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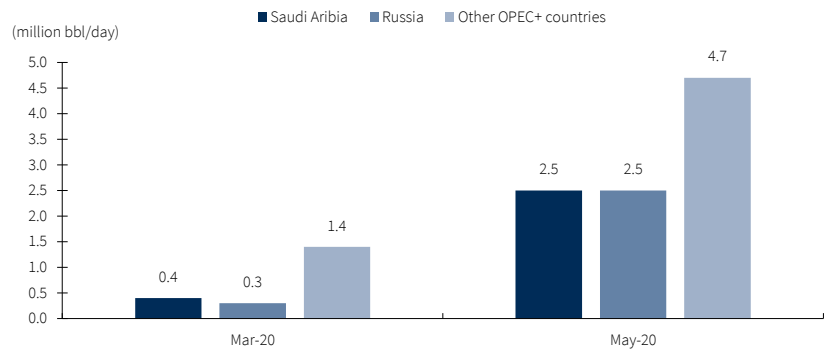
Oil & Gas

Saudis voluntarily cut another 1 million bbl/day of output

Saudi Arabia cuts an additional 1 million bbl/day above the May agreement

— The Saudi Energy Ministry ordered another 1 million bbl/day cut to production starting from June. This would be an additional amount above the 2.5 million production cuts agreed to in the recent May agreement. OPEC Plus countries (OPEC & Russia et al.) agreed to 9.7 million bbl/day in May compared to the 2.6 million bbl/day cut that expired earlier in March. The new production cut agreement will last for two years and will phase in cuts at 9.7 million bbl/day for May & June; 7.7 million bbl/day between July to December 2020; and 5.8 million bbl/day for the remaining 16 months. US shale producers are not part of this agreement but most market observers expect production rollbacks during weak oil prices. The recent Saudi cuts are also not part of this agreement and can change at the discretion of the Saudi Energy Ministry but should help support the recovery in oil prices in the near term.

Fig 1. Agreed output cut before March 2020 & after May 2020



Source: KBSV

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(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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