PLATTS APPEC 2025
DAY 1
TOP 50 TAKEAWAYS

Navigating Trade, Technology and Transition

S&P Global
Commodity Insights

Publishing Intelligence Consultancy

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Top 9 Takeaways from Dave Ernsberger Co-President, S&P Global Commodity Insights

S&P Global Commodity Insights

1.

FRAGILE GLOBAL ECONOMIC GROWTH: Despite multiple uncertainties—such as shifting U.S. trade policies, inflationary pressures, and regional conflicts—the global economy continues to show resilience, though growth remains fragile.

2.

TRADE POLICY AND INFLATION RISKS: Unpredictable U.S. tariff policies are dampening global growth, while monetary policy shifts could worsen inflationary pressures worldwide.

3.

PERSISTENT REGIONAL CONFLICTS: Ongoing conflicts—including U.S.–Iran tensions, the Israeli–Iranian conflict, and the war in Ukraine—are fueling volatility but have not yet caused systemic breakdowns in global supply chains.

4.

RISE OF ENERGY NATIONALISM: Countries are increasingly prioritizing energy security and supply independence, which makes global markets less efficient and less flexible in handling disruptions.

5.

OIL MARKET OUTLOOK: OIL prices are projected to trend downward toward $55 per barrel, driven by OPEC decisions, continued Russian oil supply, and oversupply risks. However, sanctions or supply disruptions could shift this outlook.

6.

OVERSUPPLY & NEGOTIATION CHALLENGES: The market is experiencing a once-in-a-decade oversupply in crude oil, creating challenges for supply-demand balance and requiring careful strategy in business negotiations.

7.

ENERGY TRANSITION OUTLOOK: The base case envisions coal demand declining sharply, while oil and natural gas continue playing critical roles. The transition is framed more as an "energy expansion" than a rapid shift away from hydrocarbons.

8.

ROLE OF RENEWABLES AND AI: Renewables are expected to expand significantly. Meanwhile, AI is increasingly shaping both energy demand and industry workflows, with data accessibility integrated into platforms like Microsoft Copilot, Alibaba Cloud, and AWS.

9.

BENCHMARK DEVELOPMENTS: Key benchmark updates include continuing Murban's importance as a deliverable crude for Dubai with adjusted quality premiums, reflecting how markets function today.

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Top 9 Takeaways from Jim Burkhard Global Head of Oil Markets and Mobility S&P Global Commodity Insights

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1.

OPEC+ PRODUCTION INCREASES: OPEC+ recently announced another supply hike of about 137,000 barrels per day, though the actual addition may be smaller. This follows a consistent pattern of modest increases. While not as large as earlier moves, the decision highlights the group's intent to expand production graduallydespite ongoing concerns about fragile balances.

2.

DISCREPANCIES IN OIL DEMAND ESTIMATES: Forecasts for global oil demand growth vary widely: some suggest 1.3 million barrels per day, others closer to 700,000. These differences highlight the complexity of measuring demand. Headline figures often mix categories and therefore lack precision when applied to crude markets, making them less suitable for understanding supply-demand fundamentals.

3.

TOTAL LIQUIDS VS. CRUDE OIL: Conventional demand numbers include natural gas liquids and biofuels alongside crude. Nearly 20% of this "oil barrel" is not crude oil. This blending of categories distorts market assessments. For clearer analysis, crude oil must be separated from alternative fuels derived from corn, sugarcane, and gas, which behave differently.

4.

SHIFT SINCE 2010: Since 2010, more than half of global oil demand growth has been driven by non-crude sources such as biofuels and natural gas liquids. This structural shift makes "total liquids" numbers less reliable indicators of crude conditions. Market analysts must recognize how demand growth increasingly comes from outside crude oil.

5.

IMPORTANCE OF CRUDE-ON-CRUDE BALANCE: A crude-on-crude balance provides a sharper lens into market dynamics by isolating crude supply and demand from broader liquids. This approach avoids distortions caused by alternative fuels and offers a more accurate foundation for evaluating surpluses, pricing pressure, and overall fundamentals in a global oil market experiencing structural changes.

6.

CHINA'S INVENTORY BUILD-UP: China has been stockpiling crude at a remarkable rate of about 530,000 barrels per day, surpassing total global demand growth. This surge in inventories has been pivotal in absorbing excess supply during 2025, particularly in the second quarter, keeping the market more balanced even as OPEC+ output expanded.

7.

SCALE OF CHINESE INVENTORIES: China now holds an estimated 1.4bn barrels of crude oil, more than the United States. This vast accumulation highlights the country's outsized role in global balances. Its ability to absorb surplus volumes has helped stabilize pricing, reinforcing China's importance as a key swing factor in global oil markets.

8.

RISKS IF CHINA SLOWS PURCHASES: Should China reduce stockpiling to nearer 200,000 barrels per day, the surplus currently absorbed will shift elsewhere. This excess will likely move into Atlantic Basin inventories, which significantly influence global pricing benchmarks. A slowdown in Chinese buying could trigger downward price pressure and challenge OPEC+ strategies to manage supply.

9.

NEAR-TERM OUTLOOK: The market outlook hinges on China's stockpiling behavior. Continued rapid inventory growth would help contain surpluses, while a slowdown would release excess into other regions. Meanwhile, OPEC+ is pressing ahead with gradual production increases, leaving China's role as the critical determinant of balance, stability, and price trends in 2025.

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Top 9 Takeaways from Low Yen Ling

Senior Minister of State, Ministry of Trade and Industry & Ministry of Culture, Community and Youth, Republic of Singapore

1.

NAVIGATING TRADE, TECHNOLOGY, AND TRANSITION: The global energy sector faces turbulence from geopolitical uncertainty and the low-carbon transition, requiring coordinated navigation of trade, technology, and transition.

2.

GEOPOLITICAL TENSIONS & SUPPLY SHIFTS: The Russia-Ukraine war, U.S. tariffs, and shifting OPEC+ and non-OPEC supply dynamics are creating volatility. Oversupply from China and weaker demand have pressured margins, with Brent crude dropping to $60/bbl in May 2025 before recovering to $67.

3.

RECORD OIL SUPPLY GLUT PROJECTED: The International Energy Agency projects a record supply glut in 2026, with surpluses of around 3 million barrels/day, further complicating global energy markets.

4.

SINGAPORE AS A TRADING HUB: Energy trade through Singapore grew from US$1.44 trillion in 2023 to US$1.67 trillion in 2024, with a 5% increase in professionals. Singapore is strengthening its position as a “control tower” for Asia-Pacific operations.

5.

TECHNOLOGY & AI INTEGRATION: AI is reshaping energy and commodity trading. Examples include BHP’s regional AI hub (opened May 2025) and Singapore’s AI Singapore program, which funds projects up to $180,000. AI applications include risk management, forecasting, and price prediction.

6.

SUSTAINABLE PRODUCTS EXPANSION: On Jurong Island, Singapore is expanding sustainable production. Akima opened the world’s largest biocircular materials factory in July 2025, producing polymers with a lower carbon footprint.

7.

BIOFUELS LEADERSHIP: Singapore hosts the world’s largest SAF (Sustainable Aviation Fuel) production facility, with biofuel trading revenue hitting $1.5 billion in 2023. Its extensive trader network makes it a compelling biofuels hub.

8.

ALTERNATIVE MARITIME FUELS: As the world’s largest bunkering hub, Singapore is preparing for a multi-fuel future. Ammonia is expected to account for a major share of bunker fuels by 2050, with strong industry interest shown by 26 proposals for ammonia bunkering projects.

9.

CARBON TRADING GROWTH: Singapore is developing into a carbon trading hub, now home to 150+ firms in carbon services—double the number from 2021. Major players like Shell, BP, ExxonMobil, Chevron, and Trafigura have set up carbon trading teams.

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Top 9 Takeaways from Frederic Lasserre

Global Head of Research & Analysis, Gunvor Group

GUNVOR

1.

CHINA NOT THE ABSORBER: China cannot absorb the full global surplus. Even if stockpiling rises, the magnitude falls far short of solving the forecasted 2–3 million barrels per day excess in the first half of next year.

2.

HEDGING IN U.S. SHALE: US producers have hedged heavily when prices spiked due to geopolitical risk. This cushions near-term exposure but delays any meaningful supply response, reducing the likelihood of quick adjustments to balance markets.

3.

SANCTIONS LIMITATIONS: Sanctions on Russia or Iran will have limited effect unless China and India participate. Without their cooperation, restrictions risk being rhetorical, as these countries remain willing buyers of sanctioned crude.

4.

STORAGE FLEXIBILITY IN CHINA: China’s crude stock build is constrained only by storage capacity. With fill rates at around 60%, it has room to absorb more barrels if prices drop, offering a buffer but not a total solution to global oversupply.

5.

EAST OF SUEZ STRENGTH: East of Suez markets, particularly Asia, remain stronger than expected. Refinery runs in China, Japan, and Southeast Asia are higher than projected, keeping flows well supported and boosting Asian resilience against oversupply.

6.

REFINING MARGINS TIGHTNESS: Despite crude oversupply fears, refining margins remain tight. Refineries face constraints that sustain high product cracks, creating strong downstream profitability even as upstream fundamentals appear loose.

7.

GEOPOLITICAL PRICE RISKS: Markets hesitate to short crude heavily because geopolitical risk remains high. With unresolved tensions around Russia and Iran, sudden political moves could trigger sharp price spikes, deterring aggressive bearish positioning.

8.

TARIFF SHOCK UNDERESTIMATED: U.S. tariffs have jumped from 2.3% to 16% in one year. The economic drag is underestimated, with likely deeper impacts on global trade and oil demand than current forecasts capture.

9.

CHINESE DEMAND SHIFTS: China’s gasoline and diesel demand appears flat to contracting, with growth shifting toward petrochemical feedstocks like naphtha and LPG. This structural pivot complicates global balances and challenges assumptions of traditional fuel growth.

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Top 9 Takeaways from Saad Rahim Chief Economist, Trafigura

1.

DEMAND UNCERTAINTY: Global demand growth projections are insufficient to absorb the anticipated surplus. Even if revised upward, forecasts fall short of covering the supply growth expected in the near term, making it hard to see demand as a true offset.

2.

U.S. PRODUCTION LAG: US shale supply won't respond immediately to price drops due to lagging effects of capex cycles and rig counts. While current production holds, a stall and potential decline could emerge within 6–8 months if prices weaken.

3.

FISCAL BREAKEVEN CHALLENGE: Many oil producers face fiscal breakeven prices well above current levels, particularly in countries like Saudi Arabia, Algeria, and Nigeria. Sustained lower oil prices pose fiscal risks despite some producers' ability to scale back discretionary spending.

4.

SHADOW FLEET EXPANSION: As sanctions and restrictions grow, the share of global oil shipping reliant on the shadow fleet has expanded, now possibly near 20%. This parallel fleet allows sanctioned crude to move, and unless cracked down upon, it will likely continue.

5.

INDIAN RESILIENCE: India remains steadfast in purchasing Russian oil despite sanctions pressure. Even if flows shift slightly, India has signaled commitment to Russian imports, reflecting both economic pragmatism and geopolitical alignment.

6.

INVENTORY ABSORPTION RISKS: If Chinese stockpiling slows, the market surplus will surface elsewhere. The Atlantic Basin would bear much of the excess, threatening price stability and underscoring China's central role in global balances.

7.

TARIFF AND US CONSUMER IMPACT: Tariffs are beginning to shift burden from companies to U.S. consumers. With consumers driving 40% of GDP growth in recent years, the full impact of tariffs could weigh heavily on demand, particularly for oil-linked products.

8.

INDIA AS DEMAND ENGINE: Unlike China, where demand may plateau, India's oil consumption is set to expand. Strong growth in two-wheelers, metals, and urbanization makes India a critical driver of future demand, rivaling China's past role.

9.

EV POLICY AND TARIFFS IN US: Electrification in the U.S. faces headwinds. Removal of EV tax credits and high tariffs on key materials undermine adoption. Hybrids are filling part of the gap, but uncertainty in industrial policy weakens the momentum of EV uptake.

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Top 9 Takeaways from Alexander van Veldhoven Group Chief Strategy Officer, Bapco Energies

1.

REFINERY EXPANSION STRATEGY: The refinery is being modernized and expanded from 265,000 to nearly 400,000 barrels per day. Most units are operational, with full commissioning expected soon. The strategy builds on competitive location advantages, supplying East Africa and Asia, while forming new partnerships to enhance market access and strengthen long-term positioning.

2.

LOCATION AS ADVANTAGE: Geography remains central to competitiveness. Middle East refineries, including his, benefit from proximity to Asia and East Africa, enabling efficient product flows. While global margins may be pressured, location secures access to resilient demand centers, making exports viable even in a bearish environment for refining margins.

3.

PARTNERSHIP WITH TOTAL: A joint venture with Total integrates trading expertise with refining and logistics assets. The partnership moves beyond selling FOB into deeper value-chain participation. This shift creates additional value from recent large-scale investments, ensuring market flexibility while retaining the ability to serve smaller, niche segments.

4.

PETROCHEMICAL STRATEGY: Caution There is interest in moving into petrochemicals, given growing demand tied to GDP. However, large capex risks and cyclical shocks in capacity additions make timing critical. While petrochemicals will continue expanding, investment decisions must carefully balance growth opportunities with risks from uncertain markets and heavy capital requirements.

5.

RATIONALIZATION OF GLOBAL REFINERIES: Globally, refining closures and consolidations are accelerating. Regulatory pressures for cleaner fuels, carbon reduction, and sulfur cuts raise compliance costs. Older refineries unable to adapt will struggle, leading to more shutdowns or conversions. This structural trend supports modern, flexible refineries but underscores the growing divide between new and aging assets.

6.

REGULATORY COMPLIANCE COSTS: Meeting new environmental standards requires significant investments in technology and upgrades. While advanced refineries can absorb these costs, many older facilities face unsustainable expenses. This drives consolidation globally and reshapes the competitive landscape, rewarding players who invested early in cleaner, more flexible operations.

7.

AI AND DIGITAL TRANSFORMATION: Artificial intelligence and machine learning are being applied pragmatically in refinery operations. Use cases include optimizing unit communication, reducing costs, and improving margins. Partnerships with global tech firms extend into seismic analysis, using AI to process vast datasets. The focus is on practical, value-delivering applications rather than speculative projects.

8.

EMPLOYEE-DRIVEN INNOVATION: Innovation initiatives encourage employees to identify processes where big data and AI can enhance efficiency. This bottom-up approach fosters practical improvements and ensures technology adoption delivers measurable benefits. Rather than broad, unfocused research, the emphasis is on actionable, small-scale projects with clear operational gains.

9.

LONG-TERM COMPETITIVENESS: By combining refinery modernization, trading partnerships, regulatory compliance, and selective technology adoption, the company positions itself for resilience. While margins remain pressured globally, integrated strategies that link refining, logistics, and trading ensure flexibility. Future moves into petrochemicals or expanded trading will depend on careful timing and risk management.

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