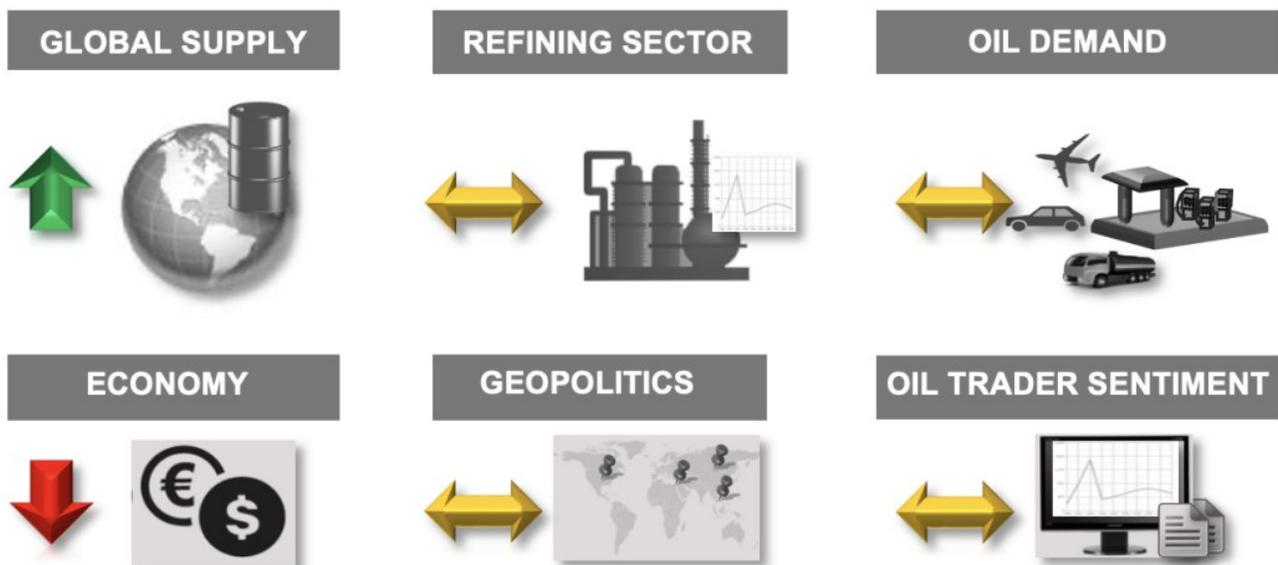


A Chance for Less Volatility

This weekly report is an excerpt from our Short-Term Outlook service analysis, which covers a period of eight quarters and provides monthly forecasts for crude oil, natural gas, NGL, refined products, base petrochemicals and biofuels.

Contact John Paisie (+1-832-517-7544 or E-mail) for the detailed analysis or for more information about the Short Term Outlook.

WHAT IS AFFECTING OIL PRICES THE WEEK OF SEP 19, 2022?



Source: Stratas Advisors

The price of Brent crude ended the week at \$91.35 after closing the previous week at \$92.84. The price of WTI ended the week at \$85.11 after closing the previous week \$86.79.

For the remainder of the year, we are expecting price of Brent crude will stay slightly about \$90.00 with supply and demand being essentially balanced. Additionally, our reference case includes the following:

- We are forecasting that global oil demand in 3Q will increase by 1.5 million b/d in comparison to 2Q of this year and by an additional 1.10 million b/d in 4Q.
- From a supply perspective, we are expecting that the withdrawals from the SPR will end in October, but that refilling of the SPR will not happen until later in 2023. We are also expecting that the impact on the volumes of Russian oil-related exports will continue to be muted. Additionally, we are expecting that other members of

OPEC+ will adjust supply to align with demand to provide support for oil prices.

- As has been the case since the beginning of Biden's presidency, we remain skeptical of a renewal of the Iran nuclear deal. Last Friday, the Deputy US Secretary of State Wendy Sherman stated that the latest round of talks had reached a stalemate. Concurrently, the Iranian President Ebrahim Raisi is demanding that the US lift all sanctions and issue guarantees to ensure that the sanctions will not be reimposed. While the Biden Administration is facing a difficult task of arriving at an agreement that would gain the support of voters, Congress, and key allies, it is our view that Iran is becoming less interested in compromising to reach a deal, but instead is more interested in creating closer ties with China and Russia.
- The strength of the US dollar will continue to put downward pressure on oil prices. The US Dollar Index ended the week at 109.76 after closing the previous week at 109.00. In contrast, the Chinese Yuan has weakened substantially since April of this year moving from 6.36 to the US dollar to slightly above 7.00 to the US Dollar.

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