Press Release

GME'S NEWSLETTER – Issue no. 197 now online

Rome, 14 November 2025 – The new issue of the newsletter of *Gestore dei Mercati Energetici* (GME) is now available at www.mercatoelettrico.org.

The newsletter opens with an article by Lisa Orlandi, from *Ricerche Industriali Energetiche* (RIE), about the weight of the real fundamentals of the oil market. Orlandi stresses that *observing the real dynamics of the oil market in 2025 reveals the following highlights: global demand continues to grow, albeit at a slower pace, sustained in part by the change of course of OPEC Plus, which has ceased its policy of production cuts and planned to progressively eliminate them; upstream investments are once again being discussed, as they are key to offsetting the decline rate of existing fields and covering the still high consumption of what remains the world's leading energy source.* Orlandi adds that *such a scenario falls within an uncertain geopolitical context, characterised by variables capable of pushing prices in opposite directions but which, to date, have not triggered lasting spikes or sharp collapses. Instead, we have witnessed the predominance of real market conditions over expectations or fears linked to ongoing political crises, which has helped narrow the range of price fluctuations. The minimum resistance threshold dropped from $70/bbl in 2024 to $60/bbl in the January–October 2025 period. In parallel with the reduction of the floor, the cap also declined: indeed, the maximum price of $95/bbl, reached last year, compares with this year's peak of $81/bbl, a level observed only in January as a carryover effect from last year's higher prices.* Hence, *for the current year, and in the absence of major halts in production, the weak growth of consumption (driven by a sluggish Asia) and the supply increases recorded both inside and outside OPEC Plus outline a balanced market, with a tendency towards surplus conditions.* Orlandi points out that, *nevertheless, global geopolitics may act as a contingent factor capable of amplifying certain trends.* In particular, *based on estimates by the International Energy Agency (IEA), conflicting factors persist: on the one hand, geopolitical risks that may push prices up; on the other hand, current fundamentals reflecting an adequately supplied market.*

Conversely, on the demand side, *a meagre growth of 0.7 million bbl/day is confirmed, driven more by a slowdown of non-OECD increases than by a substantial decline in the*

OECD area. In effect, the latter has shown a certain resilience compared with the past, unlike the core group of less developed countries, whose growth has been notably subdued owing to the weaker contribution from Asia, particularly China. Citing IEA estimates, Orlandi predicts that surplus conditions will persist in 2026, probably even more pronounced than in 2025. *Supply shows an upward trend, whereas demand is estimated to grow at a rate in line with last year's (around 0.7 million bbl/day globally), albeit with differing regional dynamics: indeed, we expect a sharper slowdown among OECD countries, and a more vigorous growth among non-OECD ones. In the absence of major political events, this might lead to a further narrowing of the price fluctuation range, which is already significantly smaller than in 2024.* However, *maintaining the current production levels by 2050 will require over 45 million bbl/day of oil from new conventional fields. In addition, we should take into account the long investment cycles – on average, two decades from the issuance of the first exploration licence to the market placement of the initial production, if successful. The question of whether the industry can implement an adequate level of upstream investment to meet future demand – after offsetting the decline of existing fields – remains more open than ever in today's climate of uncertainty. A push in this direction might once again come from the IEA, which – also in the upcoming edition of the World Energy Outlook – appears to confirm a return to the 'Business as Usual' framework, known as Current Policy Scenario (CPS). This scenario outlines market trajectories by 2050, based on the assumption that current energy market policies will not undergo substantial changes. What is certain is that, if this scenario is confirmed, it will be the most conservative adopted by the IEA since 2020. At that time, it had been replaced by the Stated Policy Scenario (STEPS), whose projections rested upon both existing and emerging energy policies. According to preliminary information, the difference between the two scenarios is significant: STEPS 2024 projected oil demand falling to 93 million bbl/day by 2050 vs. an increase to 114 million bbl/day under the CPS. As is obvious, these are extremely long-term projections and, as such, capable of undergoing considerable changes in response to game-changing circumstances.* Orlandi concludes that, *nonetheless, ongoing changes are deepening our awareness that oil is likely to remain a central energy source for some* *time to come. Moreover, while current supply appears adequate, it is future supply that is at risk.*

This issue of the newsletter comes with the usual technical commentaries about European and national power exchanges and environmental markets, a section focused on the analysis of Italian gas market trends, and a section with insights into the trends of the main European commodity markets.
As has become customary, the publication also reports the summary data of the Electricity Market for October 2025.

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