

The Commodities Feed: US crude oil supply to fall in 2026

The Energy Information Administration expects US crude oil production to fall next year. Meanwhile, the European Commission is proposing a ban on refined product imports made from Russian crude oil



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Energy- US oil production set to decline

The Energy Information Administration (EIA) revised its US crude oil production estimates downward for 2026. In its latest Short-Term Energy Outlook, released yesterday, the EIA said output would decline by 50k b/d year on year in 2026 to 13.37m b/d. This would be the first annual decline in US output since 2021, when Covid hit production. Meanwhile, output growth for 2025 was left unchanged at 210k b/d YoY. The decline isn't too surprising, given the recent slowdown in drilling activity. The low-price environment has seen the rig count fall by 33 over the last six weeks to 442, the lowest since October 2021. Given our view that oil prices will be lower towards the end of this year, there's scope for further downward revisions in US crude oil output estimates for next year.

There's growing uncertainty in the refined products market as the European Commission proposes

a ban on imports made from Russian crude oil, according to a [statement](#) from Ursula von der Leyen, the President of the European Commission. While the EU has already banned the import of Russian crude oil and refined products, the bloc is importing refined products from third countries that process Russian crude oil.

This would mostly put refined product imports from India and Turkey at risk. Both countries import Russian crude oil and export refined products to the EU. According to LSEG data, India and Turkey imported 1.77m b/d of Russian crude oil in the first quarter of 2025, while the EU imported more than 350k b/d of refined products from these two countries. The bulk of this flow is middle distillates. Such a move would lead to yet another shift in refined product trade flows. But the Commission implementing such a ban would be difficult, given that refiners blend different types of crude oil. Determining the origin of the crude oil becomes challenging.

The latest numbers from the American Petroleum Institute (API) show that US crude oil inventories fell by around 400k barrels over the last week, less than the roughly 2.6m barrel draw the market expected. Changes in refined products were more bearish with gasoline and distillate stocks increasing by 3m barrels and 3.7m barrels, respectively.

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