

## The Commodities Feed: All eyes on upcoming OPEC+ meeting

Oil prices are trading stronger this morning after President Trump extended the deadline for tariffs on the EU. Meanwhile, attention is turning to supply as OPEC+ prepares to meet



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### OPEC+ supply

The oil market is trading firmer this morning after President Trump said he would delay the deadline for tariffs on EU goods until 9 July. This is after announcing late last week that the US would impose 50% tariffs starting 1 June. The extension comes after a phone call with European Commission President Ursula von der Leyen. Meanwhile, Russia stepped up its attacks on Ukraine, prompting Trump to say that he's considering sanctions against Moscow, which could put Russian energy flows at risk.

The lower oil price environment continues to result in reduced drilling activity in the US. Baker Hughes data shows that active rigs fell by 8 last week to 465. This is the fourth consecutive week of declines, leaving the rig count at its lowest since November 2021. Frac spread count data from Primary Vision also shows a further slowdown in completion activity. The slowdown in activity is no surprise, considering West Texas Intermediate (WTI ) forward prices are averaging a little over

\$60/bbl for the remainder of this year. Also, calendar 2026 prices are averaging similar levels. The industry needs, on average, \$65/bbl to drill a new well profitably, according to the Dallas Federal Reserve's quarterly energy survey.

The latest positioning data shows that speculators increased their net long in ICE Brent by 12,185 lots over the last reporting week to 163,329 lots as of last Tuesday. This might be due to fading hopes of an Iranian nuclear deal. Positioning data shows that, while we saw some fresh longs entering the markets, with 21,892 lots of fresh buying, some speculators are selling the market. The gross short has increased by 9,707 lots.

We're likely to hear lots of noise this week ahead of the OPEC+ meeting on Sunday, 1 June, where the group will decide on output policy for July. Last week, there were suggestions that the group is considering another sizable supply increase. We're assuming in our balance sheet that the group will agree to increase output by another 411k b/d in July. This should keep the market well supplied over the second half of this year.

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