

The Market Pays Too Much Attention to U.S.-Saudi Relations

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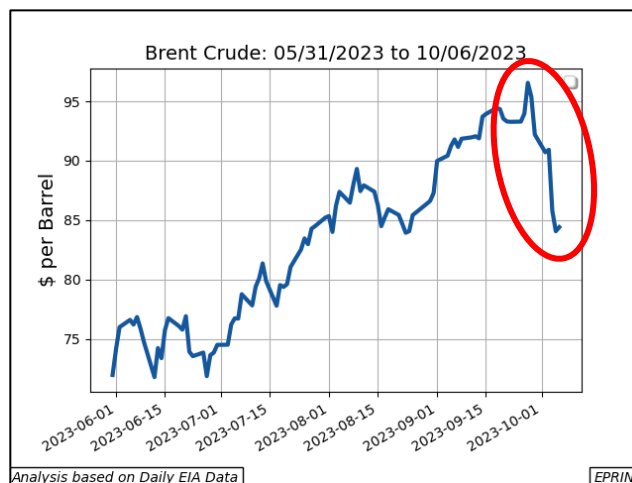
The market pays too much attention to U.S.-Saudi relations. Yes, they are important, but there is much more going on.

We are past the point where the U.S. complains and the Saudis capitulate.

You might recall that in August 2022, we suggested there would be a steady increase in stocks and prices would be under pressure. However, by July 2023 the situation would reverse.

Stocks would fall steadily, and prices would rise. We anticipated an \$85-\$90 Brent, not \$95-\$100 (*Figure 1*). However, we didn't envision a Saudi cut of 1 MMB/d that added several dollars to our forecast.

Figure 1



The market is in flux, and it's hard to read right now. But it would appear that we are once again moving into a stock build environment. In that type of environment, we've been suggesting, unlike most analysts, that the Saudis would maintain their 1 MMB/d cut (possible and probably into next year).

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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.