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Oil & Gas Global Capex Outlook

Report Summary

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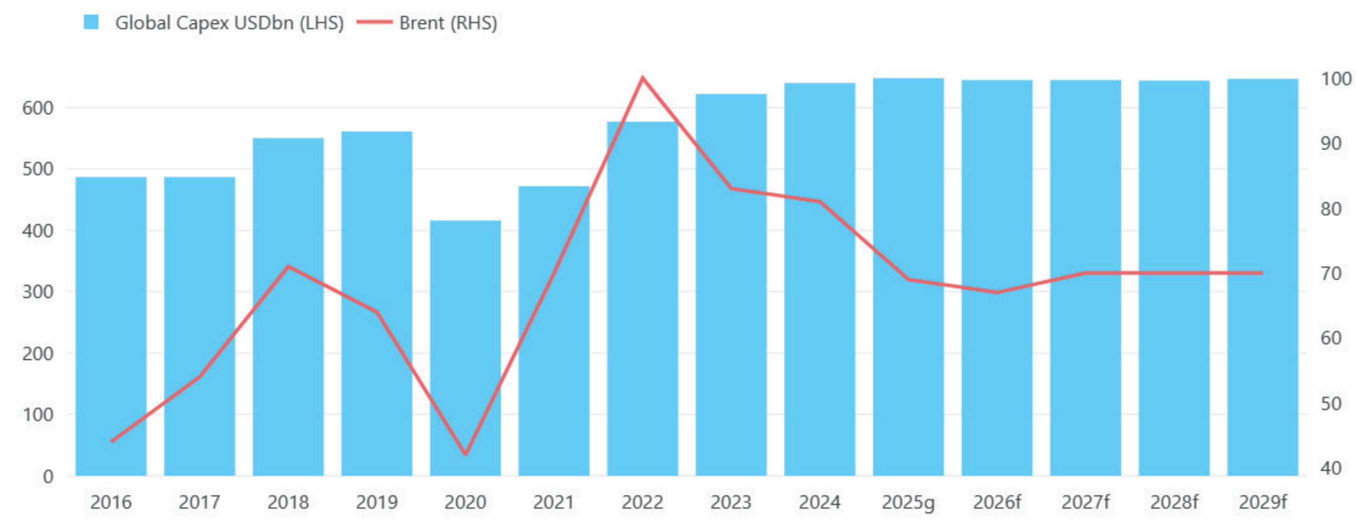
Key View

Oil And Gas Global Capex Outlook

***Key View:** In our latest issue of our Oil & Gas Global Capex Outlook Report, we project that global oil and gas capex will decline by 0.5% y-o-y to USD645.0bn in 2026, marking the first decline since 2020. The lower oil price environment, weakening sentiment and the broader strategy of prioritising shareholder returns weigh on 2026 global oil and gas spending.*

Global Capex To Decline In 2026

Capex of Top 100+ Oil & Gas Companies & Brent Price, USDbn, USD/bbl (2016-2029)



Notes: g = company guidance. f = BMI forecast
Source: Company filings, BMI

In our latest Oil And Gas Global Capex Outlook Report, we project that global oil and gas capital expenditure (capex) will decline by 0.5% y-o-y in 2026. This will mark the first global capex cut since 2020. However, we now expect a milder reduction in 2026 as some key regions continue to see increases. Overall, we expect oil and gas companies to pursue high-margin projects with attractive project economics in a lower oil price environment. The projected oil price declines not only add downside risks to our aggregate capex numbers from 2026 onwards but are also a key driver behind a strategic shift in low-carbon spending among oil and gas majors. In this edition of the Special Report, we compare majors' low-carbon targets and budgets in 2019 and 2025, and conclude that low-carbon initiatives have lost their appeal for oil and gas majors, which have significantly scaled back their climate ambitions.

As key trends we highlight that national oil companies (NOCs) appear committed to previously stated spending strategies, with regions dominated by NOCs - such as Middle East and North Africa, and Asia - expected to see some spending growth. Latin America is an outlier, as we now expect the region's capex to fall in 2026, driven primarily by Petrobras's more conservative five-year budget. Sub-Saharan Africa, where NOCs have a significant presence, is set for a small increase in spending in 2026. However, the long-term outlook remains muted as companies primarily pursue upgrades to existing production sites over greenfield investments.

At the same time, publicly listed and private operators are pursuing more conservative spending strategies. While we expect the oil and gas majors to see an increase in aggregate capex in 2026, the growth is attributable to acquisitions, particularly Chevron's purchase of Hess, rather than a material change in strategy. Most notably, we highlight US independents, which, in our view, will see aggregate spending reduced by almost 11% y-o-y in 2026. Capex reductions in North America are driven by budget constraints stemming from a weaker oil price outlook, as well as efficiency programmes and expected synergies from acquisitions. In Europe, the bulk of capital is targeted at projects in Norway, with a muted outlook for regional gas price benchmarks, we now forecast spending declines.

Key Trends

- We now expect global oil and gas spending to decline by 0.5% y-o-y in 2026, the first reduction in spending since 2020.
- While NOCs remain broadly committed to long-term spending strategies and will drive some increases in 2026, publicly traded and private operators will maintain a more conservative approach while targeting strong shareholder returns.
- Oil and gas companies are set to pursue high-margin, low-risk projects as risk appetite weakens.
- Our outlook on majors' low-carbon spending has deteriorated and faces further downside risks considering the ongoing lower oil price environment.

Industry Trend Analysis

Global Oil And Gas Capex Faces Smaller Decline In 2026

Key View

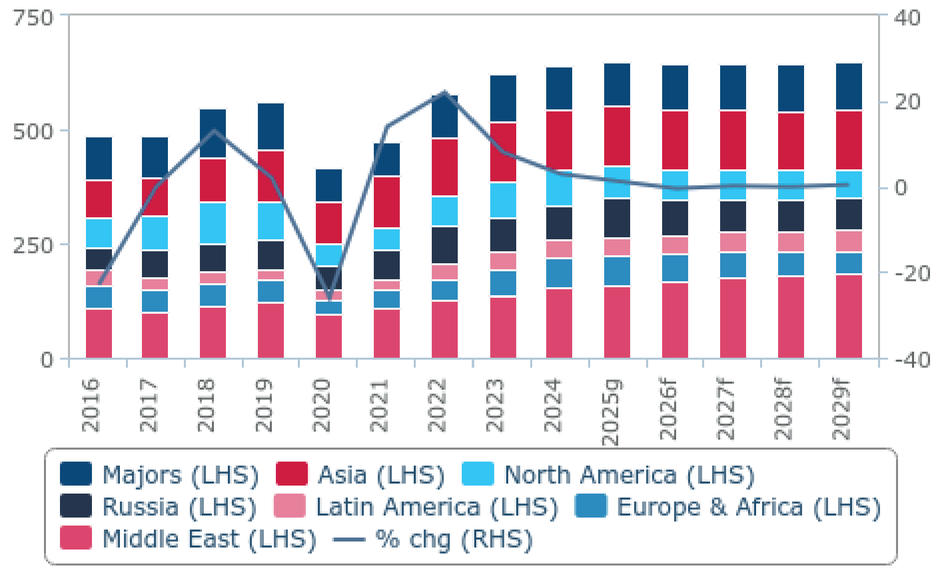
- Global oil and gas capital expenditures (capex) are expected to fall in 2026, though more mildly than previously forecast.
- The performance across regions varies. While we still expect growth in MENA's oil and gas spending in 2026, we have become increasingly bearish in our outlook for the region, given updated spending guidance and a weakening outlook for Iran's crude oil export performance.
- Asian producers plan to raise spending to USD132bn in 2026, focusing on natural gas projects that remains at the core of those governments' energy transition policy.
- Majors are also set for an uptick in spending in 2026; however, the increase in capex is attributable to acquisitions rather than a significant change in underlying strategies.
- Other regions are expected to see spending declines in 2026, with North America and Russia set for the most severe cuts.
- Europe and Sub-Saharan Africa (SSA), as well as Latin America, are all expected to see lower 2026 spending as key producers cut guidance on the lower hydrocarbons price environment outlook.
- Low-carbon spending faces mounting downside risks as majors prioritise hydrocarbon production projects. The regulatory environment appears increasingly focused on facilitating energy security while companies look to boost balance sheets in light of lower oil prices.

Global oil and gas capital expenditures (capex) are expected to fall in 2026, though more mildly than previously anticipated. We currently see total capex growing by 1.2% y-o-y in 2025, which marks an adjustment from our last forecast of 0.8% y-o-y growth in 2025. This will be followed by a 0.5% y-o-y decline in 2026, with global capex at USD645bn, which marks an upward revision from a 0.9% y-o-y decline projected in our last Capex Special Report. The key driver behind higher spending level in 2025 are Russian producers. Aggregate Russian ruble-denominated capex saw a small increase in 2025, which was further strengthened by the foreign exchange impacts of a stronger ruble against US dollars.

The regional outlook is mixed, with 2026 spending declines projected in North America, Russia, Latin America, Europe and Sub-Saharan Africa. These cuts will be partially balanced by an expected ramp-up in investment in MENA and Asia, as well as increased spending by oil and gas majors in 2026. Globally total capex is expected to decline by USD3.0bn in 2026, after an USD8.0bn increase recorded in 2025. While we now expect oil and gas spending to remain somewhat more resilient, we continue to recognise looming downside risks given the bearish oil price environment, with average front-month Brent prices set to settle at USD67.0/bbl in 2026, down from USD68.5/bbl in 2025 and USD81.0/bbl in 2024.

Global Oil And Gas Capex To See A Smaller Decline In 2026

Oil & Gas Capex By Focus Region Of Top 100+ Companies, USDbn, % y-o-y growth (2016-2029)



g = company guidance. f = BMI forecast. Source: Company data, BMI

The performance across regions varies. While we still expect growth in MENA's oil and gas spending in 2026, we have become increasingly bearish in our outlook for the region, given updated spending guidance and a weakening outlook for Iran's crude oil export performance. The MENA region is set to see aggregate oil and gas spending increase by 5.3% y-o-y in 2026, reaching USD168bn across the eight largest producers, namely Aramco, ADNOC, KPC, QatarEnergy, PDO, NIOC, Sonatrach and NOC. While we expect the investment budget to grow in 2026, the nominal value of aggregate capex is set to reach USD168bn in 2026, down from our previous expectation of USD171bn. The key driver behind the more bearish outlook is the adjustment to guidance from Aramco, coupled with lower-than-expected five-year guidance from ADNOC. We have also become more bearish on National Iranian Oil Company's spending. Given sustained sanctions, we now see Iran's oil exports facing increasing pressure, which will limit the company's ability to invest.

Asian producers plan to raise spending to USD132bn in 2026, focusing on natural gas projects, as gas remains at the core of governments' energy transition policy. After a 1.4% decline in spending in 2025, Asia's key producers are set for a 2.1% increase in 2026. However, strategies vary, with Chinese state-owned companies seeing a marginal increase in 2026, similar to PetroVietnam, while other key state-led players maintain flat spending, such as ONGC. Independent producers appear to face stronger downside pressure, with Woodside and Santos readying for lower spending in 2026. Asian players are intensifying investment in discovered natural gas reserves, a strategy supported by governments in their long-term resource development plans. The push to explore and develop deep-sea acreage will boost upstream capital requirements for Asian players. While China and India are expected to dominate downstream spending, we expect the outlook to remain muted given timid global fuel demand growth. LNG investments are set to be concentrated in Australia, Indonesia and Papua New Guinea.

Majors are also set for an uptick in spending in 2026; however, the increase in capex is attributable to acquisitions rather than a significant change in underlying strategies. Aggregate spending by the majors reached USD97bn in 2025, 1% above our previous forecast.The key driver behind the stronger performance is the inclusion of the partial 2025 budget of Hess in the majors group with Chevron's acquisition completion in July 2025. Shell also reported higher expenditure for 2025, which is countered by lower spending from BP and ExxonMobil. For 2026, the ramp-up in Chevron's budget, coupled with the increase in ExxonMobil's guidance to USD28–33bn/year between 2026 and 2030, supported the upward revision of majors' capex to 2.1% y-o-y growth, from an initial 1% y-o-y decline. Overall, we expect majors to continue pursuing capital discipline, prioritising higher-margin barrels and exploring natural gas investment potential, in light of a weak oil price environment. While we now see aggregate spending growth in 2026, we highlight that majors remain cautious in investment as they continue to focus on increasing shareholder value.

Connected thinking by cross-industry and macroeconomic experts at **BMI** allows you to benefit from a holistic view of risk and market trends. Find out how we can help you assess, monitor and compare growth opportunities for your business.

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