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## **Global Oil and Gas Supply Demand Rebalancing**

OPEC+ policy, U.S. shale, and energy transition dynamics

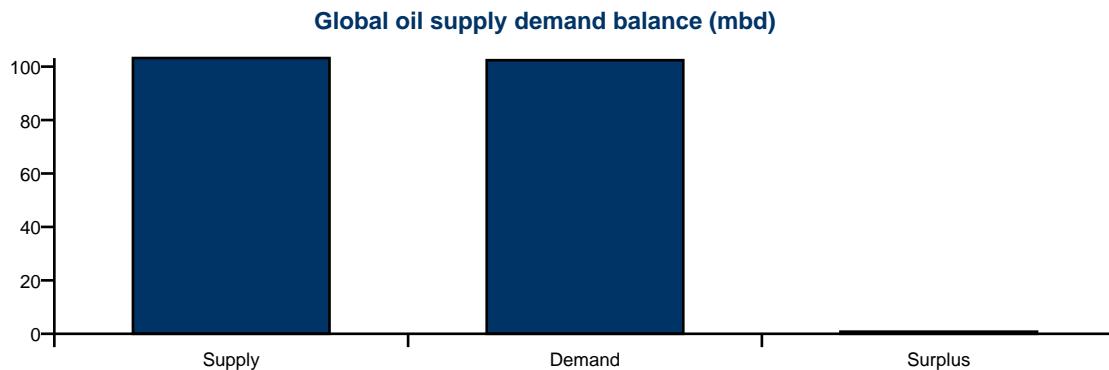
February 11, 2026

## Executive Summary

Global oil and gas markets in 2026 are navigating a complex rebalancing driven by OPEC+ production policy, U.S. shale supply discipline, and the gradual displacement of fossil fuels by renewables and electrification. We present our updated supply demand framework and price outlook for Brent and WTI. Our base case projects Brent in the \$72 to \$82 per barrel range for 2026, with risks tilted to the downside from weaker global growth and upside from supply disruptions. We provide recommendations across integrated oils, E&P; companies, and refining names.

## Supply dynamics and OPEC+ strategy

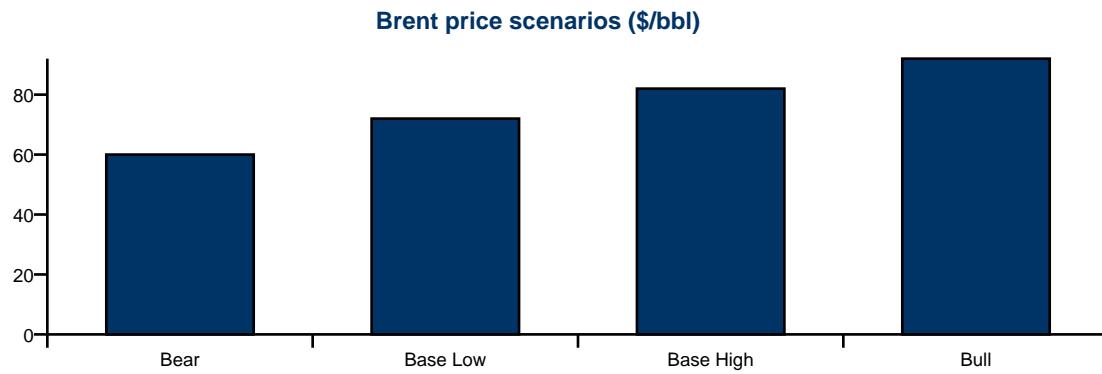
OPEC+ continues to manage production with a focus on price stability, though compliance across members varies and spare capacity remains historically elevated. Our analysis models various unwinding scenarios for production cuts and their impact on balances. Non OPEC supply growth is led by the U.S., Brazil, and Guyana, with U.S. shale production showing improved capital discipline and flatter growth curves relative to prior cycles. We estimate global oil supply growth of approximately 1.2 million barrels per day in 2026, with demand growth of 0.9 to 1.1 million barrels per day. The resulting balance suggests modest inventory builds in the first half before tightening in the second half, depending on OPEC+ actions.



Source: J.P. Morgan Research. Full year 2026E estimates.

## Demand trends and energy transition

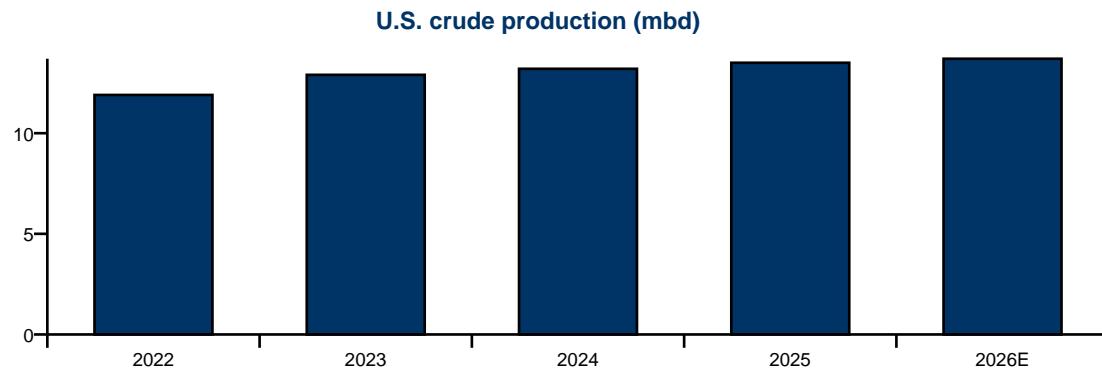
Oil demand growth is decelerating as electrification of transport gains traction, particularly in China and Europe. We model the pace of EV adoption and its impact on gasoline and diesel demand, noting that petrochemical feedstock use continues to provide structural support. Natural gas demand remains robust, supported by power generation needs and LNG export expansion. We assess the implications of global decarbonization targets for long term fossil fuel demand and for the investment decisions of major producers. Our analysis suggests that peak oil demand is approaching but that the plateau period could extend for several years.



Source: J.P. Morgan estimates. 2026 annual average price scenarios.

## Refining and downstream

Refining margins have normalized from the exceptional levels of 2022 and 2023, reflecting capacity additions and demand shifts. We see moderate refining profitability in 2026, with regional variation driven by configuration complexity and product slate. Petrochemical integration and specialty product exposure are differentiators in our coverage. We discuss the outlook for global refining capacity and the potential for closures of less competitive facilities. Downstream companies with exposure to biofuels and low carbon products may benefit from regulatory incentives, though execution and scale remain important. We provide updated estimates and price targets for refining names.



Source: J.P. Morgan Research. E = estimate. Lower 48 and GoM.

## Recommendations and price scenarios

Our base case Brent forecast of \$72 to \$82 reflects a balanced market with modest inventory builds. In a bullish scenario driven by stronger demand or supply disruption, we see Brent reaching \$90 or above. A bearish scenario involving recession and OPEC+ policy breakdown could push prices into the \$55 to \$65 range. We favor integrated oils with strong free cash flow generation and capital return programs. In E&P, we highlight names with low breakeven costs and high quality reserve portfolios. Key risks include geopolitical escalation, faster than expected energy transition, and macro demand shocks.

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