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**MONDAY MORNING
QUARTERBACK
ENERGY MARKETS
CEO BRIEFING NOTE**

*“Oil Markets Poised for a Volatile
Autumn as Traders Emerge
from the Summer Doldrums!”*

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ENERGY MARKETS CEO BRIEFING NOTE – September 1st

“Oil Markets Poised for a Volatile Autumn as Traders Emerge from the Summer Doldrums!”

The summer of 2025 has given the outward impression of calm in the oil markets after the spike to near \$80 a barrel in June during Israel’s 12-day war on Iran. Brent crude hovered near to \$70 a barrel in July before slipping closer to \$67 in August, volatility slumped to near record lows, and traders took their seasonal respite. Yet the surface calm belies a far more unsettled reality. Beneath the summer doldrums, the global energy system is being reshaped by shifting supply dynamics, fragile demand growth, escalating tariff disputes, and a rare diplomatic thaw between India and China. As the market heads into the final quarter of the year, the interplay of these forces promises to end the year on a turbulent note.

By Sean Evers, Managing Partner, Gulf Intelligence

Demand Resilience Meets Supply Surpluses

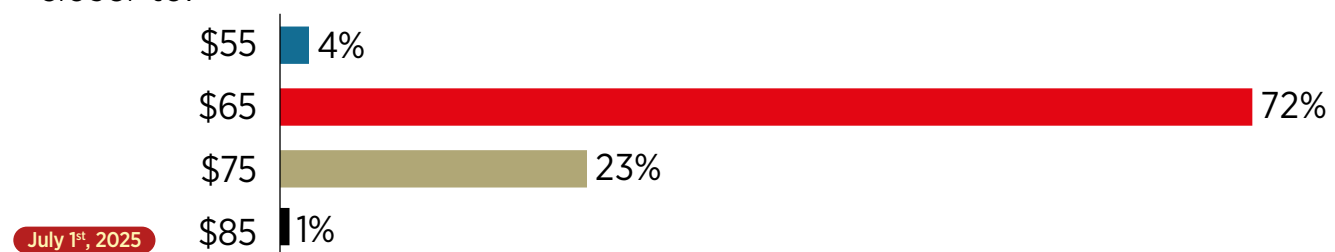
At first glance, the balance appears fragile but manageable. OPEC+ and non-OPEC producers together pumped about 105.6 million barrels per day in July, with cuts from the alliance offset by growth elsewhere. The group’s August agreement to raise production by a further 547,000 b/d in September will fully unwind the 2.2 million b/d cuts enacted since November 2023. In total, supply is now forecast to expand by 2.5 mb/d in 2025 and another 1.9 mb/d in 2026—led not only by OPEC+ but also by Brazil, Guyana, Canada, and the United States.

The demand picture is less reassuring. Global consumption has been repeatedly downgraded this year, with 2025 demand growth projections trimmed by 350,000 b/d since January. Current expectations are for just 700,000 b/d of growth this year and next. Weak economic performance in China, Brazil, Egypt, and India has weighed heavily, although aviation demand has been a bright spot, with jet fuel usage surging to record levels in the U.S. and Europe.

China, the traditional demand anchor, continues to disappoint official forecasters. Yet crude import data reveal that Beijing has been quietly adding nearly 900,000 b/d to strategic and commercial storage in recent months. While this may depress apparent consumption in future years when stocks are drawn down, it represents tangible buying in the present. India, for its part, has faced downward revisions to near-term demand expectations, yet its long-term growth potential remains unmatched. With per capita oil use at just 1.4 barrels annually compared to 12–13 in OECD economies, demographic momentum ensures rising consumption over the coming decade.

The tension between abundant supply growth and faltering demand sets the stage for a market drifting into surplus toward year-end. The possibility of untenable stock builds has already pressured Brent prices lower in August, with inventories rising by 1.5 mb/d in the second quarter, led by Chinese crude and U.S. gas liquids.

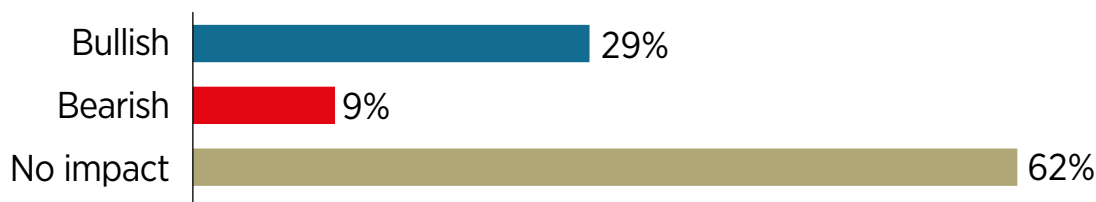
BRENT crude oil averaged \$70.80 in H1 2025 – what will it average in H2 – closer to:



Brent crude oil is trading at \$69 approx today mid-summer – what will it be trading at the end of holiday season Sept.1st? Closer to:



How will warmer relations between China & India impact Oil prices?



September 1st, 2025

(*nb. Polling conducted with 100+ Energy Market Stakeholders)

Geopolitics, Tariffs, and the India-China Thaw

If supply and demand dominate the statistical balances, geopolitics frames the narrative. The most consequential development of the summer has been Indian Prime Minister Narendra Modi's first visit to China in seven years, where he met President Xi Jinping and pledged that the two Asian giants would be "partners, not rivals". The symbolism of this rapprochement cannot be overstated. For much of the past decade, India and China have been locked in strategic competition, from Himalayan border disputes to influence across the Indo-Pacific. Now, confronted by an assertive Washington and punitive tariffs, both sides appear ready to recalibrate.

The timing was deliberate. Modi also held talks with President Vladimir Putin at the same summit, reinforcing a triangular partnership that binds India, China, and Russia more closely together. The move came just as Washington imposed its harshest measures yet on New Delhi, slapping 50% tariffs on Indian exports to the U.S.—the steepest such duty in Asia—in retaliation for India's continued purchases of Russian oil.

For oil markets, this realignment carries significant implications. India has become the largest incremental buyer of Russian crude, with imports rising from just 50,000 b/d before the Ukraine war to nearly 2 mb/d today. China remains the other cornerstone of Russian demand, ensuring that Moscow's barrels continue to flow despite European bans and U.S. sanctions. If India and China coordinate more closely—whether through refining joint ventures, pipeline connectivity, or storage cooperation—they will consolidate their position as the gravitational center of global oil demand. This risks diluting U.S. influence over trade flows, price discovery, and even the enforcement of sanctions.

Yet geopolitics is not entirely benign. The U.S. Treasury has recently announced its most significant Iran-related sanctions since 2018, designed to make it harder for Tehran to place crude on the market. At the same time, Washington is stepping up pressure on India to scale back Russian imports, while the European Union prepares to tighten its price cap on Russian oil in September and extend product bans in January 2026. For now, India has stood firm, leaving refiners free to buy as much Russian crude as they see fit. But the geopolitical risk premium in oil prices remains muted: the market has grown accustomed to war in Ukraine and ongoing sanctions cat-and-mouse, treating them as background noise rather than acute shocks.

Liquidity, Prices, and the Road Ahead

While fundamentals and geopolitics command attention, the ultimate arbiter of oil prices may well be liquidity. If the U.S. Federal Reserve delivers rate cuts in September, even modest ones, it will unleash a wave of money across financial markets.

Historically, such conditions have propelled commodities higher, particularly those seen as undervalued relative to equities and gold. Oil, with Brent languishing in the high \$60s, fits that description.

In real terms, crude has rarely been cheaper when measured against equities or precious metals. If global monetary easing collides with the fiscal stimulus packages already underway in China, Europe, and the U.S., oil could quickly rally, even against a backdrop of apparent oversupply. The summer's calm could give way to an autumn surge, driven less by barrels than by capital flows.

Europe, however, remains an outlier. Its long-term LNG contracts with the United States lock the continent into structurally higher import costs, weighing on industrial competitiveness and household budgets. This economic drag will cap oil demand growth across the continent, reinforcing the narrative of OECD stagnation versus non-OECD dynamism.

As for OPEC+, its strategy of gradually restoring barrels is a delicate balancing act. The group's additional September supply, unwinding the final portion of its voluntary cuts, was meant to reassure markets of stability. But with inventories building and demand tepid, the risk is that the alliance will be blamed for tipping balances into oversupply. If prices fall too far, OPEC+ may have to reconsider its pace of restoration to defend revenues.

Conclusion: Calm Before the Storm

Oil markets may appear subdued as the summer ends, but the structural pressures are mounting. Supply is growing faster than demand, inventories are swelling, and prices have softened. At the same time, Asia's demand story is far from over, with China stockpiling barrels and India positioned as the world's most important growth engine. The geopolitical landscape is shifting dramatically, as India and China recalibrate their relationship under the pressure of U.S. tariffs and the lure of discounted Russian oil. Sanctions on Iran and Russia continue to complicate flows, yet markets have adjusted, absorbing disruptions without panic.

The decisive factor for prices in the months ahead may not be OPEC+ quotas or even the trajectory of Asian demand, but rather the liquidity unleashed by central banks. Should monetary easing collide with geopolitical recalibration and robust Asian buying, oil could defy the bearish supply narrative and rally sharply into year-end.

The summer doldrums are over. A volatile autumn awaits, with the world's most vital commodity caught at the intersection of economics, diplomacy, and finance. Whether Brent remains anchored in the high \$60s or breaks decisively higher will depend on how these forces resolve in the months ahead. For traders and policymakers alike, complacency is no longer an option. ■



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