



(UBS)

# Improving demand and stalling supply growth are likely to push oil prices higher

17 December 2025, 15:23 UTC, written by UBS Editorial Team

**Oil prices rose from the lowest level in nearly five years after US President Donald Trump ordered a “blockade” of all sanctioned oil tankers entering and leaving Venezuela, escalating pressure on Venezuelan President Nicolas Maduro.**

While CIO expects this threat to weigh on oil exports from the country, we do not expect a complete halt—about 40% of the dark fleet loading crude oil from Venezuela is under US sanctions, and the US continues to import from the country.

Earlier this week, oil prices fell amid weak investor sentiment and sluggish economic data coming out of China. Optimism over a potential peace deal between Russia and Ukraine also contributed to the drop, as the Trump administration reportedly offered strong “Article 5-like” security guarantees to Ukraine in the latest negotiations. Ukrainian President Volodymyr Zelenskyy said he has an agreement with the US to make security guarantees legally binding through a vote in Congress, while Russian President Vladimir Putin has yet to make any official response. Russian Deputy Foreign Minister Sergei Ryabkov, meanwhile, reiterated that Moscow’s territorial demands remain unchanged.

**This educational report has been prepared by UBS Financial Services, Inc. Please see important disclaimers and disclosures at the end of the document.**

Peace between Russia and Ukraine is unlikely to add much crude oil to global supply in the near to medium term, in our view, and we retain a constructive price outlook in the coming year. In fact, a likely recovery in oil prices in the second half of next year underpins our Attractive view on commodities overall.

**Improving demand and stalling supply growth are likely to push oil prices higher.** While we do see the oil market in a surplus at present, we believe oil prices will be supported by rising oil demand, stalling non-OPEC+ supply in the second half of 2026, and dwindling OPEC+ spare capacity. In our view, the current prevailing surplus will diminish throughout 2026 and might move into a deficit in 2027, supporting prices in the latter half of next year. We forecast global oil demand to grow by approximately 1.2mbpd in 2026, while non-OPEC+ supply is expected to increase by around 0.8mbpd. Our price forecast for Brent is USD 67/bbl by the end of next year.

**Strong demand should further support copper and aluminum in a deficit market.** Copper prices have been supported by supply disruptions this year, and we think supply-side risks will likely persist into 2026. Meanwhile, copper remains vital to the global economy, supporting electrification and growth across sectors. Major economies' shift toward renewable energy, along with emerging demand from data centers, is likely to drive strong, long-term copper demand. Similarly, we see a deficit in the aluminum market next year, with demand supported by continued strength in energy transition sectors.

**Agriculture offers an attractive entry point, while gold remains an effective portfolio diversifier.** Grains are expected to enter a mild tightening phase in 2026-27, driven by slower area growth in the US and Brazil and sustained demand. Soft commodities are likely to be supported by ongoing supply-side constraints and persistent distribution tightness. While investors should monitor risks related to La Niña, which may introduce volatility in the coming months, these supply dynamics suggest limited downside risk and potential opportunities for selective exposure within the sector. For gold, we continue to view it as an effective portfolio diversifier, and believe that elevated debt and geopolitical uncertainty would bolster demand.

So, while commodities may face periodic volatility, we believe they can play a valuable role in portfolios. Investors can access commodities through diversified indices, exchange-traded funds (ETFs), or structured investments, provided they are aware of unique risks such as price swings and costs associated with futures or physical holdings.

Original report – [Oil rises on fresh geopolitical uncertainty, 17 December 2025.](#)

**Disclaimer**

**Hong Kong / Singapore:** For Global Wealth Management clients of UBS AG Singapore / Hong Kong branch, please refer to the [HK/SG Marketing Material Disclaimer](#).

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

**This document and the information contained herein are provided solely for your information and UBS marketing purposes.** Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties. Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

**Additional Disclaimer relevant to Credit Suisse Wealth Management:** Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

**Important information**

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please see [www.ubs.com/workingwithus](http://www.ubs.com/workingwithus)

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.



There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.