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The predominant issue weighing on oil prices is macroeconomic. Inflation remains a significant concern for the US economy. At the beginning of the year, there was talk of numerous interest rate cuts from the Federal Reserve. Now, the conversation has shifted towards the possibility of rate hikes. While still a distant possibility, the lack of progress in tackling inflation undermines the efficacy of interest rate adjustments. This uncertainty suggests that sustained higher interest rates could weaken the economic engine of the US. This apprehension is echoed across global markets, with a spotlight on China, where despite a robust GDP, leading indicators like the PMI have been less than convincing. Given this landscape, there's no guarantee that OPEC+ will reverse its production cuts at the upcoming June meeting. While there are signs of market tightening, the pace at which OPEC+ is draining supply remains uncertain. The crucial May-June data won't be available for the meeting, so decisions will rely heavily on sentiment and prices. There's a strong argument for OPEC+ to extend its current production levels, potentially until the end of the year or beyond. There's a merit in maintaining the cuts until the third quarter. Some key OPEC members seem content with current price levels, preferring stability around $90-95 per barrel. The fear of market instability if prices drop below $80-85 prompts caution in unwinding production cuts too soon. ■

**Paraphrased Comments*

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