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MONITORING THE SITUATION ON THE OIL MARKET IN H1 2026

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In 2026, OPEC+ is counting on a managed adjustment to production and a transition to more objective criteria for allocating quotas through the introduction of a mechanism for assessing maximum sustainable production capacity, which will serve as the basis for setting production limits starting in 2027.Moreover, the market is adapting to structural shifts, including the UAE's withdrawal from the agreement and increased sanctions pressure on the Russian oil sector, while institutional forecasts point to high price volatility and a gradual return to balance driven by production growth outside OPEC+ and the redistribution of logistics flows.

OPEC+ agreement on adjusting oil production levels

At the 40th meeting of ministers from the OPEC+ (ONOMM)[1] on November 30, 2025, the total oil production level agreed upon at the 38th meeting[2] was maintained through December 31, 2026, and the mechanism for assessing maximum sustainable production capacity[3] was approved. The results of these assessments, starting in 2027, will be used to determine baseline production levels for OPEC+, against which quotas will be set and production cuts calculated.

The 41st meeting of ministers from OPEC+ took place on June 7, 2026, without the UAE.[4] On May 1, 2026, the UAE withdrew from OPEC and the OPEC+ agreement. The decision was linked to the country's intention to increase production independently. The UAE's production capacity reached approximately 4.85 mb/d and is expected to increase to 5 mb/d by 2027, whereas the agreed-upon oil production level under OPEC+ was approximately 3.5 mb/d.

1 40th OPEC and non-OPEC Ministerial Meeting // OPEC. 30.11.2025. URL: https://www.opec.org/pr-detail/582-30-november-2025.html
2 38th OPEC and non-OPEC Ministerial Meeting // OPEC. 05.12.2024. URL: https://www.opec.org/pr-detail/28-05-dec-2024.html
3 The essence of the mechanism is to determine, for each participating country, the maximum level of oil production that it can sustain steadily over the course of one year (the calculation takes into account scheduled shutdowns of fields for maintenance; ramping up to the specified level should take no more than 90 days). The mechanism provides for an annual reassessment. [4] 41st OPEC and Non-OPEC Ministerial Meeting // OPEC. June 7, 2026. URL: https://www.opec.org/pr-detail/605-7-june-2026.html.
4 41st OPEC and non-OPEC Ministerial Meeting // OPEC. 07.06.2026. URL: https://www.opec.org/pr-detail/605-7-june-2026.html

Table 1

Agreed oil production targets for 2025–2026 for OPEC+ member countries that have voluntarily cut production further, in thousands of BPD

	Period	Algeria	Iraq	Kuwait	Saudi Arabia	UAE	Kazakhstan	Oman	Russia
2025	January-March	908	4 000	2 413	8 978	2 912	1 468	759	8 978
	April	911	4 012	2 421	9 034	2 938	1 473	761	9 004
	May	914	4 024	2 428	9 078	2 963	1 477	764	9 030
	*May (as of 03.04.2025)[1]	919	4 049	2 443	9 200	3 015	1 486	768	9 083
	June	917	4 037	2 436	9 145	2 989	1 482	766	9 057
	*June (as of 03.05.2025)[2]	928	4 086	2 466	9 367	3 092	1 500	775	9 161
	July	919	4 049	2 443	9 200	3 015	1 486	768	9 083
	*July (as of 31.05.2025)[3]	936	4 122	2 488	9 534	3 169	1 514	782	9 240
	August	922	4 061	2 451	9 256	3 041	1 491	771	9 109
	*August (as of 05.07.2025)[4]	948	4 171	2 518	9 756	3 272	1 532	792	9 344
	September	925	4 073	2 458	9 311	3 066	1 495	773	9 135
	*September (as of 03.08.2025)[5]	959	4 220	2 548	9 978	3 375	1 550	801	9 449
	October	928	4 086	2 466	9 367	3 092	1 500	775	9 161
	*October (as of 07.09.2025)[6]	963	4 237	2 559	10 020	3 387	1 556	804	9 491
	November	931	4 098	2 473	9 422	3 118	1 504	778	9 187
	*November (as of 05.10.2025)[7]	967	4 255	2 569	10 061	3 399	1 563	808	9 532
	December	934	4 110	2 481	9 478	3 144	1 509	780	9 214
	*December (as of 02.11.2025)[8]	971	4 273	2 580	10 103	3 411	1 569	811	9 574
2026	January	936	4 122	2 488	9 534	3 169	1 514	782	9 240
	*January (as of 02.11.2025)	971	4 273	2 580	10 103	3 411	1 569	811	9 574
	February	939	4 134	2 496	9 589	3 195	1 518	785	9 266
	*February (as of 02.11.2025)	971	4 273	2 580	10 103	3 411	1 569	811	9 574
	March	942	4 147	2 503	9 645	3 221	1 523	787	9 292
	*March (as of 02.11.2025)	971	4 273	2 580	10 103	3 411	1 569	811	9 574
	April	945	4 159	2 511	9 700	3 246	1 527	789	9 318
	*Apri (as of 01.03.2026)[9]	977	4 299	2 596	10 166	3 429	1 579	816	9 637
	May	948	4 171	2 518	9 756	3 272	1 532	792	9 344
	*May (as of 05.04.2026)[10]	983	4 326	2 612	10 228	3 447	1 589	821	9 699
	June	951	4 183	2 526	9 811	3 298	1 536	794	9 371
	*June (as of 03.05.2026)[11]	989	4 352	2 628	10 291	–	1 599	826	9 762
	July	953	4 196	2 533	9 867	3 324	1 541	796	9 397
	*July (as of 07.06.2026)[12]	995	4 378	2 644	10 353	–	1 608	831	9 824
	August	956	4 208	2 541	9 922	3 349	1 545	799	9 423
	*August (as of 05.07.2026)[13]	1 001	4 405	2 660	10 416	–	1 618	836	9 887
	September-December (initial plan as of 05.12.2024)	959	4 220	2 548	9 978	3 375	1 550	801	9 449
Permissible level (38th ONOMM)		1 007	4 431	2 676	10 478	3 519	1 628	841	9 949

* Revised levels are indicated.

Note. The date of the relevant decision is indicated in parentheses.

Source: OPEC press releases.

1 Adjustment for May 2025 r. // OPEC. 03.04.2025. URL: https://www.opec.org/pr-detail/557-03-april-2025.html

2 Adjustment for June 2025 // OPEC. 03.05.2025. URL: https://www.opec.org/pr-detail/563-03-may-2025.html

3 Adjustment for July 2025 // OPEC. 31.05.2025. URL: https://www.opec.org/pr-detail/566-31-may-2025.html

4 Adjustment for August 2025 // OPEC. 05.07.2025. URL: https://www.opec.org/pr-detail/569-05-july-2025.html

5 Adjustment for September 2025 // OPEC. 03.08.2025. URL: https://www.opec.org/pr-detail/572-03-august-2025.html

6 Adjustment for October 2025 // OPEC. 07.09.2025. URL: https://www.opec.org/pr-detail/243573-07-september-2025.html

7 Adjustment for November 2025 // OPEC. 05.10.2025. URL: https://www.opec.org/pr-detail/578-05-october-2025.html

8 Adjustment for December 2025 and January-March 2026 // OPEC. 02.11.2025. URL: https://www.opec.org/pr-detail/579-02-november-2025.html

9 Adjustment for April 2026 // OPEC. 01.03.2026. URL: https://www.opec.org/pr-detail/593-1-march-2026.html

10 Adjustment for May 2026 // OPEC. 05.04.2026. URL: https://www.opec.org/pr-detail/597-5-april-2026.html

11 Adjustment for June 2026 // OPEC. 03.05.2026. URL: https://www.opec.org/pr-detail/1779602-3-may-2026.html

12 Adjustment for July 2026 // OPEC. Decision taken on 07.06.2026, released 16.06.2026. URL: https://www.opec.org/pr-detail/604-16-june-2026.html

13 Adjustment for August 2026 // OPEC. 05.07.2026. URL: https://www.opec.org/pr-detail/609-5-july-2026.html

The meeting confirmed current production levels through December 31, 2026, and scheduled the 42nd meeting for November 29, 2026.

The oil production levels for 2025–2026, agreed upon at the 38th ONOMM on December 5, 2024, and subsequently adjusted, are presented in *Table 1*.

Eight OPEC+ countries (Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria, and Oman) announced in April and November 2023 additional voluntary production cuts in light of stable global market prospects and favorable current market fundamentals, as reflected in low oil inventories, and in accordance with the decision adopted on December 5, 2024, to begin a gradual and flexible reduction of this voluntary cut of 2.2 mn bbl/d starting April 1, 2025, adjust their production plans for the following month on a monthly basis.

After the UAE withdrawal, the seven remaining countries continued to make production decisions. At a meeting on May 3, 2026, they agreed to increase the permitted production volume by 188,000 bbl/d in June.[1] The same increase was agreed upon on June 7 for July[2] and on July 5 for August.[3] Thus, the countries accelerated the phasing out of previously imposed restrictions, increasing permitted oil production levels on a monthly basis. As exports recovered, the price of Brent fell to $71.99 a barrel on July 6, returning to the level seen at the end of February.[4] However, following a new escalation of the conflict and the U.S. announcement on July 13 that it was resuming the naval blockade of Iran, the price of Brent rose by 9.6% in a single day – to $83.30 a barrel. Compared to July 6, the increase amounted to approximately 15.7%.[5]

At the same time, the increase in permitted production volumes did not alter the obligations of countries that had previously exceeded the established levels. They were required to offset this overproduction by producing less than the permitted volume in subsequent months. The compensation plans were repeatedly revised to account for actual production and the fulfillment of previously adopted commitments. The most recently published plans for each country are presented in *Table 2*.

Table 2

Plan for offsetting excess production volumes for 2025–2026 for OPEC+ countries that have voluntarily reduced production further, in thousands of barrels a day

	Algeria	Iraq	Kuwait	Saudi Arabia	UAE	Kazakhstan	Oman	Russia
September 2025			32					
October 2025								10
November 2025								
December 2025								
January 2026								
February 2026								
March 2026		417			178	619		
April 2026						789		

1 Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria and Oman adjust production and reaffirm commitment to market stability // OPEC. 03.05.2026. URL: https://www.opec.org/pr-detail/1779602-3-may-2026.html

2 Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria and Oman adjust production and reaffirm commitment to market stability // OPEC. 07.06.2026. URL: https://www.opec.org/pr-detail/604-7-june-2026.html

3 Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria and Oman adjust production and reaffirm commitment to market stability // OPEC. 05.07.2026. URL: https://www.opec.org/pr-detail/1835609-5-july-2026.html

4 Oil prices settle at pre-Iran war levels as crude output grows // Reuters. 06.07.2026. URL: https://www.reuters.com/business/energy/oil-slips-after-opec-agrees-raise-output-targets-2026-07-06/

5 Oil up 9% to one-month high as US says it will blockade entire Iranian coastline, all vessels // Reuters. 13.07.2026. URL: https://www.reuters.com/business/energy/oil-jumps-more-than-3-after-us-iran-launch-strikes-mideast-2026-07-12/

Table 2, cont'd

	Algeria	Iraq	Kuwait	Saudi Arabia	UAE	Kazakhstan	Oman	Russia
May 2026						879	16	
June 2026						879	20	
July-December 2026	N/A	N/A	N/A	N/A	*	N/A	N/A	N/A
Total	0	417			178	3166	36	10

* From May 2026. UAE does not participate in OPEC+ deal.

Note. The compensation plan specifies the amount by which a country must further limit its production in the corresponding month to offset the excess over previously agreed-upon levels. *Table 2* is based on the most recently published plans: for Kuwait – as of October 1, 2025.;[1] for Russia – as of November 2, 2025;[2] for Iraq, the UAE, Kazakhstan, and Oman – as of April 7, 2026.[3] No compensation plan was established for Algeria, as the country had no excess production requiring compensation. For Saudi Arabia, the latest plan was published on April 16, 2025.[4] The deadline for compensating the remaining volumes was extended to December 31, 2026; however, the specific allocation of compensation for July–December 2026 has not yet been published. The figures presented reflect the countries' plans and do not in themselves confirm their actual implementation.

Global oil price forecasts

According to EIA data,[5], [6] the average price of Brent crude oil will fall to $72 a barrel in the second half of 2026 and will average $82 a barrel for 2026 as a whole. The main factor driving the decline in oil prices will be an increase in oil shipments through the Strait of Hormuz (which was closed from February 28 to June 18, 2026): In June, the spot price for Brent averaged $85 a barrel (down $22 from May), and on July 1, it fell below $70 a barrel.

Other factors contributing to the decline in oil prices include: the ability of some oil producers in the Persian Gulf to reroute shipments around the Strait of Hormuz, an increase in crude oil exports from outside the Middle East (primarily from North and South America), and the release of strategic reserves in the U.S. and some OECD countries.

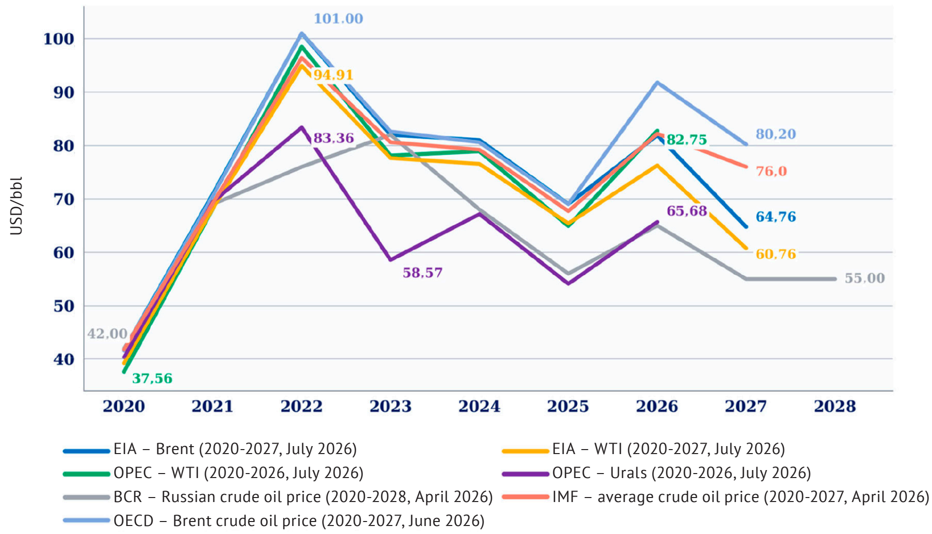
In June, the average reduction in oil production was 8.3 mb/d (peaking at 11.2 mb/d in May). The EIA expects production and trade to return to near pre-conflict levels by the end of the year. However, 1.4 mb/d will remain constrained in Q4 2026, and most of the suspended production will resume in Q1 2027.

Oil inventories declined significantly in Q2 2026 – by an average of 5.1 mb/d – and a further decline of 2.2 mb/d is expected in Q3 2026. This is due, in part, to the movement of previously blocked tankers. After a period of adjustment (most of the third quarter of 2026), markets will return to a state of oversupply. The forecast for inventory buildup is as follows: Q4 2026 – an average of 2.7 mb/d, and 2027 – 5 mb/d.

The EIA forecasts that global oil demand will fall by an average of 1.2 mb/d in 2026. (of which 0.8 mb/d will come from non-OECD countries), as well as an increase in consumption in 2027 by 2 mb/d, to 104.8 mb/d, which is 0.8 mb/d above the 2025 average.

According to OPEC, in 2026,[7] the average price of Urals crude was $65.68 a barrel, and that of WTI crude was $82.75 a barrel. The main factors

1 Kuwait's Compensation Plan // OPEC. 01.10.2025. URL: https://www.opec.org/pr-detail/577-01-october-2025.html
2 Russia's Compensation Plan // OPEC. 02.11.2025. URL: https://www.opec.org/pr-detail/580-02-november-2025.html
3 Compensation Plans for Iraq, UAE, Kazakhstan, and Oman // OPEC. 07.04.2026. URL: https://www.opec.org/pr-detail/598-7-april-2026.html
4 Saudi Arabia's Latest Compensation Plan // OPEC. 16.04.2025. URL: https://www.opec.org/pr-detail/561-16-april-2025.html
5 Energy Information Administration, EIA.
6 Short-term energy outlook. Global oil markets // EIA. 07.07.2026. URL: https://www.eia.gov/outlooks/steo/report/global_oil.php
7 Monthly Oil Market Report // OPEC. 13.07.2026. URL: https://publications.opec.org/momr/Home



Note. The date the forecast is shown in parentheses.

Fig. 1. Oil prices forecast, USD/bbl

Sources: Own calculations according to EIA, OPEC, IMF, RCB, OECD.

contributing to increased volatility during this period were geopolitical events in the Middle East and Eastern Europe, as well as uncertainty surrounding U.S. trade policy toward key economic partners. According to OPEC's forecast, global oil demand growth will amount to: 0.8 mb/d in 2026 (approximately 40,000 mb/d in OECD countries; in non-OECD countries – 0.74 mb/d), and in 2027 – 1.9 mb/d (approximately 0.3 mb/d in OECD countries; 1.7 mb/d in non-OECD countries). In 2026 and 2027, liquid hydrocarbon production by countries that have not signed the Declaration on Cooperation will increase by approximately 0.6 mb/d compared to the previous year. The main drivers of production growth are Brazil, the United States, Canada, and Argentina.

Following its meeting on July 24, 2026,[1] the Bank of Russia lowered its forecast for the price of Russian crude oil in 2026 from $65 a barrel to $60 a barrel. This is because, should the conflict in the Middle East be resolved, the premium for geopolitical uncertainty could be priced out of oil prices fairly quickly, and prices would return to levels that are fundamentally justified by the balance in the global oil market. In 2027, 2028, and 2029, according to the forecast, the price of Russian crude oil will be $50 a barrel.

The International Monetary Fund forecasts average oil prices of $89.27 a barrel in 2026 and $78.70 a barrel in 2027.[2]

Sanction restrictions on the Russian oil sector

In 2026, sanctions against the Russian oil sector continue to tighten. The main measures of the 21st sanctions package against Russia, which the European Union adopted on June 23, 2026, include:

- A freeze on the automatic "price cap" adjustment mechanism. The EU has suspended the automatic indexation of the cap until July 15, 2027. The price cap remains at $44.1 a barrel. The goal is to prevent Russia

1 Bank of Russia's Medium-Term Forecast Following the Board of Directors' Meeting on the Key Rate // Bank of Russia. 24.07.2026. URL: https://cbr.ru/Content/Document/File/194258/forecast_260724.pdf

2 World Economic Outlook Update. Global Economy in Crosscurrents of War and Technology // IMF. 25.07.2026. URL: https://www.imf.org/en/publications/weo/issues/2026/07/08/world-economic-outlook-update-july-2026

from earning windfall profits from exports. Nevertheless, the restrictions themselves (a ban on maritime transport and the provision of brokerage, financial, and insurance services) remain in place.[1]

- New measures target the "shadow fleet." The EU has expanded its sanctions list to include vessels that, according to the bloc's assessment, are used to circumvent restrictions: transporting Russian oil and supporting the energy sector. For the first time, sanctions have been imposed not only on the actual carriers but also on those providing logistical support, for example, organizations that supply crews for such vessels.[2]
- Sanctions targeting specific companies. The lists include certain Russian oil refineries (ORs), as well as the Mozyr Oil Refinery in Belarus. Five oil traders were specifically targeted by the restrictions – transactions with them were prohibited due to their involvement in the trade of Russian oil and petroleum products.[3]
- A new confiscation mechanism. The EU has authorized member states to sell confiscated oil (for example, from detained tankers) to third parties and not to transfer the proceeds to the Russian owner. Previously, the embargo prohibited the purchase and transport of such goods but did not provide for a mechanism for disposing of seized cargo. It is also permitted to temporarily store such cargo within the EU and place it in free customs zones. In Russia, such actions are regarded as illegal expropriation of property.[4]

* * *

Thus, OPEC+ is consistently adjusting oil production volumes, striking a balance between market stabilization and consideration of participants' production capacities. The UAE's withdrawal from the agreement in 2026 and the introduction of a mechanism to assess maximum sustainable capacity reflect a transition to more objective principles for allocating production quotas. Sanctions pressure on the Russian oil sector intensified in 2026 due to the expansion of restrictions on logistics, traders, and refineries, as well as the introduction of new tools for the confiscation of cargoes. Forecasts from leading institutions point to price volatility and a gradual return of the market to balance due to production growth outside OPEC+ and adaptation to geopolitical challenges.

1 A blanket package. Who is affected by the new EU sanctions against Russia // Kommersant. 24.07.2026. URL: https://www.kommersant.ru/doc/8844221?nav_id=chapter1

2 EU Approves 21st Sanctions Package Against Russia // Pravo.ru. 24.07.2026. URL: https://pravo.ru/news/264932/

3 EU Adopted the 21st Sanctions Package: What's New // Jingsh Law Firm. 27.07.2026. URL: https://jingsh.ru/blog/blog/es-prinyal-21-paket-sankczij-chto-novogo/

4 EU Approves Mechanism for Selling Russian Oil from Seized Tankers // RBC. 25.07.2026. URL: https://www.rbc.ru/politics/25/07/2026/6a644b0d9a79476199797688