Oil may average $60–70 in 2025, say analysts

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CRUDE CALL: EXPERTS SEE SLUMP

- Oil seen averaging **$60–70/bbl** in 2025
- Brent hovered at **$66/bbl** on Tuesday
- OPEC to raise output **137,000 bpd** from Oct
- Smaller hikes than **555,000 bpd** in Aug/Sep
- Saudi aims to regain market share
- Icra warns of sub-**$60 crude** by year-end
- PwC sees downward trend with supply rise
- Lower prices to aid refining, petrochemicals

- Upstream firms face margin, spending pressure
- **Anand Rathi** pegs crude at **$55–67.5** in Q4
- Extra supply equals **1.65 mbd** (~2% demand)
- Choice Equities keeps 2026 Brent at **$69/bbl**

CRUDE OIL PRICES are expected to average $60–70 per barrel in 2025, with potential to dip below $60 by year-end as the Organisation of Petroleum Exporting Countries (OPEC) increases supply and global demand weakens, analysts said.

Benchmark Brent hovered at $66 per barrel on Monday. Prices, however, rose after OPEC, led by Saudi Arabia, decided to raise output from October at a slower pace than earlier.

"Prices are expected to soften and remain in the range of $60–$64 per barrel in the near term, potentially coming down to $55–$60 per barrel by early 2026 if supply continues to rise," said Sourav Mitra, Partner, Grant Thornton Bharat. "This trend is driven by increased global inventories, moderated demand, and macroeconomic stability," he added.

The cartel's eight members agreed to lift production by 137,000 barrels per day from October, smaller than earlier hikes of about 555,000 bpd in September and August and 411,000 bpd in July and June.

The move comes as Saudi Arabia seeks to regain market share even as crude trades below $70/bbl, analysts noted.

"Crude prices are likely to average $60 to $70 per barrel this year. But the increased production by OPEC could have a dampening effect," said Prashant Vasisht, senior vice-president and Co-Group head, Icra, adding crude may fall below $60/bbl by year-end.

Manas Majumdar, Partner and Leader, Oil & Gas, PwC India, also flagged a downward trend with rising supply.

"We are around $65/bbl of Brent and while it had moved up a bit due to the Ukraine war & tariffs uncertainty etc. but the trend is it will go below $60 by next year," Majumdar said.

Lower prices are seen benefiting downstream sectors such as refining and petrochemicals via better margins and cheaper inputs. Governments may also gain from lower import bills and subsidy costs. But upstream firms could face pressure on margins and spending, pushing them to cut costs, Mitra said.

"From July 2022 to December 2024 upstream companies had to pay windfall taxes which limited their realization to somewhere between $70 to $75/bbl in any case. So from there to $65/bbl or whatever level crude prices be, that would be the impact. It will be a hit, certainly," Vasisht said.

Vedika Narvekar, Research Analyst – Commodities & Currencies, Anand Rathi Shares and Stock Brokers, expects crude to trade between $55 and $67.50 in Q4 2025 unless geopolitical risks escalate.

Experts said OPEC supply pressure will intensify in the last quarter.

"A temporary dip below $55-$65 cannot be ignored, but the same may not sustain as US drilling activity may decline substantially and US production may slide towards 13 mbpd by end-2026," Narvekar said.

The extra supply amounts to 1.65 million barrels per day (~2% of global demand), initially scheduled to be withheld until end-2026. OPEC+ also said it may adjust the 1.65 mbd addition depending on market conditions.

"The increase in supply has been baked into Brent oil prices during the week of September 1st to 5th, wherein Brent price plummeted by 3% to $65.5/bbl. Moreover, the increase in actual supply will move the needle farther than the quantum mentioned in their announcement," noted Dhaval Popat, Analyst, Energy, Choice Institutional Equities.

Still, analysts said prices could rebound from $50 levels as lower prices discourage production near break-even costs.

"A widely expected supply glut is forecast to appear in the fourth quarter onward. The challenge for the bears is that this has already been well flagged. If most of the inventory build stays in China and not in key pricing hubs, the impact may not be as severe. But overall we expect oil prices to remain under pressure in the coming quarters," said Narvekar.

Choice Institutional Equities has maintained its Brent forecast of $69/bbl for 2026, versus a YTD average of $69.9/bbl.