

# DAILY ENERGY MARKETS FORUM

## NEW SILK ROAD



Consultancy  
Intelligence  
Publishing

### EXCLUSIVE SERIES

## VIEWS YOU CAN USE

**Robin Mills**  
**Chief Executive Officer**  
**Qamar Energy**



#### Any surprises from last week's OPEC decision?

The phasing out plan was more aggressive than most had expected. Market reaction has been conflicted, initially with prices rising, then falling, then rising again on a generally stronger demand picture. And the latter is what is most important – a few hundred thousand barrels a day of production, plus or minus, is not. OPEC is forecasting 5.6 million bd of demand coming back this year; if that is a million less or a million more, that's a huge difference and more than anything OPEC is likely to do.

#### What forces guided the decision last week?

It was becoming increasingly inevitable and unsustainable to maintain the status quo because some members were pushing for higher output and OPEC, Saudi Arabia in particular, got tired of giving Russia leeway and nobody else. The phased sequence of easing means everybody gets the same percentage share back over the next three months. The Saudis themselves will also be able to scale back on their one million barrels voluntary cut anytime according to the plan.

#### Expectations for the Iran and Security Council talks this week?

It's going to be a tough set of negotiations. The US has been surprisingly hesitant to come back to the table with some in the Biden administration lobbying for more concessions from Iran and the Iranians have strongly resisted that so far. We also have Iranian elections coming up soon, the result of which may not be constructive for future negotiations. It will take the rest of this year at least before we get the JCPOA back plus giving Iran something in return. We could see some waivers in the interim, such as allowing the Iranians again to sell oil to South Korea, Japan and India, as they supposedly did under Obama, but that remains to be seen. ■

*\*Paraphrased comments*

Series Supported By:

