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Expectations on what OPEC+ might do at its December meeting?

It will be held a day before EU sanctions on seaborne imports of Russian crude come into effect on Dec 5th, so OPEC+ will certainly need to consider whether they can risk reducing production further. We don't know how much we're going to lose from Russia - it could be 1.5mbd in the first quarter of next year and OPEC+ is already 3.5mbd below their ceiling. As far as price caps go, the whole idea is that you can get insurance and tankers if you abide by it but it's not going to work because Putin has already said he's not going to cooperate with any country that applies the caps. Moreover, caps on gas prices will only push demand higher. European policy is all over the place.

How is the US navigating its relationships with Saudi and China?

There is an increased assertiveness by which Saudi Arabia is managing OPEC+, effectively saying, we're not going to be bullied into doing what consuming nations want us to do. That confrontational relationship remains between the US and Saudi Arabia. With China, I don't think the US expects any breakthrough in the talks this week but both sides probably want to avoid relations sinking any further, as that has implications. China is still buying US LNG and will need more and more gas next year. China is also still a big market for Saudi oil, despite its buying increased volumes of discounted Russian crude in recent months.

Is gas to oil switching tapering off in Europe with gas prices dropping?

One of the reasons for the strength in crude oil demand has been the fuel switching. But Europe seems to be okay for this winter because they've got enough gas in storage and have been importing more LNG. The problem is they don't have the infrastructure to import any more. Next winter may be difficult because there's going to be less gas around with no new supply coming online. Before the invasion, Russia was exporting 150 million cubic meters of mainly pipelined gas to Europe. Today, Europe is getting about 20% of this and if we get any interruption from Ukraine because of attacks on infrastructure, it will put Europe in a very difficult position of being unable to fill up storage for next winter. ■

**Paraphrased Comments*

