks and policy shifts are reshaping supply chains and demand patterns. Markets are no longer driven by fundamentals and reliable news agencies alone; they respond to unconfirmed headlines, and overnight political decisions on social media.

In this environment, adaptability is not optional rather it is essential. OMJ's mission is to help clients navigate this volatility with data-driven insight and timely analysis.

4) 2025 has been a turbulent year for global markets: the year has been dominated by the Trump Tariffs and Turmoil. 'Liberation Day' on 2nd April saw the US announce tariffs against every nation on earth, disrupting trade flows and relationships to a degree not seen since WW2.

At the same time OPEC implemented three substantial production quota hikes in the first half of the year. As any novice economist will know; falling demand and increasing supply will lead to lower prices. This was reflected in the real world with Brent crude oil prices dropped below $60/b to a 4-year low.

Expectations for trade deals and a fresh focus on conflict in the Middle East saw prices recover losses in June after Israel struck Iran's nuclear facilities which was later backed up by the US. Fears were mounting that the Middle East conflict could boil over into a wider global war.

Prices have been supported through August and September by the increasingly audacious attacks carried out by Ukrainian drones against Russian military and oil infrastructure.

However, concerns have been mounting about market oversupply as OPEC has continued to announce three further large supply increases.

All of this has occurred alongside a backdrop of extreme challenge to Federal Reserve independence with President Trump frequently lambasting the chair of the US central bank about US monetary policy.

Trump's wishes are finally coming true with the Fed cutting interest rates in September for the first time in 2025. However, the easing of interest rates comes after weak economic data and concerns over the US labour market rather than simply at the President's request.

Systemic uncertainty over the US economy after tariffs and the perceived compromise of Fed independence has saw the dollar fall sharply with the Euro trading around 4-year highs, an unimaginable situation this time last year. A weaker dollar has further exaggerated oil price drops in local currencies.

5) Having considered the geopolitical backdrop, we now turn to the core fundamentals of the oil market.

While the noise of daily headlines drives short-term volatility, long-term price trends are shaped by supply, demand, and inventory levels. Fundamental analysis remains key to understanding price patterns and market direction.

6) The US Department of Energy is widely regarded as the single most authoritative source of oil supply and demand data. They publish a monthly Short-Term Energy Outlook which OMJ then analyses and contextualises with charts such as those on the following slides. This year the STEO has consistently been forecasting oversupply throughout 2025 and 2026 with global supply outweighing demand as shown on screen and on Page 5 of the yellow booklets

Surplus forecasts have grown over the summer as OPEC unwinds production curbs. To date OPEC has announced three 411,000bpd hikes to production quotas, two 548,000bpd increases and most recently a further 137,000bpd of production for October. While these production hikes have not been fully matched by output from OPEC nations, 2.5 million bpd of further production announcements gives a clear indication that OPEC is adjusting its policy to ensure its market share rather than simply a given price.

US production has also increased this year and stood at 13.58 million bpd in June after breaking multiple records prior to this. President Trump's policy of 'drill baby drill' is key to his ambition of bringing down oil prices which help lower US inflation.

7) As to be expected there is clear correlation between the supply/demand balance and the price of oil. The chart on screen and on Page 6 clearly demonstrates where periods of supply surplus have contributed to weaker prices while supply deficits lead to tighter markets and stronger prices over the last 15 years.

Current forecasts suggest ICE Brent Crude will fall below $60/b. in 2026 due to an over-supplied market. This is consistent with prices witnessed from 2014-2016 in the last period of oil surplus aside from the pandemic and initial stages of the Russian invasion of Ukraine when the US government released mass oil reserves.

8) Page 7 visualises continued oversupply contributing to rising global inventories. OECD stocks are set to break the 10-year average in 2026 and continue to build beyond that level.

At the same time, ICE Brent Crude is forecast to remain lower than the average price witnessed over the last 10 years. Excluding the pandemic, current trends resemble the 2017 period of high stocks and subdued prices.

9) As the father of modern economics wrote in his work, the Wealth of Nations; 'The price of any commodity rises or falls as the proportion of demand to supply varies.'

Smith's words in the 18th century carry as much weight today as when he first wrote them.

10) With this in mind we now turn to European market dynamics to understand how local supply, demand, and inventory trends are shaping regional price movements.

11) The following slides and pages use what we term as heatmaps. Heatmaps give an instant overview of the year compared to the relevant month over the previous 5 years and the deviation from the seasonal average. The areas in red highlight periods of low stock which leads to tighter fundamentals and 'hot' prices. The green areas show when stocks are high and the market is 'cooler'.

Total stocks in Amsterdam, Rotterdam and Antwerp are currently at 6,007kt which is 4.4% above the seasonal 5-year average, leading to a well-balanced and supplied market.
European stocks have significantly recovered from the initial supply shock after the Russian invasion of Ukraine when EU governments blocked Russian oil imports.

12) Gasoil stocks are currently just below the seasonal average. The stock build in 2024 was drawn down this year but is being rebuilt after a summer of tight fundamentals.

13) ARA jet kero stocks have continued to build this year despite European air travel having largely recovered from the pandemic. Exports from the US have helped the stock build and August saw the highest level of imports since 1984.

14) European gasoline stocks reached record highs early this year as the Dangote refinery disrupted African markets which are a traditional export location for Europe.

15) Page 13 and the chart on screen shows the number of active refineries in Europe and total output over the last 15 years. The data paints a bleak picture with consistent refinery closures and falling output. The small uptick in recent years is explained by the emergence of biorefineries in the European continent. However, in recent weeks both BP and Shell have cancelled plans for biofuel plants in Rotterdam and two ethanol plants in the UK have closed amid challenging market conditions.

European refineries are facing pressures from a number of fronts. Refineries tend to be small and suffer regular unplanned outages. EU environmental legislation places further costs on the industry and high energy costs together render them inefficient compared to American, Asian and now an African competitor.

The new Dangote refinery in Nigeria poses another major threat to European refineries. Dangote has the potential to satisfy African gasoline demand which has historically been a vital export market for European refineries. In recent weeks, however, the refinery has not simply been supplying the African market but the first cargoes from Nigeria reached the US in mid-September, further limiting demand for European product.

These pressures together make further closures inevitable. In the UK this year, the Petroineos Grangemouth refinery closed in May while the Prax Lindsey refinery unexpectedly entered administration in June.

16) As the ongoing Russia-Ukraine conflict remains in stalemate, Ukraine has shifted focus to target strategic infrastructure and weaken Russia's export capacity. Ukraine's new strategy is proving effective as shown on Page 14 with a concentration of strike oj Russian refineries over the last two months and more since the chart was produced. These strikes are disrupting regional supply chains and reducing export capacity.

These strikes have added short-term pressure to European markets and are being closely monitored by traders and policymakers.

Ukrainian strikes directly contributed to rising prices in the second half of August despite an otherwise quiet background with focus on market oversupply.

If these strikes continue, European markets may face further short-term volatility, especially in diesel supply as witnessed last Tuesday when prices rose on reports of a Russian diesel export ban due to spiralling diesel prices in the Russian internal market.

17) In conclusion, the global market is well supplied with stocks set to break the 10-year average as OPEC unwinds production curbs. This leaves the market in a good position to handle short term supply shocks.

European refineries are continuing to face pressures from costs, regulation and competition. These issues look liable to increase with future refinery closures likely.

Geopolitical tensions will continue to be an important issue with markets monitoring the impact of Ukraine’s new approach of targeting Russian oil infrastructure. If a peace deal is reached and global sanctions are eased in the longer term the market would face a flood of cheap Russian oil exports. Ongoing conflict in the Middle East may provide more dramatic short-term price movements as witnessed in June after strikes against Iranian nuclear facilities but the longer-term impact is limited.

One other factor to bear in mind is that the Federal Reserve cut US interest rates in September with markets pricing in 2 further cuts this year. This will provide stimulus to the world’s largest economy potentially increasing oil demand in the medium term. However, with all these risks, the overwhelming picture remains that markets are well supplied and should weather short term pressures.

18) In a world of uncertainty, OMJ strives to provide clients with the ability to navigate changing markets and make intelligent decisions. Data-driven insight remains our most reliable compass.

Thank you.