MNI Oil Weekly: OPEC Quotas Not Translating to Exports

By Andrew Couper and David Lee (17/09/2025)

Executive Summary:

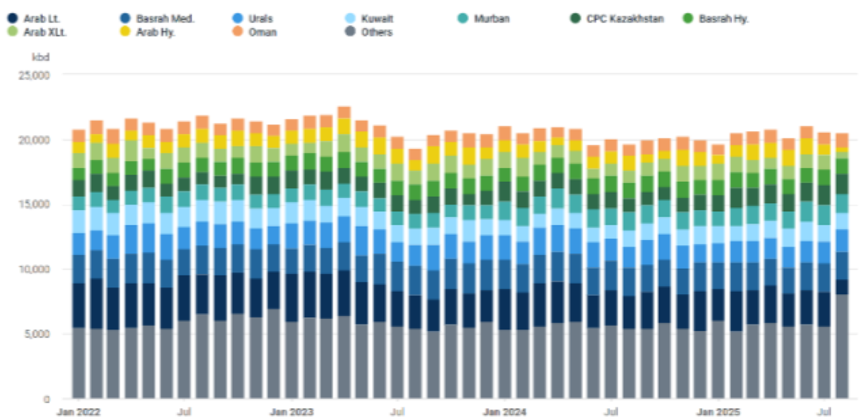
- **OPEC Quotas Not Translating to Exports:** Oil markets would be expected to be in a more bearish position given OPEC+ cut unwinds this year but production commitments are failing to translate to barrels on the water and other key bullish factors support.
- **Oil Market:** Crude holds gains this week but within a wider range with concerns for potential measures against Russia set against supply/demand fundamentals suggesting a surplus in 2026. Cracks spreads are extending recent strength after reports of further drone strikes on Russia refineries and supported by the seasonal decline in refinery runs.
- **Analyst Views:** see oil market views and outlooks by key industry names.

OPEC Quotas Not Translating to Exports

Despite the paper unwind in OPEC+ cuts this year, exports from the group have not really seen a sizeable increase so far, which has helped to keep pressure off oil markets despite the overall bearish sentiment the cut unwinds represent. See below the key factors keeping oil markets supported and what to watch in Q4.

- Saudi exports saw a bump in June but were more reflective of market stabilisation because of fears of disruption due to the Israel/Iran situation.
- Crude exports from the eight OPEC+ members contributing to voluntary supply cuts fell over two consecutive months from June's two year high according to Kpler tracking. The groups August exports fell to 20.5mn bpd – a decline led by Saudi Arabia. The drop in crude exports stands in contrast to Saudi's refined product market. For two consecutive months, Saudi has registered record high refined product exports above 2mn bpd – a pace supported by a ramp up in crude and condensate supply, aligned with OPEC+ measures to unwind production cuts.

8 OPEC+ Members Monthly Crude and Oil Condensate Exports by Grade – Source: Kpler



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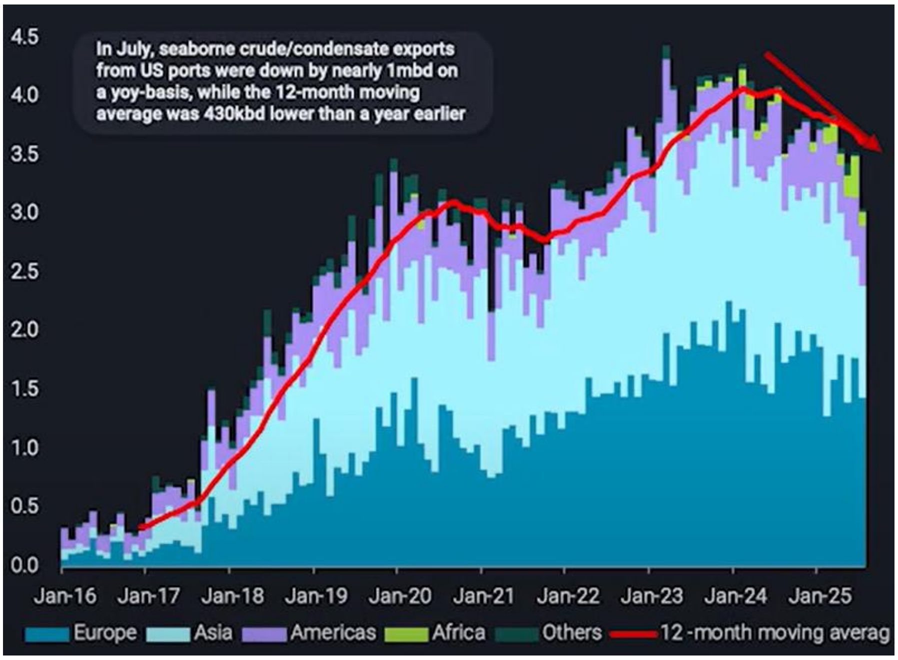
- U.S. crude exports have also slipped to multi year lows of slightly over 3mn bpd which also pulls another supply side element off the market, also helping to keep pressure off oil markets. The last time volumes were this low was during the covid period when global demand slumped.
- Higher refinery runs in the US Gulf coast have been a key demand hub for U.S. crude, pulling away volumes from the export market. U.S. barrels have also seen less arbitrage opportunities in Europe and Asia.

U.S. Seaborne Crude/Condensate Exports by Destination Region (mbd) - Source: Vortexa



Key supportive mechanisms keeping oil prices elevated despite OPEC+ voluntary cut unwinds in Q3:

- OPEC+ underperformance
- Weak U.S. crude and condensate exports
- Sanctions related fears
- China inventory stockpiling

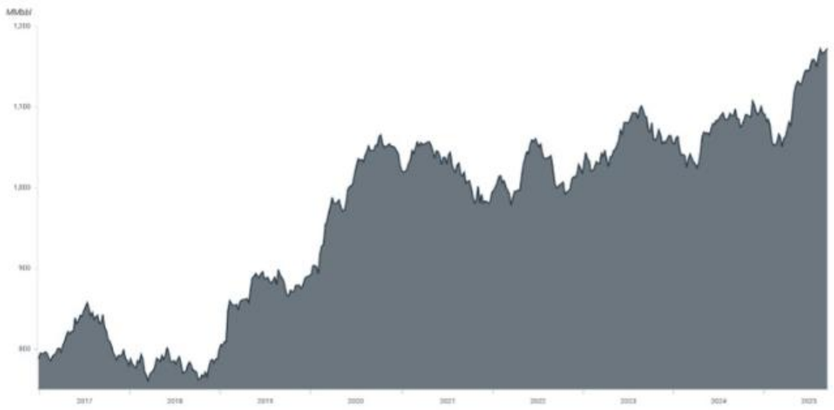
Q4 Oil Market Considerations:

- **Secondary Russia oil sanctions** – the likelihood of these have decreased in recent weeks. Despite Putin showing little intent towards a Ukraine peace deal, Trump has backed away from secondary Russian oil sanctions saying Europe needs to stop buying Russian volumes – a move Hungary and Slovakia have no intent of abiding by. At present, Von der Leyen is attempting to at least speed up the process in the hope that appeases Trump but he is unlikely to want to enact sanctions over fears of increasing prices.
- **Ukraine attacks** – rather than western sanctions, it is instead Ukraine attacks that feature as a more effective measure in getting Russian barrels off the market. Russia's Transneft on Tuesday warned producers they may have to cut output following persistent Ukrainian drone attacks – a message which saw prices move higher. Ukrainian drones have hit at least 10 refineries – cutting Russia's refining capacity by almost a fifth at

one point – and damaged its leading Baltic Sea ports of Ust-Luga and Primorsk. This tactic looks set to remain and is proving very effective for Ukraine. It was potentially under orders by the U.S. to avoid these sorts of strikes in the past but as it stands, the gloves are off.

- **China stockpiling –** China stockpiling has seen continued growth to record high's despite a solid refining backdrop. There is a risk China buying slows, freeing up much more barrels on the market.

China Crude and Condensate Inventories – Source: Kpler



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- **Indian pressure –** the U.S. 50% tariffs have so far done little to impact Indian buying activity of Russian crude. Meanwhile, China remains out of the crosshairs as trade talks gain yet further extensions. The EU sanctioned Vadinar refinery is now solely pulling Urals with volumes increasing as Middle East crude drop. India would appear unlikely to change these strategies at present.
- **Crack strength –** this is more a supply side element rather than demand driven by key refinery outages, a lack of distillate prone crudes, reduced Russian supply, slow start ups and lost supply. Crack strength looks set to hold up into Q4, especially for diesel but global capacity is expected to recover Q4.
- **Saudi oil product export strength –** in stark contrast to weaker oil exports, Saudi has instead been focussed on oil product export strength. For two consecutive months (July-August) refined product exports registered a record high pace of +2mn bpd (Kpler). This is a key area to watch going forward if Saudi switches this back towards crude. Peak crude burn has also passed which will free up more barrels for export.

Oil Market:

Crude:

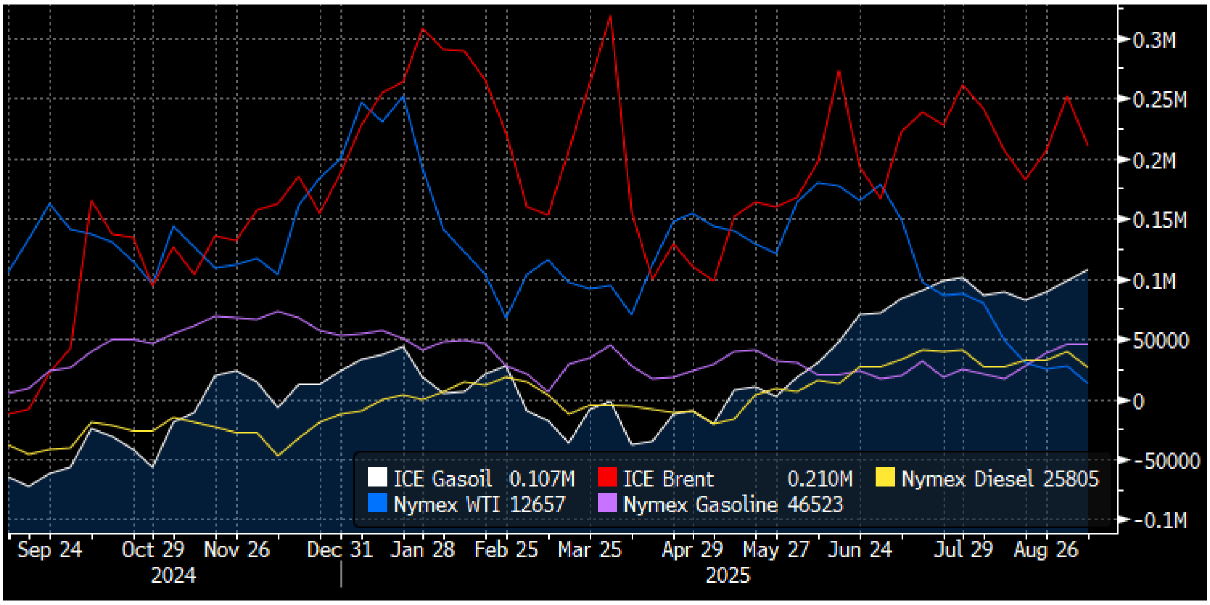
Crude holds most of this week's gains supported by concerns that potential measures taken against Russia, and Ukrainian attacks on its energy infrastructure, could impact supplies. Brent front month has held within the $65/bbl to $70/bbl range since early August. Upside risks from current geopolitical risks are offsetting supply/demand fundamentals suggesting a market surplus expected in 2026.

Market:

An increase in crude oil call options volatilities in recent days has taken the second month 25 delta call-put spread back in favour of the calls.

- The Brent Dec26 call-put skew has narrowed only slightly and currently showing a bearish -4.75% skew, with the IEA Oil Market Report showing a record surplus for 2026.
- Brent crude second month at-the-money implied volatility is holding around 27% but the 30-day historic volatility is down to the lowest since early March amid relatively limited market price swings.
- The Brent prompt time spread has also gained ground to reverse a decline from earlier this month while the Dec25-Dec26 spread has risen to the highest since Sep. 2 to around $1.2/bbl.
- Managed Money net long crude oil positions fell in the week to Sep. 9 with WTI at the lowest on record, according to the Commitments of Traders data released on Friday.

Managed Money net long positions - Source: Bloomberg Finance L.P.



Industry Reports:

The global oil demand growth forecast for 2025 and 2026 were unchanged from last month at 1.29mb/d and 1.38mb/d respectively, according to OPEC. Crude oil production from DoC participating countries increased by 509kb/d in August on the month to 42.4mb/d, according to available secondary sources.

- The IEA sees oil demand growth of 740kb/d y/y in 2025, revised up 60kb/d m/m, and has kept demand growth in 2026 steady at 698kb/d. The record surplus seen in 2026 has been revised higher. Demand has been resilient in advanced economies, contrasting with relatively muted consumption in emerging economies, the IEA says.

- Global oil supply growth is now projected at 2.7mb/d this year, and 2.1mb/d next year, with 1.4mb/d and 1mb/d of growth from non-OPEC+ countries respectively.

Saudi:

Saudi Aramco is set to sell 50-51mbbl of contractual supplies of October loading crude to China, higher than the 43mbbl a month ago, Bloomberg reports. Aramco cut the OSP for Arab Light to Asia by $1/bbl from a five-month high in September.

- Aramco has asked Asian buyers to lift more crude in October after making deeper-than-expected price cuts for all grades amid growing supply, three sources told Reuters.
- Saudi Arabia's oil exports are set to jump this month as the twin impact of higher production and easing local demand from peak summer levels frees up supply, Bloomberg reports. The amount of crude available for export will increase by 0.5mb/d in September from the previous month, according to Kpler.
- Only 70kb/d of the additional 137kb/d OPEC+ supply will actually enter the market in October, according to Kpler. It begins the unwind of the 1.65mb/d voluntary cuts in place since April 2023 but only about 600k-700kb/d may in time be realized as only Saudi Arabia and the UAE "hold meaningful spare capacity, Kpler added.

Russia:

President Donald Trump told Fox News he will be 'clamping down' on Russia as his patience is "running out fast" with Russian President Vladimir Putin.

- Kremlin spokesperson Dmitri Peskov told reporters, "There's a pause in Russia-Ukraine negotiations." Peskov added Russia "remains open to talks," but European countries are "holding back efforts to find peace in Ukraine," per Reuters.
- The EU is discussing further restrictions to reduce Russia's energy revenues including sanctions on Chinese and Indian companies that facilitate imports from Russia. EC President von der Leyen said that the EU is looking into fast tracking the end of energy imports from Russia after the US said it needs to stop.
- Trump has said he is ready to impose sanctions on Moscow, but on the condition that all Nato allies agree to completely halt purchases of Russian oil and implement their own sanctions.
- Russian drones have breached both Poland and Romania airspace recently. Poland's foreign minister, Radosław Sikorski, said the incursion was an attempt by the Kremlin to test Nato's reactions.
- Russia's oil pipeline monopoly Transneft has warned producers they may have to cut output following Ukraine's drone strikes on critical export ports and refineries, Reuters reports.
- On Sep. 12, a drone attack caused the suspension of export operations at Primorsk. The port partially resumed operations the following weekend, according to Bloomberg. It remained unclear how long it may take to complete full repairs, Reuters sources said. Reports suggested only one of the port's six pumping stations were damaged. Russian exported around 1mb/d of crude from Primorsk in August, with September loadings already approaching 1mb/d, Platts data showed on Sep. 12.
- Russia plans to cut ESPO loadings from its Far East Kozmino port in September to 4m mt, down from 4.2m mt in August, sources told Reuters.
- Russia has revised up its September loading plan for Urals crude exports from Western ports to 2.1mb/d, 11% higher than the initial schedule amid lower domestic refining, sources told Reuters.

India:

Adani formally prohibited vessels sanctioned by the EU, UK or the US from calling at Mundra last week, according to a Sep. 11 advisory. The ban went into effect immediately but did not apply to ships already on their way to the port.

- HPCL Mittal Energy, which operates the 226kb/d Bathinda refinery, gets all of its crude supplies at Adani's Mundra Port.
- However, India's crude logistics are likely to adapt to minimise broader disruptions, Vortexa said. The extensive IOC pipeline network could enable Russian crude imports to shift to non-Adani operated ports, such as nearby ports Sikka and Vadinar
- Nayara Energy is seeking Indian government help to source equipment and materials needed for maintenance as EU sanctions make it difficult to secure key items, Reuters reports.
- India's crude oil imports fell to a 10-month low in August, prompting the country to draw on inventories, Kpler data showed. Imports averaged 4.5mb/d in the first 10 days of September, compared to 4.99mb/d in January. Russian supplies stayed below 1.7mb/d for the second straight month.

China:

China's crude oil throughput rose 7.6% on the year to 63.46m tons in August, to the second highest in 17 months, NBS showed. Throughput was boosted by high operating rates at state refineries. China apparent oil demand rose 4.9% year on year to 14.53mb/d compared to 14.60mb/d in July, Bloomberg said.

- China saw a crude oil surplus rising back up to 1.01mb/d in August after the drop to 530kb/d in July, according to Reuters. Uncertainty remains over the change in storage through Q4 and into next year, although builds are likely to be supported if prices trend lower.
- Shandong's onshore commercial crude oil inventories reached a record 293 mbbl as of August 22 - 20 mbbl above levels at the start of July according to Vortexa.
- Chinese buyers of Iranian crude are facing wider discounts due to high stock levels, a shortage of import quotas and sanctions, sources told Reuters. Discounts for Iranian Light crude widened to over $6/bbl vs benchmark ICE Brent this week for October-arrival shipments compared with around $5/bbl two weeks ago and $3 in March.

Other:

Venezuela continues to export crude oil despite the escalating military standoff with the U.S. Navy. At least three tankers have departed for the US since the conflict began Kpler reports, while four VLCCs—each spoofing its AIS data—have covertly loaded at Jose Terminal, with destinations reportedly in Asia and China.

- Crude exports growth shifts from North to South America driven by new production in Guyana and Brazil while US exports continue to decline, Vortexa said. A longer-term trend shows declining exports out of the US despite a rebound m-o-m of US seaborne crude/condensate exports in August due to widening WTI arbs in late July and Indian buyers diversifying purchases
- US exports are down ~300kb/d in H1 2025 vs H1 2024 amid refinery closures in Europe and competing short-haul supplies from the Med while the rest of Americas exports increased by over 600kb/d.

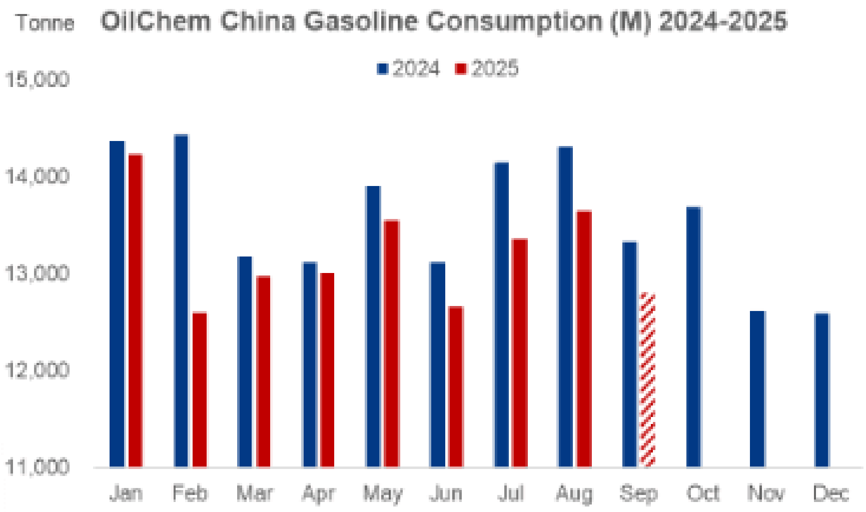
- Caspian CPC Blend loadings, including cargoes with Russian origin, are expected to be 1.6m-1.7mb/d for October, traders told Bloomberg, versus September's level of 1.65m-1.75mb/d.
- Crude from the Atlantic basin has become more attractive to Asian buyers after the Brent-Dubai EFS spread narrowed to almost zero Sep. 10, Bloomberg said. This compares to a peak of $4/bblin June, according to PVM Oil associates. Brent spreads have narrowed amid a seasonal lull in European crude buying, as well as bigger US oil exports and growing supply elsewhere in the region. Dubai's strength came despite OPEC+ agreeing to another output hike from October with a lack of spare capacity means the hike may not materialise.

Oil Products:

Cracks spreads are extending recent strength after reports of further Ukrainian drone strikes on Russia refineries this week and supported by the seasonal decline in refinery runs.

- The **Gasoil-Brent spread** rallied from a low of $21.1/bbl on Sep. 1 to a high of around $25.9/bbl on Sep. 16. The prompt ICE Gasoil spread is back above $13/mt and Dec25-Dec26 up to the highest since June around $38/mt.
- **ICE Gasoil net longs** rose again to the highest since March 2022 in the week to Sep. 9, although Nymex diesel net longs fell to the lowest since mid-June. Nymex gasoline net longs were almost unchanged on the week to remain at the highest since February.
- The EU is finalizing work on 19th Russia sanctions package and looking at further curbs on Russian oil sales and banks, according to EU's Kallas.
- **Global product inventories** have recovered in recent weeks but remain below normal while the turnaround season adds further price support. Data last week showed US distillate stocks still 10.6% below the five-year average, European ARA Gasoil stocks 2.9% below normal and Singapore Middle Distillates inventories were 9.4% below normal.
- There is a significant **reduction in European refinery operating capacity** of around 400kb/d in 2025 although the turnaround season is expected to be below previous year levels. The Middle East outage program, which includes over 900kb/d between Sep. – Dec., is likely to have an outsized impact on refined product margins, Vortexa said.
- **Gasoline markets** reflect sensitivity to prolonged supply outages even to an oversupplied market, according to Vortexa. Atlantic Basin gasoline margins reach an average of $18-$19/bbl in September compared to $6-$9/bbl a year ago. Rbob forward margins are at the highest since August 2024.
- **Refineries likely shifted their yields** to produce middle distillates amid disappointing summer Atlantic Basin gasoline import demand and counter seasonal middle distillate strength. This widened the supply gap between these transportation fuels.
- **Ukraine will restrict** imports of diesel fuel originating in India from Oct. 1, according to Ukrainian energy consultancy Enkorr cited by Reuters.
- Sustained **Ukrainian drone strikes** on some major refineries have cut Russian processing rates through much of August to the weakest levels since May 2022.

- A unit at the **Kirishi oil refinery** was halted following a fire caused by drones, Reuters reported. The unit accounts for almost 40% of the plant's total processing capacity of about 400kb/d. Ukraine also struck Russia's Saratov oil refinery, Kyiv's General Staff said on Telegram cited by Bloomberg.
- **Russian diesel exports** are already falling in early September as drone attacks curb refining output, Bloomberg said. Total refined product exports dropped to 1.96mb/d over Sep. 1-7, putting the month of September on track for its lowest average in about a year and down 10% from August.
- **With runs still falling in September,** officials are considering extending the gasoline export ban through October and have urged producers to divert some diesel volumes to the domestic market.
- **Russian wholesale diesel prices** have reached a high for 2025 and are near record levels seen in August 2023, according to BBC Monitoring citing Kommersant. Market observers said that while the situation is manageable at present, delays in restoring refining capacity could prompt new spikes in retail prices.
- **China has issued its third batch of fuel-export quotas** for 2025, allocating 8.395m tons for clean products, bringing the 2025 amount to 40.77m mt, a 0.6% decrease from 41m mt in 2024, Platts said. Platts forecasts that the impact is neutral for Asian clean product cracks, as the market had already factored in a quota of 9m mt for the past month.
- From Jan-July**, China's clean product exports** averaged 762kb/d, down 10% year-on-year, amid export margins, reduced supply from teapots, lower state-owned refinery runs and elevated tax costs.
- **CDU capacity utilisation rates at China's state-owned** refineries are expected to rise in the week to Sep. 18 according to OilChem, with Dongming Petrochem yet to reach full capacity. However, CNOOC's Bitumen (Yingkou) will likely start overhaul of its CDUs, OilChem added.
- **CDU capacity utilisation rates at China's state-owned refineries** were unchanged on the week at 81.59% as of Sep. 12, OilChem said. By comparison, CDU capacity utilisation rates at independent refineries in China rose by 1.72 percentage points on the week to 61.74%. For independent refineries in Shandong, CDU rates were up 0.54 percentage points to 50.64%.
- **China's gasoline demand** is seen returning to normal levels this week, while some downstream players start to build stocks for the National Day holiday - a traditional travel peak, OilChem said. Gasoil demand is picking up gradually with previous high summer temperatures decreasing. This will benefit the operation of outdoor projects, in addition to rigid demand in the logistics sector.
- However, **China's gasoline consumption** is still seen falling in September with the end of the summer travel peak, OilChem forecasts. Gasoline consumption is seen at 427k mt/d in September, down 3.1% on August, and declining by 4.0% year-on-year. On the supply side, daily production is forecast at 455k mt/d, up 1.0% on the month, but down 3.7% on the year. In September, gasoline exports are scheduled at 0.58m mt alongside slowing demand in the domestic market.
- **China's independent refiners** are facing a fresh risk to profits due to new rules to crack down on untaxed refined oil, according to Reuters. Rules introduced this month require refiners to pay consumption taxes both when they import feedstock such as fuel oil and also on the refined products they produce. The goal of the changes is to collect more tax revenue and eliminate illegal petroleum products, Sinopec said. About 30%–40% of diesel and gasoline sales evaded tax, according to calculations cited by Sinopec and GL Consulting.
- **China's electric vehicle (EV) market** hit a new milestone in August 2025, with passenger EV penetration reaching 55.06%, according to OilChem citing CAAM data. Between Jan-Aug, passenger EV sales totalled about 7.6m units, replacing nearly 3.9m mt of gasoline.



Source: OilChem

Analyst Views:

Goldman Sachs:

China could continue the ongoing stockpiling of oil into 2026, aiming to benefit from lower prices and with focus on energy security, Goldman Sachs said cited by Bloomberg.

- China is projected to add 500kb/d to inventories over the next five quarters.
- Despite the robust China purchases, Brent is still forecast to fall to the mid $50s/bbl next year.

Goldman Sachs:

Refined product margins are expected to remain robust in the coming months, especially for diesel, Goldman Sachs said.

- Pressure is due to European refinery maintenance announced for September, US refinery maintenance season heavier than last year and a likely Dangote halt through December.
- China's newly announced "anti-involution" tax regulations add downside pressure on independent refineries' margins.
- Drone attacks have cut capacity at Russia's refineries by about 300kb/d in August and so far in September.
- Russia seaborne diesel exports dropped by nearly half over the last 6 months (by 0.5mb/d) amid increased sanctions pressure on Russian oil buyers and lower refinery runs.
- Russia crude production fell to its lowest post-pandemic level of 8.8mb/d last week with only modest downside amid willingness of Asian buyers to imports the barrels.
- Year on year global oil demand growth is expected to moderate from 1.3mb/d in Q3 to 0.6mb/d in Q4.

Citigroup:

The global oil market is caught in a "tug-of-war between increasingly bearish fundamentals and heightened geopolitical risks," according to Citigroup Inc, cited by Bloomberg.

- OPEC+'s 137kb/d production hike is likely to result in effective supply of 60k-96kb/d in reality.
- Crude output in Norway, Guyana and Brazil is hitting multi-year highs.
- China's strategic stockpiling could continue into 2026, but authorities could also U-turn instead.
- Global holdings are projected to continue at less than 300kb/d, primarily outside OECD, blunting their price signal.
- Among geopolitical risks, Ukraine has stepped up attacks on Russian energy infrastructure, the US has expressed a willingness for new tariffs in conjunction with the EU on India and China, and the Israeli strike in Doha highlights instability.
- At present, crude futures remain "resilient," with Brent seen at $65/bbl over three months, and $60/bbl over six to 12 months.

Commerzbank:

The current debate surrounding tougher sanctions against Russia is overshadowing the looming oversupply outlook, Commerzbank said in a note cited by MT Newswires.

- Without the risk of supply disruption, oil prices would likely come under considerable pressure, the bank noted.
- Commerzbank is sticking to its price forecast of $65/bbl at the end of the year and has only slightly revised its forecast for 2026 downwards to $65/bbl citing signs that oversupply will not be as high as forecast.
- Significantly lower prices will lead to a smaller increase or even a decline in supply, the bank said.
- In addition, there may be supply shortfalls, with additional secondary tariffs against Russian oil buyers being discussed which could result in lower supply from Russia.
- The EU may also phase out the remaining oil & gas imports from Russia more quickly than planned.
- Providing further support is China, which imported more crude again in August.
- Higher imports suggest that more crude was processed again, supporting oil prices, Commerzbank said.

Macquarie Group:

The global oil market faces a surplus of ~3mb/d in Q1 2026, according to Macquarie Group analyst Vikas Dwivedi cited by Bloomberg.

- OPEC+ barrels need to actually return to the market before prices start falling, Dwivedi said.
- China will buy ~500kb/d for its strategic petroleum reserve through to Q1 2026, he said.

HSBC:

HSBC forecasts an oil surplus of 1.7mb/d from Q4 2025 and a surplus of 2.4mb/d in 2026, it said in a note on Monday cited by Reuters.

- The bank also said it sees a downside risk to its 2026 $65/bbl Brent price assumption if stock builds materialise in the West.
- In a previous note cited by Bloomberg on Sep. 9, HSBC said that OPEC+ was unlikely to reverse course on its output hikes unless Brent prices fell “to the mid-$50s or below.”

JP Morgan:

Ukraine’s drone attack on Primorsk suggests a growing willingness to disrupt international oil markets, which has the potential to add upside pressure on oil prices, according to a JP Morgan note.

- On Sep. 12, a drone attack caused fires on a docked vessel and a pumping station at Primorsk, leading to the suspension of export operations.
- Additionally, three pumping stations – NPS-3, NPS Andreapol and NPS-7 – of the Baltic Pipeline System-2 (BTS-2) were targeted. BTS -2 is the sole route for crude flows to Ust-Luga.
- The bank does not expect exports from Primorsk to be disrupted for a long period, with reports suggesting only one of the port’s six pumping stations were damaged.
- However, the incident highlights that such attacks are now possible and could recur in the future.
- Primorsk typically handles about 870kb/d of crude and approximately 375kb/d of diesel shipments.
- Meanwhile, Ust-Luga was damaged in mid and late-August, with exports falling to 350kb/d in September, from 560kb/d in July.
- Rerouting crude supplies from Primorsk and Ust-Luga would be complex and limited. Around 200kb/d of additional crude capacity could be rerouted to Novorossiysk, the bank says.
- Refined product exports from Primorsk can not be easily redirected.