

**Flash Note**  
**09/03/2017**

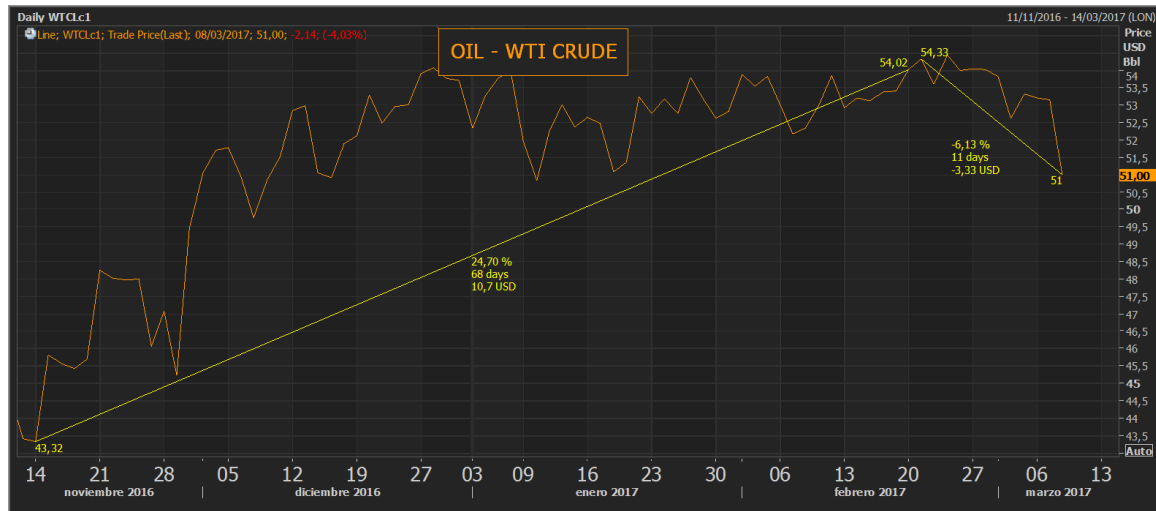
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**Crude Oil price falls 4% today**

- Surprising cut in Saudi oil price shows that Saudis are trying to fend off US crude: Saudi Arabia cut the price of some of its April oil sales to Asia, surprising customers. The kingdom is trying to lure buyers toward its lighter and less sulfurous crude varieties at a time when similar-quality grades are rushing to the region from the Americas, Europe and Africa.
- Lack of compliance by some nations is causing friction within the group of Oil-producers: While Saudi Arabia has cut more than planned, Russia has only fulfilled about a third of its commitment. Despite the disparity, they said the coalition remains united and committed to the cuts.
- Iran crude oil exports hit 3M bpd in the latest month. More than doubled since sanctions were ended.
- Similarly to Andbank, Pioneer sees oil at \$40 if OPEC fails to expand cuts (chairman of Pioneer Natural Resources). He said US shale producers are keeping an eye on H2 to see if OPEC and non-OPEC members extend their agreement, which lasts through June., "Production in the Permian basin could surge to 8-10M bpd over the next decade from 2.3M now".

If the price of oil fails to fulfill investor's expectations, many fund managers will struggle as they keep exposure in oil that is worth more than 900 million barrels, which in turn could trigger a sort of claudication shift. (There is a premise in markets in which I firmly believe: "If you have to run, better run the first").

Think about the effects on the concept of the reflation trade.



Regards,

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