Oil prices expected to remain near $40 per barrel through the end of 2020

The U.S. Energy Information Administration (EIA) reports that spot prices for international benchmark Brent crude oil averaged $40 per barrel in October, down $1 per barrel from September. Prices fell in October as previously disrupted crude oil production in Libya came back online and economic concerns arose as worldwide COVID-19 cases began to increase. Nevertheless, EIA expects global oil inventories to continue falling in the coming months.

Despite falling inventories, high global inventory levels and surplus crude oil production capacity are expected to limit upward pressure on oil prices. In the November Short-Term Energy Outlook, EIA estimates Brent prices will remain near $40 per barrel through the end of 2020.

As global oil demand rises, forecast inventory draws in 2021 will likely cause some upward oil price pressures. EIA forecasts Brent crude oil prices will average $47 per barrel in 2021 as rising global oil demand increases inventory draws and puts upward pressure on oil prices.

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