

## And the Beat Goes On

June 30, 2023



*Reuters: file photo via RFE/RL*

OPEC+ is not only fighting the market (the paper shorts) but continues to fight the media. Once again, the cartel is excluding a number of media companies from attending.

It would seem that the Saudis have long memories: they want to be the source of any stories, and want to keep the meeting close to the vest. This is a difficult job since these media entities can speak to the ministers outside the meeting room.

The meeting on July 5, 2023 is shaping up to be very important. Despite the Saudis announcing a one million B/D cut last month, markets have moved sideways; we had expected a small bump.

The bump did not materialize, nor have we seen any short coverings following the recent events in Russia. (Given the uncertain outlook in Russia, will China and India reduce their dependency a bit?)

If prices are to improve, and we believe they are about to, it will have to be in a tightening of the supply and demand balances. We anticipate a visible draw in inventories in the third quarter, particularly since we anticipate that the Saudis will once again honor the 1 million B/D cut.

They will try to get some other producers to cut as well (less than a 50% chance) but regardless, they will keep the 1 million B/D in place for one more month.

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*He has testified numerous times before congressional committees and regulatory bodies and has been appointed to the National Petroleum Council (NPC) by every recent U.S. Secretary of Energy. He has briefed the Chairman of the Federal Reserve Board, senior officials at the Government Accountability Office, and a wide range of government agencies on developments in domestic and world petroleum markets. He has also served as consultant to the Iraq Coalition Provisional Authority. During the 1970s and 1980s he frequently appeared on the CBS Evening News anchored by Walter Cronkite.*