

Flash Note
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This could be an obstacle to reaching our perspective of even lower crude prices.

OPEC & US Shale talks

OPEC cartel, led by Saudi Arabia, has broken the ice in reaching out to shale producers in the US to start a dialogue. It is broadly known that the OPEC and the American shale oil industry are regarded as being in direct competition, with the additional supply from the U.S. to an already over-saturated oil market being blamed by most for plummeting prices. Well, it happens now that the cartel's Secretary-General Mohammad Barkindo has started a round of talks with US shale producers, and they have apparently begun to "understand" each other (in Barkindo's own words).

"At the end of the day we all agreed that we belong to the same oil market". Suggestive words, no doubt.

What next? Barkindo suggested that OPEC representatives and the U.S. shale companies would "definitely" meet again at the end of the year, adding that the round of talks was a "working process."

The question is quite simple. A working process for what? To avoid free competition and free market, and thus manage to control prices at higher levels that we all will have to pay? This is about avoiding progress?

In any case. This is the only obstacle I see today to reach our outlook for lower prices.

Kind regards

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