



## Preview: JTC on Tuesday at 12:00BST/07:00EDT; JMMC and OPEC+ on Wednesday from 12:00BST/07:00EDT

- OPEC+ will likely discuss either maintaining current production or increasing output by a small increment
- Most believe production will be held amid a lack of spare capacity alongside the recent decline in oil prices

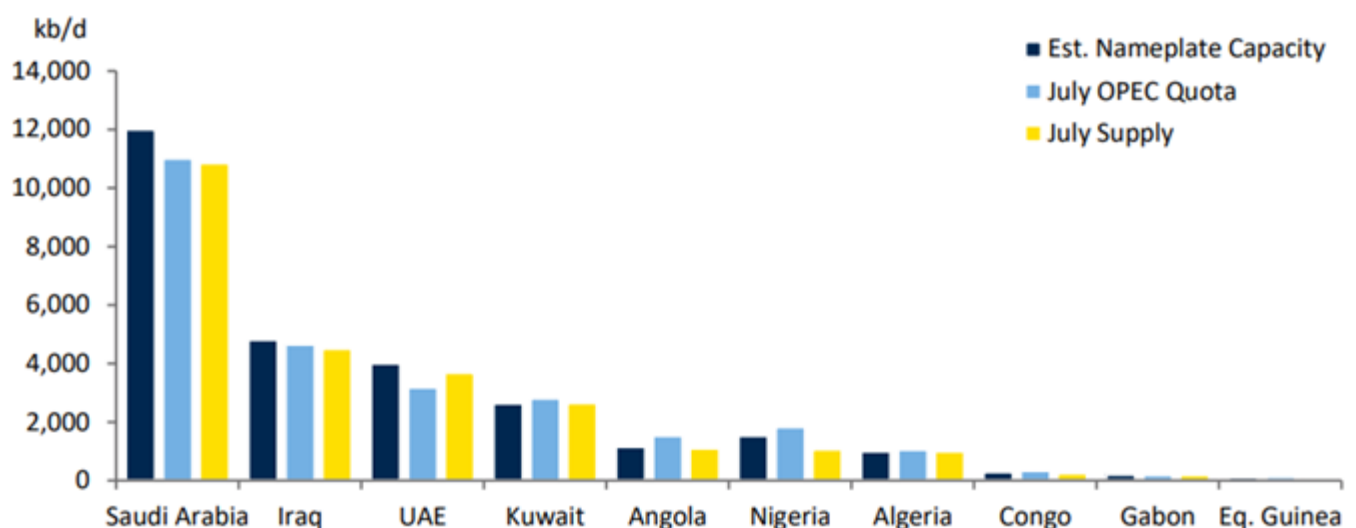
**OVERVIEW:** This meeting will be more convoluted than the July confab as the group is set to decide on policy for September. Thus far, sources have suggested that OPEC+ will likely discuss either maintaining current production or increasing output by a small increment, with a narrow majority of the sources cited by Reuters (five out of eight) implying that production will likely be held.

**SCHEDULE:** The Joint Technical Committee (JTC) will meet on Tuesday at 12:00BST/07:00EDT – the group will review oil market developments. On Wednesday, the Joint Ministerial Monitoring Committee (JMMC) will review the findings of the JTC and make a recommendation to the decision-making OPEC+ group. The JMMC is set to meet at 12:00BST/07:00EDT, with the OPEC+ ministerial meeting to follow.

**SPARE CAPACITY:** Upping production will please Washington, with a Senior US official recently stating that the administration is optimistic that there could be some positive announcements coming out of OPEC. However, OPEC+ is burdened with limited spare capacity, with Saudi Arabia and the UAE likely to bear most of the output hikes on their shoulders. As a reminder, the IEA estimates Saudi has a short-order capacity (reachable in less than 90 days) of around 1.2mln BPD, with the longer-term capacity predicted to be nearer to 2.1mln BPD. The argument OPEC watchers have been flagging is the state of confidence in the group (to stabilize the oil market) if they have no spare capacity, with oil traders warning of a potential upward spiral in oil prices if this “worst case” scenario was to occur.

**RECENT SOURCES:** Reuters sources added that given the easing of prices since March, there isn't a strong argument to further hike output at this meeting. Meanwhile, in the case of a hike, no increments have been flagged thus far and this will likely be discussed at the meeting, with sources throughout the meeting days likely to test the waters. Note, an increase will have to be greenlighted by all members.

**HOUSE VIEWS:** Analysts are in unison regarding the problem of spare capacity. RBC believes that OPEC+ will agree to continue adding several hundred thousand barrels per month, in line with the previously agreed production agreements, with most of the production anchored by Saudi Arabia amid spare capacity - “With the sanctions on Russian oil set to take effect in December and the US SPR release to wind down in October, we do not believe that the additional Saudi and UAE barrels will cause an oversupply situation like in 2018”, the desk said.



Source: IEA, Aramco, MEES, Petro Logistics, RBC Capital Markets



## Disclaimer

The information contained within this document has been prepared and issued by Newsquawk Voice Limited ("**Newsquawk**") on the basis of publicly available information and other sources believed to be reliable. Whilst all reasonable care is taken to ensure that the facts stated are accurate, neither Newsquawk nor any of its directors, officers or employees shall be in any way held responsible for its content or your use of it. Neither the provision of any content herein nor anything on our website or any other media we use is intended to, and should not be construed as, providing advice and/or enticing an offer or solicitation to invest in, buy or sell securities or other financial instruments.