

# Investments - Flash



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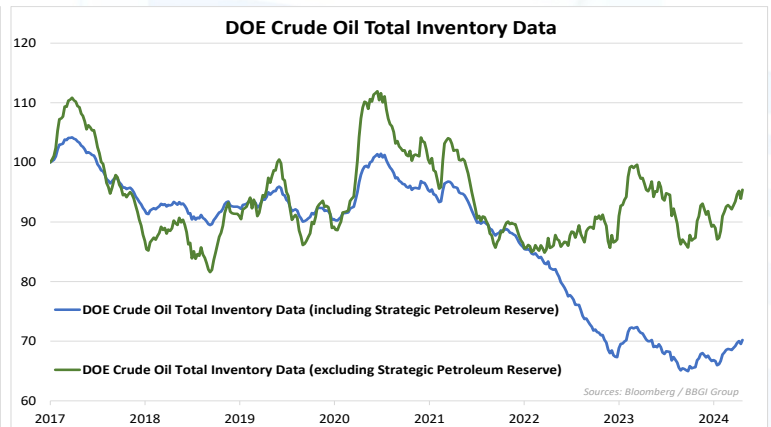
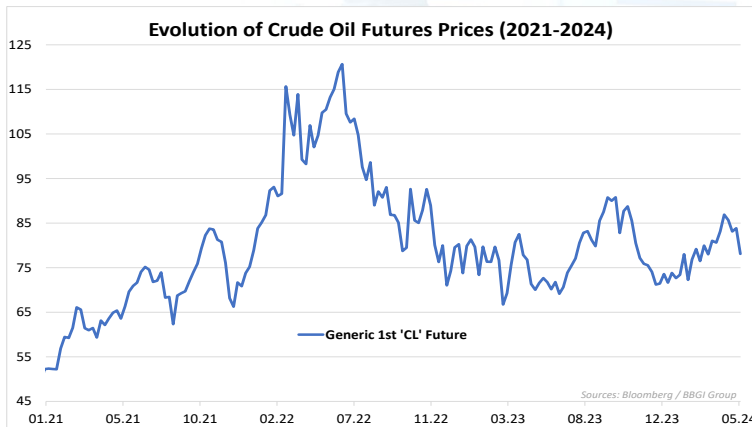
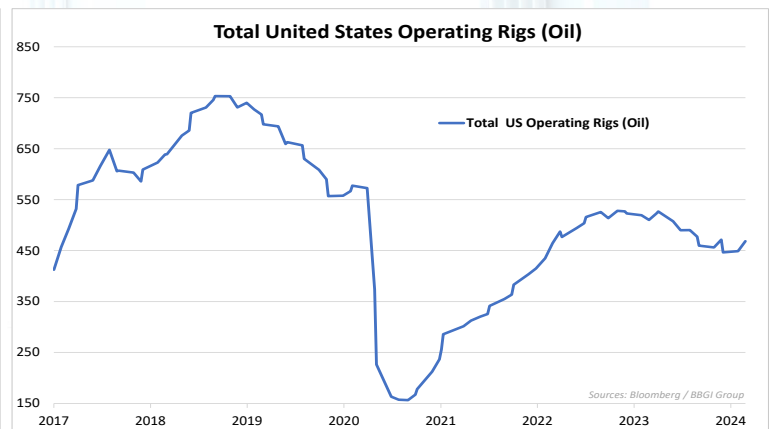
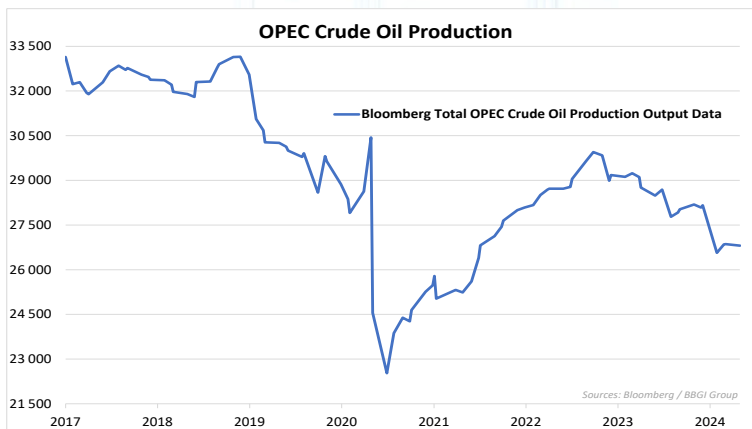
## AMERICAN ECONOMIC SITUATION WEAKENS CRUDE PRICES

Bullish recovery likely in 2nd half

Prior to last week's sharp decline, WTI crude prices were still trading above \$86 a barrel, a level similar to that seen prior to October 7, 2023. The heightened geopolitical risks associated with Israel's intervention in the Gaza Strip had not immediately caused major uncertainty in global crude supplies and oil prices. The scenario of a global economic slowdown and rising US production weighed more heavily on prices, which even fell below \$70.

Geopolitical developments over the last few months had rekindled uncertainties about crude supplies, notably with the rise in tensions between Iran and Israel, which raised fears of new difficulties for crude exports through the Strait of Hormuz. The rise in oil prices to \$86 reflected these tensions, but a new, slightly more stabilized geopolitical situation in the Israel-Hamas conflict and, above all, a less favorable economic climate in the United States now reduce the risk of price tensions.

The unexpected rise in inventories and US production to 13.5 mbpd will also weigh a little more heavily on crude levels. Outside the US, the outlook for oil production remains constrained by OPEC's main producing countries. The organization is likely to maintain its reduced production levels in June to counter any increase in US output. Saudi Arabia is also likely to favor higher selling prices to maintain revenues, while ruling out any increase in quotas. The current economic downturn should give way to an economic recovery in the 2nd half of the year, which should again support a rise in crude oil prices above \$90 a barrel.



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