Monitoring of OPEC quotas

OPEC approves final output hike

HCOB Economics

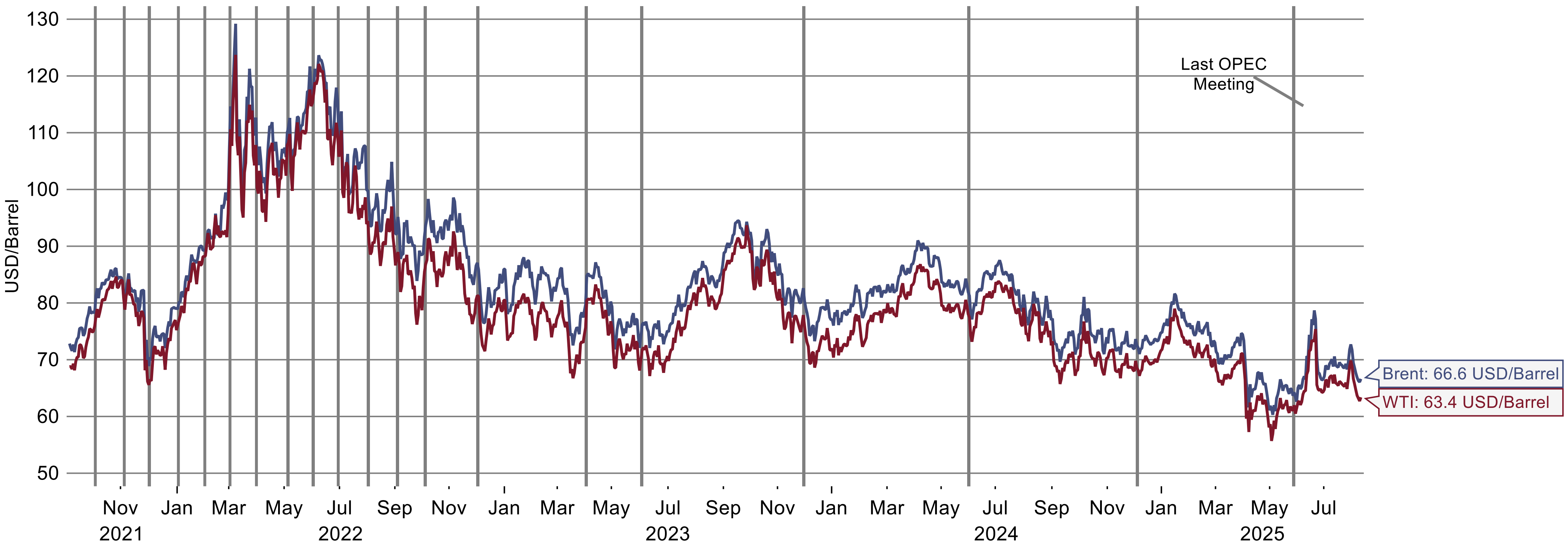
August 12, 2025

Executive Summary: OPEC approves final output hike

- On August 3, eight key OPEC+ member states – including Saudi Arabia, Iraq, the United Arab Emirates, and Russia – met to discuss future production policy. These countries had previously implemented voluntary production cuts to stabilize the market. At the meeting, they agreed to increase oil output by 547,000 barrels per day in September. This marks the early end of OPEC+'s easing path, originally planned to continue until October 2026 – a move largely anticipated by market observers.
- We identify several reasons for the accelerated production increase: OPEC+ considers the global economic outlook stable, which likely strengthens its confidence that higher output will not trigger a sharp price decline. Rising competition from non-OPEC producers, particularly the United States, may also have influenced the decision. Additionally, Saudi Arabia may be pursuing geopolitical objectives with its swift production ramp-up – aiming to present itself as a reliable partner to the U.S. and improve its international image.
- In July, total OPEC+ production stood at approximately 36.25 million barrels per day. Of this, around 21.9 million barrels per day came from the OPEC-9, while the OPEC+ partners produced roughly 14.35 million barrels per day.
- Oil prices have generally trended downward in recent months. Our forecast expects this trend to continue. While we anticipate a gradual economic recovery in the second half of 2025 and early 2026, the resulting increase in oil demand is unlikely to be strong enough to sustainably lift prices. One key uncertainty remains the impact of existing and potentially tighter sanctions against Iran and Russia, which could constrain global supply and exert upward pressure on prices.
- On July 10, OPEC published its latest World Oil Outlook, projecting global oil demand to reach 123 million barrels per day by 2050 – a figure we consider highly optimistic in light of the global energy transition. It is more likely that demand (estimated at around 102.74 million barrels per day in 2024) will plateau or even decline in the coming years.
- The next regular OPEC+ meeting with all member states is scheduled for November 30, 2025.

Oil prices: Oil prices have declined in recent months. Tighter sanctions against Iran and Russia could exert upward pressure in the short term.

Oil price, Brent und WTI, US-Dollar/Barrel (lines indicate the OPEC/OPEC+ meetings)



Source: Macrobond, HCOB Economics, Intercontinental Exchange (ICE)

Oil price outlook: Most forecasts expect declining oil prices. In our baseline scenario, we project an average price of USD 69 per barrel for 2025.

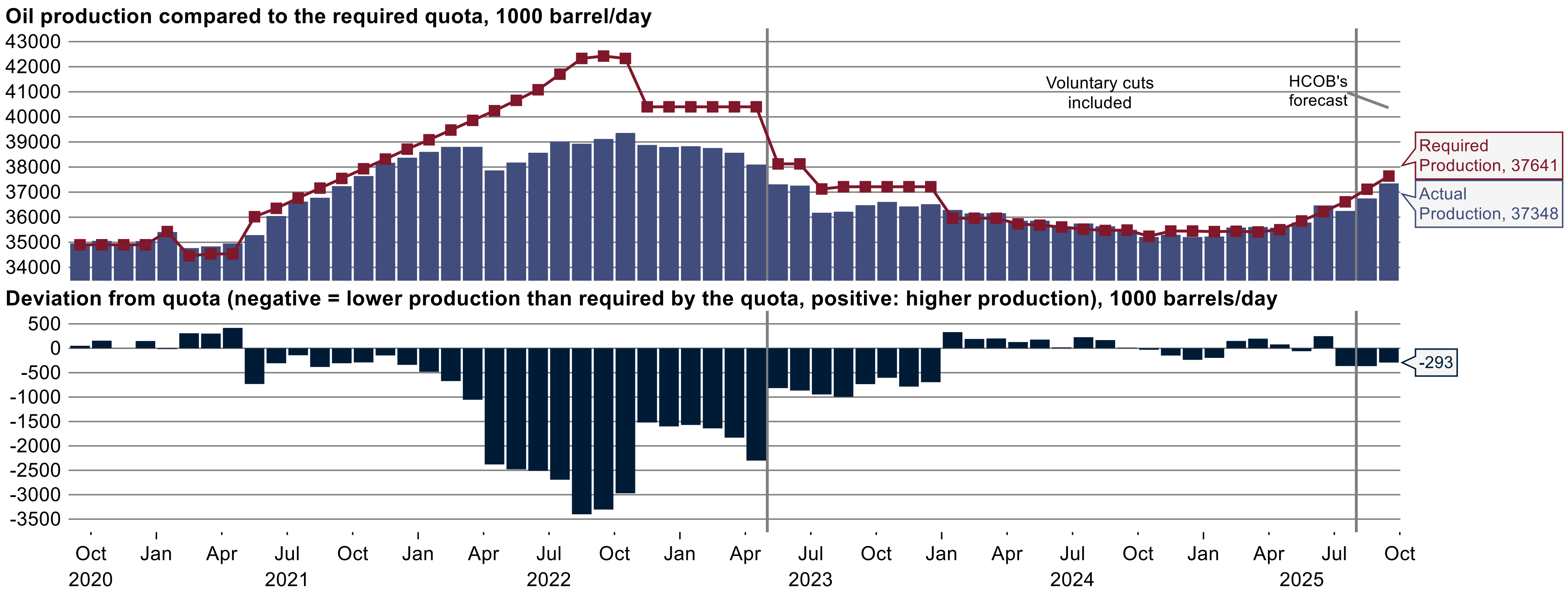
August 2025	Forecasts, Brent crude oil price, USD per barrel					
	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4
HCOB baseline	70	65	68	68	65	65
HCOB VAR	71	70	69	68	67	66
HCOB OECD inventories						
Scenario 1: Drill, baby, drill	68	66	62	59	55	52
Scenario 2: Stagnation	69	69	68	67	67	66
Scenario 3: Moderate decline	70	71	73	75	77	79
Scenario 4: Rapid decline	76	86	87	86	84	82
Oil futures	69	67	67	67	66	66
EIA	68	64	60	59	58	57
Analysts' consensus	67	64	64	64	65	66

Source: HCOB Economics, U.S. Energy Information Administration (EIA), Intercontinental Exchange (ICE), Baker Hughes, Bloomberg

The table above presents an overview of a range of forecasts, including in-house forecasts based on different models as well as forecasts from external sources.

- **HCOB baseline:** The oil price outlook HCOB Economics considers the most likely, judgmental forecast.
- **HCOB VAR:** Vector Autoregression (VAR) model that captures the relationship between multiple time series (e.g., oil price, oil supply, oil consumption, etc.).
- **HCOB OECD inventories:** Forecasts based on inventory data from the OECD, considering four scenarios. Scenario 1 (Drill, baby, drill) assumes increased drilling activity and therefore higher inventories, scenario 2 (Stagnation) assumes stagnating OECD inventories, while scenario 3 (Moderate decline) and scenario 4 (Rapid decline) assume declining OECD inventories. Scenario 4 assumes a sharp and sustained drawdown of OECD oil inventories, driven by a major geopolitical disruption such as a prolonged blockade of the Strait of Hormuz. Specifically, it models a depletion rate of 4.4 million barrels per day over a six-month period, resulting in a total inventory reduction of approximately 792 million barrels. Scenario 4 reflects a situation in which emergency reserves are used at near-maximum capacity to offset a global supply shortfall of around 20% of daily oil exports. Such a development would likely lead to severe market volatility, sustained high oil prices, and increased risk of stagflation in major economies. Note that, generally, there is an inverse relationship between OECD inventories and oil prices. An increase in OECD inventories typically indicates an oversupply of oil, as excess production is absorbed into storage. This surplus supply can put downward pressure on oil prices. Conversely, declining inventories suggest tighter market conditions, which can drive prices higher.
- **Oil futures:** Projections based on the forward curve from the oil futures market data from ICE (1st to 24th position).
- **EIA:** Forecasts from the U.S. Energy Information Administration.
- **Analysts' consensus:** Bloomberg survey of crude oil prices, average over multiple analysts' forecasts.

Production quotas: In July, production was significantly below the specified quotas, with Saudi Arabia being particularly responsible for this.

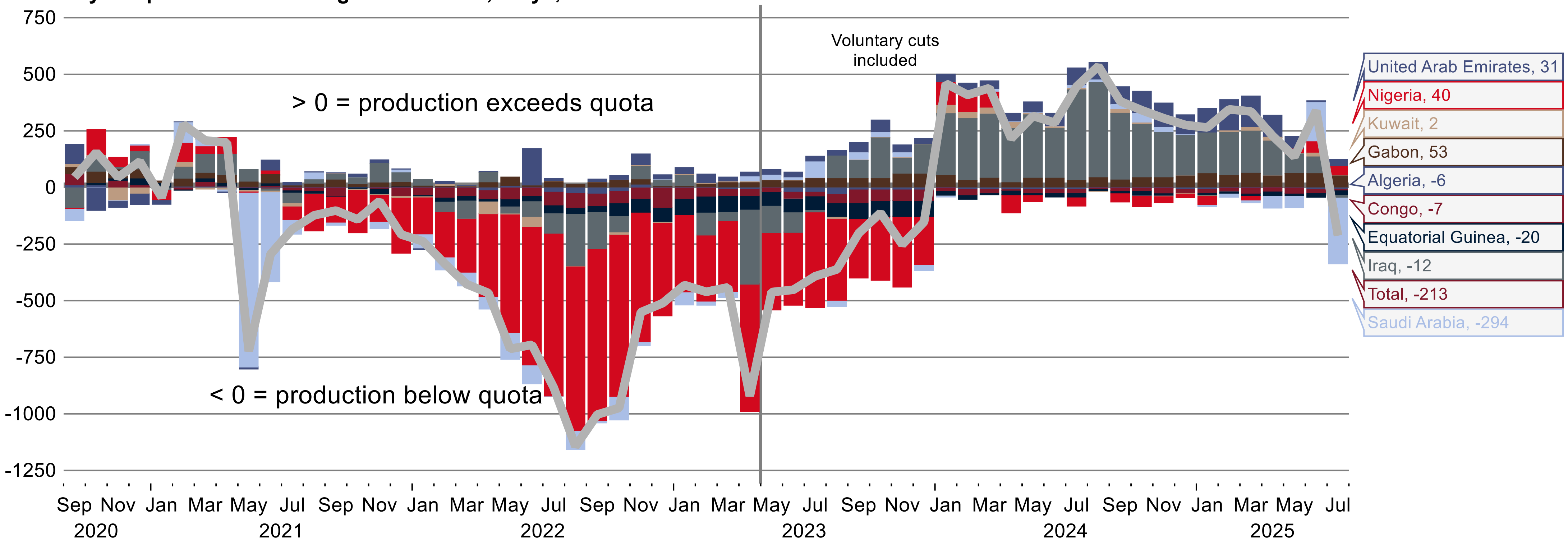


Source: Macrobond, HCOB Economics, S&P Global Platts, IEA

Note: Voluntary crude production cuts are **included** in the required production target from May 2023 onwards. OPEC+ countries that currently implement voluntary cuts are Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, Algeria, and Oman. Also note that Saudi Arabia, Russia, Iraq, UAE, Kuwait, Kazakhstan, and Oman have submitted “compensation plans” to make up for past surplus volumes.

Compliance of OPEC-9: Saudi Arabia cut its oil production significantly, bringing it to just under 300,000 barrels per day below the quota.

OPEC-9 crude oil production - deviation from quota, 1000 barrel/day
Currently not part of the OPEC agreement: Iran, Libya, Venezuela



Source: Macrobond, HCOB Economics, Bloomberg, S&P Global Platts

Note: Voluntary crude production cuts are **included** in the required production target from May 2023 onwards. OPEC-9 countries that currently implement voluntary cuts are Saudi Arabia, Iraq, UAE, Kuwait, and Algeria.

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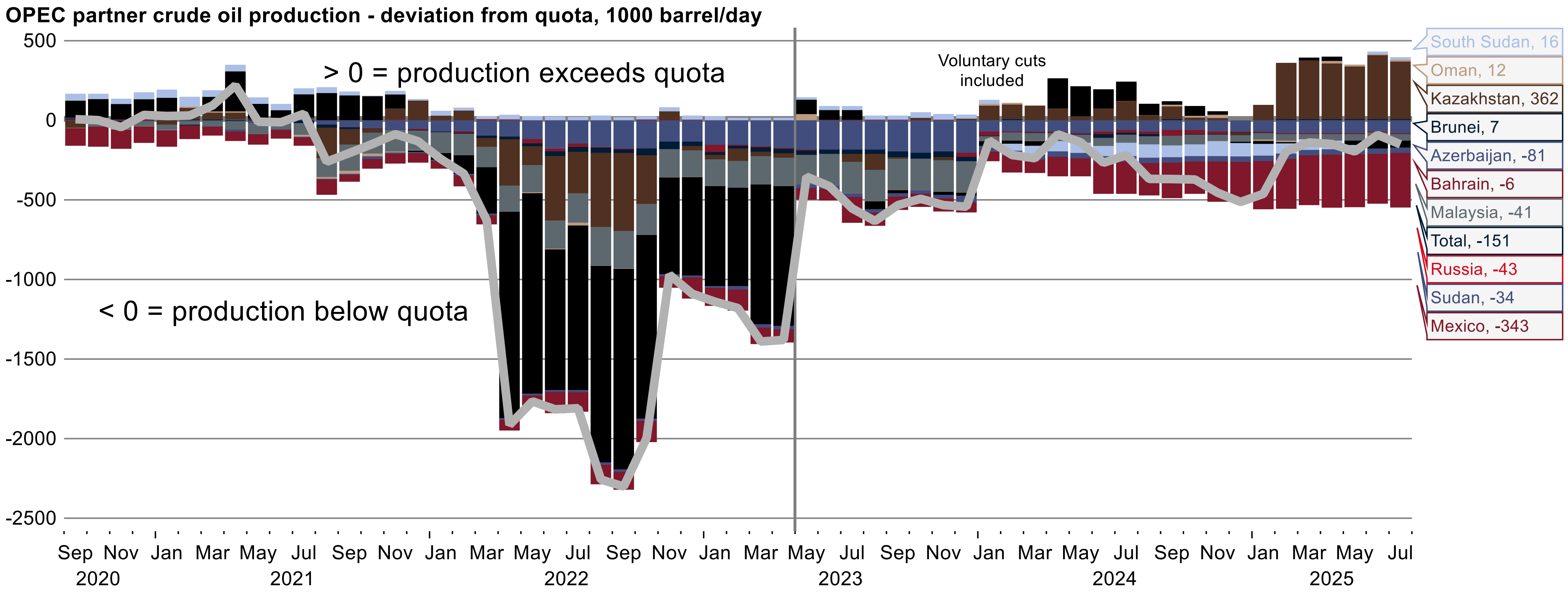
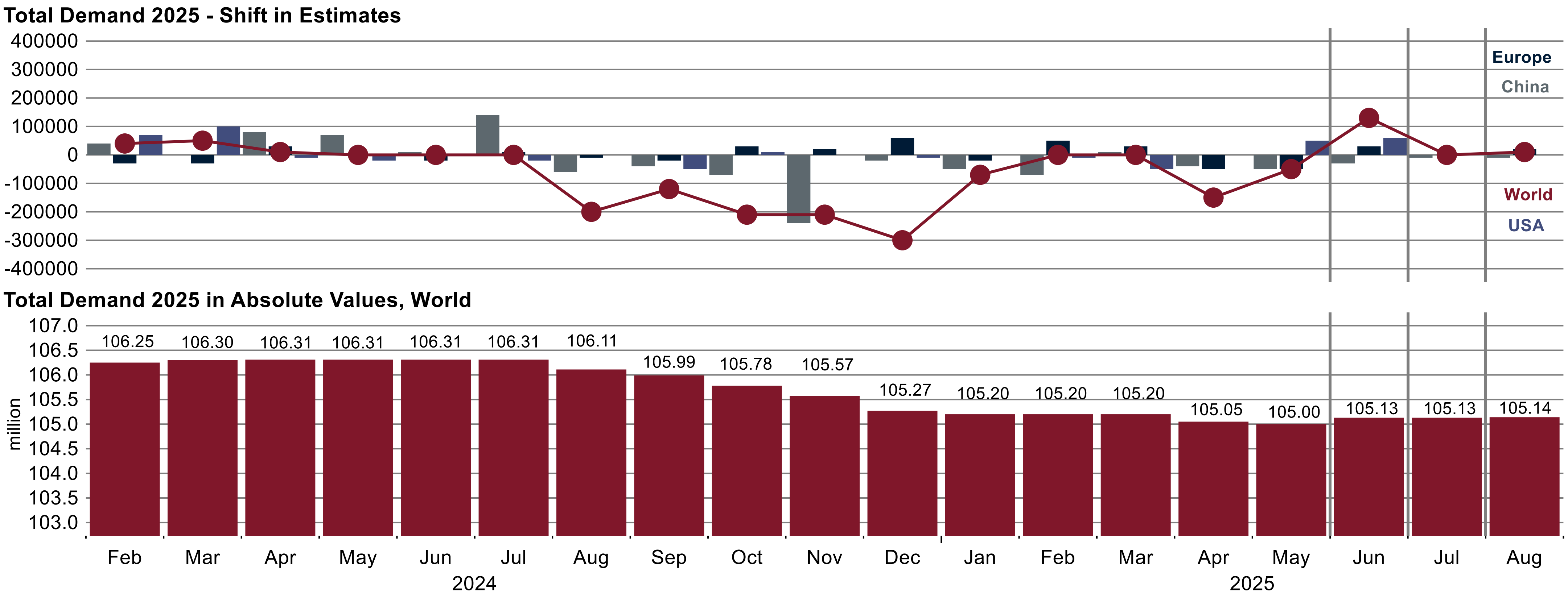
Compliance of OPEC partners: Overall, OPEC partners remain slightly below quota, with Kazakhstan producing significantly more and Mexico far too little.



Source: Macrobond, HCOB Economics, S&P Global Platts, IEA

Note: Voluntary crude production cuts are **included** in the required production target from May 2023 onwards. OPEC partner countries that currently implement voluntary cuts are Russia, Kazakhstan, and Oman.

Oil demand forecast: The forecast remained virtually unchanged compared to June, with slight downward revisions for Europe and upward revisions for China.



Source: Macrobond, HCOB Economics, OPEC

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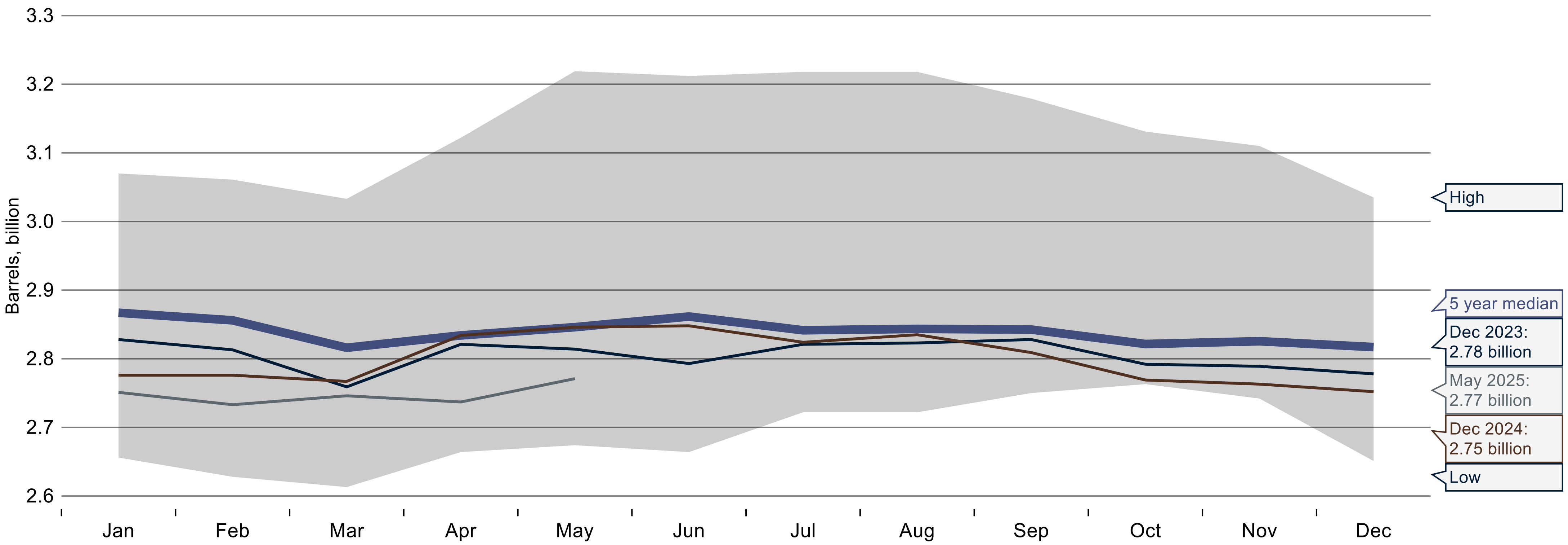
OECD inventories: Inventories have risen to 2.77 billion barrels and are approaching the five-year median.

Oil inventories (crude and products) of OECD countries according to the data of OPEC, most recent development and five year average



Source: Macrobond, HCOB Economics, OPEC

Background: OPEC countries and OPEC partners

OPEC-9

- Algeria*
- Congo
- Equatorial Guinea
- Gabon
- Iraq*
- Kuwait*
- Nigeria
- Saudi Arabia*
- United Arab Emirates*

Excluded from the agreement due to political difficulties:

- Libya
- Iran
- Venezuela

OPEC partners

- Azerbaijan
- Bahrain
- Brunei
- Kazakhstan*
- Malaysia
- Mexico
- Oman*
- Russia*
- Sudan
- South Sudan

*Note: These OPEC countries currently implement voluntary cuts.

OPEC decisions (I)

- **April 3, 2023**
  - The OPEC+ decides on voluntary production cuts of 1.66 million barrels/day, to be effective from May until the end of 2023. This includes, among others, Saudi Arabia and Russia, each committing to a reduction of 500,000 barrels/day. The voluntary cuts are subtracted from the original production targets. In the case of Russia, the voluntary adjustment is to be based on the average production quantity determined for the month of February 2023.
- **June 4, 2023**
  - The OPEC Plus decides on the production targets for the year 2024. According to this decision, the overall production target for OPEC Plus is 40.46 million barrels/day, with 24.99 million barrels/day contributed by the OPEC-10 countries and an additional 15.46 million barrels/day by the OPEC partners.
  - Saudi Arabia announces further production cuts amounting to 1.00 million barrels/day until the end of 2023. This increases the total cut by OPEC+ to 2.66 million barrels per day.
- **June 13, 2023**
  - The February production of Russia, upon which the voluntary production target of Russia is calculated, is revised from 9.83 million barrels/day to 9.96 million barrels/day. The new value is intended to serve as Russia’s production target for the year 2024.
- **November 30, 2023**
  - The OPEC+ decides to continue its reduction policy in the first quarter of 2024. In addition, further voluntary cuts of 688,000 barrels/day have been announced, which are intended to supplement the existing cuts and are scheduled to be implemented from January 2024 until the end of March. This includes, among others, Iraq with 223,000 barrels/day and the UAE with 163,000 barrels/day. Additionally, Russia announced a voluntary reduction of exports by 500,000 barrels/day for the same period (from January 1 to the end of March 2024). These export cuts are based on the average export quantities of May and June 2023.

OPEC decisions (II)

- **December 21, 2023**
  - Angola announced its withdrawal from OPEC in December 2023, which was completed in January 2024.
- **March 3, 2024**
  - OPEC+ announces that it will continue its voluntary production cuts into the second quarter of 2024. Voluntary production quotas remain unchanged for most member countries. Russia plans a gradual transition from an export cut to a production cut and announced that production will fall to the same level as Saudi Arabia by June, namely to 8.98 million barrels/day.
- **June 2, 2024**
  - OPEC+ holds its 37th Ministerial Conference and announces that it will continue its voluntary production cuts until September 2024, after which it will gradually increase crude oil production again until September 2025. If this quota discipline is adhered to, OPEC+ would produce around 38 million barrels/day of crude oil by then. At its meeting, OPEC also announced its “real” production quotas, i.e. those quotas without the voluntary cuts, for 2025. These are to amount to 24.135 million barrels/day for OPEC-9 and 15.590 million barrels/day for the OPEC partners, meaning that OPEC+ has imposed a total quota of 39.725 million barrels/day for 2025.
- **July 24, 2024**
  - Iraq, Russia and Kazakhstan present “compensation plans” for past overproduction.
- **August 22, 2024**
  - Iraq and Kazakhstan present updated “compensation plans”.
- **September 5, 2024**
  - OPEC+ postpones its plans to increase crude oil production. Instead of starting in October as originally planned, the organization has announced that it will not increase production until December 2024.

OPEC decisions (III)

- **December 5, 2024**
  - OPEC+ once again postpons its plans to increase production. The organization announced that it will now start increasing production in April 2025 instead of the previously planned December 2024. Additionally, it has extended its production increase schedule, now aiming to reach its original production level in October 2026 instead of October 2025.
  - At its 38th Ministerial Conference, OPEC+ decides on its production quotas for 2025 and 2026. These “real” production quotas, without taking voluntary cuts into account, are to amount to 39.725 million barrels/day for 2025 and 2026.
- **March 3, 2025**
  - OPEC+ confirms that it intends to continue implementing its plans for the gradual withdrawal of voluntary cuts from April 2025.
- **March 20, 2025**
  - Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan and Oman present revised compensation plans for their past overproduction.
- **April 3, 2025**
  - Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan and Oman have announced production quotas for May 2025. The countries have also agreed to hold monthly meetings to better monitor the market.
- **May 3, 2025**
  - The eight OPEC countries that previously voluntarily cut their production announce their production quotas for June 2025. These correspond to the production quotas originally announced in the easing plan for October 2025. In total, these countries plan to produce around 411,000 barrels/day more in June compared to May.

OPEC decisions (IV)

- **May 28, 2025**
  - OPEC+ holds its 39th Ministerial Conference and confirms that it will adhere to the production quotas for 2026 agreed at the 38th Ministerial Conference.
- **May 31, 2025**
  - The eight OPEC countries that had previously voluntarily cut their production have announced their production quotas for July 2025. These correspond to the production quotas originally announced in the easing plan for January 2026. In total, these countries plan to produce around 411,000 barrels/day more in July compared to June.
- **July 3, 2025**
  - The eight OPEC countries that had previously implemented voluntary production cuts announced their production quotas for August 2025. In total, these countries plan to produce around 548,000 barrels per day more in August compared to July.
- **August 3, 2025**
  - The eight OPEC countries that had previously voluntarily cut their production agreed on their production quotas for September 2025. Together, they plan to increase output by approximately 547,000 barrels per day compared to August. This marked the final step in the easing plan to unwind the voluntary cuts.

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