Hyde Newsletter MARKET WEEKLY

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The House of Cards is caught in the winds of change

This week, the prophets who had predicted a growing crude oil oversupply and a price crash in the fourth quarter finally appeared to be on track.

For months now, banks, statisticians, and investors alike have predicted the imminent arrival of a breakdown in the $65 ICE Brent fault line... but no matter how hard those doom-mongers tried, the forecast failed to come true. OPEC's monthly output increases should have broken the resistance. However, in the end, a peace deal in the Middle East, combined with several other bearish stories, ultimately led the market's resistance to yield to lower prices. The oil markets had looked like a house of cards for weeks, ready to lose formation and structure, but only this week did oil prices finally look vulnerable to significant change.

This week, sellers finally overcame the market's dogged resistance, sending ICE Brent on Friday to just over $61 a barrel, moving ever closer to the often-predicted ICE Brent price that starts with a 5.

Let us consider what cracked the $65 fault line.

US crude oil production hit a new record at 13.636 million barrels a day.... which does not jive well with US refinery runs dropping to 85.7% of capacity. OPEC is already implying that its following crude oil output increase for December and January will be a significantly larger number than the 137,000 barrels per day increase announced for November. Saudi Arabia wants its market share back, and US crude production hitting record levels will not go unnoticed.

The Middle East peace accord in theory, removes much of the geographical risk premium from the numbers. Russia continues to repair its damaged refineries to full capacity, leaving it to consider exporting more crude oil than usual, in excess of its OPEC+ quota of 9.41 million barrels per day.

Conversely, let us consider what could cause the $61 a barrel number to hold — and possibly rise again? In the US, jet fuel consumption is at a 5-year high. Gasoline supply in Europe is tight after reports that approximately 700,000 mt of gasoline will leave Europe for Africa during the coming weeks, as confusion still swirls around the current and future gasoline-making capacity of the 650,000 barrels a day Dangote refinery in Lekki, Nigeria.

Meanwhile, President Donald Trump said his earlier threatened tariffs with China were not viable as tensions between the world's two largest economies intensify ahead of an expected face-to-face meeting with Chinese counterpart Xi Jinping in November.

"It is not sustainable," Trump said in an interview with Fox Business, in a clip aired on Friday, when asked whether the levies he has threatened to impose on China could remain in place without significantly affecting the economy. "But that is what the number is, it is probably not, you know, it could stand, but they forced me to do that," he added.

Later, Trump and Treasury Secretary Steven Mnuchin expressed optimism that upcoming talks with the Chinese could yield a broader trade deal that would de-escalate a crisis that has seen the US threaten to raise US import taxes on Chinese goods to as high as 145%. Taken in conjunction, the remarks signalled an effort by Washington to calm fears of a global downturn and a cutoff in trade between the two countries.

In other news ....Oil Price reports...

OPEC Launches Capacity Rethink.

OPEC is contracting independent, upstream-focused consultants to gauge the output capacity of all member states, departing from the tradition of self-reported capacity levels ahead of the tough 2026 quota negotiations.

US States Sue Trump over Solar Halt.

Twenty-five US states are taking legal action against the Trump administration over its cancellation of a $7 billion grant programme for solar energy projects, demanding payment of monetary damages and the immediate reinstatement of the program.

US Slaps Sanctions on Chinese Cooking Oil.

The US imposed sanctions on Chinese imports of cooking oil after China halted its purchases of American soybeans.

UK Slaps New Sanctions on Russia.

The British government targeted Russia's two largest oil companies, Rosneft and Lukoil, in its latest package of sanctions, along with 44 designated shadow fleet tankers and India's majority Russian-owned Nayara refinery.

India Warms Up to US Propane.

Indian officials have negotiated a new trade deal with the Trump administration, agreeing to source around 10% of its LPG needs from the US starting in 2026, up from the current 6%, in an effort to curb its long-standing dependence on the Middle East.

Iranian Tankers Emerge from the Dark.

Most tankers historically used for carrying Iranian oil (111 out of 170) have switched on their transponders in recent days after years of sailing in the dark, coming only days after the UN sanctions snapback on Tehran and potentially signalling a shift in export strategies.

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	$61.34	-2.39
WTI	$57.54	-2.23
Ice Gas Oil	$634.50	-22.00
Euro Mogas Swaps	$634.50	+8.00
Euro Naphtha Swaps	$501.50	-29.50
Nymex Gasoline	$1.8327	- 0.0043 ¢/gal
LPG Swaps	$401.00	-22.50
OPEC Basket	$63.05	
Gold	$4213	

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