



CIO retains its moderately constructive outlook, with oil inventory data indicating a balanced to slightly undersupplied oil market in early 2025. (UBS)

# Where are all those missing oil barrels?

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**CIO keeps hearing comments that the oil market will end this year strongly oversupplied. In the International Energy Agency's (IEA) latest oil market report, for example, the agency still calls for a surplus of about 0.82 million barrels per day (mbpd) during 1Q25, although down from an earlier forecast of around 1.02mbpd.**

The same agency, however, reported that global visible inventories fell by about 14 million barrels between end-February and end-December 2024, suggesting a deficit of around 0.24mbpd in January-February 2025. To reach a surplus of 0.8mbdp in 1Q25, oil inventories would need to rise by almost 90 million barrels in March, assuming the January and February numbers do not get revised. So far in March, the oil inventory data we track does not support such a call. The IEA tries to explain this mismatch with “inventory movements in areas where data are limited or unavailable, or from time lags in reporting” and “updates to supply and demand numbers.”

While some of the inventory data might be revised over the coming months, the [oil futures curve remains downward sloping](#) (in backwardation), which suggests an undersupplied market. Historically, demand data have been revised higher around mid-year, when data from emerging markets is provided. Another possible explanation for the data mismatch might lie in the US, where the [crude supply adjustment turned negative at the end of last year](#). That outcome indicates a mismatch between inventory changes and crude production plus imports less exports less refinery runs.

While this suggests that US crude production could have been overestimated at the end of last year, some months need to pass before the Energy Information Administration (EIA) releases the final 1Q25 data for the US. Lower US crude production and higher oil demand may result in a downward revision in those market surplus estimates for this year, in our view. Consequently, we retain our moderately constructive outlook, with oil inventory data indicating a balanced to slightly undersupplied oil market in early 2025.

Original report: [Where are all those missing oil barrels?, 20 March 2025.](#)

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