Hyde 13 Newsletter **MARKET WEEKLY**
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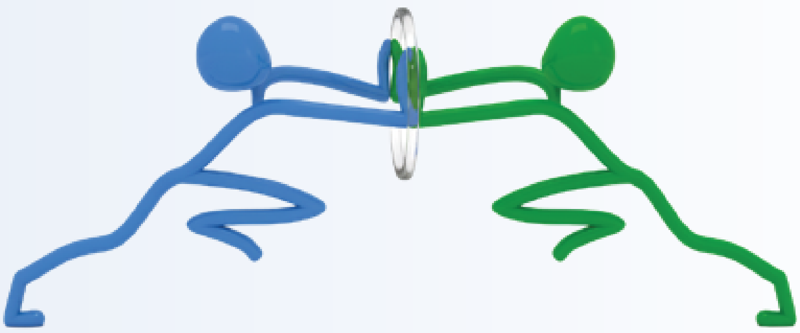
Predicted Crude Oil Glut Meets Reality

A Tale of Two Forces



It’s been another strange week for oil, with two conflicting forces tugging at prices. On the one hand, the market remains haunted by a lingering sense of doom, with forecasts of a looming oil glut. Analysts warn of swelling inventories and fully loaded tankers drifting aimlessly on the high seas, struggling to find buyers. The consensus is that crude prices will soon be dragged lower, particularly as the fourth quarter of 2025 winds down and the surplus threatens to drown the market well into 2026. As time ticks down on the year, the pressure grows.

But there’s a second force at play, one that’s sending prices higher: geopolitical tensions, maintenance issues, and unforeseen demand spikes. From targeted strikes on vital oil refinery infrastructure to scheduled turnarounds and regional supply constraints, demand for petroleum products is tightening, and prices are responding accordingly.

The week kicked off on a somewhat upbeat note. The end of the US government shutdown provided a momentary boost, while the upcoming IEA and OPEC monthly reports added to the sense of stability, though we all had a pretty good idea of what they’d say. Yet, just when everything seemed calm, a surprising twist hit the market. The prompt ICE November Low Sulphur Gas Oil contract, which looked insignificant just 10 days ago when trading at $715/mt, spiked to $771.75/mt, while crude oil prices remained mostly steady. What caused the sharp move? Russian diesel flows have slowed significantly, causing supply disruptions that sent shockwaves through the gas oil market. The anticipated glut was nowhere to be seen.

Meanwhile, other products showed strength too. Gasoline supplies remain tight, with the UAE unexpectedly stepping in to fill gaps caused by refinery turnarounds. But by midweek, crude prices started slipping again as news remained sparse. The sense of an imminent downturn returned, with analysts predicting prices could keep dropping as the glut scenario plays out. That is, until Friday evening, when a new headline turned the market on its head.

A missile and drone attack on Russia’s Black Sea port of Novorossiysk temporarily halted oil exports, disrupting 2.2 million barrels per day, or 2% of global supply. This marks one of the biggest attacks on Russian oil infrastructure in recent months, continuing a series of Ukrainian strikes aimed at crippling Russia’s ability to fund its war. Ukraine also reported a strike on another Russian refinery in the Saratov region, which temporarily slowed operations at a nearby Transneft fuel storage terminal.

Adding to Russia’s woes, analysts now warn that up to a third of its seaborne oil exports could be stranded in tankers due to rerouting and slower unloading. The situation has been further complicated by India and China suspending Russian crude purchases, exacerbating the already volatile market.

It’s a classic case of two opposing forces: one suggesting a crude oil glut and price drops, while the other shows the chaos of war-induced supply shortages pushing prices higher. For oil traders, it’s a difficult game to play, with both scenarios in constant flux.

While the much-hyped oil glut remains a possibility, it’s far from certain, especially with ongoing supply disruptions and the unpredictable impact of geopolitical tensions. The much-anticipated price collapse might be just around the corner, but for now, there are too many variables at play.

In other news :

The IEA has altered its thinking for its 2026 oil outlook by lifting supply growth to 2.5 million b/d and curbing demand growth to just 770,000 b/d, now expecting a whopping 4.1 million b/d surplus next year, equivalent to 4% of global crude demand. Try justifying that to product traders!

After last week’s intervention by the US government stopping Gunvor’s potential purchase of Lukoil’s assets, there appears to be a new buyer, surprisingly, a US private equity firm, Carlyle, is considering buying those foreign assets worth some $22 billion, and planning to apply for a license from the Trump administration to buy the assets before beginning due diligence.

Greenland, a focused upstream firm, Greenland Energy will drill its first exploration well in the country, OPW-1, in the summer of 2026, marking the first appraisal of the Jameson Land Basin, believed to be an untapped multi-billion-barrel play.

Crude oil from the Iraqi Kurdistan region (Kirkuk/Ceyhan) started flowing to markets again, two laden tankers have been idle off the Egyptian coast for two weeks unsold, signalling potential demand issues.

The Trump administration has finalised its first purchase of crude for the US Strategic Petroleum Reserve, buying 900,000 barrels of sour crude from global trading giant Trafigura and US midstream firm Energy Transfer at an average price of $62 per barrel.

Nigeria's government has postponed its plans to impose a 15% import duty on all refined products, citing assurances of adequate supply during the year-end holidays, amidst retailer protests that it would leave them dependent on the Dangote refinery.

The UK Maritime Trade Operations centre warned of an incident off the UAE coast, reporting a sudden course deviation on a tanker (reported to be the Marshall Islands-flagged Talara) sailing towards Singapore after it had been approached by three small boats representing the Iranian Revolutionary Guard.

This week’s closing guide prices:

Name	Price	Last Week
Ice Brent	$64.29	+0.16
WTI	$60.09	-0.19
Ice Gas Oil	$740.25	+15.75
Euro Mogas Swaps	$713.00	+22.75
Euro Naphtha Swaps	$539.00	-3.50
Nymex Gasoline	$ 2.0116	+6.13¢/gal
LPG Swaps	$445.00	+20.50
OPEC Basket	$63.42	
Gold	$4094	

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