



The SPR Issue: Waiting for Godot? (5/2/23)

Last week I put out a note “Penny Wise Pound Foolish” suggesting that it was time to buy oil for the SPR. We’ve met the White House requirements of a price between \$69-72.

Price should not be the primary consideration when buying a national security, strategic asset like the SPR. But it seems to be. No one knows where the price will be tomorrow much less by year-end. But the futures price is in the White House’s range. If we needed to buy gunpowder, submarines, missiles, or aircraft would we be nickel-and-diming the issue? I’d hope not.

It leaves one with the impression that the price at the pump holds sway.

What is not being considered is how OPEC+ might react to the low prices. On two occasions they promised to hold production constant to year-end. They broke those promises twice.

Remember their June meeting is just around the corner.