

Daily Bulletin

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UAE's OPEC exit adds another variable into oil price fluctuations

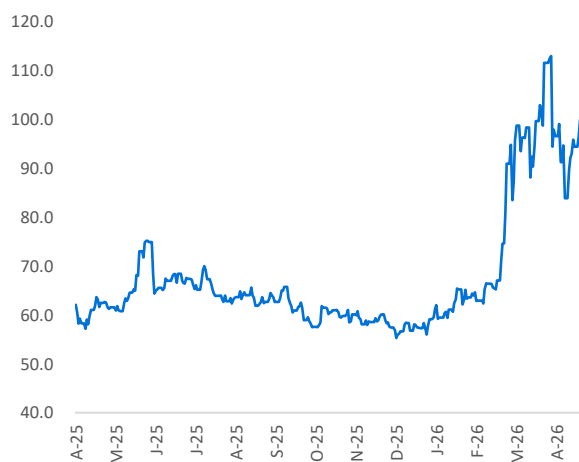
The UAE announced on 28 April 2026 that it will exit OPEC (Organization of the Petroleum Exporting Countries) and the broader OPEC+ alliance effective 1 May 2026, after nearly six decades of membership. The country was OPEC's third-largest producer in February 2026, with output 3.6 mbpd (12.2% of OPEC's production and 3.5% of global oil production), after Saudi Arabia and Iraq. However, following the closure of the Strait of Hormuz, the UAE's oil production declined sharply by 40.0% MoM to approximately 2.2 mbpd in March 2026, exceeding the 25.5% MoM decline recorded in OPEC's overall production.

The UAE has an oil production capacity of 4.65 mbpd and targets an increase to 5.0 mbpd by 2027. The UAE's decision to exit OPEC allows it to adjust its oil production independently of OPEC-assigned quotas. However, we note that any meaningful increase in production is unlikely to materialize in the near term, given the ongoing closure of the Strait of Hormuz.

WTI has gained 49.1% since the commencement of the regional conflict in late February 2026. WTI continued its upward trend on Tuesday, rising 3.4% DoD on 28 April 2026, despite the UAE's announcement of its exit from OPEC. The muted market reaction suggests that investor concerns over the continued closure of Hormuz and the broader conflict outweighed any sentiment from the announcement.

Overall, this development marks a structural shift in the global oil market. While the near-term impact on oil supply and prices remains muted due to the ongoing closure of the Strait of Hormuz. Once the Strait of Hormuz reopens, the UAE's potential ramp-up toward its 5.0 mbpd capacity target could introduce additional supply into global markets, posing a downside risk to oil prices.

Oil price chart (WTI)



Source: Bloomberg, anbc research

OPEC oil production

| Production ('000 b/d) | Mar | Feb | Change | Capacity |
|-----------------------|---------------|---------------|----------------|---------------|
| Total OPEC | 22,050 | 29,610 | (7,560) | 33,690 |
| Algeria | 980 | 970 | 10 | 1,060 |
| Congo, Republic | 240 | 270 | (30) | 300 |
| Equatorial Guinea | 50 | 40 | 10 | 80 |
| Gabon | 220 | 220 | - | 230 |
| Iran | 3,230 | 3,410 | (180) | 3,830 |
| Iraq | 1,630 | 4,390 | (2,760) | 4,800 |
| Kuwait | 1,380 | 2,550 | (1,170) | 2,820 |
| Libya | 1,270 | 1,300 | (30) | 1,320 |
| Nigeria | 1,450 | 1,450 | - | 1,600 |
| Saudi Arabia | 8,360 | 10,430 | (2,070) | 12,000 |
| U.A.E. | 2,160 | 3,600 | (1,440) | 4,650 |
| Venezuela | 1,080 | 980 | 100 | 1,000 |

Source: Bloomberg, anbc research

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