

Daily Bulletin

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OPEC+ to raise output by 206,000 bpd amid war-driven oil market turmoil

Eight OPEC+ members: Saudi Arabia, Russia, Iraq, the UAE, Kuwait, Kazakhstan, Algeria, and Oman agreed to increase oil output by 206,000 bpd from May 2026, as part of the gradual unwinding of the 1.65 mn bpd voluntary cuts announced in April 2023.

Target output – May 2026 ('000 bpd)

Country	Output Increase	Target Output
Saudi Arabia	62	10,288
Russia	62	9,699
Iraq	26	4,326
UAE	18	3,447
Kuwait	16	2,612
Kazakhstan	10	1,589
Algeria	6	983
Oman	5	821

Source: Argaam, anbc research

The group said the increase could be adjusted, paused, or reversed depending on market conditions, emphasizing full flexibility in managing output policy. The move is aimed at supporting oil market stability, while maintaining the option to reverse the phased rollback of an additional 2.2 mn bpd cut announced in November 2023. OPEC+ also noted that this step would allow participating countries to accelerate compensation for excess production, reaffirming full compliance with the Declaration of Cooperation, with any output above agreed levels since January 2024 to be fully offset under the supervision of the Joint Ministerial Monitoring Committee (JMMC). The group will continue to hold monthly meetings to review market conditions, compliance, and compensation levels, with the next meeting scheduled for May 3, 2026.

The decision comes against a highly volatile backdrop, driven by the ongoing regional conflict, which has effectively constrained flows through the Strait of Hormuz, a route that typically handles approximately 20% of global oil transit. This has led to supply disruptions across key producers, including Saudi Arabia, Iraq, Kuwait, and the UAE. The situation is being viewed as one of the largest supply shocks on record, prompting OPEC+ to position itself to raise output once shipping routes normalize, even if near-term impact remains limited.

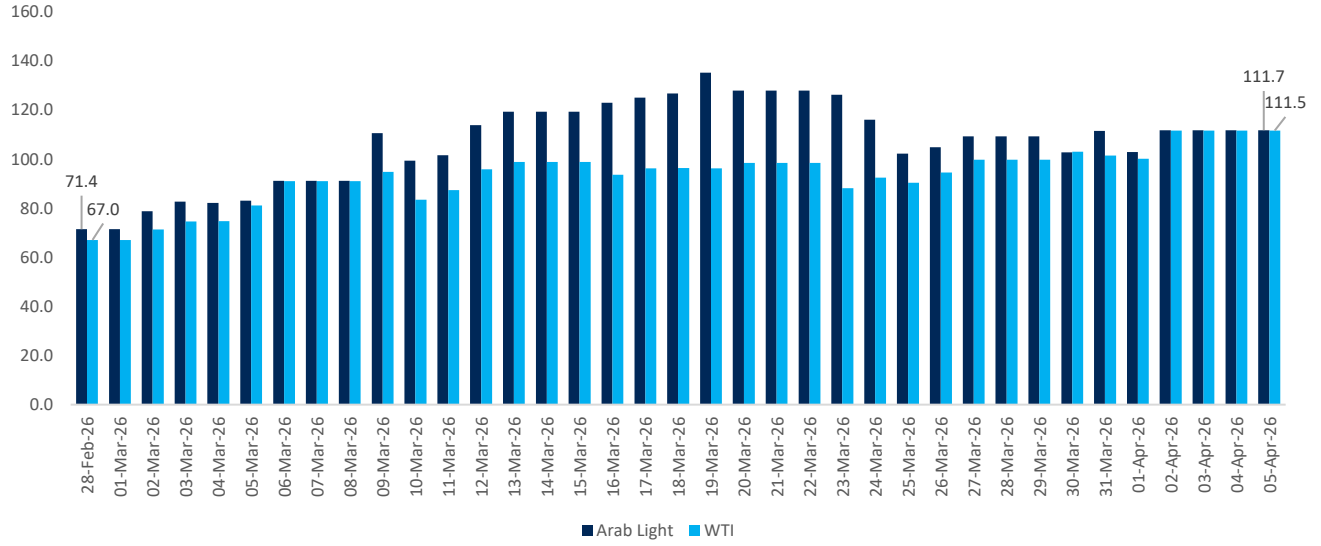
Despite the disruption, some producers have utilized alternative export routes to sustain flows. Saudi Arabia has increased shipments via Yanbu on the Red Sea, while the UAE continues to export from Fujairah, which lies outside the Strait of Hormuz.

On the pricing side, oil markets have been extremely reactive. Crude initially surged to nearly USD 120/bbl, a four-year high, before correcting toward USD 100/bbl on hopes of de-escalation. However, prices rebounded as tensions intensified again, with Brent crude now trading below USD 110/bbl and WTI crude hovering near USD 112/bbl.

More importantly, physical market indicators are signaling significant tightness. Dated Brent has surged above USD 140 per barrel, the highest level since 2008, while the Brent prompt spread has widened to USD 10 per barrel, the widest since the Russia-Ukraine conflict began in 2022. Notably, Aramco has also increased its flagship Arab Light pricing for May to a premium of USD 19.5/bbl over regional benchmarks.

Going forward, while there are ongoing discussions around a potential ceasefire and reopening of the Strait of Hormuz, the route remains largely restricted, with only limited vessel movement. OPEC+ has also indicated that damage to energy infrastructure could have lasting supply implications, even after hostilities ease. As a result, we expect the oil market to remain tight and highly sensitive to further geopolitical developments in the near term.

Oil prices since regional conflict



Source: Bloomberg, anbc research

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