Oil Market Report - January 2025

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About this report

The IEA Oil Market Report (OMR) is one of the world's most authoritative and timely sources of data, forecasts and analysis on the global oil market – including detailed statistics and commentary on oil supply, demand, inventories, prices and refining activity, as well as oil trade for IEA and selected non-IEA countries.

Highlights

- Global oil demand rose seasonally in 4Q24, posting robust annual growth of 1.5 mb/d – the strongest level since 4Q23 and 260 kb/d higher than our previous forecast. Lower fuel prices, colder weather across the Northern Hemisphere and abundant petrochemical feedstocks all combined to boost consumption. Annual growth is now assessed at 940 kb/d for 2024, accelerating to 1.05 mb/d in 2025 as the economic outlook improves marginally.

- World oil supply inched higher by 20 kb/d m-o-m to 103.5 mb/d in December, up 390 kb/d y-o-y, as increased output from OPEC+ African producers more than offset seasonal declines in non-OPEC+ supply. Global oil supply is projected to rise by 1.8 mb/d in 2025 to 104.7 mb/d, compared with an increase of 660 kb/d in 2024. Non-OPEC+ production is set to rise by 1.5 mb/d in both 2024 and 2025, to 53.1 mb/d and 54.6 mb/d, respectively.
- Russian oil exports eased by 40 kb/d to 7.33 mb/d in December as a 250 kb/d drop in crude oil shipments was mostly offset by higher product loadings. Export revenues rose by $0.41 bn to $15.1 bn as product prices improved. On 10 January, the US government issued new sanctions intended to reduce revenues from the Russian oil sector.
- Refinery crude runs jumped 1.2 mb/d m-o-m to a five-year high of 84.3 mb/d in December, as scheduled autumn maintenance was completed and margins improved. Refinery runs were up by 930 kb/d y-o-y, led by the United States, the Middle East and Africa. Runs are forecast to rise by 660 kb/d in 2025, following growth of 510 kb/d in 2024, led by stronger non-OECD throughputs, while closures in the Americas and Europe weigh on OECD rates.
- Global observed oil inventories increased by 12.2 mb to 7 655 mb in November, as higher crude oil stocks on land and on water more than offset draws in oil products. OECD industry stocks drew 20.1 mb to 2 749.2 mb, 118.3 mb below their five-year average and the lowest level since August 2022. According to preliminary data, global inventories extended the gains in December, led mainly by a surge in oil products on water.
- Oil prices surged past $80/bbl in early January, propelled by tighter sanctions on Russian and Iranian oil and the North American cold snap. December had seen range-bound trading, with investor sentiment weighed down by the prospect of higher US tariffs and comfortable 2025 balances. At the time of writing, Brent futures were trading at $81/bbl.

Turning up the heat

Benchmark crude oil prices rallied in early January as US sanctions on Iran and Russia intensified and freezing temperatures swept across large parts of the Northern Hemisphere. Brent crude futures hit a four-month high of $81/bbl by mid-January, up $8/bbl from a month-ago.

Following a relatively mild start to the winter heating season, the weather turned decidedly colder in December in Canada, the northern and central regions of the United States, much of Europe, Russia, China and Japan. Average heating degree days were significantly higher than a year ago and slightly above the five-year average, boosting oil demand. OECD oil demand for 4Q24 has been raised by 250 kb/d, underpinning a 90 kb/d upward adjustment to our global growth estimate for 2024. Oil demand trends in non-OECD economies were mixed. While China posted modest y-o-y growth in November, the latest data for Saudi Arabia, Brazil and India were all below expectations. Estimated growth of 940 kb/d in 2024 and 1.05 mb/d in 2025 will push world oil demand to 104 mb/d.

Prices also got a boost as traders considered multiple supply risks. Near-term, weather-related shut-ins in North America could have a significant impact, with Cushing crude inventories at decade lows. Last winter, oil production in the United States and Canada plunged by more than 1.8 mb/d from December to January due to an Arctic cold snap. A smaller seasonal drop in supply is expected this year, as the prolific Permian Basin has so far been spared major weather impacts.

New, more expansive US sanctions on Russia, announced on 10 January, may affect oil supply flows. Washington targeted two major oil producers (Gazprom Neft and Surgutneftegaz), over 160 tankers carrying oil for Russia, Iran and Venezuela and ship insurance providers, further complicating oil trade logistics for those countries. But exports on non-shadow tankers remain viable for Russian oil purchased below price caps.

At the same time, there is heightened speculation that the incoming US administration will take a tougher stance on Iran's oil exports, compounding the impact of US Treasury sanctions on Tehran. On 19 December, the US expanded sanctions on vessels transporting Iranian crude. The new sanctions on Iran’s shadow fleet now cover vessels that transported an average of over 500 kb/d of Iranian crude in 2024, nearly one-third of the country’s crude exports. While it is too early to fully quantify the potential impact from these new measures, some operators have reportedly already started to pull back from Iranian and Russian oil.

If decreases in supply from weather impacts, sanctions or other developments become substantial, oil stocks can quickly be drawn to meet operational requirements in the near term. Moreover, non-OPEC+ producers are expected to add another 1.5 mb/d of supply in 2025, the same as in 2024, led by the United States, Brazil, Guyana, Canada and Argentina. OPEC+ members have also been looking to unwind extra voluntary production cuts and could ramp up if needed. Those additions should cover both potential supply disruptions and expected demand growth.

OPEC+ crude oil production[1]

million barrels per day

	Nov 2024 Supply	Dec 2024 Supply	Dec 2024 vs Target	Dec-2024 Implied Target[1]	Sustainable Capacity[2]	Eff Spare Cap vs Dec[3]
Algeria	0.9	0.9	-0.01	0.91	0.99	0.08
Congo	0.24	0.26	-0.02	0.28	0.27	0.01
Equatorial Guinea	0.06	0.08	0.0	0.07	0.06	-0.01
Gabon	0.24	0.25	0.08	0.17	0.22	-0.03
Iraq	4.2	4.24	0.34	3.9	4.87	0.63
Kuwait	2.46	2.48	0.07	2.41	2.88	0.4
Nigeria	1.37	1.51	0.01	1.5	1.42	
Saudi Arabia	9.02	9.02	0.04	8.98	12.11	3.09
UAE	3.24	3.22	0.31	2.91	4.28	1.06
Total OPEC-9	**21.74**	**21.95**	**0.82**	**21.13**	**27.1**	**5.28**
Iran[4]	3.41	3.39			3.8	
Libya[4]	1.17	1.24			1.23	-0.01
Venezuela[4]	0.89	0.86			0.89	0.03
Total OPEC	**27.21**	**27.43**			**33.02**	**5.31**
Azerbaijan	0.48	0.48	-0.07	0.55	0.49	0.01
Kazakhstan	1.43	1.43	-0.01	1.44	1.62	0.19
Mexico[5]	1.46	1.55			1.59	0.04
Oman	0.76	0.76	0.0	0.76	0.85	0.09
Russia	9.32	9.28	0.3	8.98	9.76	
Others [6]	0.74	0.75	-0.12	0.87	0.86	0.12
Total Non-OPEC	**14.19**	**14.24**	**0.1**	**12.59**	**15.16**	**0.46**
OPEC+ 18 in Nov 2022 deal[5]	**34.47**	**34.64**	**0.93**	**33.72**	**40.67**	**5.69**

	Nov 2024 Supply	Dec 2024 Supply	Dec 2024 vs Target	Dec-2024 Implied Target[1]	Sustainable Capacity[2]	Eff Spare Cap vs Dec[3]
Total OPEC+	**41.4**	**41.67**			**48.18**	**5.77**

1. Includes extra voluntary curbs and revised, additional compensation cutback volumes. 2. Capacity levels can be reached within 90 days and sustained for an extended period. 3. Excludes shut in Iranian, Russian crude. 4. Iran, Libya, Venezuela exempt from cuts. 5. Mexico excluded from OPEC+ compliance. 6. Bahrain, Brunei, Malaysia, Sudan and South Sudan.