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### OPEC+ have two options at their next meeting.

Either make no change to the current pact or consider a deeper cut. As I understand it for the time being, there is no proposal being discussed by the ministers, but they could take preemptive action and deepen the cuts. We still also have a lot of question marks on what the impact of the sanctions will be and whether the US will release more stocks. OPEC+ has revised demand downward for this year and 2023 but they also understand market sentiment and so they could keep the idea of further cuts alive even if they don't make sense on paper.

### Does the price cap feature in OPEC+ decision making?

We expected the EU to make a decision on the caps last week and they're still stalling. If they go lower than \$65 to \$70, nobody really knows what Russia's reaction will be. It has said it will no longer ship crude to those countries and that it might even shut-in production. We estimated last month that between the EU sanctions and the US price caps, that Russia would have difficulty exporting around 1.2 million barrels a day of crude and condensate. OPEC will probably wait to see what happens with the caps, with sanctions. They won't make any rash decisions to reverse the pact that's currently in place until December 2023. I expect them to continue to be cautious because they don't want to land into a situation like they had in 2020. The memory is still very fresh, and they don't want their budgets to be exposed again to a huge collapse. ■

*\*Paraphrased Comments*

