

Flash Note 06/09/2018

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What's behind the recent cut in oil price? Outlook

Saudi Arabia has markedly increased oil exports in a sign OPEC's leading producer is responding to pressure from US President Trump to cool down the global energy price.

As an example, Saudi exports to the US are up ~250K bpd since May, with the current four-week average the highest since late 2017.

The increase in Saudi exports represents almost half of the total kingdom's overall output growth since the OPEC agreement in late May to boost output (suggesting that an acceleration in exports is actually happening)

In the other hand, though as a factor of less influence, Mexico's incoming government has announced that he will hold tenders for drilling in December (which potentially means higher future production). President-elect Lopez Obrador had been reluctant to specify whether it will continue auctions opening up its long-closed oil sector. He gave no details but said he would flesh out his plans after meeting with oil executives in the Tabasco state.

We maintain our fundamental bearish vision for the price of crude oil.