GI INSIGHTS REPORT

ENERGY MARKETS OUTLOOK

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What will be the Price of Brent Crude Oil on New Year's Eve?

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BRENT ANCHORED IN THE $60s – Caution, Not Complacency, Defines the 2026 Outlook

CONTRIBUTORS: SARA AKBAR AND JARAND RYSTAD

The pulse of the 300 Energy Markets Survey participants revealed a measured, almost pragmatic mood among participants. While geopolitical risks persist and demand forecasts diverge, most analysts now accept that the oil market has entered a new phase — one defined less by crisis management and more by quiet recalibration. The survey findings point to cautious stability ahead, with Brent anchored in a narrow range through 2025 and 2026, and OPEC+ transitioning away from its COVID-era interventions toward a more flexible, market-responsive strategy.

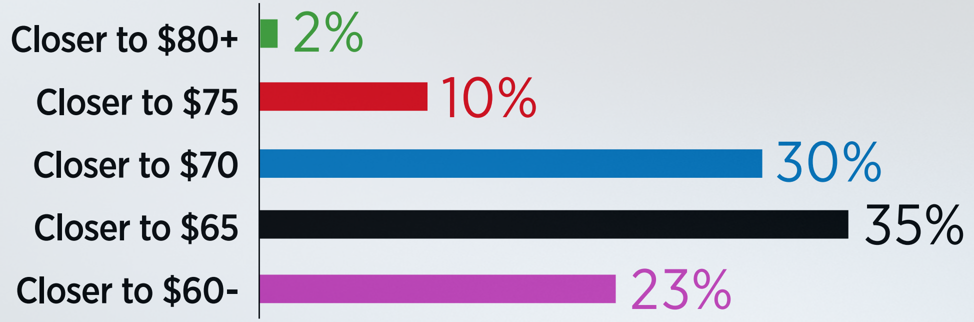
1. What Will Brent Crude Oil Price Be on December 31, 2025?

The consensus among market participants places Brent crude ending 2025 somewhere in the $65–$70 per barrel range. The mood was neither euphoric nor pessimistic — instead, reflective of a market treading the middle ground. Despite structural uncertainties in the global economy, few foresee a sharp rally or collapse. The sentiment underscores a belief that the era of wild price swings has largely passed, replaced by cautious equilibrium sustained by supply discipline and muted demand.

Analysts emphasized that unless OPEC+ introduces new voluntary cuts or an unforeseen supply shock occurs, prices are unlikely to move dramatically by year-end. Macroeconomic headwinds — notably slower global industrial growth and trade fragmentation — are restraining upside momentum. The prevailing expectation is for a "steady-state" finish to 2025, mirroring current levels rather than retracing to the volatile extremes of 2020–2022.

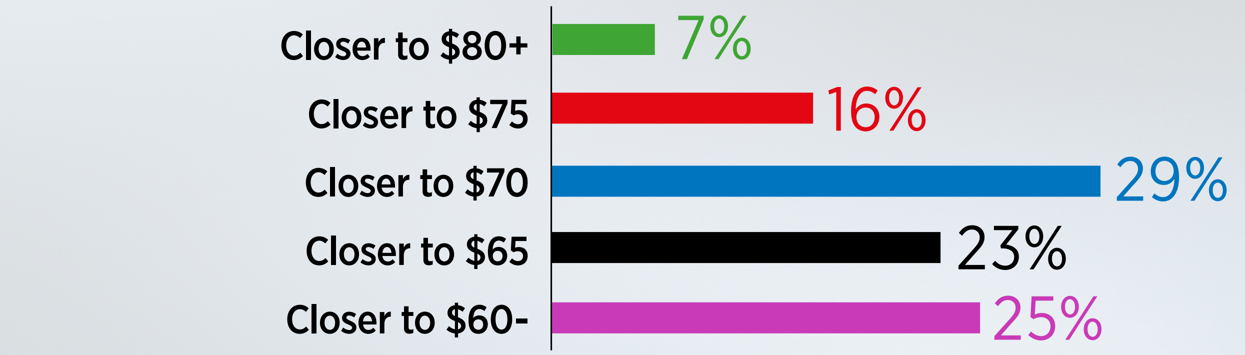
The geopolitical risk premium, once a dominant market mover, has diminished to a few dollars per barrel at most. Traders are becoming desensitized to geopolitical tension unless it directly affects supply corridors or critical maritime choke points. This normalization reflects a broader recalibration: oil markets are adapting to live with instability as a permanent condition, not a temporary shock.

What will Brent Crude Oil Price be on the last trading day of 2025 – December 31st?



NB. Survey was conducted with 300 global energy market stakeholders on Oct. 2nd, 2025

What will Brent Crude Oil Price average in 2026?



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Perhaps most striking is the shifting influence of China, which for two decades served as the marginal driver of global oil demand. With refinery runs and import growth plateauing, Beijing no longer provides the same incremental pull. This leaves OPEC+'s production discipline — not Asian consumption — as the decisive variable in determining end-2025 prices.

2. What Will Brent Crude Oil Price Average be in 2026?

Looking ahead, the forum's respondents expect Brent crude to average between $65 and $70 per barrel in 2026 — a continuation of 2025's range-bound dynamics. This consensus points to an energy market in transition, consolidating after several years of volatility. Price stability is seen as both a symptom of demand stagnation and a testament to OPEC+'s ability to calibrate output with restraint.

A mild market surplus is forecast for 2026, keeping prices from breaking higher. The absence of major disruptions or runaway consumption means producers will likely trade price for market share in a balanced way. The comfort zone around the mid-$60s reflects a "Goldilocks" outcome — not too low to endanger producers' fiscal budgets, but not high enough to trigger inflationary backlash in consuming nations.

Longer-term dynamics could shift thereafter. By 2027–2028, underinvestment in upstream projects, especially outside the Middle East, may tighten balances again. Yet 2026 itself looks like a plateau year, when inventories remain comfortable, spare capacity abundant, and investment sentiment cautious.

Participants also agreed that political shocks will have shorter-lived effects on prices. While war, sanctions, or maritime tension may generate $5 swings, such volatility rarely endures without fundamental dislocations in physical supply. The market's resilience to crises — from Ukraine to the Red Sea — has redefined its risk tolerance. In 2026, fundamentals rather than fear will anchor pricing trends.

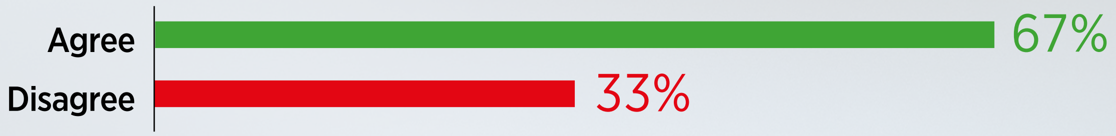
3. Does OPEC+ Raising Supply Mark the End of the COVID "Emergency Management" Era?

Two-thirds of respondents agreed that OPEC+'s decision to raise supply quotas this year effectively marks the end of the five-year COVID-era emergency management of oil markets. The group, once laser-focused on crisis stabilization, is now reasserting a longer-term strategy grounded in flexibility, coordination, and revenue optimization rather than emergency restraint.

This marks a structural transition in OPEC+ governance. The alliance has evolved from a defensive posture — cutting output to rescue prices during global lockdowns — to a proactive, adaptive stance. Today's OPEC+ sees its role as maintaining equilibrium, not enforcing scarcity. The new goal is to keep markets within a comfortable band rather than defending a rigid price floor.

This flexibility reflects confidence. Spare capacity can now be deployed dynamically, particularly by leading Gulf producers. Instead of keeping millions of barrels offline indefinitely, members are learning to manage output like a "swing orchestra" — playing louder or softer as needed. The strategy strengthens OPEC+'s credibility as a market stabilizer rather than a monopolist.

The OPEC+ decision to raise oil supply quotas this year in the face of uncertain demand outlook signals the end of the 5-year COVID emergency oil market management Era?



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Moreover, the landscape outside the cartel supports this normalization. U.S. shale growth has flattened, with marginal cost pressures rising. New production from Guyana and West Africa, while notable, is insufficient to unseat OPEC+ as the pivotal supplier. With global energy demand maturing and prices hovering near fiscal comfort zones, the group can gradually exit its emergency posture without surrendering market influence.

In essence, the pandemic's oil market management era is over — replaced by a subtler balancing act between national fiscal needs, energy transition pressures, and evolving trade flows.

4. Whose Demand Forecast for 2026 Is Closer — IEA or OPEC?

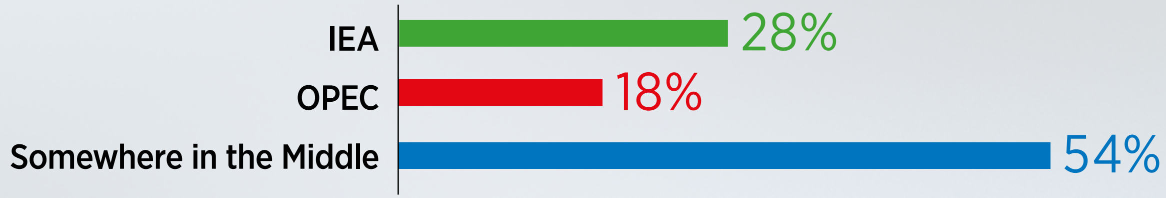
The divide between the IEA's 700 kb/d demand growth forecast and OPEC's 1.4 mb/d projection for 2026 produced one of the forum's most cautious results: a majority, 54%, opted for "somewhere in the middle." This response reveals a pragmatic realism — recognizing the world's ongoing energy needs but doubting an imminent return to pre-COVID consumption trajectories.

Several factors underpin this middle-ground consensus. The slowdown in global trade — amplified by rising protectionism and tariff barriers — constrains freight and industrial fuel demand. Similarly, the electrification of transport, while gradual, is beginning to erode incremental oil growth in key sectors. The mood suggests that demand growth will persist, but at a decelerating pace.

China's role remains pivotal but tempered. The country's shift from heavy industry toward technology and services marks a structural transition that limits crude intake growth. Meanwhile, India, Southeast Asia, and parts of Africa are emerging as incremental demand drivers, though their growth is not yet large enough to fully offset China's slowdown.

Another moderating factor is inventory behavior. Many nations rebuilt strategic reserves post-pandemic, leaving less room for further stockpiling unless prices fall meaningfully. This dampens any upside surprise in 2026 consumption figures. The reality, therefore, will likely land between the IEA and OPEC numbers — modest, steady, and far from explosive.

The IEA has forecast global oil demand growth in 2026 as same as this year at 700 kb/d, while OPEC expects double that amount next year: which is closer to likely outcome?



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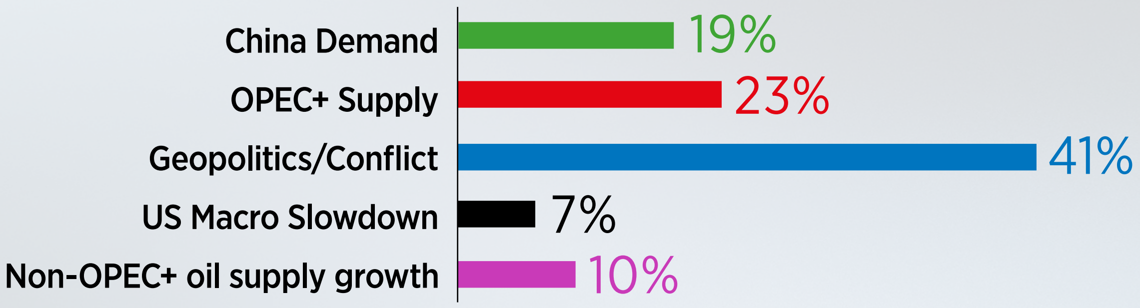
What will have the Biggest impact on direction of oil prices in 2026?



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The forum takeaway was clear: demand growth in 2026 will be real but restrained, shaped by regional divergences and a more mature global oil system adjusting to the pace of energy transition.

5. What Will Have the Biggest Impact on the Direction of Oil Prices in 2026?

When participants were asked to identify the single biggest factor shaping oil prices in 2026, OPEC+ supply policy emerged as the overwhelming choice. The alliance's production decisions have effectively replaced geopolitics as the market's most reliable barometer. The capacity to synchronize output across 20+ producers gives OPEC+ unparalleled influence in steering sentiment and price direction.

While geopolitics remains a wildcard, its impact has been blunted. Conflicts or sanctions that don't directly remove barrels from the market now trigger smaller, shorter-lived price responses. Traders have recalibrated their models to differentiate between headline risk and physical risk, rewarding fundamentals over speculation. The "geopolitical fear premium" that once added \$10–\$15 to Brent now hovers closer to \$5 at best.

Non-OPEC supply will continue to shape the margins. Growth from Guyana, Brazil, and West Africa introduces incremental barrels, but not enough to redefine global balance. These flows serve as stabilizers — cushioning mild deficits but never overwhelming OPEC+'s capacity to steer the market. The U.S. shale engine, once the main disruptor, appears to have reached a plateau due to capital discipline and declining well productivity.

Perhaps the most underestimated driver lies outside the oil sector itself: the global macroeconomic environment. Escalating trade frictions, regional bloc politics, and slower globalization threaten to suppress product demand even when supply remains tight. This "soft ceiling" effect could prevent Brent from sustaining levels above \$75, even under bullish supply conditions. The 2026 oil market, therefore, will be as much a story of geopolitics and trade as of geology and production.

Conclusion: From Emergency to Equilibrium

The ENERGY MARKETS FORUM findings suggest that the oil market has matured into a post-emergency phase — defined not by panic or scarcity, but by managed balance. OPEC+ has reclaimed its role as a flexible stabilizer rather than a crisis firefighter. Demand growth continues, albeit slower and more regionally fragmented. And prices hover in a comfort zone that sustains producers without stifling consumers.

If 2020–2024 were the years of crisis response, 2025–2026 mark the return to managed normalcy. The industry's focus now turns to long-term adaptation — aligning investment, climate commitments, and trade resilience for a slower, more stable era of energy transformation. The volatility of the past half-decade may finally be giving way to an equilibrium that, while less dramatic, is far more sustainable. ■

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