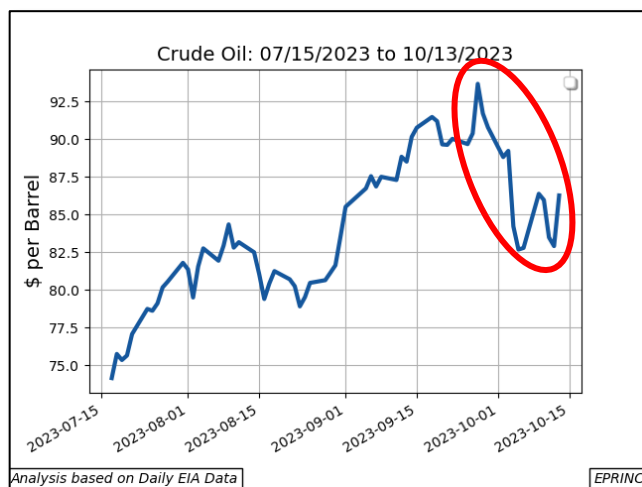


Oil Price Forecasting -- An Art Form Like Jackson Pollock: Throw A Number On The Wall and See If It Sticks

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Three weeks ago, \$100 dollar oil was on everyone's lips. Today, not so much. Truth is, no one knows either the level or direction of prices (*Figure 1*). In the short-run, politics can have a big impact and we may be seeing a sea change on the part of the Biden Administration.

Figure 1



They are tightening the screws on Russia, and we may see a big shift in how we treat Iranian exports. This has resulted in

a pop in the market, even though little has actually happened.

Iran exports a little over 1 MMB/d, mostly to China. A cut in Iranian exports would result in further increases in price. That is, if the lost 1 MMB/d were not made up somewhere else.

That somewhere else is obviously Saudi Arabia.

The Saudis cut supply starting in July by 1MMB/d. We could ask, but it is unlikely that the Saudis would offer more oil at this early stage of fighting. We believe they are sympathetic to our needs, but it is too early for them to tip their hand.

Thus, the 1MMB/d cut is likely to go to year's end. One-hundred-dollar oil is not yet off the table (although it has wobbly legs) nor is \$80-85 oil.

Larry Goldstein (larryg@eprinc.org) is an internationally recognized authority on petroleum markets, and has extensive advisory relationships with energy companies, research institutes, and government agencies. He is a former president of the Petroleum Industry Research Foundation (PIRINC) now the Energy Policy Research Foundation (EPRINC), its successor organization, and continues to be on EPRINC's Board of Trustees. He was a founder and president of the PIRA Energy Group, a major energy consulting firm that was acquired by S&P Global in 2016.

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.