CIO expects Brent to stay in the upper part of the USD 60-70/bbl trading range for now and then move to the lower part of that range later in the year. (UBS)

# Oil demand likely already peaked for the year

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**On Sunday, the eight OPEC+ member states with additional voluntary production cuts (V8) decided to increase their production quota by 137,000 barrels per day (bpd) for October. According to the OPEC press release, the decision was driven by the "steady global economic outlook and current healthy market fundamentals, as reflected in the low oil inventories," as in the past occasions. The meeting lasted just 10 minutes, suggesting there was no pushback and broad support for the decision.**

As CIO wrote in their **previous report**, commercial oil inventories in the OECD mostly moved sideways in 1H25. Also, the Brent futures curve remains downward sloped (in backwardation), indicating some form of market tightness. So far, the oil market has been able to absorb the additional barrels coming from OPEC+ very well, as effective production increases have lagged the production increases, a trend the ChiefInvestment Office expects to continue in October. And while the production increase is for 137,000 bpd, CIO estimates the volume additions for October could be only 60,000-70,000 bpd given that some group members have been producing above the quota and must adjust, those that previously overproduced now must cut compensation, and others are likely maxed out in terms of capacity. With every monthly addition, market participants will likely start to realize that some group member are maxed out. So the market focus at some point will quickly shift to declining spare capacity in the oil market, in CIO's view.

Important to note is that the V8 will keep holding monthly meetings to review "market conditions, conformity, and compensation," according to the press release. There is also no forward guidance on their next move, but the group noted future decisions will depend on market fundamentals. The next meeting is scheduled for 5 October. The group retains full flexibility by keeping all options on the table: it can reverse the previous production increases, keep production unchanged, and/or further unwind production cuts. The group said it will retain its "precautionary, proactive, preemptive, and preventive approach" when supporting the oil market stability.

OPEC+'s focus will likely remain on market fundamentals, such as demand trends, as well as on geopolitical developments that can impact supply. In that sense, all eyes in the market remain on US President Trump and whether he will target Russia with new sanctions.

CIO expects Brent to stay in the upper part of the USD 60-70/bbl trading range for now and then move to the lower part of that range later in the year. Oil demand likely already peaked for the year and should move modestly lower over the coming months. With South American supply expected to increase a bit further, the oil market should become better supplied in the months ahead.

Original report – **OPEC+ announces a modest October production increase, 8 September 2025.**

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