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#### There are geopolitical implications for the OPEC+ decision to cut output.

Especially when you have a key member that is Russia, being sanctioned by the US and by the EU. We cannot ignore the geopolitical angle no matter how innocent the decision of OPEC+ might have been and I don't fully buy that it was solely based on economic or commercial interests.

#### What does it mean for the US-Saudi relationship?

It's not good timing. If it had been maybe a month later, after the midterm elections, the US may have not reacted in the same way. Also, before the meeting, there were rumors that OPEC+ was talking about a cut of a million barrels a day, and then within 24 hours, they went to two million. That was very significant, irrespective of whether they end up being actual barrels. That said, I don't think it's going to lead to a deterioration in the relationship between Saudi Arabia and the US. The US still benefits from high prices as the largest oil producer, and there are much greater interests between the two countries that go beyond the oil market.

#### Is the OPEC+ move justified given downward demand revisions?

The economic outlook is getting gloomier and that is a major influencer when it comes to oil demand. It's interesting to see that OPEC published their monthly oil market report this week and downgraded their forecast for demand growth for 2022 by half a million and also for next year. That's a significant downgrade and they are becoming more closely aligned with the IEA's previous forecasts. Still, by cutting production relatively significantly, you are putting upward pressure on prices at a time when central banks are fighting inflation with higher interest rates. So, I'm not quite sure how to reconcile the OPEC+ logic, because if you want to really minimize the risk of a recession or impact on economic growth, then you wouldn't go in the other direction. ■

*\*Paraphrased Comments*

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