

# Investments - Flash



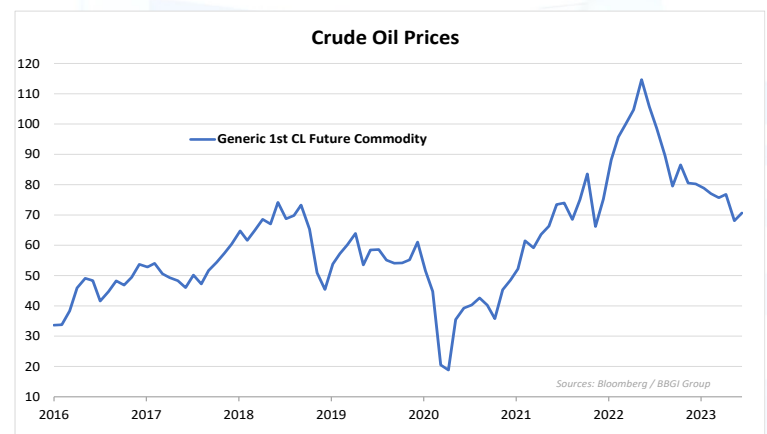
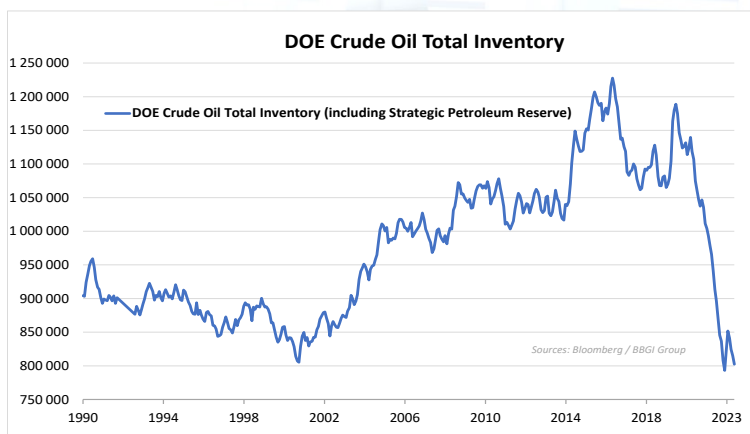
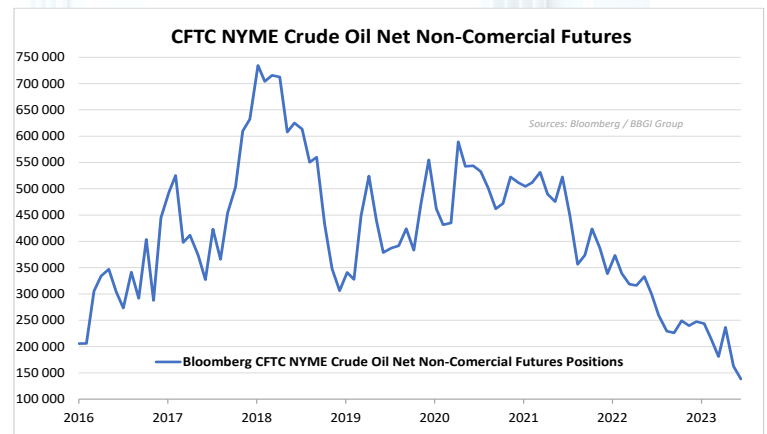
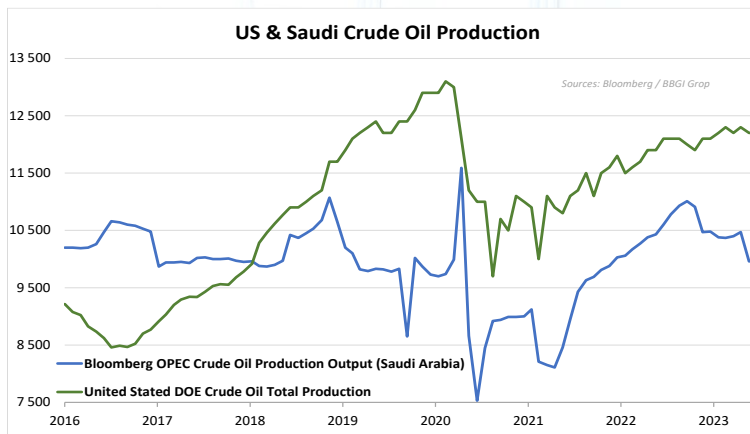
M. Alain Freymond - Partner &amp; CIO

## OPEP WANTS A MORE EXPENSIVE BARREL

The target of \$90-100 per barrel will now depend on demand

Since its announcement at the beginning of April, aimed at countering the speculative downward spiral in oil prices, OPEC+ countries have indeed reduced their production. But the reduction was only around 0.2 mb/d, significantly less than expected, and was offset by the rise in US shale oil production. Saudi Arabia's announcement today that it will cut its production by a further 1 mb/d to 9 mb/d in August is supported by Russia, which will also reduce its supply by 0.5 mb/d. Saudi Arabia is still seeking to boost crude oil prices, while China's economic recovery is slow to gather momentum and Western demand remains weakened by an uncertain economic climate. Crude oil reserves, however, are at their lowest level since 2001, and are now around 35% below 2017 level. The decision to postpone replenishment of the reduced

US strategic reserves, in order to bring about a fall in prices and a positive impact on inflation, has not yet been called into question. This political decision would allow a sharper decline in inventories and a rise in oil prices. In the meantime, speculative short positions, betting on a future fall in the price of black gold, continued to accumulate in May and June. They are at the highest level for four years. Yet apparent Chinese demand is at an all-time high, as are record crude imports. A change in the parameters of supply and demand seems to be underway. OPEC+ is aiming for a price target of \$90 to \$100, and could well achieve this if global demand proves close to current forecasts suggesting a historic surpassing of the 100 mb/d mark in 2023. An increase from \$70 to \$85 a barrel seems likely in the short term.



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