

# The OPEC+ Tango?

*It Warrants Some Summertime Contemplation*

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**I** HAVE ONE FORECAST TO MAKE ABOUT CRUDE OIL that I am pretty sure will prove to be more accurate than the mighty Goldman Sachs was in the first half of the year: oil markets will disrupt your summer holidays!

There is already a lot to think about before you even pack your swimming togs and sunscreen lotion for what you were hoping, and probably needing, to be a few lazy weeks sur la plage reading all the crime novels that have gathered dust on your bedside table since the start of the year.

But I would recommend not to be distracted by all the noise of the tit-for-tat day-to-day headlines that bounce around the hollow news echo chamber when all the editors are away, such as the bluster of new British Prime Minister Boris Johnson trying to prove his mettle in a *give me back my Tanker* shouting match. Or the will-they-won't-they in the US-China trade war interspersed with Trump torpedo tweets, inventories up and down and yaddy-yaddy, same-same shale oil continues to outperform yet again, etc.

When all is said and done, and the sunburn has turned into peeling at the end of August, everything will be pretty much back to where the month started with the Brent crude price banging its head off a \$65/bl ceiling.

What may be worth a few moments of contemplation – perhaps just before you doze off for a well-earned siesta, or as you wait for your other-half to join you on the terrace for a pre-dinner aperitif – is a thought on what could be the long-term consequences of the OPEC and non-OPEC marriage that took place in Vienna in the early days of the third quarter?

This “Charter of Cooperation” agreed on 2 July by some 25 countries, including major oil heavyweights Saudi Arabia and Russia, essentially draws a line in the historic sand. Before this, OPEC was a stand-alone multilateral organization with Riyadh clearly as its dominant leader. And now, Moscow sits at the top table of global oil supply policy with one hand firmly on the steering wheel.

There are no shortage of narratives, conspiracy and otherwise, that one could wander down under a cool summer non-A/C breeze in trying to connect all the dots of where this OPEC+ union could impact oil markets in the months and years to come. Be it good, old boring supply and demand fundamentals, to the more mercurial smoke and mirror shadows of geopolitics...it may present much more fun and plot twists than the best *who done it* novels.

Bon Voyage! ■

