The Commodities Feed: IEA expects record oil glut next year

The International Energy Agency (IEA) continues to see a large surplus in the oil market, as demand remains slow while supply is returning only gradually

Energy – IEA boosts its oil supply estimates

Oil prices extended declines with ICE Brent trading just below $66/bbl this morning, amid softening demand and persistent concerns over a looming global supply surplus. However, escalating geopolitical tensions, following Israel's attack on Hamas's leadership in Qatar and prospects of tighter Western sanctions on Russian energy exports, might help put a floor under oil prices.

In its latest monthly oil market report, the IEA expects a record oil surplus of more than 3m b/d in 2026 amid cooling demand growth in China and increasing supply. The agency sees muted demand growth, a rise of 740k b/d this year, up marginally from its previous forecast. The IEA attributes this to limited growth from emerging economies and falling demand in industrialised nations over the latter half of the year. Looking ahead to 2026, global oil demand is forecast to grow by around 700k b/d year-on-year. However, the IEA also revised up its oil supply growth estimates primarily due to the return of OPEC+ supply. The agency now forecasts global supply will grow by 2.7m b/d YoY this year, and by a further 2.1m b/d in 2026.

In its monthly oil market report, OPEC made no changes to its demand forecasts and continues to expect consumption to grow by 1.3m b/d this year and 1.4m b/d in 2026. Meanwhile, the group expects supply from producers outside the wider OPEC+ alliance to rise by 810k b/d this year and 630k b/d in 2026, unchanged from previous projections. OPEC continued to project a substantial supply deficit in global oil markets this year and next, even as the group revives production - a view that contrasts with the wider industry surplus expectations. Meanwhile, the release also shows that OPEC increased supply by 478k b/d month on month to 27.95m b/d in August. Saudi Arabia and Iraq drove most of the increase.

Insights Global data shows that refined product inventories in the Amsterdam-Rotterdam-Antwerp (ARA) region increased by 218kt week-on-week to 6.2mt for the week ending 11 September 2025. The rise was largely driven by naphtha and gasoil inventories rising by 89kt and 44kt to 667kt and 2.2kt, respectively. Similarly, fuel oil stocks rose by 35kt WoW to 1.04mt, while gasoline stocks increased by 29kt WoW to 1.2mt over the reporting week.

In Singapore, onshore refined product stocks fell by 1.1m barrels to 50.5m barrels. Meanwhile, light distillate stocks and residual fuel inventories fell by 293k barrels and 871k barrels to 14.1m barrels and 26.5m barrels, respectively. In contrast, middle distillate stocks grew marginally by 22k barrels to 9.9mt for the week ending 10 September 2025.

Separately, EIA weekly gas storage data shows that US gas stocks rose by 71Bcf last week, keeping the total stockpiles above the five-year average. Ahead of the release, the market was expecting a build of around 68Bcf. This was well above the five-year average addition of 56Bcf for this time of the year. The bigger-than-average increase was largely due to warmer weather curbing demand. Total gas stockpiles totalled 3.34Tcf as of 5 September, which is 6% above the five-year average. The front-month Henry Hub contract declined almost 1% to trade around US$2.9/MMBtu in the early trading session today.

Metals – Nickel prices surge on mine seizure

LME nickel prices extended their upward rally for a second consecutive session, with intraday highs of $15,255/t yesterday, after Indonesia’s task force seized part of a major mine owned by China’s Tsingshan Holding Group over a permit violation. This highlights the growing risk to ore supply from the world’s top producer. President Prabowo Subianto's pledge to crack down on illegal mining could further disrupt ore flows to domestic processors in the coming months. Meanwhile, smelters have faced tight ore supply this year due to heavy rainfall and limited government mining quotas (about 150mt in 2025). However, prices have remained under pressure, weighed down by weak demand from the electric vehicle battery sector.

Agriculture – CONAB raises grain production estimates

Brazil’s agriculture agency, CONAB, has raised its soybean and corn production estimates for 2024/25 as favourable weather conditions in the main producing regions resulted in improved yields, with productivity hitting record highs. In its monthly report, CONAB estimates soybean production in Brazil to reach 171.5mt in 2024/25, up from its previous forecast of 169.7mt. If achieved, this will be yet another record output. Soybean production was reported at 151.3mt in 2023/24. The estimated increase is driven by expectations that the yield could be stronger at 3.62t/ha (the highest ever recorded in the nation) than its earlier projection of 3.56t/ha. Similarly, corn production estimates were revised up to 139.7mt (the largest ever recorded in the nation) for the above-mentioned period compared to previous projections of 137mt. In 2023/24, Brazil’s corn production was at 115.5mt.

The Indian Sugar Mills Association (ISMA) continues to estimate gross sugar production at 34.9mt (including sugar diverted for ethanol production) for the 2025/26 season, as favourable weather conditions, supported by recent abundant rainfall, have boosted plant growth. Sugar production excluding ethanol diversion is expected to rise to 30mt for the period mentioned above, compared with production of around 26.1mt for the 2024/25 season. Meanwhile, the association also requested the government to allow 2mt of sugar exports for the 2025/26 season amid plentiful supply in the domestic market. This added to raw sugar's extended losses yesterday. Strong output expectations from India and Brazil, along with weaker demand from Indonesia, have weighed on No.11 raw sugar prices, which are down more than 7% so far this year.

The USDA is scheduled to release its monthly WASDE report later today. The initial market expectations suggest that the agency could decrease its US corn ending stocks by 104m bushels to 2,013m bushels, while trimming its soybean ending stock estimates by 3m bushels to 287m bushels. Meanwhile, global ending stock estimates for corn are expected to decline from 282.5mt to 282.1mt, while soybean and wheat ending stock estimates are expected to rise to 125.1mt (vs. 124.9mt) and 261.1mt (vs. 260.1mt), respectively.

Meanwhile, in its weekly report, the Buenos Aires Grain Exchange shows that Argentina's corn planting estimates could rise by 9.6% YoY to 7.8m hectares for the 2025/26 season. The increase in estimates was largely attributed to the soil moisture on farms being optimal for plantings. With higher planting estimates and plenty of water reserves on farms, there's a strong chance of a record harvest. Meanwhile, the agency reported that domestic corn plantings stood at 3.8% complete as of 11 September. In contrast, soybean production estimates could drop from 49.5mt last season to 47mt for the period mentioned above, on lower acreage estimates of 17.6m hectares (-4.3% YoY).

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