
CIO continues to advise investors with a high risk-tolerance to sell Brent's downside price risks or to add exposure to longer-dated Brent oil contracts. (UBS)

OPEC+'s voluntary production cuts extended

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Back in November 2023, eight OPEC+ member states announced additional voluntary production cuts of 2.2mbpd for 1Q24.

As CIO expected, the OPEC+ 8 have now announced those cuts will be extended into the second quarter of 2024. There was, however, a surprise from Russia. During 1Q, the country pledged to cut its crude and refined product exports by 0.5mbpd. Although winter had made production cuts difficult to implement, spring is approaching, and Russia intends to now reduce its crude production by 350kbpd in April, 400kbpd in May, and 471kbpd in June. Additionally, Russia's exports will be reduced by 121kbpd in April and by 71kbpd in May. If fully implemented, these new cuts will remove additional barrels from the market and help keep the oil market undersupplied, in our view. In line with OPEC+'s proactive, preemptive, and precautionary stance, the OPEC+ 8 also announced that those voluntary cuts will be gradually phased out, to avoid bringing back too many barrels at the same time.

Market participants will continue to track crude and refined product exports to assess the compliance level of those production cuts. We retain a modestly positive outlook as we expect the oil market to remain slightly undersupplied this year. Hence, we continue to advise investors with a high risk-tolerance to sell Brent's downside price risks or to add exposure to longer-dated Brent oil contracts.

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Read the original report : **OPEC+'s voluntary production cuts extended, 4 March 2024.**

Important information