

Navigating Crude Market Dynamics in 2026:

Insights from David Fyfe,
Chief Economist at Argus

As the global energy landscape faces mounting uncertainty, understanding the forces shaping crude markets has never been more critical. From macro-economic headwinds and geopolitical tensions to shifting supply-demand fundamentals, 2026 promises to be a year of complex challenges and strategic recalibration. In this exclusive Q&A, David Fyfe, Chief Economist at Argus, shares his perspective on the key risks, supply vulnerabilities, and price outlook for the year ahead—providing clarity on what industry leaders should watch as they navigate an evolving market.

What would you identify as the key macro-economic risks that could weigh on oil demand growth in 2026?

Arguably, concerns around the global impact of trade tariffs have receded since their height in April 2025, but there is still a risk of inflationary pressures from tariffs affecting the US economy, and this could dampen expectations for rate cuts from the Federal Reserve. Equity markets have so far largely been immune from concerns over a trade war, but in both the US & China, equity market strength in 2H2025 has largely been driven by strength in the technology sector. A so-called “AI bubble”, were it to burst, represents a risk to consumer sentiment in both the US & China. And finally, China is grappling with deflationary pressures because of the weakness of its housing market. If the government deploys insufficient stimulus, this could risk becoming a deflationary spiral. To be clear, none of these risks form part of our base case scenario, but they are worth watching, as were they to materialise, they could drag oil demand growth lower than we currently expect.

A number of geopolitical risks could adversely affect global oil supply in 2026, notably output by significant OPEC+ exporters like Russia, Iran and Venezuela. Have you been surprised at their hitherto limited impact on prices, and which of those three producers’ supplies do you think are most exposed?

Crude prices were remarkably range-bound for much of 2025, with key benchmarks like WTI and Brent averaging around \$10/bl less than they did in 2024. This is pretty surprising, given the tightening sanctions on key producers that you mention, given the Israel-Iran conflict and ongoing attacks on shipping in key Red Sea shipping lanes. But as we allude to above, there have been downside risks affecting oil demand too, not least the weakness of consumer demand in China. Add in comparatively robust Americas-focused non-OPEC supply growth and OPEC+ producer policy to begin unwinding earlier production cuts, and this “dynamic equilibrium” for crude prices becomes easier to explain.

As you rightly say, crude supplies out of Russia, Iran & Venezuela are all at risk from tightening sanctions, and as an exporter of over 5 mb/d of crude, clearly the biggest risk would be if sanctions materially reduced Russian supplies. The degree to which those exports fall depends firstly on whether China, India & Turkey increasingly turn away from those supplies and secondly on the determination of US and other western governments to tighten enforcement of the sanctions they have imposed.

Which of these drivers is likely to dominate the crude market in 2026? Are you bullish or bearish on crude prices for the next 12 months?

Bearish market pressures have clearly magnified in recent months, as witnessed by the shift in forward market structure from steep backwardation in early-2025 to something much closer to contango in early-2026 [hostage to fortune here!]. Clearly, there are macro-economic risks that could drag oil demand growth lower, and were OPEC+ producers to fully unwind the production cuts they have had in place since late-2022, then we would be looking at potentially massive surpluses accumulating in inventory, which in turn would be bearish for prompt prices. But our working assumption is that Saudi Arabia and other key regional producers will back off from cratering prices for any length of time, ultimately cutting production again to ensure light crude benchmarks remain somewhere in a \$60-\$70/bl range on average for 2026.

Hear from David Fyfe | Monday, February 2 - 13:00
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