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WEEKEND READING
ENERGY MARKETS BRIEFING NOTE

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We have seen in recent years that no matter the question the answer is always stock markets will go higher, and now we have a new narrative for crude oil that no matter the news Brent will still retreat to its happy place close to $65 a barrel – will OPEC+ test that again on Sunday?

By Sean Evers, Managing Partner, Gulf Intelligence

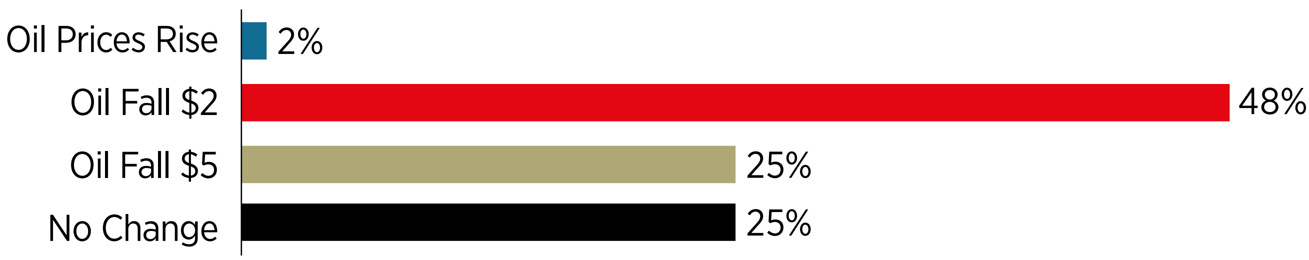
Oil prices have already fallen this week from highs above $69 on September 2nd, as traders brace for the possibility that OPEC+ will add even more barrels to the market in Q4 after reintroducing 2.2 million barrels per day across Q2 and Q3. The world's biggest energy traders are boarding flights to Singapore this weekend with one eye on the expected weak August U.S. jobs numbers data due Friday, September 5th—and their impact on financial markets—and the other eye firmly fixed on the OPEC+ meeting on Sunday, September 7th. The exporters' group has form when it comes to surprising markets, and any decision to loosen supply further risks becoming the only story in town as APPEC Week, the world's largest gathering of energy market stakeholders, begins the very next day.

The OPEC+ Balancing Act

OPEC+ will weigh whether to unwind part of the 1.65 million barrels per day in voluntary cuts, equivalent to 1.6% of global demand, months ahead of schedule – facing a growing concern that if not now, then never. Such a move would send a strong signal of confidence in global demand going into Q4, but also risk amplifying surplus concerns at a delicate moment.

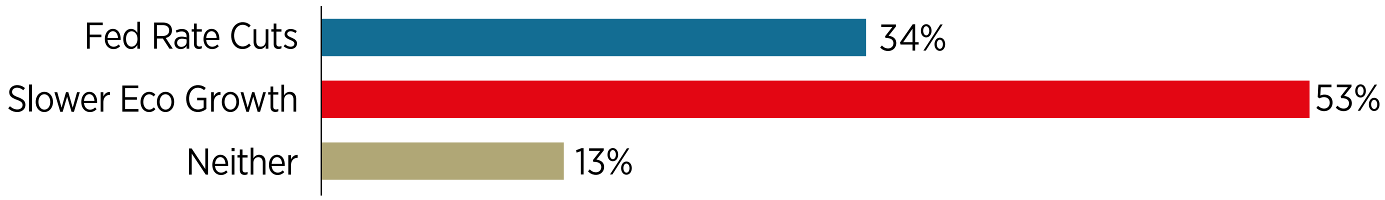
The group's capacity to deliver is uneven. Saudi Arabia and the UAE hold meaningful spare capacity, but most other members are producing flat out. Announcing another increase could therefore underline the growing gap between Gulf producers and the rest of the alliance. It may project unity but could equally expose fragility.

How would oil markets react if OPEC+ continued with new set of oil supply increases when it meets this weekend?



September 4th, 2025

What will have a greater impact on oil markets from outcome of today's US Jobs Report?



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

Forecasts suggest a surplus of 1–2 million barrels per day in the final quarter, compounded by rising output from the U.S., Brazil, Canada, and Guyana. If OPEC+ barrels are added too soon, the market could tip more clearly into oversupply just as refineries enter seasonal maintenance and crude intake softens. Sunday's decision will therefore serve as both a curtain-raiser to APPEC Week and the backdrop to every conversation in Singapore's hotel corridors.

Demand Resilience Meets Macro Headwinds

For all the concern about oversupply, demand has been more resilient than anticipated. Asia continues to lead the way. India's refiners are importing close to 2 million barrels per day of discounted Russian crude, defying tariff pressure and reshaping trade flows. China, meanwhile, is drawing heavily into storage, with real demand growth likely several times higher than official figures suggest.

At the same time, headwinds persist. U.S. crude inventories surprised markets last week by building rather than drawing, reflecting reduced refinery runs during maintenance. Europe offers little solace: Germany's economy contracted in Q2, and oil demand is down 1.5% since last year, and peak EU oil consumption is in the rearview mirror, with industrial malaise and efficiency gains eating into use.

Financial conditions may prove as important as physical balances. Investors are awaiting the Federal Reserve's September decision, with markets pricing in a potential rate cut of 25–50 basis points. If liquidity returns to the system, commodities may rally broadly. Oil, still massively lagging gold and equities in performance, could attract inflows. But if OPEC+ pushes supply too hard, even an accommodative Fed may not prevent prices from drifting lower.

Geopolitics and Market Psychology

Geopolitics remains a wild card that shapes market psychology as much as balances. U.S. President Donald Trump has again pressed Europe to halt imports of Russian crude, raising questions about potential disruptions. Russia, however, has already pivoted decisively eastward, with China and India anchoring its export flows despite sanctions.

Iran presents a different picture. Exports to China are reportedly down by as much as 40%, hampered by technical issues and growing caution among refiners. Iranian floating storage in Southeast Asia has risen, a visible reminder of Tehran's delivery struggles. At the same time, the "dark fleet" of sanctioned tankers continues to expand, ensuring illicit flows remain embedded in global trade.

The Middle East adds another layer of risk. Israeli Iranian tensions could flare again at any time, while Houthi missile activity has extended further north in the Red Sea, raising fears of disruption to Suez traffic. For shipping and refining executives flying to APPEC, the resilience of energy flow through these chokepoints will be as important as the OPEC+ decision itself.

Conclusion: A Market at a Crossroads

Oil markets approach the final quarter of 2025 perched at a fragile balance point. Supply is rising, demand is holding but uneven, and macroeconomic conditions could swing either way depending on the Federal Reserve's decisions. Into this uncertainty steps OPEC+, with ministers meeting just 24 hours before APPEC Week begins.

If the group opts to raise production again, it will inevitably seize the spotlight in Singapore, dominating every conference panel, bilateral meeting, and after-hours conversation. Yet by interjecting too forcefully into the APPEC narrative, OPEC+ risks turning sentiment bearish. With so many traders gathered in one place, herd thinking can take hold quickly, focusing more on the specter of oversupply than on demand resilience or supportive financial conditions.

The new reality may be this: in the same way equity markets once shrugged at every headline to move higher, oil now seems determined to find its way back to its own "happy place" near $65 a barrel—no matter the announcement, no matter the surprise. For the thousands of energy market stakeholders gathering in Singapore, that paradox will frame every conversation in the week ahead. ■

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