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At what price point will OPEC need to release more oil than planned?

OPEC+ is in a difficult position because every time they decide they want to supply more, there is a setback from Covid, such as back in August when expected global travel plans fell through. Let's not forget that most of the Gulf countries' nominations are also done two months in advance. But there's also the discretion to supply additional volumes because a number of countries like Angola and Kazakhstan, have had problems meeting their own quotas. In September, Saudi Arabia has given full nominations to their customers; that increase is going to be about 650,000 bd. We're also already seeing Russian exports on the water picking up quite significantly.

Outlook for prices in 2022?

From a balancing point of view, we're not as bullish on oil prices going forward. India has been very disappointing this year, and next year we don't expect demand growth in crude beyond half a million bd. China is facing economic headwinds, especially with the property market - in the worst case scenario, they could see a subprime situation. We see the government trying to cool down the property sector because of shortages of power, floods and so on. Some reports have Q4 industrial production in China falling by as much as 12%. None of this is bullish for demand. As far as crude stocks are concerned, while average draws were about one million bd this year, that won't be the case in 2022. We expect a return of US shale production, primarily from the Permian, at close to one million bd and surplus for the whole year at 1.8 million bd. ■

**Paraphrased comments*

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