Oil markets

Raising forecasts on disrupted Hormuz new normal

Equities & Commodities
Global

- We raise our Brent forecast to USD95/b for 4Q26, USD85/b for 2027, and USD75/b thereafter
- Base case assumes partial, gradual recovery in Hormuz flows with new Gulf pipelines lifting export capacity
- Refining remains tight in 2027 on constrained Gulf exports, low inventories, Russian disruptions and limited slack

We raise our Brent price forecast to USD90/b for 2026, from USD80/b previously (including USD95/b for 4Q26), **and to USD85/b for 2027**, from USD65/b. We also raise our **longer-term assumption to USD75/b from 2028 onwards**. After the US-Iran MoU fell apart in July, flows through the Strait of Hormuz appear to have settled around 30% of pre-conflict levels, albeit with considerable day-to-day volatility. We think the market is adjusting to a disrupted "new normal" in which the strait is neither fully closed nor fully open, but persistently impaired.

Our new base case assumes that a fragile US-Iran understanding eventually emerges, but remains prone to repeated breakdowns and continued uncertainty around security, control and insurance. In this scenario, shipping conditions improve only gradually as the industry adapts to elevated risk. We expect liquids flows through Hormuz to rise from c6mbd currently to 8mbd by year-end and 9.5mbd by mid-2027, still far below the 19-20mbd of pre-conflict transit. This leaves the market tighter for longer than we had previously assumed.

Bypass infrastructure is an increasingly important part of the adjustment. Existing Saudi and UAE pipelines, together with projects under construction, should progressively reduce reliance on Hormuz and allow total Gulf exports to recover even if strait utilisation remains structurally lower. In our base case, total bypass flows rise from just over 4mbd currently to 6.8mbd by mid-2027, taking total Gulf export volumes to c16.5mbd. Even so, we do not expect the market to return to balance until around mid-2027, implying further inventory drawdowns over the coming quarters.

Alternative scenarios: (1) '**Stalemate**': If diplomacy fails and Hormuz flows stay near current levels, inventories could draw toward operational lows and Brent could rise to cUSD120/b, easing once demand destruction and faster non-OPEC supply restore balance in 3Q27. (2) '**Recovery**': If a durable ceasefire is reached in 4Q26, total Gulf exports could rise to near pre-conflict levels; the market could return to balance by year-end and shift to a >3mbd surplus in 2027; Brent could fall to USD70s/b by 1Q28.

Refined product markets remain tighter than crude. Constrained Gulf product exports, depleted inventories, high freight and insurance costs, Russian disruptions and limited spare refining capacity continue to support exceptionally strong cracks. We materially raise our refining margin assumptions for 2026-28 and expect product tightness to persist through 2027, even as crude balances gradually improve.

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Hormuz new normal

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- Base case assumes partial, gradual recovery in Hormuz flows with new Gulf pipelines lifting export capacity
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Raising oil price forecast on disrupted new normal

In this report, we raise our Brent price forecast to **USD89/95/b for 3Q/4Q 2026** respectively (vs USD75/70/b previously), resulting in a **USD90/b average for 2026**. We raise our forecasts **to USD85/b for 2027** and **USD75/b for 2028** and beyond, up from USD65/b previously from 2027 onwards.

In *Oil markets: Cutting forecasts: Mini-glut now, surplus later* (8 July), we had reduced our Brent price forecast as we expected a sizeable market surplus to return in 2027. Our thesis was premised on the mid-June US-Iran MoU holding, with a steady linear recovery in Gulf flows and production. This assumption proved to be incorrect as the ceasefire collapsed in July.

The revision to our crude oil price forecasts reflects a permanent disruption of the Strait of Hormuz and a longer path back to market equilibrium, with a "new normal" that does not revert to the pre-conflict situation. We use the term disruption rather than closure to describe a state of play whereby the Strait is neither completely closed nor fully open, but somewhere in between.

HSBC crude price assumptions, USD/b

Annual average	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Brent	43.2	70.8	99.1	82.2	79.9	68.2	**89.8**	**85.0**	**75.0**
WTI	39.5	68.0	94.4	77.5	75.8	64.8	85.2	82.0	72.0
Previous assumptions									
Brent							80.0	65.0	66.3
WTI							75.4	62.0	63.3
Change									
Brent							9.8	20.0	8.7
WTI							9.8	20.0	8.7
% change									
Brent							12%	31%	13%
WTI							13%	32%	14%

Source: LSEG Eikon, HSBC estimates. NB: Prices are inflated by 2% per annum beyond the end of the explicit forecast period.

HSBC crude price assumptions, USD/b

Quarterly average	1Q26	2Q26	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	1Q28e
Brent	78.4	96.7	**89.0**	**95.0**	**90.0**	**87.0**	**83.0**	**80.0**	**75.0**
WTI	72.3	92.3	85.0	91.0	87.0	84.0	80.0	77.0	72.0
Previous									
Brent			75.0	70.0	65.0	65.0	65.0	65.0	66.3
WTI			71.0	66.0	62.0	62.0	62.0	62.0	63.3
Change									
Brent			14.0	25.0	25.0	22.0	18.0	15.0	8.7
WTI			14.0	25.0	25.0	22.0	18.0	15.0	8.7
% change									
Brent			19%	36%	38%	34%	28%	23%	13%
WTI			20%	38%	40%	35%	29%	24%	14%

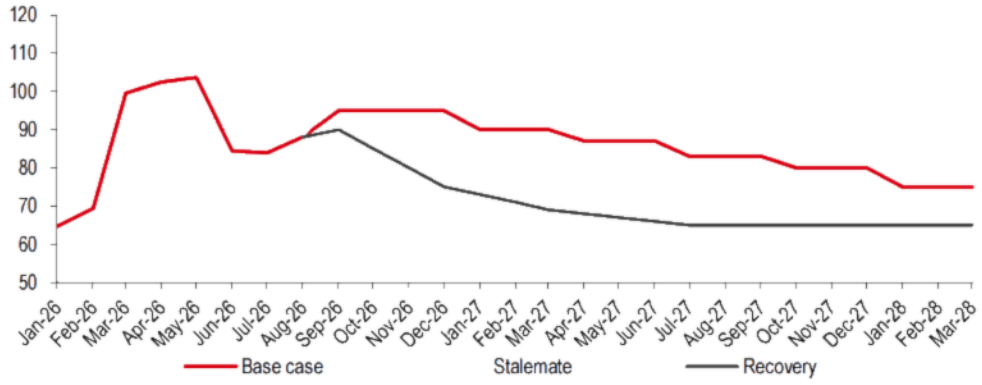
Source: LSEG Eikon, HSBC estimates. NB: Prices are inflated by 2% per annum beyond the end of the explicit forecast period.

Updated Hormuz scenarios

We set out three new scenarios for Strait of Hormuz flows, which we view as the key swing factor for oil balances and prices. Other key issues, such as China's oil imports, largely derive from the supply outlook out of the Middle East Gulf.

Out of our three scenarios, two assume that Hormuz flows never fully normalise as Iran maintains a degree of control, as per our previous scenario analysis: *Oil markets: Hormuz: what if the Strait never fully reopens?* (5 June 2026).

Brent oil price scenarios (USD/b)



Source: LSEG Workspace, HSBC estimates

Base case: Fragile agreement and industry adaptation

Our new base case assumes that a fragile US-Iran understanding emerges, but remains prone to repeated breakdowns and periodic incidents. The rapid collapse of the mid-June memorandum of understanding suggests that US-Iran strategic positions remain far apart, and that Iran sees control of the Strait of Hormuz as a key strategic asset.

Shipping conditions improve from current levels as the industry gradually learns to live with this "new normal". Yet confidence never fully returns as the security environment remains volatile and transit through Hormuz remains structurally below pre-conflict norms.

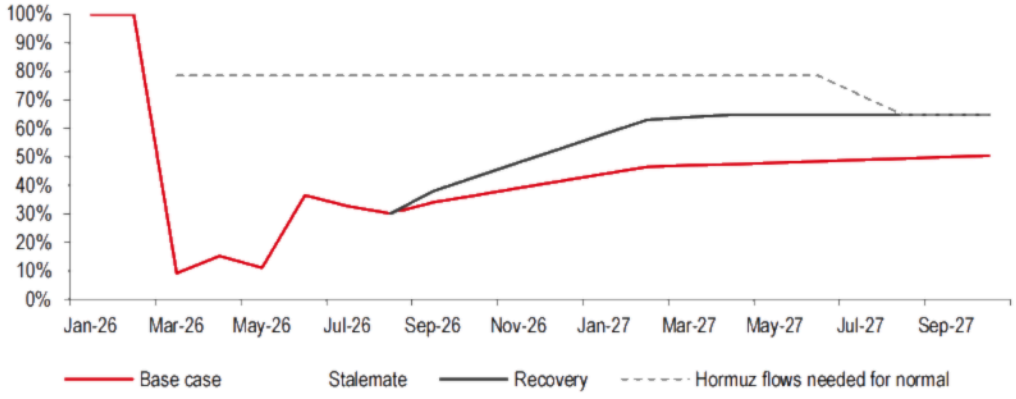
Hormuz traffic could improve in this scenario for two reasons:

(1) The US and Iran could reach a **renewed ceasefire agreement**. In parallel, Iran and Oman could agree on a management framework for the Strait, including operational conditions around corridor routing, mine clearance, potential fees, and control. The durability of any Iran-Oman Hormuz management deal would likely be linked to the broader US-Iran relationship.

(2) Even in the absence of formal agreements, there could plausibly be a continuation of recent trends, whereby an **increasing number of shipowners are willing to accept elevated risk to transit the Strait of Hormuz** and "leakage" increases. ADNOC's shipping arm has led the way on the "shuttle" trade through the Strait in the last few months, with the company spending USD2.7bn on vessels this year to expand export capacity. ADNOC has used its vessels to carry non-UAE crude, including Iraqi barrels. South Korea's Sinokor has been among the most active shippers through the Strait, while some oil majors and commodity trading houses have taken active roles.

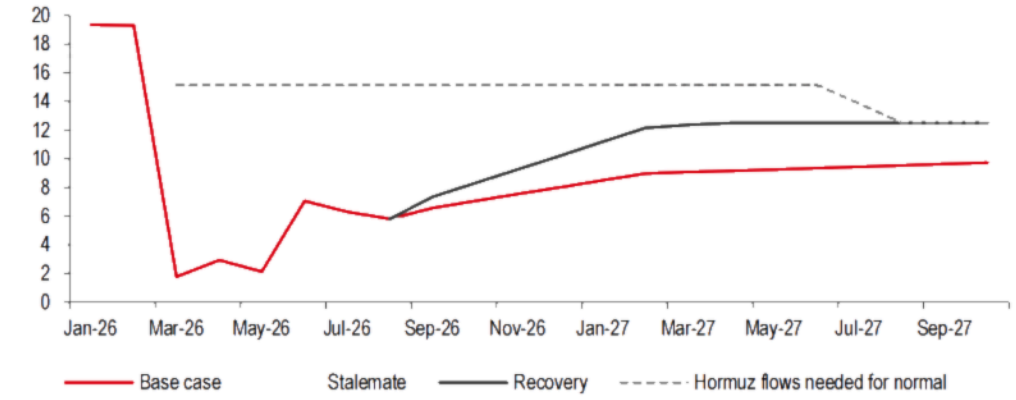
In this scenario, total liquids flows (crude + products) rise **from around 6mbd currently to 8mbd by year-end and 9.5mbd by mid-2027**, well below the 19-20mbd of total pre-conflict Hormuz flows. Shipowners prioritise crude oil over refined products and other commodities such as LNG given a more favourable risk/reward for crude tankers which are much larger and easier than product tankers to move in convoys in "dark" mode through the Strait. In the event of an Iran-Oman agreement, partial Iranian control over the Strait and potentially continued US sanctions would restrict the ability of mainstream shipowners to use Iranian-controlled shipping lanes, leaving most traffic taking place in "dark" mode or in Omani waters.

Strait of Hormuz liquids flows (as % of pre-conflict)



Source: HSBC estimates, Rystad Energy. NB: Excludes bypass pipelines

Strait of Hormuz liquids flows, excluding bypass pipelines (mbd)



Source: HSBC estimates, Rystad Energy

An important driver behind normalisation is the **gradual expansion of regional pipeline capacity.** The commissioning of the ADCOP 2 pipeline in the UAE (1.5-1.8mbd) and modifications to Saudi Arabia's MGS3 ("Master Gas System 3") corridor (c1mbd) progressively increase non-Hormuz export capacity, allowing Gulf exports to recover even though Strait utilisation remains depressed. Full utilisation of Saudi's East-West bypass infrastructure requires exports from the Yanbu port on the Red Sea coast to be unconstrained, but there is potential downside from port loading capacity, spare capacity in the Suez Canal and SUMED pipeline, and traffic conditions in the Bab el-Mandeb Strait.

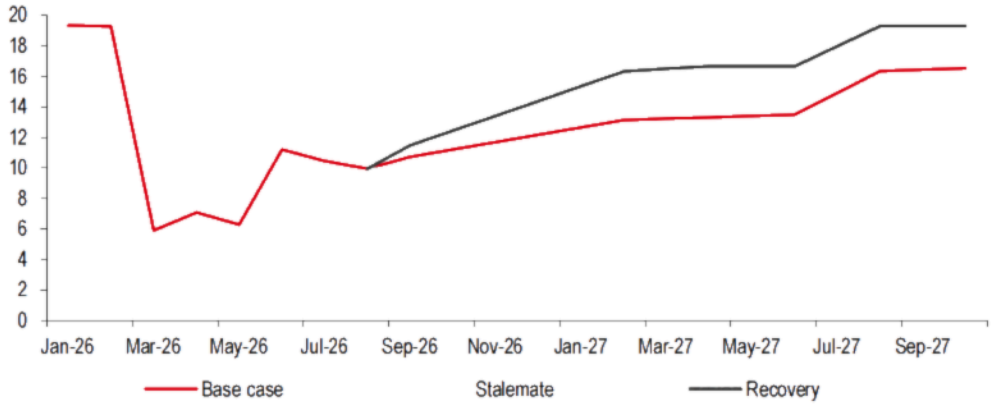
Gulf bypass pipeline capacity (mbd)

	Low	High	Mid
Total Hormuz transit (crude + products)	**18.9**	**19.7**	**19.3**
Saudi East-West pipeline (incremental vs baseline)	3.0	3.5	3.3
UAE ADCOP pipeline (incremental vs baseline)	0.5	1.3	0.9
Net Hormuz flow needed after existing pipelines	**15.4**	**14.9**	**15.2**
% of normal after bypass pipelines	*81%*	*76%*	*78%*
New ADCOP pipeline under construction	1.5	1.8	1.7
Saudi MGS3 conversion	1.0	1.0	1.0
Net Hormuz flow needed after pipelines under construction	**12.9**	**12.1**	**12.5**
% of normal after pipelines under construction	*68%*	*61%*	*65%*
Potential Saudi East-West expansion	1.0	2.0	1.5
Iraq Basra-Kirkuk-Ceyhan pipeline	2.0	2.5	2.3
Total new under construction + planned pipelines	**5.5**	**7.3**	**6.4**

Source: HSBC estimates, news wires

Total bypass pipeline flows rise from just over 4mbd currently (c3mbd from Saudi's East-West + c1mbd from ADCOP) to 6.8mbd by mid-2027, taking total Gulf export volumes to around 16.5mbd, closing in on the pre-conflict 19-20mbd level.

Strait of Hormuz liquids flows, including bypass pipelines (mbd)



Source: HSBC estimates, Rystad Energy

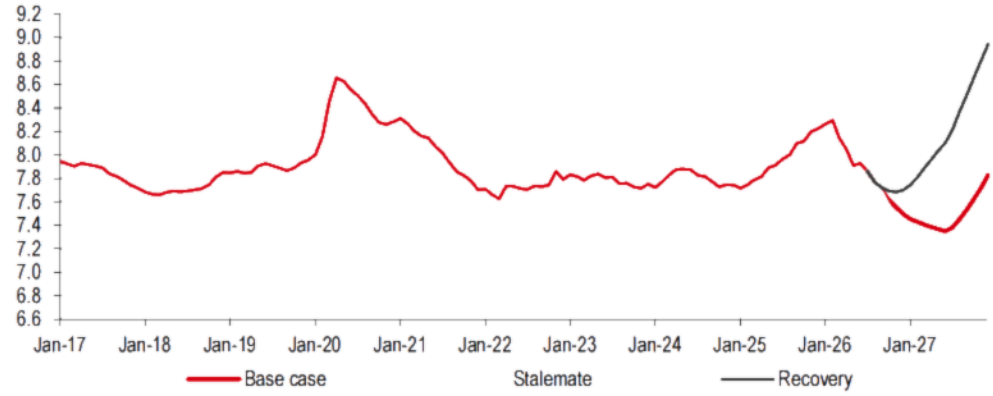
*NB: As we highlighted in Oil markets: Hormuz traffic falls as US-Iran ceasefire frays (22 July, see p.9), analyses should factor only **incremental** bypass volumes above baseline volumes that were already bypassing Hormuz before the conflict. There are indeed 7mbd of Gulf oil bypassing Hormuz at present, but only c4mbd of these are incremental since Saudi Arabia and the UAE were previously transiting c3mbd through the East-West and ADCOP pipelines before the conflict (c2mbd through East-West and c1mbd through ADCOP).*

We assume continued demand destruction and growth in non-OPEC supply, driven by ongoing investments across key producers in the Americas (US, Brazil, Canada, Guyana, Argentina, and Venezuela) and supported by high oil prices.

Market balances and inventories: The market moves back towards balance around mid-2027. This implies another 10 months of inventory drawdowns from end-August 2026 to end-June 2027. In this scenario, global inventories drop from c7.8bn bbls at end-August to around 7.35bn bbls at end-June 2027 on our estimates, well below 10-year historical ranges – but, crucially, not approaching "minimum operational levels".

Thereafter, the market would return to a surplus, allowing for inventory refilling; we estimate year-end 2027 global stocks could be back to current levels at 7.8bn bbls. This level is in line with that seen in 1Q 2025, before global inventories rose due to a large market surplus.

Global observed oil inventories (bn bbls)



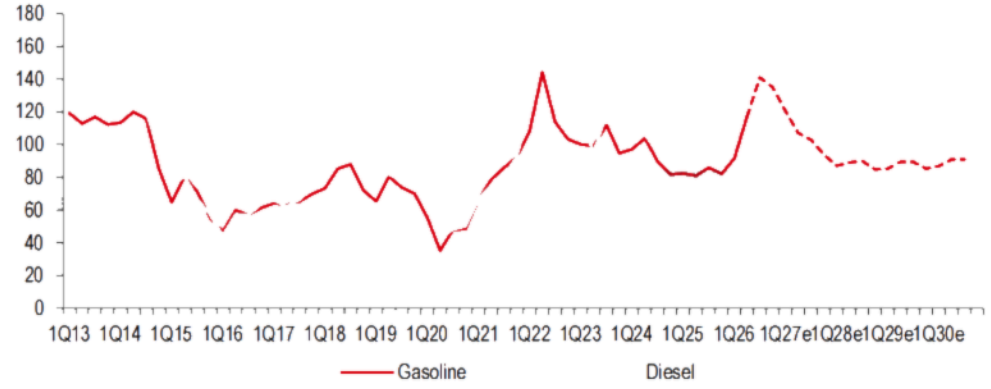
Source: IEA, HSBC estimates. Note: Includes OECD and non-OECD stocks, commercial and strategic, onshore and on-the-water storage

Price outcome: In this scenario, we expect crude prices to remain high with Brent in the mid USD90's/b for the remainder of the year, then gradually taper down through 2027 as the market anticipates a return to balance and Hormuz flows slowly improve. Prices are structurally volatile as the situation remains fundamentally unstable: headlines on diplomatic progress (whether real or not) periodically lead to modest oil price corrections, while flare-ups push prices higher.

One of the uncertainties is market psychology in this scenario. If the market leans towards an optimistic mindset, it will focus on the improvement in weekly tanker traffic through 4Q26 and 1H27 and the construction of new pipeline infrastructure, even as the market remains in a deficit and global inventories continue to drop. Conversely, if the market fixates on declining inventories, it could overlook the improvement in supply and demand fundamentals, leading to higher prices.

Refining margins continue to do much of the heavy lifting in keeping end-user energy prices elevated: constrained Gulf product exports, depleted inventories, high freight costs and limited spare refining capacity would keep diesel, jet and gasoline markets tight even as crude flows gradually recover. High product prices are needed to suppress demand and balance the market, with margins likely to remain elevated until supply chains normalise and product stocks are rebuilt. *We outline our updated refining margin forecasts* *later in this report – see page 12*.

NW Europe refined product prices, quarterly average (USD/b)



Source: LSEG Workspace, HSBC estimates

High shipping and insurance costs are yet another reason why refining margins should remain high: they need to incentivise refiners to lift crude despite high risks and transport costs. TotalEnergies' CEO estimates that crossing Hormuz in "dark" mode costs around USD10/b (Reuters, 24 Aug). Shipping crude from the Gulf of Oman to Asia costs another USD6-9/b based on various industry estimates. This implies that the entire journey from inside the Gulf to Asia costs about USD16-19/b, approximately ten times more than before the conflict (USD1.5-2/b).

Stalemate: Hormuz flows flatline

In the Stalemate scenario, negotiations fail to deliver a durable framework and the region settles into a prolonged period of low-level confrontation. The US blockade and sanctions on Iran remain in place as diplomatic progress remains elusive, suppressing Iranian exports near currently low levels. Despite the drying up of Iran's oil export revenues, US economic pressure on Iran fails to fundamentally change dynamics and respective positions become entrenched.

Regular attacks on non-Iranian-linked ships, maritime disruptions and elevated insurance costs continue to deter shippers, **keeping Hormuz flows near current levels of c6mbd** with only limited improvement over time.

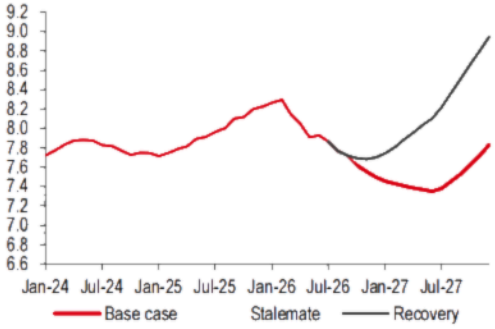
Bypass pipeline additions arriving in mid-2027 are meaningful but do not offset the continued loss of volumes through the Strait. Total Gulf exports including bypass pipelines remain well below pre-war levels at just 10mbd, rising to 13mbd after the start-up of new pipelines, leaving the oil market in a persistent supply deficit.

Market balances and inventories: High oil prices suppress global demand to a greater degree than in our base case. Non-OPEC supply growth is modestly faster thanks to higher prices incentivising short-cycle investment (notably US shale), allowing for a return to balance in 3Q 2027.

Until that point, inventories continue to draw and **get dangerously close to minimum operational levels** in several geographies, leading to upward price pressure on refined product prices and crude.

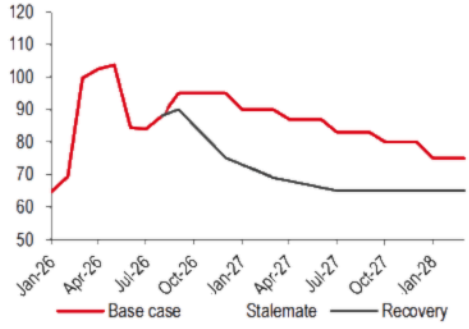
Inventories start to rebuild from 3Q27 onwards and at a slower pace than in our base case. In this scenario, global inventories would fall by another 1bn bbls and hit c6.8bn bbls at the trough, before rising back to 7.1bn bbls by end-2027 – well below current levels.

Global observed oil inventories (bn bbls)



Source: IEA, HSBC estimates. Note: Includes OECD and non-OECD stocks, commercial and strategic, onshore and on-the-water storage

Brent price assumptions (USD/b)



Source: LSEG Workspace, HSBC estimates

Price outcome: Crude prices would need to rise materially above our base case to the USD110-120/b range and remain elevated (above USD100/b) through much of 2027, as persistent deficits push inventories close to minimum operational levels and force a deeper demand response. Prices would ease only once demand destruction and faster non-OPEC supply growth return the market to balance in 3Q27, but would remain above our base case given the limited subsequent inventory rebuild.

Despite tight fundamentals, the prospect of a US-Iran agreement, even if low, would continue to prevent market participants from putting on significant outright long positions on Brent and WTI crude futures.

Refining margins could be higher than in base case to keep product prices elevated as demand destruction would need to remain substantial, close to peak 2Q 2026 levels of around 5mbd globally. In this scenario, crude oil prices may hit a ceiling around USD120/b (rather than rally to USD150/b or more) as refining margins widen, pushing outright product prices to sufficiently high levels to suppress demand.

Recovery: Durable ceasefire

The recovery scenario assumes a more durable geopolitical settlement reached in 4Q 2026, with both the US and Iran demonstrating sustained commitment to de-escalation and regional security conditions improving materially.

Confidence in Gulf shipping returns after a ceasefire agreement, allowing **flows through Hormuz to recover towards two-thirds of pre-conflict levels** by 2Q 2027 at c12.5mbd. Even in this optimistic scenario, we would not expect Hormuz flows to jump as quickly as in late June and early July when a wave of stranded cargoes exited the Gulf; there is no such backlog of stranded ships this time around.

Combined with rising bypass capacity totalling nearly 7mbd in summer 2027 as previously laid out, total Gulf exports recover close to pre-conflict levels of c19mbd by mid-2027. With bypass pipelines allowing for more crude from the UAE and Saudi Arabia to reach global markets, volumes through Hormuz shift back to a more usual mix of crude and products instead of only crude.

Market balances and inventories: The resulting increase in available supply pushes the market back to equilibrium around year-end. The near-full restoration of Gulf exports tips the market into a surplus of >3mbd on average in 2027. The latter enables inventories to rapidly rebuild, with most of the disruption-related tightness disappearing by late 2027 as global stocks reach new highs.

Lower energy prices and better physical availability allow global demand to recover, with crisis-era demand destruction disappearing by end 2027.

Price outcome: Brent would fall to the mid-USD80s/b in 4Q26 towards the USD70's/b in 1Q28 as a durable ceasefire restores Gulf exports, returning the market to equilibrium around year-end and then to surplus in 2027. Prices would end 2027 close to our previous USD65/b assumption as inventories rebuild, with potential further downside if inventories rise above historical highs by late 2027.

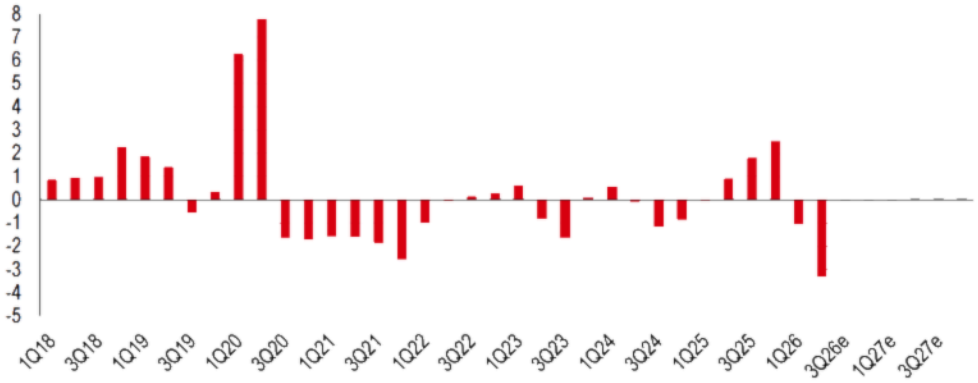
The return of some refined product flows through Hormuz, together with improved crude availability allowing refinery runs to rise, would put downward pressure on refining margins.

HSBC global oil supply & demand balances

On our updated balances, we see a deficit of 3.3mbd in 2Q, then 3.6mbd in 3Q and 3.2mbd assuming only a modest improvement in shipping conditions as described in our base case.

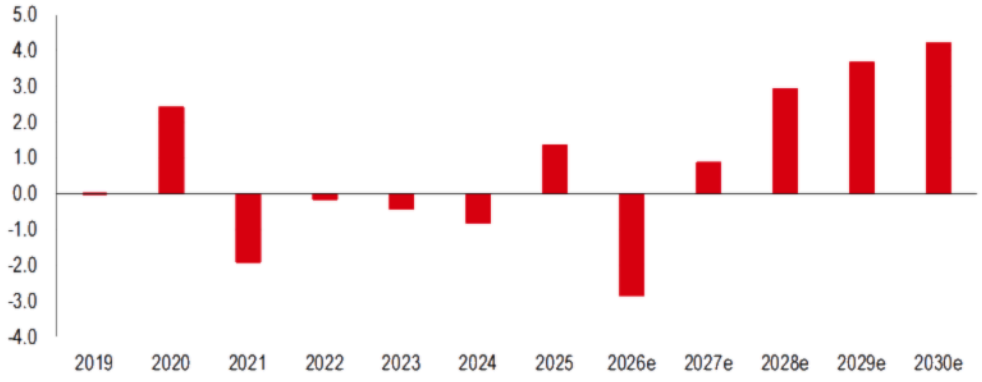
For 2027, we forecast a surplus of 1.0mbd, far below the IEA's 4.6mbd and the EIA's 4.8mbd. The gap is mainly attributable to our assumption of a slow and partial recovery in Gulf exports, compared to other agencies' assumption of a broad normalisation.

Global oil market quarterly balance (mbd)



Source: IEA, Energy Institute Statistical Review of World Energy, EIA, OPEC, HSBC estimates

Global liquids supply & demand balance (mbd)



Source: IEA, Energy Institute Statistical Review of World Energy, EIA, OPEC, HSBC estimates

See page 32 in the Appendix for a comparison of HSBC's supply & demand balances vs key agencies'.

Global supply/demand balance (mbd)

	2021	2022	2023	2024	2025	2026e	2027e	2028e
Demand								
US	19.9	20.0	20.3	20.5	20.6	20.5	20.5	20.5
Europe	*13.3*	*13.6*	*13.4*	*13.6*	*13.5*	*13.3*	*13.4*	*13.3*
Other OECD	11.6	12.1	12.0	12.2	12.1	11.9	11.8	11.8
Total OECD	**44.8**	**45.7**	**45.8**	**46.2**	**46.2**	**45.6**	**45.8**	**45.6**
China	15.1	15.5	16.7	16.7	17.0	16.2	16.7	16.9
India	4.9	5.2	5.6	5.8	5.9	5.9	6.1	6.4
Other Asia	8.5	8.9	8.9	9.2	9.4	9.2	9.6	9.9
Middle East	8.6	9.1	9.3	9.2	9.2	8.8	9.2	9.3
Latin America	5.9	6.3	6.5	6.6	6.7	6.7	6.9	6.9
Other non-OECD	10.0	10.0	10.3	10.4	10.6	10.5	10.8	10.9
Total non-OECD	**53.0**	**54.9**	**57.2**	**57.8**	**58.7**	**57.3**	**59.3**	**60.2**
Global demand	**97.8**	**100.6**	**103.0**	**104.0**	**104.8**	**102.9**	**105.1**	**105.8**
Demand growth	6.1%	2.9%	2.3%	1.0%	0.8%	-1.8%	2.1%	0.7%
Supply								
Permian crude	4.7	5.4	5.9	6.3	6.6	6.6	6.9	7.1
Other US tight oil	2.4	2.3	2.5	2.6	2.6	2.6	2.6	2.6
US tight oil	7.1	7.7	8.5	8.9	9.2	9.2	9.6	9.7
US conventional oil	4.2	4.3	4.5	4.3	4.4	4.4	4.3	4.4
US total oil	11.3	12.0	12.9	13.2	13.6	13.6	13.9	14.1
US NGLs	*5.4*	*5.9*	*6.5*	*7.0*	*7.5*	*7.7*	*7.9*	*8.1*
Total US liquids	**16.7**	**17.9**	**19.4**	**20.3**	**21.1**	**21.3**	**21.8**	**22.2**
Other NOPEC (ex-OPEC+ NGL)	52.1	53.4	54.2	54.4	55.6	54.8	56.9	57.7
Total non-OPEC	**68.8**	**71.4**	**73.6**	**74.6**	**76.6**	**76.1**	**78.7**	**79.9**
of which:								
US tight liquids	11.4	12.6	14.0	14.7	15.6	15.9	16.5	16.9
Conventional liquids	52.4	53.5	54.1	54.1	55.1	54.2	56.1	56.7
Biofuels/refinery gains	5.0	5.2	5.5	5.8	5.9	6.0	6.2	6.3
OPEC NGLs	4.1	4.5	4.6	4.6	4.7	4.0	4.6	4.8
Non-OPEC & OPEC non-crude	**73.0**	**75.8**	**78.2**	**79.3**	**81.3**	**80.0**	**83.4**	**84.7**
OPEC crude	**22.9**	**24.7**	**24.4**	**24.0**	**24.9**	**20.1**	**22.6**	**24.1**
Global supply	**95.8**	**100.5**	**102.5**	**103.2**	**106.2**	**100.1**	**106.0**	**108.7**
Implied inventory build/(draw)	**-1.91**	**-0.16**	**-0.42**	**-0.82**	**1.35**	**-2.84**	**0.87**	**2.93**
Call on OPEC+ crude	24.8	24.8	24.8	24.8	23.5	22.9	21.7	21.1
Call on OPEC-8	20.5	20.4	19.9	19.4	17.9	17.7	16.1	15.5
Annual changes, mbd								
Global demand	**5.59**	**2.88**	**2.33**	**1.06**	**0.81**	**-1.91**	**2.16**	**0.71**
USA	1.7	0.1	0.3	0.2	0.1	-0.1	0.0	0.0
Europe	0.7	0.2	-0.2	0.1	0.0	-0.3	0.1	-0.1
Total OECD	2.4	0.9	0.1	0.4	0.0	-0.6	0.2	-0.2
China	0.8	0.4	1.2	0.1	0.3	-0.8	0.5	0.1
India	0.3	0.3	0.5	0.1	0.1	0.0	0.3	0.2
Total non-OECD	3.2	2.0	2.3	0.6	0.8	-1.3	2.0	0.9
Non-OPEC supply	**0.4**	**2.5**	**2.2**	**1.0**	**2.0**	**-0.5**	**2.6**	**1.2**
US Permian	0.2	0.7	0.5	0.4	0.3	0.0	0.3	0.2
Total US tight crude	0.1	0.6	0.7	0.4	0.3	0.0	0.3	0.2
Total US crude	0.0	0.7	0.9	0.3	0.3	0.0	0.3	0.2
Total US NGLs	0.2	0.5	0.6	0.5	0.4	0.2	0.2	0.2
Total US	0.2	1.2	1.5	0.8	0.8	0.3	0.5	0.4
Other non-OPEC	0.2	1.3	0.7	0.2	1.2	-0.8	2.2	0.8
OPEC NGLs	0.0	0.3	0.1	0.0	0.1	-0.8	0.7	0.2
Non-OPEC+ & OPEC+ NGL supply	0.4	2.8	2.4	1.1	2.1	-1.3	3.3	1.3
Call on OPEC	5.2	0.1	0.0	0.0	-1.3	-0.6	-1.2	-0.6
Call on OPEC-8	4.0	-0.1	-0.5	-0.5	-1.5	-0.2	0.0	0.0
OPEC crude production	0.9	1.8	-0.3	-0.4	0.9	-4.8	2.6	1.5
OPEC-8 crude capacity	-0.3	-0.1	-0.1	0.2	0.1	0.0	0.0	0.0

Source: IEA, Energy Institute Statistical Review of World Energy, EIA, OPEC, Rystad Energy, HSBC estimates. OPEC refers to OPEC-11 (including Iran, Venezuela and Libya, and excluding Angola and the UAE throughout), excluding non-OPEC countries belonging to OPEC+ such as Russia.

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HSBC supply breakdown by country (mbd)

	2021	2022	2023	2024	2025	2026e	2027e	2028e
Non-OPEC								
US Permian	4.74	5.40	5.93	6.31	6.58	6.62	6.94	7.14
US other tight oil	2.37	2.34	2.55	2.58	2.62	2.59	2.62	2.59
US tight NGLs	4.30	4.86	5.53	5.85	6.42	6.69	6.92	7.19
US total tight liquids	11.40	12.60	14.01	14.74	15.62	15.91	16.48	16.92
US conventional	5.32	5.34	5.43	5.53	5.45	5.42	5.32	5.28
US	**16.72**	**17.93**	**19.44**	**20.28**	**21.06**	**21.33**	**21.80**	**22.20**
Canada	5.54	5.69	5.76	6.00	6.26	6.43	6.49	6.63
Mexico	1.97	2.03	2.12	2.01	1.84	1.75	1.68	1.64
UK	0.94	0.88	0.80	0.74	0.77	0.73	0.67	0.65
Norway	2.04	1.91	2.02	2.00	2.05	2.07	2.03	1.96
Russia	11.00	11.20	11.07	10.76	10.74	10.28	10.26	10.15
Azerbaijan	0.71	0.68	0.62	0.60	0.57	0.58	0.57	0.54
Kazakhstan	1.85	1.83	1.93	1.90	2.13	2.06	2.08	2.11
Angola	1.16	1.17	1.14	1.16	1.07	1.10	1.09	1.05
UAE	3.80	4.33	4.36	4.41	4.67	4.53	5.49	5.70
Oman	0.98	1.09	1.07	1.01	1.04	1.04	1.00	0.96
Qatar	1.86	1.88	1.87	1.92	1.95	1.07	1.72	2.01
China	3.99	4.11	4.18	4.26	4.32	4.34	4.34	4.36
Malaysia	0.66	0.60	0.60	0.57	0.51	0.50	0.46	0.45
India	0.80	0.77	0.74	0.73	0.73	0.72	0.71	0.66
Indonesia	0.67	0.63	0.62	0.60	0.60	0.61	0.58	0.53
Brazil	3.01	3.12	3.50	3.45	3.86	4.38	4.80	4.99
Argentina	0.64	0.75	0.78	0.83	0.94	1.11	1.33	1.50
Colombia	0.74	0.76	0.78	0.77	0.75	0.72	0.68	0.63
Ecuador	0.47	0.48	0.48	0.47	0.44	0.42	0.38	0.35
Guyana	0.12	0.28	0.39	0.62	0.72	0.82	0.93	1.12
Egypt	0.62	0.63	0.63	0.60	0.57	0.53	0.50	0.46
Other conventional	3.56	3.38	3.20	3.15	3.17	3.02	2.96	2.93
Non-OPEC conventional	**52.43**	**53.54**	**54.08**	**54.11**	**55.12**	**54.22**	**56.08**	**56.67**
Biofuels/Refinery gains	5.01	5.22	5.50	5.79	5.89	5.96	6.18	6.31
Non-OPEC	**68.84**	**71.36**	**73.59**	**74.64**	**76.63**	**76.09**	**78.74**	**79.90**
OPEC+ NGLs	4.15	4.46	4.58	4.62	4.71	3.95	4.62	4.77
Non-OPEC & OPEC NGLs	**72.99**	**75.82**	**78.17**	**79.26**	**81.34**	**80.04**	**83.35**	**84.67**
OPEC crude	**22.86**	**24.66**	**24.37**	**23.95**	**24.85**	**20.06**	**22.62**	**24.07**
of which:								
Saudi Arabia	9.29	10.23	9.64	8.99	9.48	7.75	9.02	9.98
Iran	2.48	2.72	3.03	3.41	3.41	2.80	2.99	2.96
Iraq	4.04	4.42	4.29	4.20	4.23	2.48	3.05	3.68
Kuwait	2.41	2.72	2.59	2.45	2.50	1.56	1.89	1.91
Libya	1.16	1.01	1.14	1.09	1.28	1.31	1.30	1.33
Nigeria	1.38	1.29	1.39	1.47	1.54	1.54	1.56	1.46
Venezuela	0.59	0.67	0.76	0.88	0.93	1.14	1.33	1.34
Algeria	0.91	1.01	0.98	0.90	0.94	0.99	1.01	0.98
Other	0.59	0.58	0.55	0.56	0.55	0.50	0.47	0.44
OPEC-8	**18.62**	**20.25**	**19.44**	**18.57**	**19.23**	**14.82**	**17.00**	**18.45**

NB. Excludes Angola and UAE from OPEC throughout.

Source: IEA, Energy Institute Statistical Review of World Energy, EIA, OPEC, Rystad Energy, HSBC estimates

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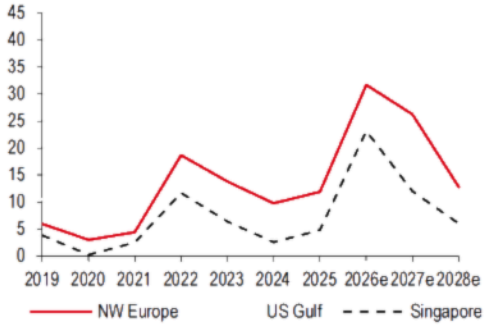
Refined product markets face persistent tightness

Product markets have continued to tighten over the past several weeks as summer driving demand has been resilient, product exports out of the Gulf remain constrained, regional product inventories have been depleting, drone attacks and export bans have curbed Russian product volumes, while global refineries have been maxing out their utilisation levels. Diesel, gasoline and jet cracks have surged across all major regions and have reached record highs, surpassing the highs of 2022.

We believe **product markets will remain squeezed through 2027**, as we see limited supply-side levers available to boost supply in the near-term. As previously discussed, we do expect global crude balances and prices to ease next year, which could actually support higher refining margins (as crude feedstock costs reduce). Incremental crude supply can only alleviate refined product tightness if there is spare refining capacity available, which is not the case.

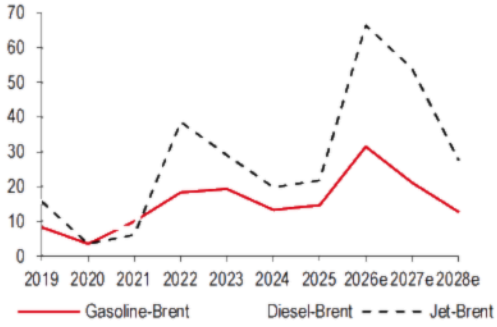
We materially raise our 2026-28 refining margin assumptions in this note compared to *Oil markets: Cutting forecasts: Mini-glut now, surplus later* (8 July 2026). We now assume a return to mid-cycle conditions from 2029 onwards.

Global margin assumptions by region, USD/b



Source: LSEG Workspace, HSBC estimates

NW Europe margin assumptions by product, USD/b



Source: LSEG Workspace, HSBC estimates

HSBC annual refining margin assumptions, USD/b

	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Brent	64.2	43.2	70.9	99.0	82.2	79.9	68.2	89.8	85.0	75.0
NWE complex Brent	**5.9**	**3.0**	**4.4**	**18.7**	**13.8**	**9.7**	**11.9**	**31.7**	**26.2**	**12.8**
Gasoline-Brent	8.3	3.5	10.0	18.3	19.3	13.3	14.6	31.5	21.1	12.8
Naphtha-Brent	(4.8)	(0.2)	4.1	(9.8)	(7.1)	(3.3)	(2.5)	(4.1)	(4.0)	(5.0)
Jet-Brent	15.6	3.5	6.2	38.6	29.0	19.8	21.8	66.4	54.0	27.7
Diesel-Brent	15.8	8.3	8.0	42.9	28.7	21.5	23.8	60.5	53.0	27.7
MED complex Brent	7.0	3.6	4.9	18.0	14.8	11.2	12.9	34.7	28.4	14.1
US Gulf Coast complex	**10.4**	**6.3**	**13.9**	**30.7**	**23.5**	**14.7**	**17.6**	**41.1**	**32.5**	**16.1**
US East Coast complex	9.2	5.6	13.0	30.8	23.1	14.9	18.6	42.4	32.8	16.3
Singapore margin	**3.8**	**0.2**	**2.5**	**11.6**	**6.4**	**2.6**	**4.8**	**23.1**	**12.0**	**6.0**
Previous										
NWE complex Brent								20.9	10.0	6.7
US Gulf Coast complex								34.2	18.0	12.0
Singapore margin								21.1	7.0	3.0

Source: Bloomberg, HSBC estimates. Note. NW Europe margins is calculated against Dated Brent (BFO)

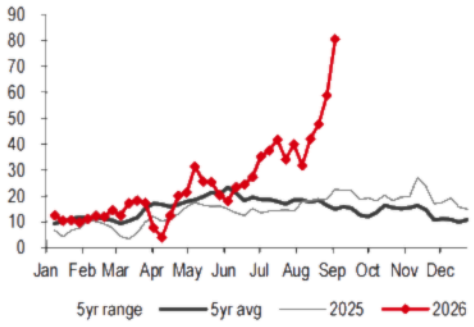
HSBC quarterly refining margin assumptions, USD/b

	1Q26	2Q26	3Q26e	4Q26e	1Q27e	2Q27e	3Q27e	4Q27e	1Q28e	2Q28e
Brent	78.4	96.7	89.0	95.0	90.0	87.0	83.0	80.0	75.0	75.0
NWE complex Brent	**17.5**	**24.2**	**45.0**	**40.0**	**35.0**	**25.0**	**25.0**	**20.0**	**16.0**	**14.0**
Gasoline-Brent	13.2	20.8	52.0	40.0	30.5	20.0	20.0	14.0	12.0	14.0
Naphtha-Brent	-4.5	-5.1	-3.5	-3.5	-4.0	-4.0	-4.0	-4.0	-5.0	-5.0
Jet-Brent	50.0	63.8	79.0	73.0	66.0	55.0	55.0	40.0	35.0	29.3
Diesel-Brent	35.9	50.0	81.0	75.0	68.0	50.0	50.0	43.9	34.9	30.0
MED complex Brent	18.3	27.9	49.2	43.5	37.6	27.6	26.9	21.6	17.3	15.4
US Gulf Coast complex	**24.3**	**36.9**	**55.0**	**48.0**	**40.0**	**35.0**	**30.0**	**25.0**	**20.0**	**16.0**
US East Coast complex	23.8	41.6	55.6	48.7	40.3	35.3	30.3	25.4	20.2	16.1
Singapore margin	**12.9**	**31.6**	**28.0**	**20.0**	**16.0**	**13.0**	**10.0**	**9.0**	**6.0**	**6.5**
Previous										
NWE complex Brent			25.0	17.0	10.0	11.0	11.4	7.7	6.1	7.4
US Gulf Coast complex			41.8	33.7	16.5	20.1	20.1	15.4	11.8	11.8
Singapore margin			24.0	16.0	10.2	7.3	5.9	4.7	3.0	3.0

Source: Bloomberg, HSBC estimates

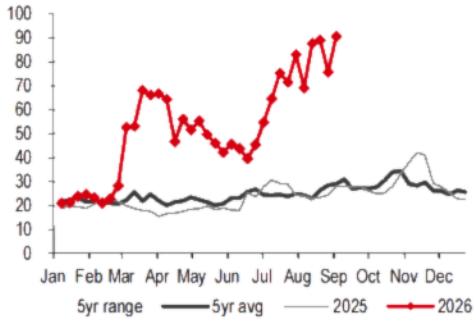
European **diesel** margins climbed in August and surpassed USD90/b on 1 September, reaching a new record high, as Russia extended an array of export bans on diesel, gasoline, and jet fuel with some extending through 31 January 2027 (Reuters, 29 August). **Gasoline** cracks have rallied to nearly USD90/b recently, with summer driving season amplifying demand. Refiners have prioritised jet and diesel output over the past few months, which has strained gasoline output and is now visible in the crack spread. **Jet fuel** margins continued to increase through August and have also crossed USD90/b recently, roughly at parity with diesel.

NW Europe gasoline-Brent crack spread (USD/b)



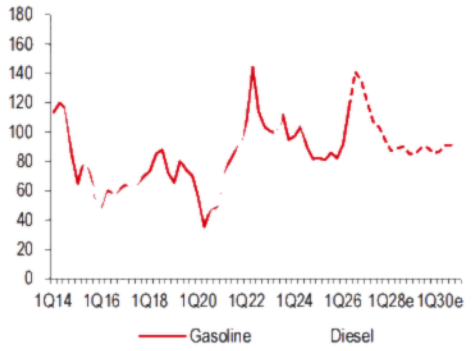
Source: LSEG Workspace, HSBC

NW Europe diesel-Brent crack spread (USD/b)



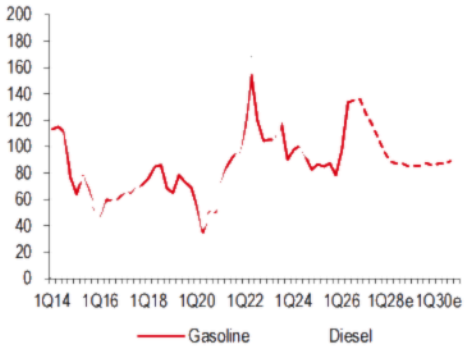
Source: LSEG Workspace, HSBC

NW Europe refined product prices (USD/b)



Source: LSEG Workspace, HSBC

US Gulf Coast refined product prices (USD/b)

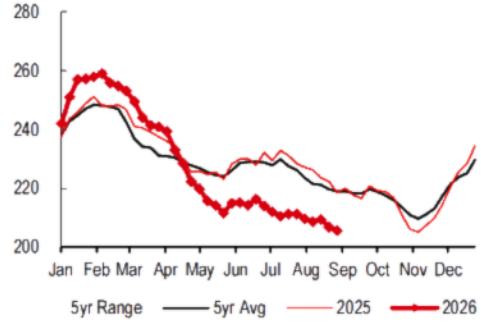


Source: LSEG Workspace, HSBC

On the **inventory** side, US gasoline stocks have progressively declined since the start of the Middle East conflict and have persistently been below seasonal norms, highlighting the shift to recent gasoline tightness. US distillate inventories declined in August following some builds in July and are currently at record low seasonal levels.

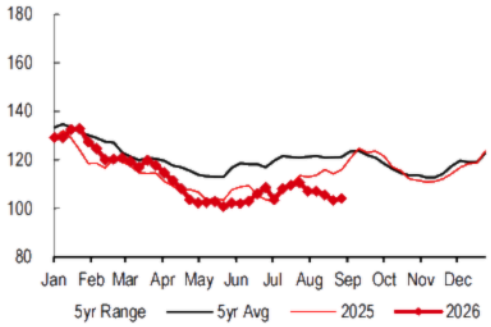
The stock situation is similar across Europe's ARA (Amsterdam-Rotterdam-Antwerp) inventories, with draws throughout August. Europe's gasoline inventories are in a better situation than jet fuel stocks which continue to drop below seasonal levels. Product demand should ease seasonally after the peak summer demand, though stockbuilds in the winter will most likely be muted compared to prior years, as supplies are limited.

US gasoline inventories (mb)



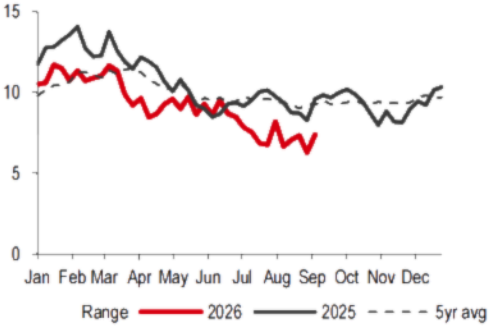
Source: US EIA

US distillate inventories (mb)



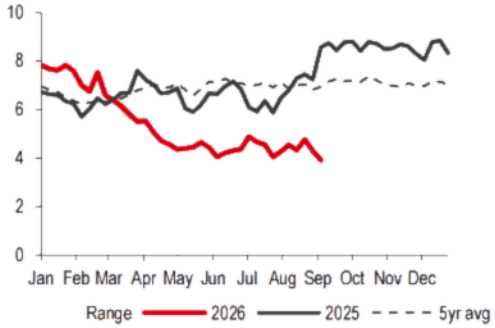
Source: US EIA

ARA gasoline inventories (mb)



Source: Bloomberg

ARA jet fuel inventories (mb)

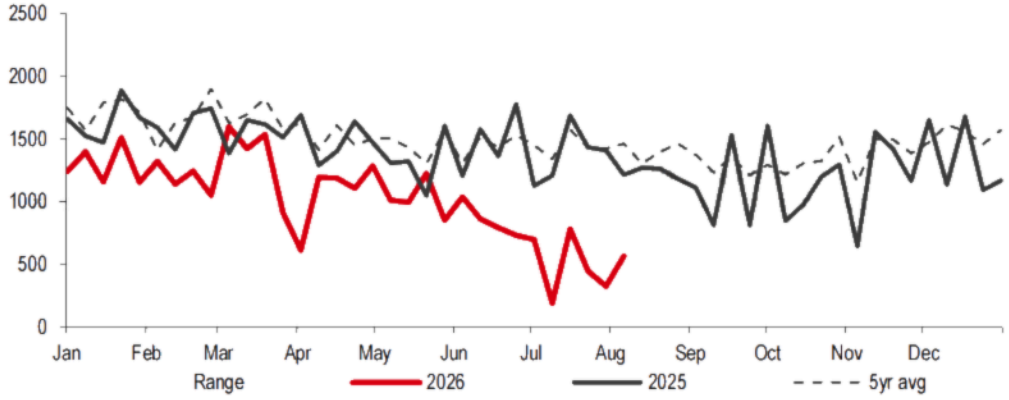


Source: Bloomberg

Russian product supply remains substantially cut off amid Ukrainian drone strikes and the government-imposed export bans. In mid-July, Kpler reported that nearly 60% of Russia's refining capacity had been attacked or impacted by Ukrainian drone strikes. It estimated total offline capacity to be 1.5-2.0mbd. Ukraine significantly ramped up the frequency of attacks in August and has hit some of Russia's largest refineries (Reuters, 27 August). We have not come across a figure for the total capacity offline following the wave of strikes in recent weeks, but it seems likely that the figure has risen since Kpler's July estimate.

Amid domestic shortages, Russia has extended its producer export ban for diesel, marine fuel, and gasoil. The ban was introduced in July, extended through August, and now extended again through September. The country has also banned exports of diesel for non-producers and all exports of gasoline until 31 January 2027, while an export ban on jet fuel remains in place until the end of November 2026 (Reuters, 29 August). Russian seaborne diesel and gasoil exports were flat m-o-m in August at 150kbd, down 610kbd y-o-y and 81% below the 5-yr average (Vortexa, 26 August).

Russia gasoline and distillate exports (kbd)



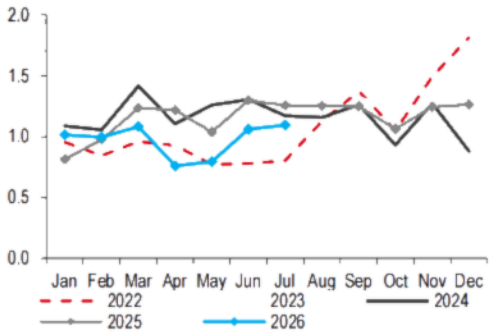
Source: Bloomberg, HSBC calculations

The scale of the product market disruption has resulted in a **rerouting of trade flows**, particularly for Europe where supplies are under pressure. Some examples in recent weeks include Europe securing diesel from Mexico for the first time in seven years (Bloomberg, 26 August) and purchasing a diesel cargo 19,000km away from South Korea (Bloomberg, 3 September). Outside of the EU, Türkiye has ramped up diesel imports from the US and India to record levels, as the Russian export bans disrupted its regular imports (Reuters, 27 August).

With Russian products out of the market, countries are scrambling to source products from wherever they can. Brazil, which used to import large amounts of Russian diesel, is competing harder with Europe for the marginal cargo of US Gulf Coast diesel. Europe has been flexible in broadening its sources to secure necessary cargoes, but this has come at a higher cost. Ultimately, barrels will flow to where the money is, particularly in a stretched market.

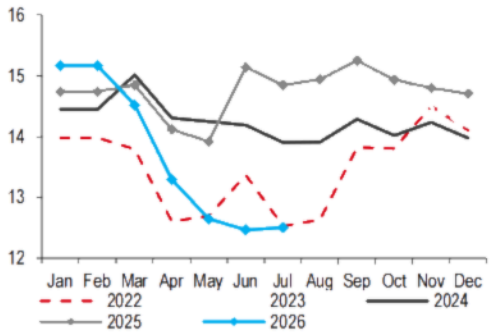
China eased its product export ban in July and exports have now risen above pre-conflict levels. Total product exports of gasoline, diesel, and jet fuel in August are estimated to be between 4.0-4.2mt (Reuters, 2 September). Similar export volumes are expected again for September, according to Chinese consultancies, well above the 2025 average of 3mt per month. Reuters reported that market participants expect China to announce a third batch of export quota allowances in around a month, aligning with prior years. The increase in product supply from China should provide marginal relief compared to before July, but we don't expect this to have a material effect on balances or product prices immediately given the level of shortages across the market.

China product exports (mbd)



Source: Bloomberg based on General Administration of Customs China

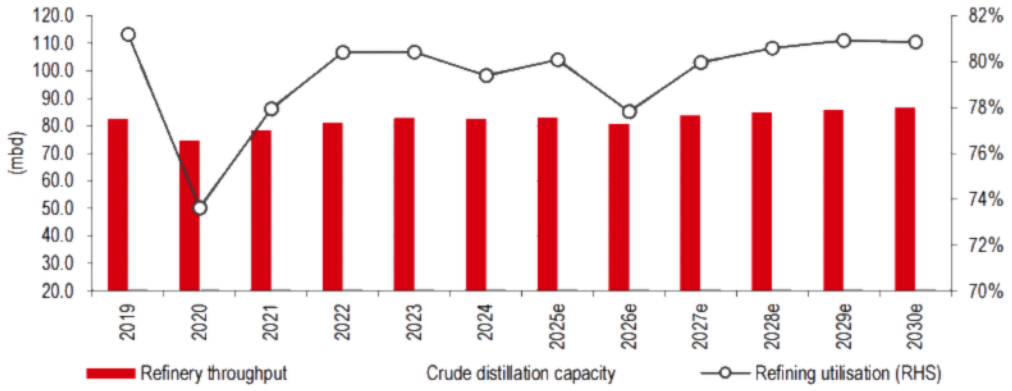
China crude oil processed (mbd)



Source: Bloomberg based on General Administration of Customs China

Finally, there are risks of higher planned or unplanned outages at refineries next year, as many refiners have delayed maintenance work over the past several months to maximise output and take advantage of the exceptional margin environment. Current high utilisation levels are not sustainable, and refiners will either have to proactively conduct turnarounds or risk being forced to shut down. Given this, we expect that product markets will remain structurally tighter through 2H26 and 2027 as well, easing only gradually as Gulf refineries return to full rates and normal product export volumes resume.

Global refining capacity, throughput, and utilisation levels

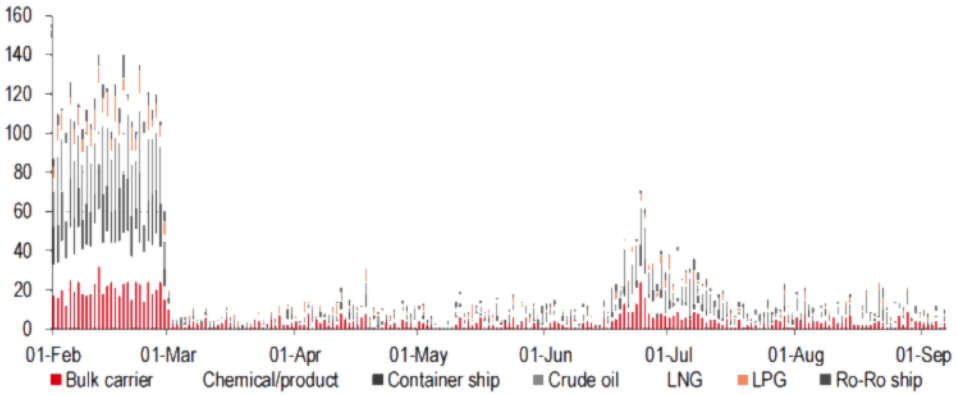


Source: Energy Institute, HSBC estimates

Appendix section

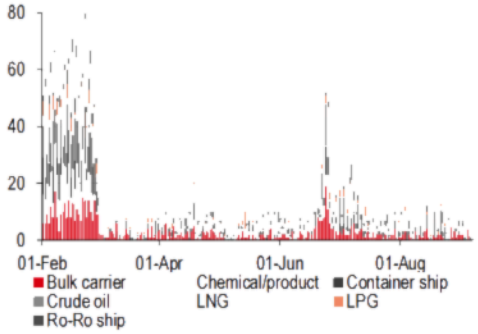
Strait of Hormuz traffic

Strait of Hormuz daily traffic, number of ships – *Excel available on demand*



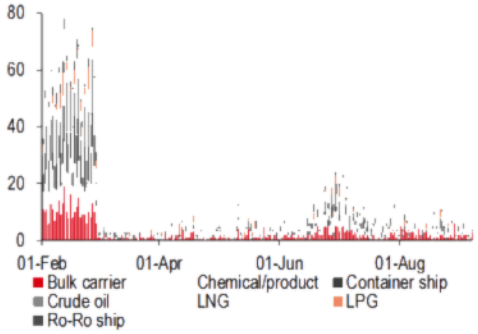
Source: Rystad Energy, HSBC. Note: Data is imperfect and incomplete and can be subsequently restated.

Strait of Hormuz traffic – outbound



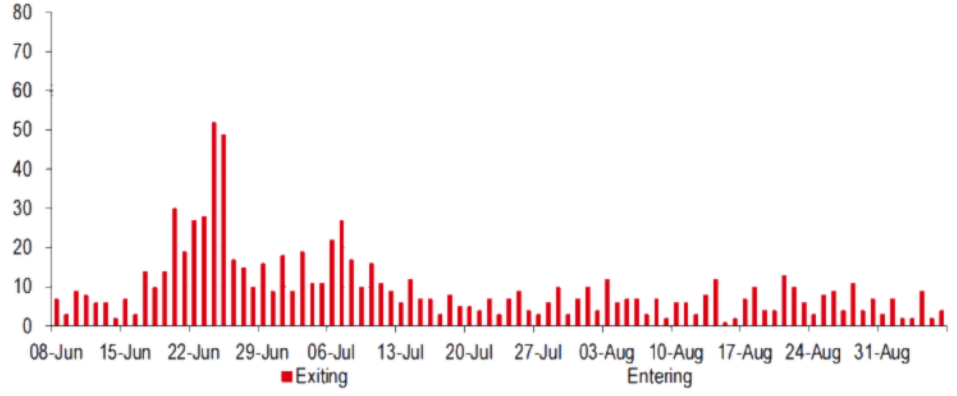
Source: Rystad Energy, HSBC. Note: Data is imperfect and incomplete and can be subsequently restated.

Strait of Hormuz traffic – inbound



Source: Rystad Energy, HSBC. Note: Data is imperfect and incomplete and can be subsequently restated.

Daily commercial vessel crossings by direction (mbd)



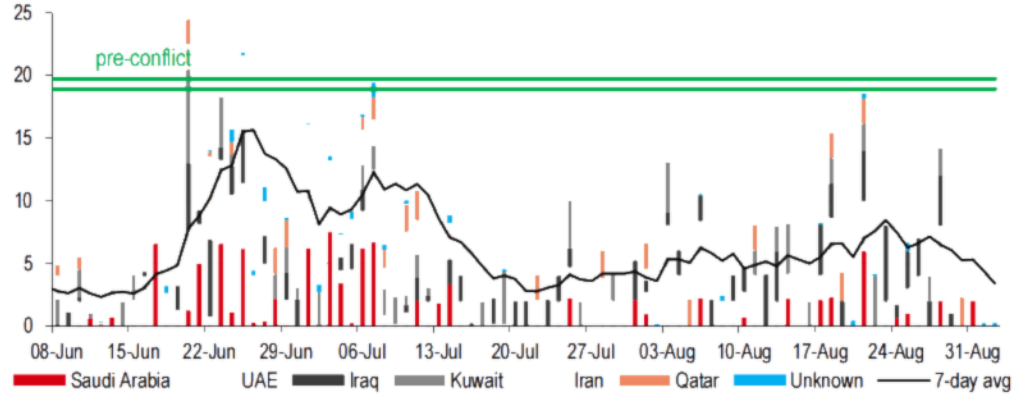
Source: Rystad Energy, HSBC

Oil flows through the Strait of Hormuz have averaged around 5-6mbd since the early July re-escalation, at least up until a few days ago (when data visibility deteriorates). This 5-6mbd figure has been revised upwards from c4mbd previously, and is at the low end of the 6-8mbd range estimated by traders (Bloomberg, 27 August).

The range of estimates remains wide and daily transit figures are highly volatile for several reasons:

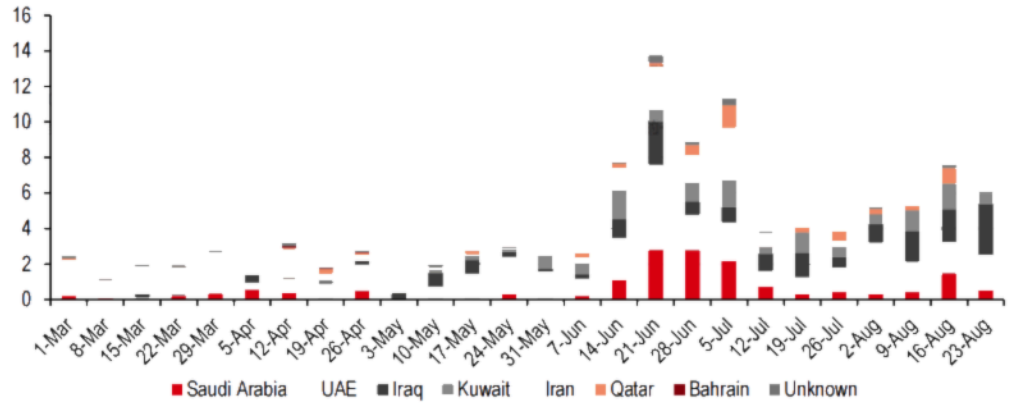
- Tankers do not transit individually on a smooth daily basis: they cluster together for mutual protection, then move in bursts, producing sharp day-to-day swings. Some days have seen peaks at >15mb in a single day, consistent with claims by the US administration. However, what matters is the weekly or moving average rather than daily datapoints.
- The majority of transiting vessels are running with AIS transponders switched off for security reasons, meaning conventional vessel-tracking data systematically undercount actual flows. Satellite imagery and alternative tracking methods give higher, but still uncertain, estimates that are prone to subsequent revisions.
- Iranian or Houthi attacks on vessels tend to have an immediate effect on the shuttle trade, with trade pausing for several days before resuming. Likewise, US strikes on Iran cause halts to general transit activity.

Crude and product daily exports from the Middle East Gulf by origin country (mbd)



Source: Rystad Energy, HSBC

Crude and product weekly exports from the Middle East Gulf by origin country (mbd)

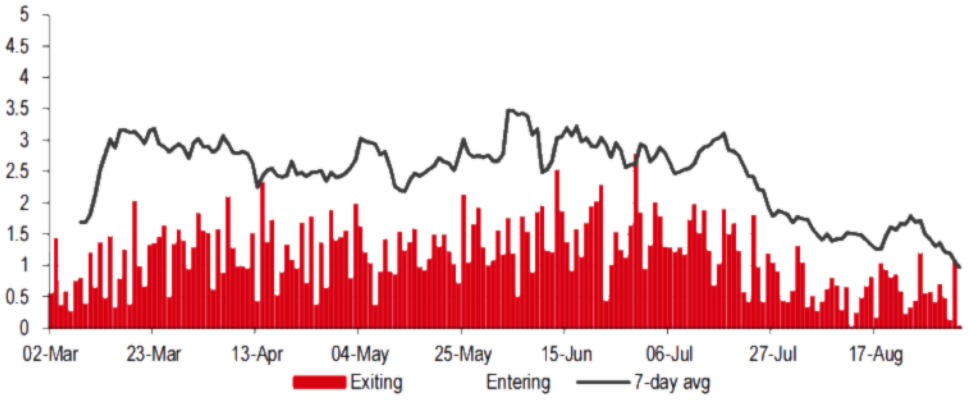


Source: Rystad Energy, HSBC

Red Sea traffic

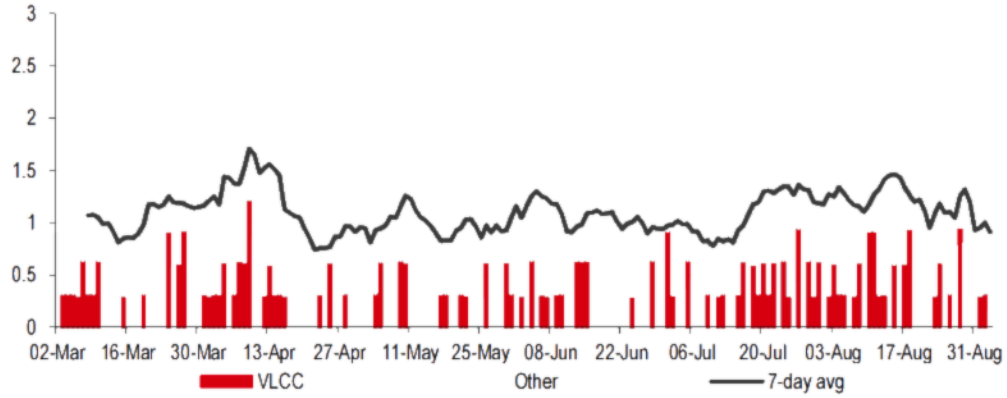
Traffic through the Bab el-Mandeb Strait has continued to decline in the wake of the Houthi embargo on Saudi ships in the Red Sea declared on 20 July. For background and further commentary, see p.4-5 of *Five months in: Chokepoints and cushions* (13 August).

Bab el-Mandeb Strait crossings by direction (million deadweight tons)



Source: Rystad Energy, HSBC

Suez Canal outbound traffic by vessel type (million deadweight tons)



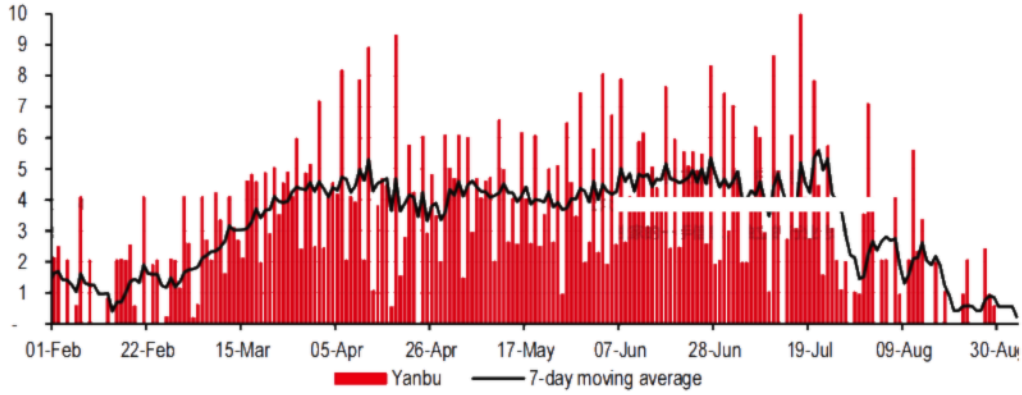
Source: Rystad Energy, HSBC

Yanbu loadings drop: Loadings from Saudi Arabia's Yanbu Port remain depressed after the Houthi threats and attacks on Saudi tankers in the Red Sea. Most Yanbu loadings are now "dark", leading to data understating the true scale of activity.

Saudi exports fall in August: Saudi observed crude exports averaged just c3mbd in August (on Bloomberg estimates) due to simultaneous disruptions to both the Hormuz transit route and the Red Sea/Yanbu bypass – down from 4.6mbd on average in June/July and c4mbd over March to May before the US-Iran MoU.

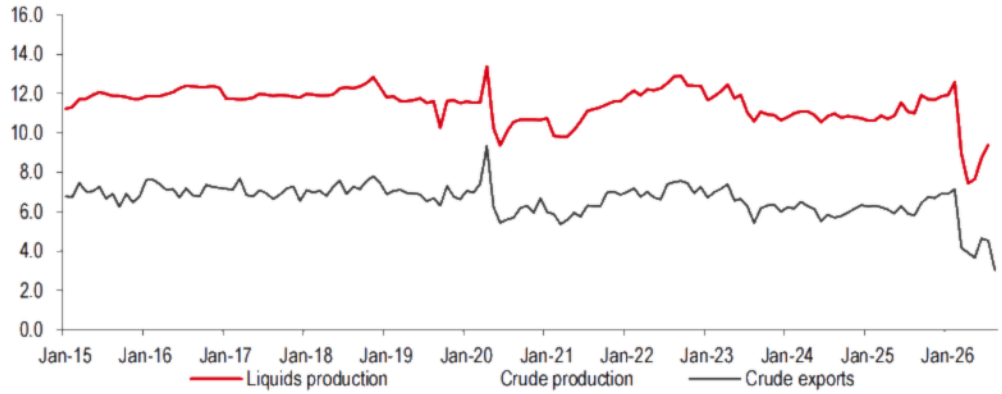
It remains to be seen whether Saudi logistics will adapt to the Houthi Red Sea threat. There are signs that Saudi Aramco is implementing a "shuttle" trade to bring cargoes from Yanbu to Ain Sukhna on Egypt's Red Sea, where crude oil enters the SUMED pipeline and exits at Egypt's Sidi Kerir port in the Mediterranean. We remain of the view that there is enough capacity to conduct this trade at scale, and expect the August dip in Saudi exports to be temporary.

Saudi Arabia – Yanbu Port (Red Sea) oil loadings (mbd)



Source: LSEG Workspace, HSBC

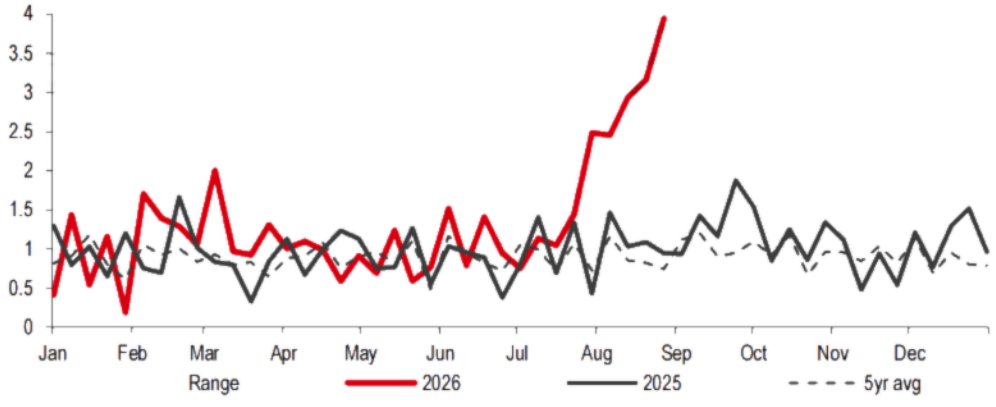
Saudi Arabia monthly production and exports (mbd)



Source: Bloomberg, EIA, HSBC. Last datapoint is August for crude exports, July for liquids and crude production

A large part of Saudi's West Coast exports is currently counted as Egyptian in Bloomberg's vessel-tracking data as more volumes transit via the Suez Canal or are reloaded via Egypt's Sidi Kerir port.

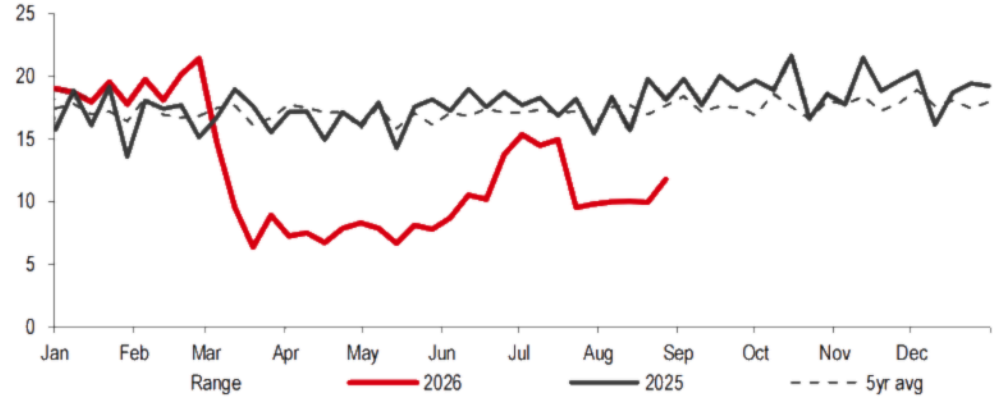
Egypt oil exports, weekly (mbd)



Source: Rystad Energy, HSBC

Middle East oil flows

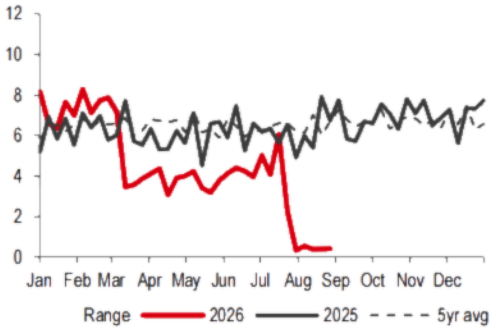
Middle East seaborne crude oil exports, weekly (mbd)



Source: Bloomberg, HSBC. Note: Based on departures.

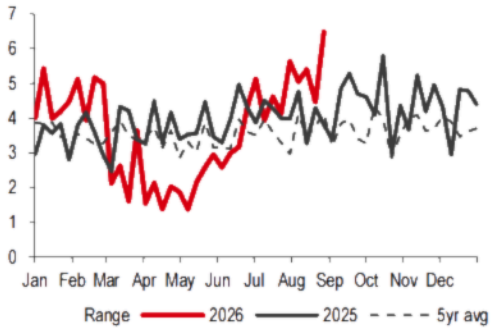
Methodology note: Country-level flow data from Bloomberg is imperfect as cargoes' provenance is recorded based on departure ports, rather than country of origin. Due to the increase in "dark" transits and ship-to-ship transfers off the coasts of the UAE (Fujairah) and Oman (Sohar), most volumes from Gulf countries are now recorded as UAE or Oman exports.

Saudi Arabia oil exports, weekly (mbd)



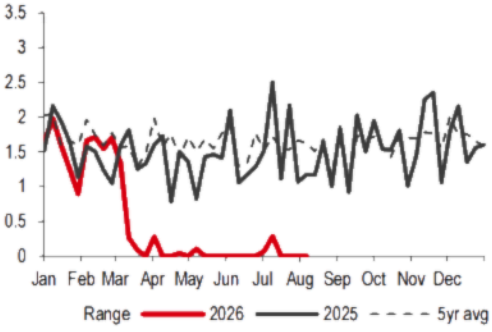
Source: Bloomberg, HSBC. Note: Based on departures.

UAE oil exports, weekly (mbd)



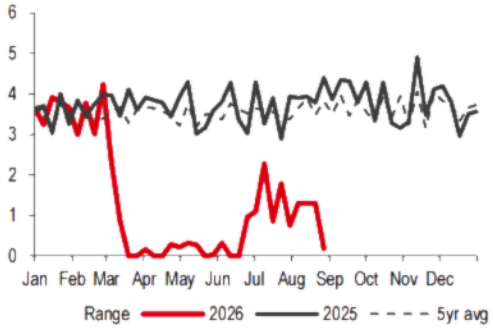
Source: Bloomberg, HSBC. Note: Based on departures.

Kuwait oil exports, weekly (mbd)



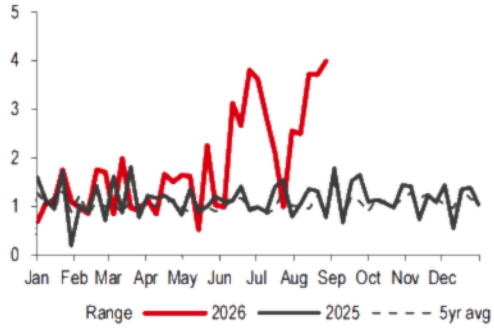
Source: Bloomberg, HSBC. Note: Based on departures.

Iraq oil exports, weekly (mbd)



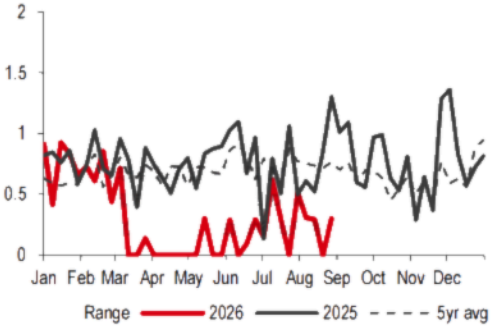
Source: Bloomberg, HSBC. Note: Based on departures.

Oman oil exports, weekly (mbd)



Source: Bloomberg, HSBC. Note: Based on departures.

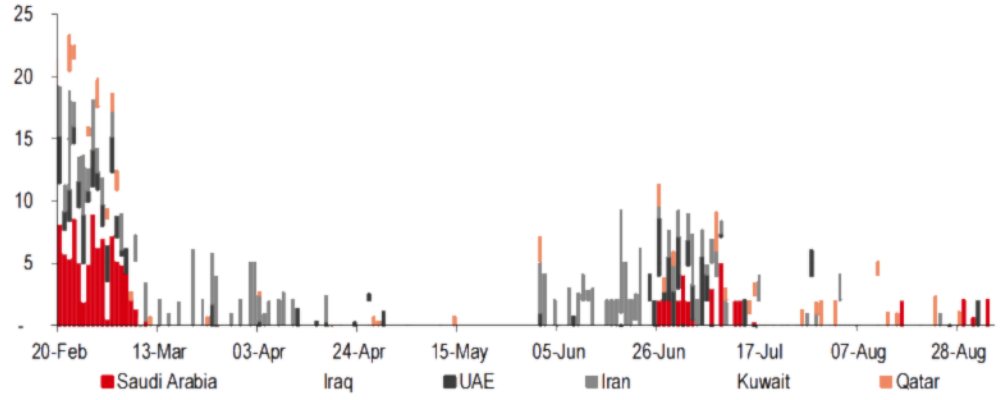
Qatar oil exports, weekly (mbd)



Source: Bloomberg, HSBC. Note: Based on departures.

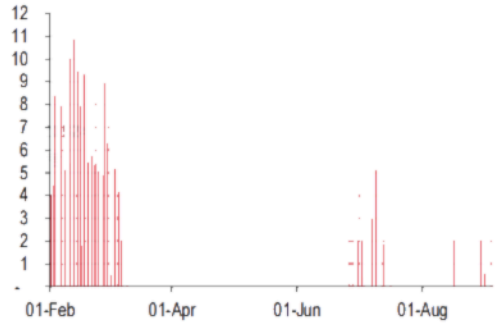
Middle East Gulf crude oil loadings

Daily crude oil loadings by country from inside the Middle East Gulf (mb)



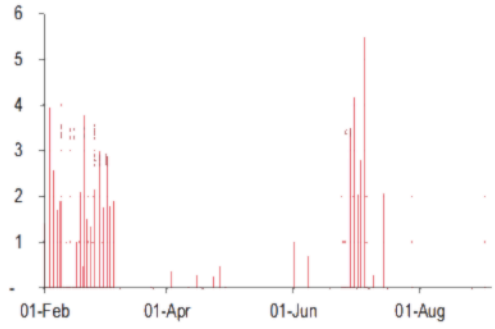
Source: LSEG Workspace, HSBC calculations

Saudi Arabia (East Coast) crude oil loadings, daily (mb)



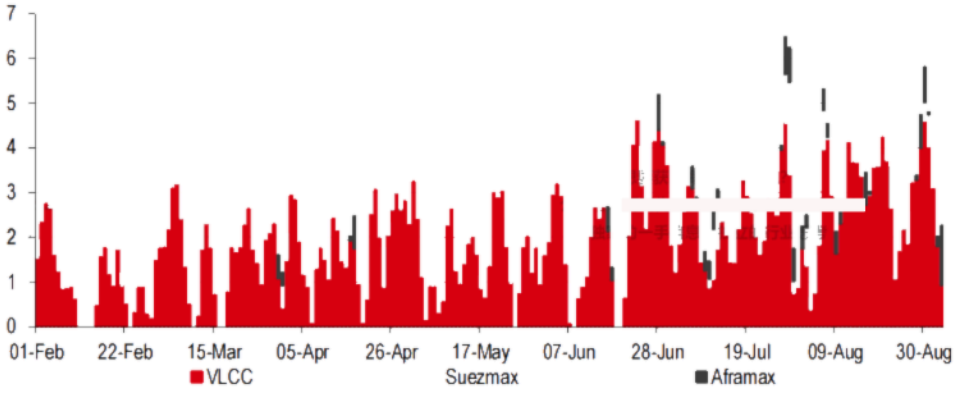
Source: LSEG Workspace, HSBC calculations

UAE crude oil loadings from Gulf ports, daily (mb)



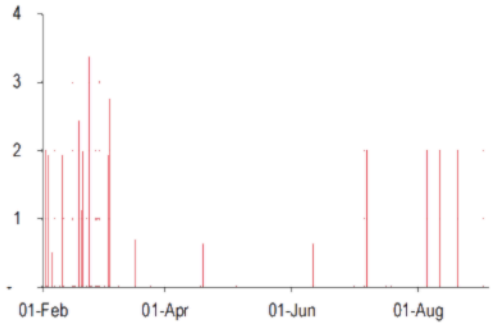
Source: LSEG Workspace, HSBC calculations

UAE – Fujairah oil loadings (mbd)



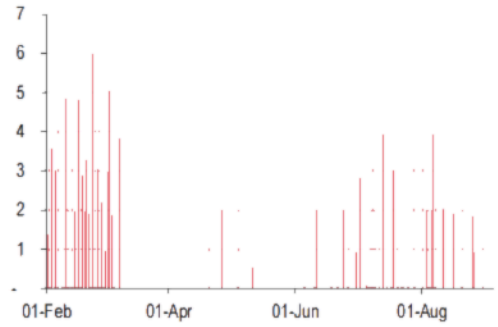
Source: Rystad Energy, HSBC

Kuwait crude oil loadings, daily (mb)



Source: LSEG Workspace, HSBC calculations

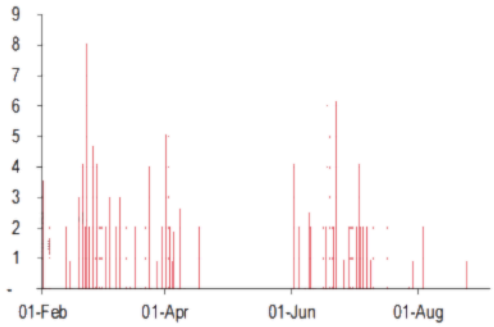
Iraq crude oil loadings, daily (mb)



Source: LSEG Workspace, HSBC calculations

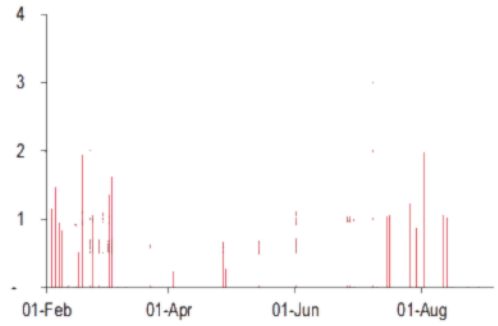
The US blockade on Iran (reimposed after the ceasefire broke down) appears to be successful in having stopped Iranian exports and loadings.

Iran crude oil loadings, daily (mb)



Source: LSEG Workspace, HSBC calculations

Qatar crude oil loadings, daily (mb)

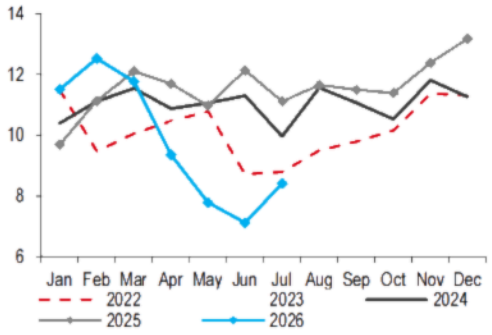


Source: LSEG Workspace, HSBC calculations

China oil imports and inventories

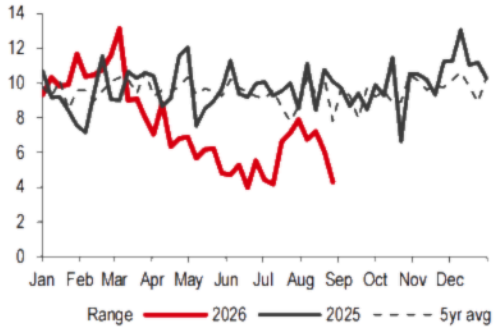
Bloomberg data suggests that the modest recovery in China's July crude imports from the June lows did not extend in August. We believe that China's imports will remain closely linked to crude availability from the Middle East and that they won't return to "normal" until there is a sustained pick-up in Hormuz traffic. For more, see p.9 of *Cutting forecasts: Mini-glut now, surplus later* (8 July) and p.5-7 of *Gulf barrels return; 'mini-glut' emerges amid deficit* (26 June).

China oil imports, monthly (mbd)



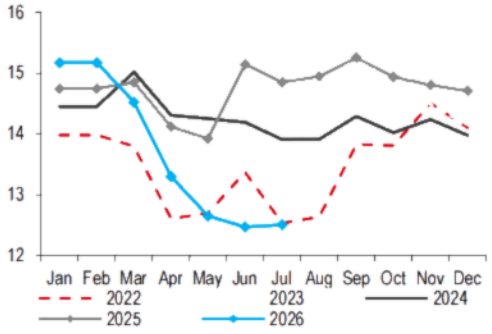
Source: Bloomberg based on General Administration of Customs China. Note: Includes pipeline imports.

China seaborne oil imports, weekly (mbd)



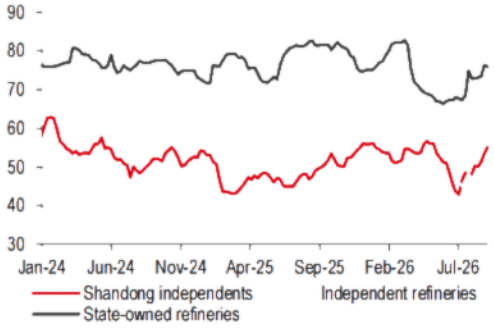
Source: Bloomberg, HSBC calculations

China crude oil processing (mbd)



Source: Bloomberg based on General Administration of Customs China

China refining utilisation rate (%)



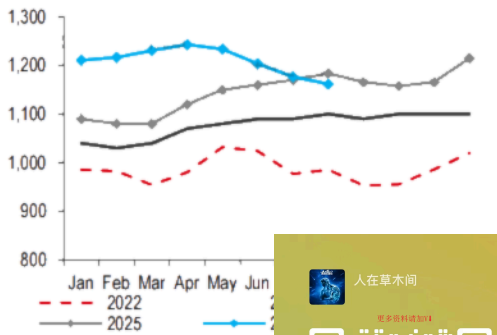
Source: OilChem via Bloomberg

China adjusted implied monthly oil surplus/(drawdown) (mbd)



Source: Bloomberg based on General Administration of Customs China, HSBC calculations. Note: Size of surplus is overstated as domestic refinery runs are typically underestimated.

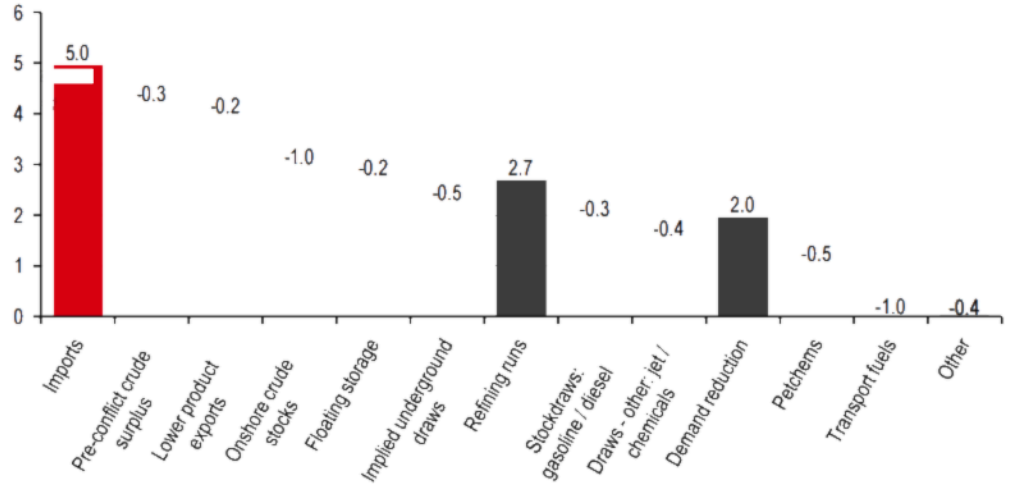
China crude oil inventories (mb)



Source: Kpler

The following "waterfall" chart attempts to break down the c5mbd drop in China's oil imports at peak between its various components.

China – change in imports, refinery runs and consumption (mbd)



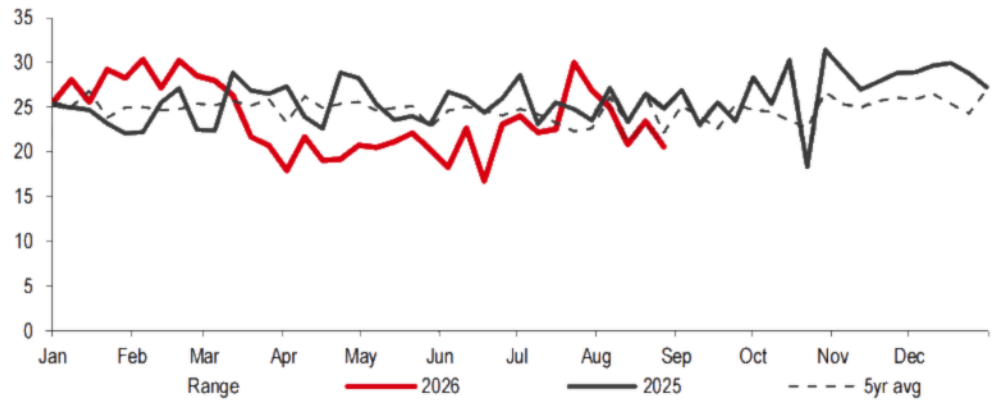
Source: HSBC estimates, Bloomberg

Asia and Europe oil imports

In the past few weeks, the US administration has argued that more oil is flowing through the Strait of Hormuz than third-party vessel-tracking data is suggesting. On 11 August, US Energy Secretary Chris Wright said that 9mbd of oil had transited through the Strait – around 3mbd higher than third-party data. On 3 September, US Vice President JD Vance said on oil flows through the Strait were "almost" at pre-war levels.

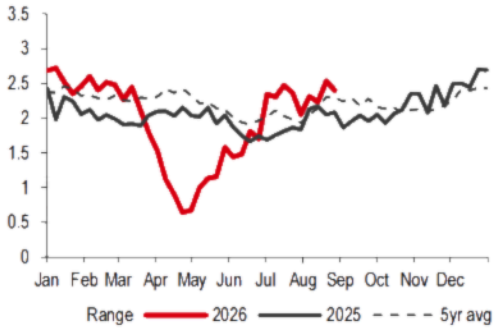
Over the next few weeks, it will be interesting to watch major Asian countries' oil imports. If the US administration's claims are correct, then these volumes should show up in importers' data with a lag of up to 4-5 weeks.

Asia crude oil imports, 4-week avg (mbd)



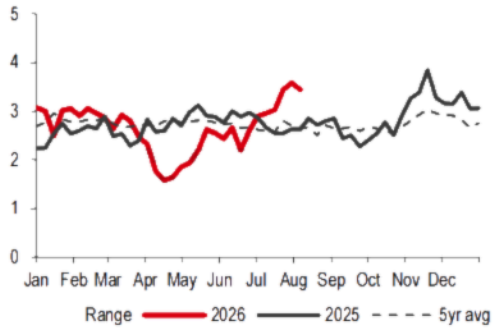
Source: Bloomberg, HSBC. Note: Based on arrivals

Japan crude oil imports, 4-week avg (mbd)



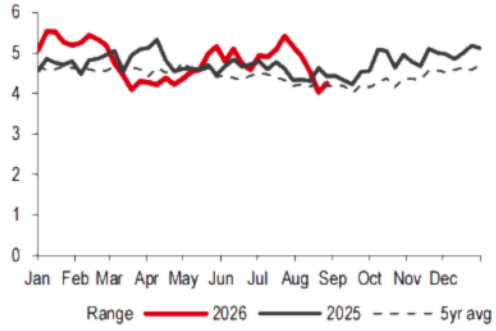
Source: Bloomberg, HSBC. Note: Based on arrivals.

South Korea crude oil imports, 4-week avg (mbd)



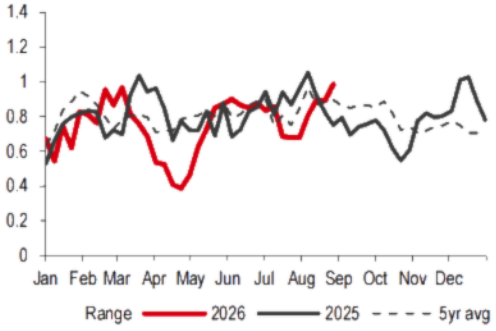
Source: Bloomberg, HSBC. Note: Based on arrivals.

India crude oil imports, 4-week avg (mbd)



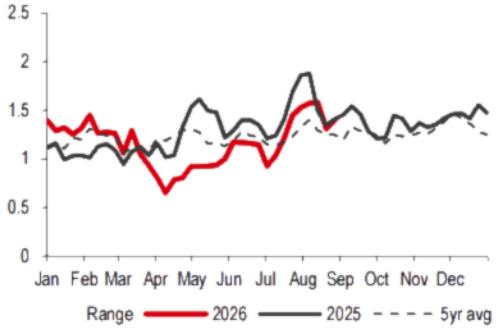
Source: Bloomberg, HSBC. Note: Based on arrivals.

Taiwan crude oil imports, 4-week avg (mbd)



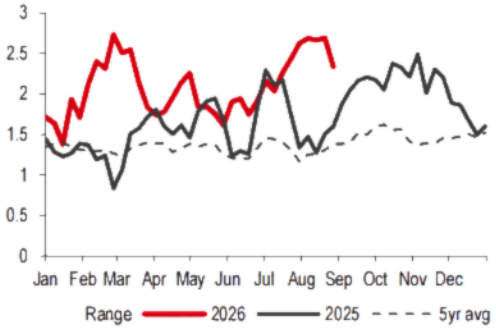
Source: Bloomberg, HSBC. Note: Based on arrivals.

Singapore crude oil imports, 4-week avg (mbd)



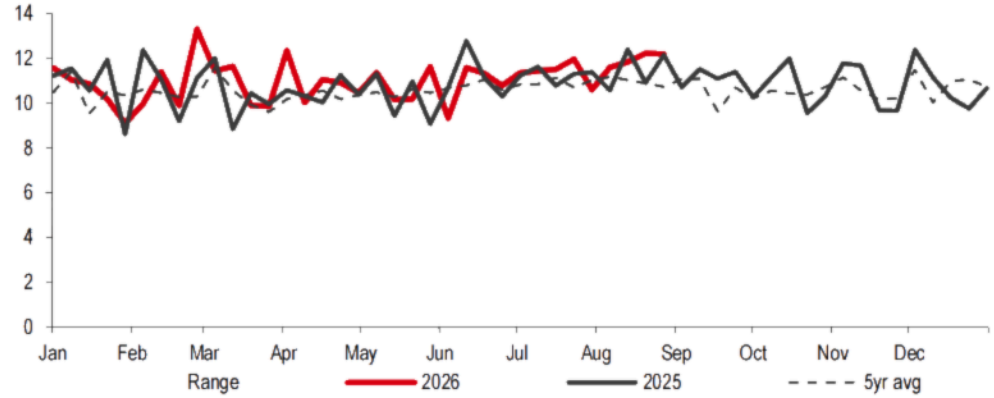
Source: Bloomberg, HSBC. Note: Based on arrivals. Some oil imports in Singapore are for trading purposes rather than domestic consumption.

Malaysia crude oil imports, 4-week avg (mbd)



Source: Bloomberg, HSBC. Note: Based on arrivals.

Europe crude oil imports, weekly (mbd)



Source: Bloomberg, HSBC. Note: Based on arrivals

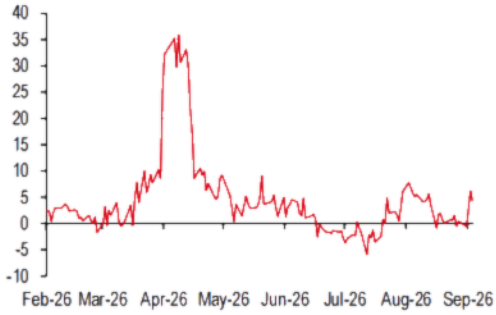
Crude oil prices

Brent and WTI (USD/b)



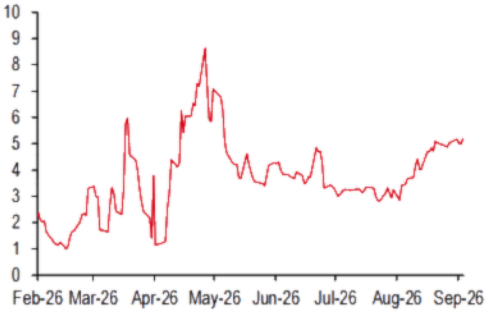
Source: Bloomberg

Dated Brent – ICE Brent front-month future (USD/b)



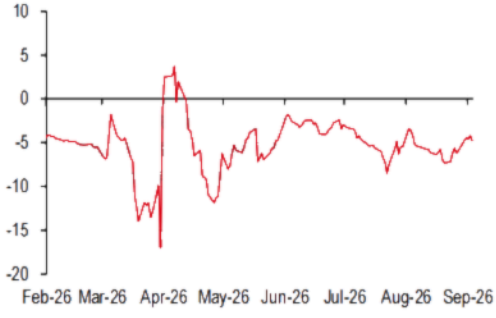
Source: Bloomberg

Oseberg – Dated Brent (USD/b)



Source: Bloomberg

WTI – Brent (USD/b)

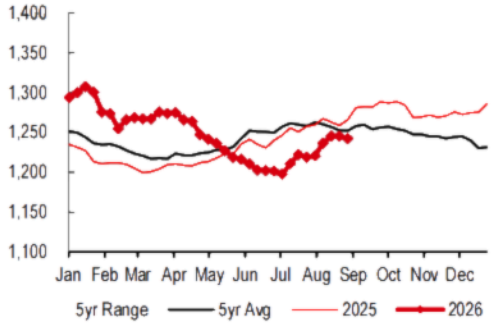


Source: Bloomberg

US inventory data

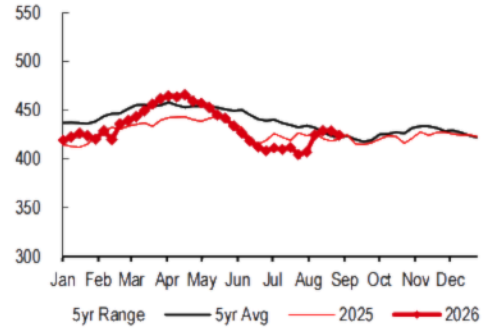
Aggregate US *commercial* (ex-SPR) inventories are not far off their 5-year average, with a build-up in crude and NGL stocks offsetting draws in key transport fuels inventories.

US total commercial (crude oil and products) inventories (mb)



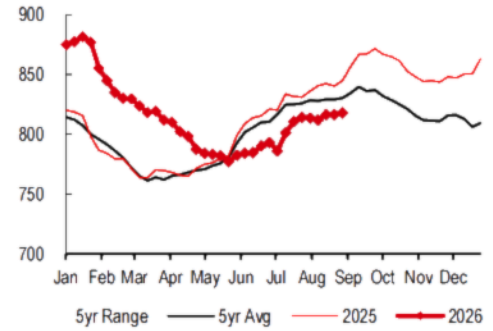
Source: EIA

US crude oil inventories (mb)



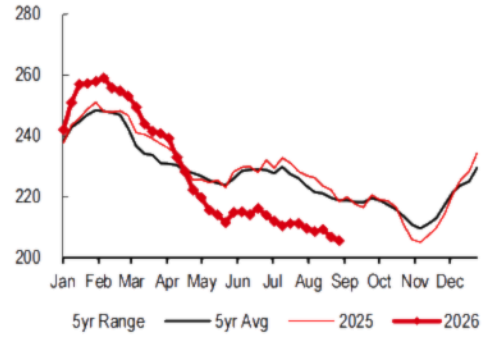
Source: EIA

US oil product inventories (mb)



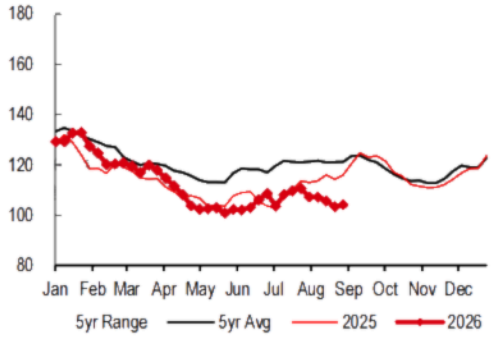
Source: EIA. Includes NGLs

US gasoline inventories (mb)



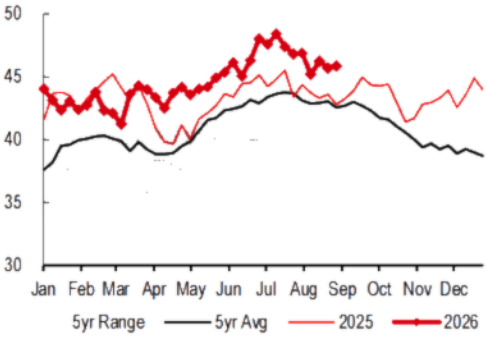
Source: EIA

US diesel inventories (mb)



Source: EIA

US jet fuel inventories (mb)

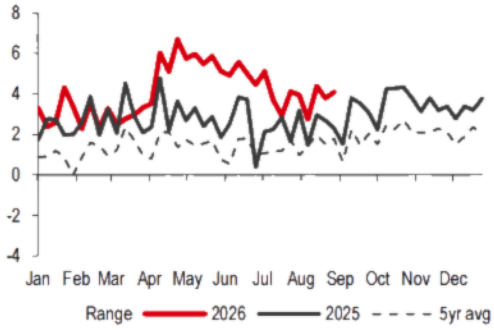


Source: EIA

US exports and SPR

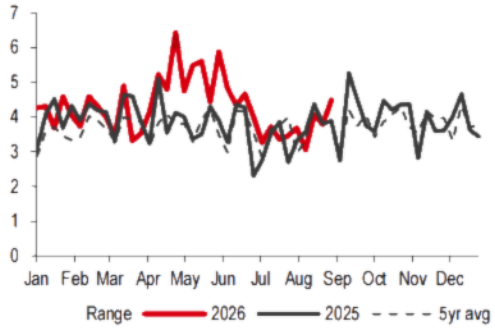
US gross crude exports have picked up again from their August lows on a wider WTI-Brent spread and lower availability of Middle East barrels, but remain well below their April/May highs.

US crude and product net exports, mbd



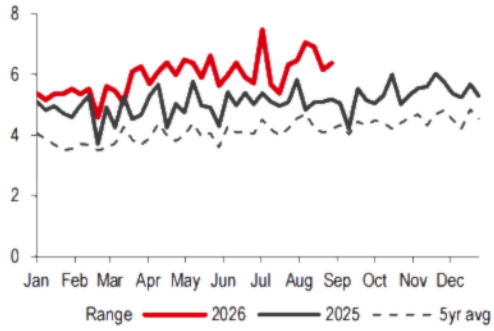
Source: EIA, HSBC

US crude oil gross exports, mbd



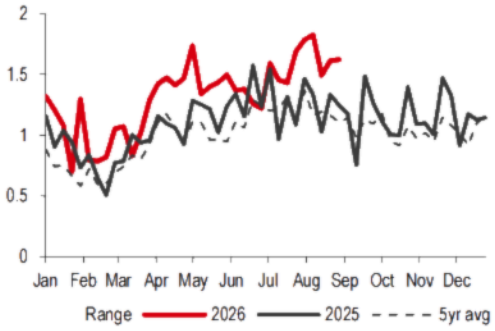
Source: EIA, HSBC

US total oil products net exports, mbd



Source: EIA, HSBC. Note: Products include NGLs (e.g., propane).

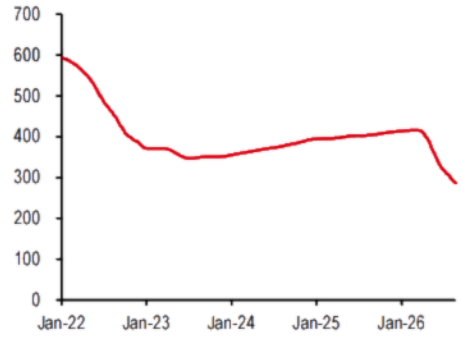
US distillates net exports, mbd



Source: EIA, HSBC

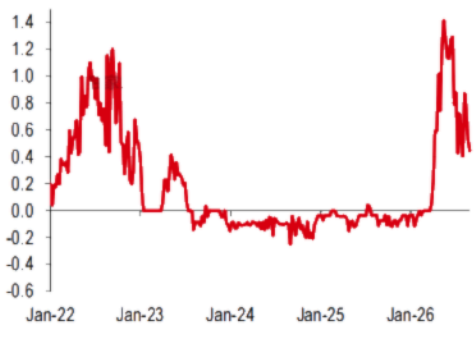
The rate of release from the US Strategic Petroleum Reserve (SPR) has averaged around 0.5mbd in the last two weeks, down from 1.4mbd at the peak.

US strategic oil reserves (mb)



Source: EIA

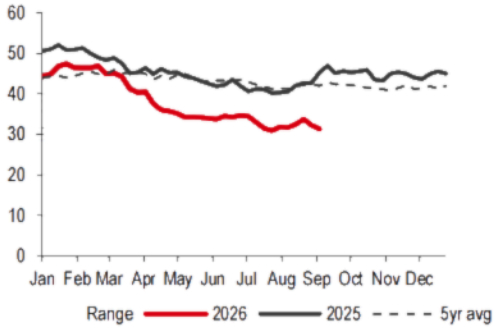
US strategic reserve, average daily release rate (mbd)



Source: EIA, HSBC

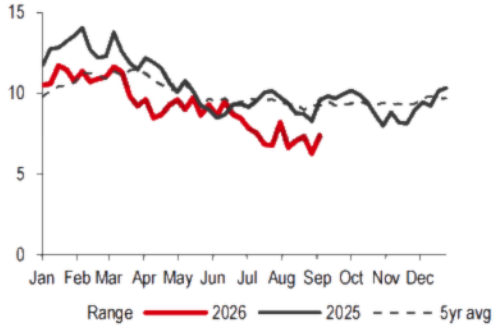
Other high-frequency inventory data

ARA total product stocks (mb)



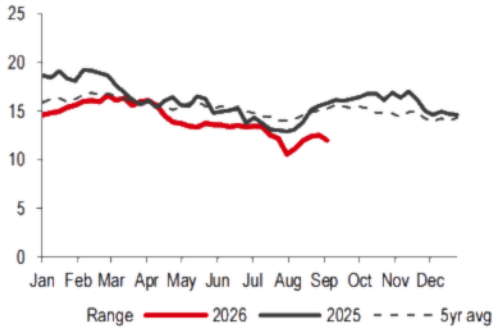
Source: Insights Global via LSEG Workspace

ARA gasoline stocks (mb)



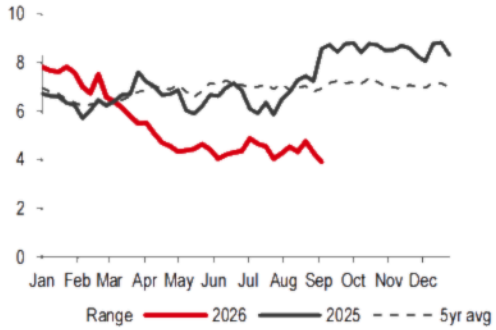
Source: Insights Global via LSEG Workspace

ARA gasoil/diesel stocks (mb)



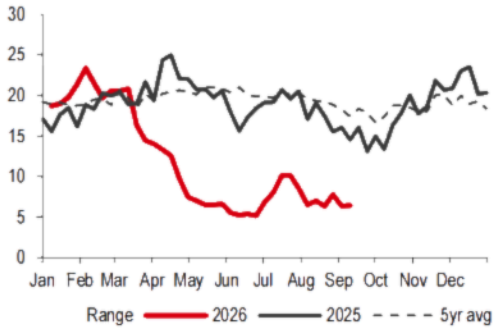
Source: Insights Global via LSEG Workspace

ARA jet fuel stocks (mb)



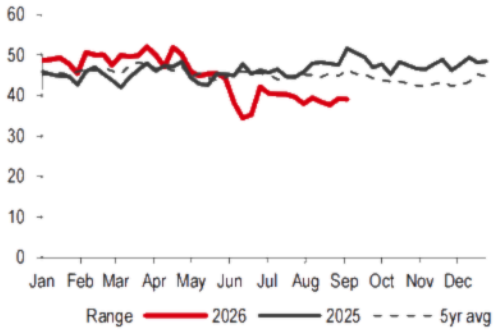
Source: Insights Global via LSEG Workspace

Fujairah product stocks (mb)



Source: Platts via LSEG Workspace

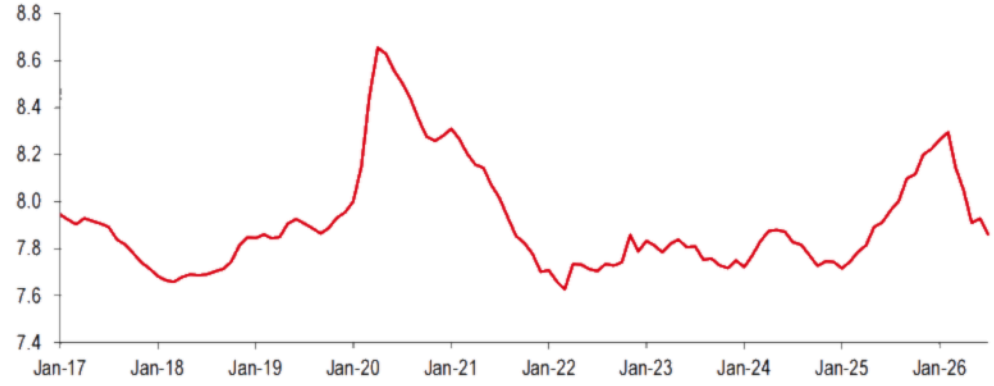
Singapore product stocks (mb)



Source: Enterprise Singapore via Bloomberg

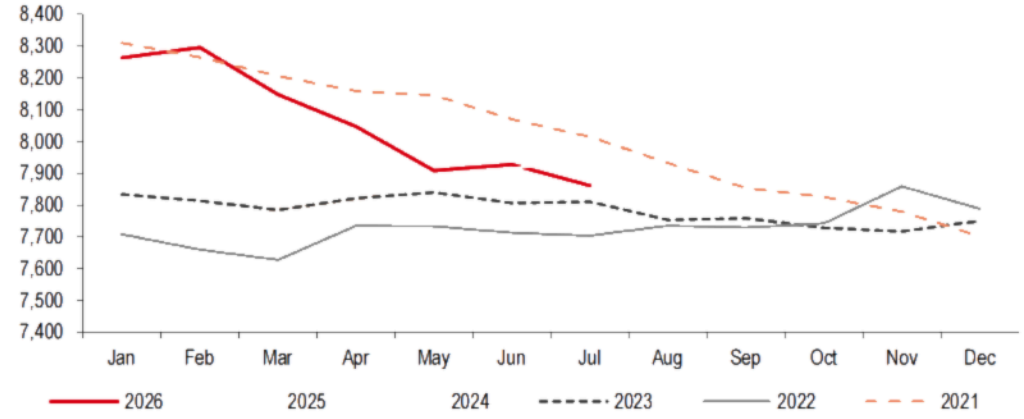
Global inventories

Global observed oil inventories (bn bbls)



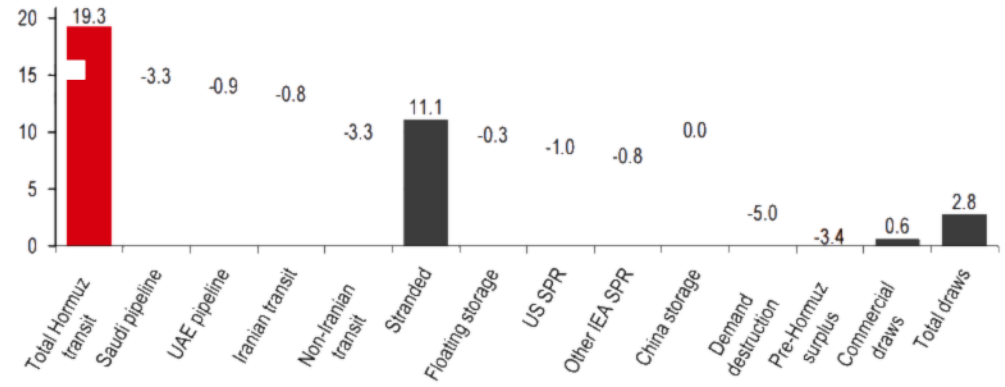
Source: IEA. Note: Includes OECD and non-OECD stocks, commercial and strategic, onshore and on-the-water storage.

Global observed oil inventories, seasonally adjusted (m bbls)



Source: IEA. Note: Includes OECD and non-OECD stocks, commercial and strategic, onshore and on-the-water storage.

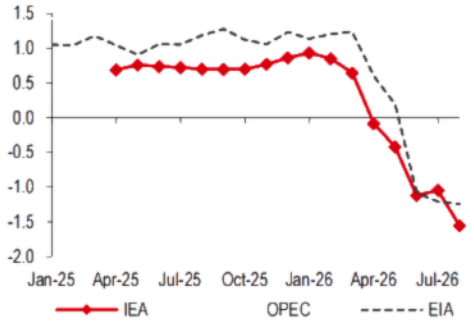
Strait of Hormuz disruption "bridge" maths from 1 March to end-July: inventory drawdowns (mbd)



Source: IEA, Bloomberg, Rystad Energy, HSBC estimates

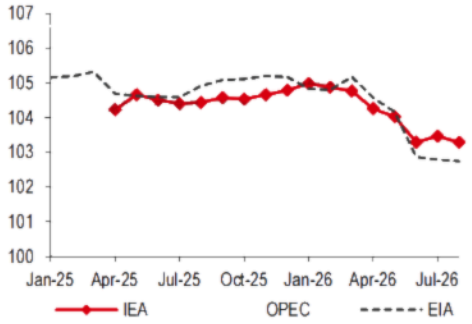
Key agency forecasts

Estimates of 2026 global oil demand y-o-y change (mbd)



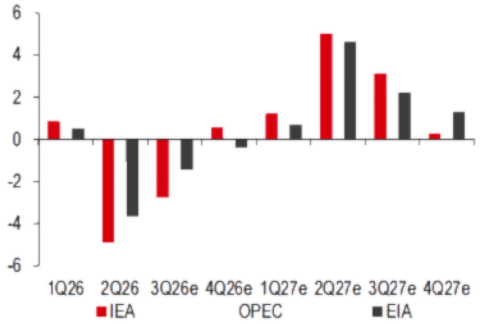
Source: IEA, OPEC, EIA

Estimates of 2026 global oil demand (mbd)



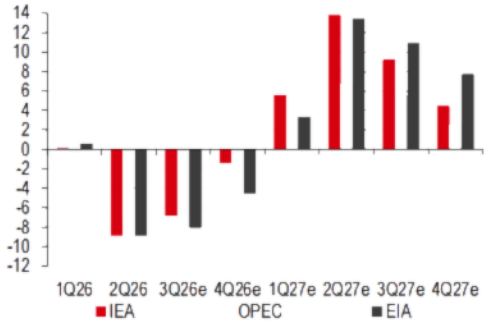
Source: IEA, OPEC, EIA

Estimates of quarterly global oil <u>demand</u> y-o-y change (mbd)



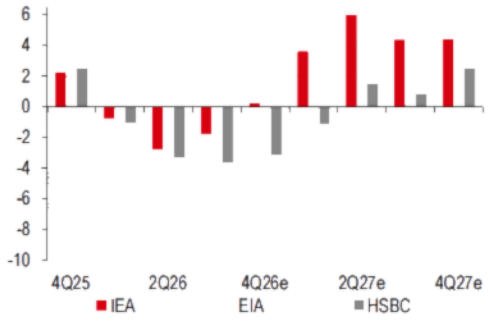
Source: IEA, OPEC, EIA

Estimates of quarterly global oil <u>supply</u> y-o-y change (mbd)



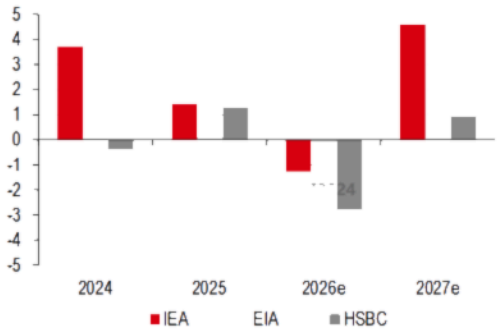
Source: IEA, OPEC, EIA

Estimates of <u>quarterly</u> global oil demand supply & demand balances (mbd)



Source: IEA, EIA, HSBC estimates

Estimates of <u>annual</u> global oil demand supply & demand balances (mbd)



Source: IEA, EIA, HSBC estimates

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