



New Sheriff in Town (4/23)

Aramco has been the dominant player in Saudi decisions on pricing and contract supply. Periodically the Oil Minister would strategically impose himself in policy, particularly when he wanted to send a message to the shorts.

It's hard to know, but I believe the King has stayed out of day-to-day oil policy. **Now everything seems to be in play. There is a new sheriff in town: MBS.**

Several months ago, the Saudis led a 2 MMB/D cut and said it would apply through year-end. No further cuts should be expected. 24 hours after the Oil Minister reaffirmed that no further cuts were in play, he surprised everyone by calling for a 1.6 MMB/D...further cut.

Clearly the year end commitment has lost all meaning. If prices weaken further, all bets are off. **The Saudis could call for further cuts.** If demand perks up sharply and prices rise well above \$90/bbl, they could push to raise supply. The year-end promise no longer carries much weight. **We can see more short-term moves.**

The Saudis will do what they perceive is in their interest. The U.S. view carries some weight, but much less than 3 months ago. They probably don't want to see prices above \$100/bbl, but they don't want to see \$65-70/bbl either.

It would seem that MBS is more directly involved. He needs to raise several trillion dollars to fund his "2030" dream. He plans to raise most of it through oil as he slowly converts the Saudi economy away from oil.