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Oil markets had another difficult week....

As we approach mid-September, oil prices remain despite dramatic headlines and conflicting analysis. Those dramatic and disturbing news stories seem endless. Whether it be Russian drones falling on Poland, Israeli rockets appearing in a Qatari sky, an assassin's bullet strike in America, or Ukrainian drones peppering the very heart of the Russian oil industry, hitting export terminals at Primorsk and Ust-Luga terminals in the Baltic Sea. Then there are the OPEC output increases, the EU looking to rewrite sanctions against Russia and Iran, America's spat with India, and the constant change of direction on who will be penalised the heaviest by American oil tariffs attached to an ever-moving percentage. Add to that a new twist, an announcement by Donald Trump this weekend in which he explained he would not take further steps in his peace mission to slow the war between Russia and Ukraine until those countries in NATO ( and India and China) stop buying not only crude oil from Russia but also products derived from processing Russian raw crude oil and Russian blend stocks.

To date, all the above events have surprisingly only had a modest impact on oil prices, although it's reasonable to think that all these World tensions and more we now live with are worth at least \$5-\$7 a barrel, almost permanently built into the current oil prices. Indeed leading traders attending the APPEC conference in Singapore suggested crude oil prices would likely be in the \$ 50's if the market wasn't caught in this swamp of conflicting news stories and war and instead relied more on the facts provided by the statistics showing record crude oil production, the likely swelling physical oil inventories as a result and the slowing demand for its use as we move out of peak summer into autumn.

If none of the above can change oil prices and trends, maybe we should look further forward for real clues and consider the market's more easily understood numbers-driven side. The EU ban on imports of refined products derived from Russian crude oil, which is set to take effect from the start of 2026, remains firm. This in itself may yet curb Russian output further in the weeks to come, upending the current stagnant price patterns and revitalizing oil prices.

According to the IEA, output from the United States, Brazil, Canada, Guyana, and Argentina at or near all-time highs. Non-OPEC+ producers are now on track to boost production. The global oil demand outlook remains unchanged, with growth of around 700 kb/d expected for 2025 and 2026. Oil demand typically declines from its summer peak to the end of the year, while refinery activity slumps by 3.5 mb/d from August to October.

Global observed oil inventories rose for the sixth consecutive month in July. The 26.5 mb increase in July puts the cumulative growth since the start of the year at 187 mb. Chinese crude stocks rose by 64 mb over the same period - and by 106 mb from February to August, helping absorb the overhang. Global stocks are forecast to rise by an untenable 2.5 mb/d on average in 2H25 as supply far outstrips demand, but there are several potential twists and turns ahead - including geopolitical tensions, trade policies and additional sanctions on Russia and Iran - that could yet alter market balances."

The IEA makes a solid case as to why oil prices will come under pressure as we approach the 4th quarter, their comments are backed up by a carefully calculated and crafted statistical approach using actual data, but even they have to accept that despite all the facts and figures supporting their case, continuing geopolitical chaos may upend everything they expect to happen. Unfortunately, much of that will be repurposed into stories to capture the front pages of competitors, rather than being news to rely on. Deciphering fact from fiction has become increasingly difficult, but for oil markets, unless you are in the factual physical oil space, sitting on the fence may be less costly than trying to make money from a derivatives market whose price direction is laden with uncertainty.

The Dangote refinery is widening its gasoline footprint with three cargoes bound for the US — a trade route typically handled by Moco — while also rolling out a new direct distribution scheme at home. Since commencing operations in 2024, the 650,000 b/d plant has supplied most of its output to Nigeria and West Africa to curb dependence on European imports. The refinery last week set its gantry price at #820/litre, with Lagos and South-West states selling at #841, while Abuja, Rivers, Delta, Edo, and Kwara will see prices at #851.

From September 15, Dangote will begin direct PMS deliveries to filling stations using CNG-powered trucks, part of a #720bn programme designed to cut costs, ease inflation, and revive dormant outlets nationwide.

This week's closing guide prices:

Name	Price	Last Week	Name		
Ice Brent	\$66.99	+0.26	Nymex Gasoline	\$1.9854	+0.21c/gal
WTI	\$62.69	-0.37	LPG Swaps	\$477.50	+7.50
Ice Gas Oil	\$691.00	-5.50	OPEC Basket	\$70.43	
Euro Mogas Swaps	\$720.25	+7.50	Gold	\$3686	
Euro Naphtha Swaps	\$569.50	+10.50			