

MONDAY MORNING QUARTERBACK ENERGY MARKETS CEO BRIEFING NOTE



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The Impact of Trump 2.0 Going Global on Energy Markets

By Sean Evers, Managing Partner, Gulf Intelligence

The return of Donald Trump to the White House has injected fresh uncertainty into global markets, particularly the energy sector. With an agenda driven by aggressive deregulation, renewed economic nationalism, and a return to the maximum pressure doctrine against Iran, Trump's second administration is shaping geopolitical and economic dynamics in ways that could have long-lasting consequences. However, despite the bombastic rhetoric and policy shifts, oil prices have remained relatively stable, hovering around \$75 per barrel, as markets assess the real impact versus the noise.

At the heart of this uncertainty lies Trump's push for deregulation in the U.S. energy sector. The repeal of the Foreign Corrupt Practices Act (FCPA), which previously restricted American companies from engaging in bribery abroad, signals a radical departure from long-standing policy. While this could encourage greater investment in resource-rich but politically unstable nations, it also raises ethical and legal concerns. Deregulatory moves such as loosening methane regulations and lifting moratoriums on LNG export facilities reflect the administration's clear intent to unleash domestic energy production. However, market analysts remain skeptical that these measures will significantly boost shale output, as private firms continue to prioritize shareholder returns over expansion.

Trump's "maximum pressure 2.0" strategy is another defining feature of his administration. The immediate target of this approach is Iran, whose oil exports had rebounded to 1.7 million barrels per day (bpd) under Biden's softer sanctions regime. Trump, however, has reimposed strict sanctions, aiming to drive Iranian oil exports below 1 million bpd. This has put China, Iran's primary customer, in a difficult

position. Already, refiners in Shandong have begun turning away sanctioned Iranian crude, raising questions about whether China will ultimately comply with U.S. pressure or find alternative means to keep Iranian oil flowing. Meanwhile, Iran's natural gas exports to Iraq have also come under scrutiny, with new sanctions restricting financial transactions between the two nations. The broader question remains: will Iran retaliate? In the past, heightened U.S. sanctions have led to regional instability, with Tehran threatening shipping routes and engaging in proxy conflicts to assert its influence.

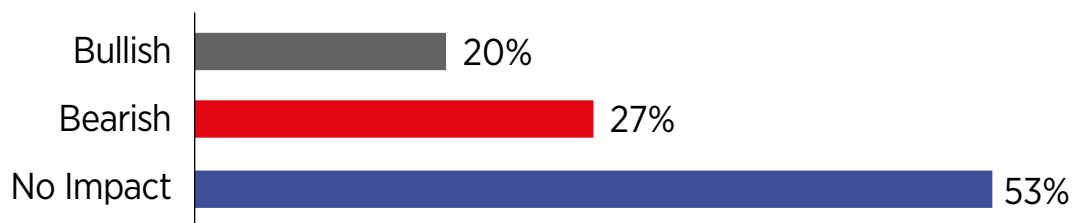
Alongside Iran, Venezuela also faces renewed scrutiny under Trump's energy doctrine. While Biden had taken steps to ease sanctions and encourage limited engagement with PDVSA, Trump is expected to reimpose restrictions, potentially cutting Caracas off from international oil markets once again. The effectiveness of such measures remains debatable, as Venezuela, like Iran, has developed a shadow fleet and complex workarounds to evade direct sanctions. If enforced stringently, however, these policies could tighten global oil supply, adding further volatility to an already delicate market.

Trump's aggressive trade policies have added another layer of complexity to the energy equation. In a dramatic return to his economic nationalism, he announced tariffs on Mexican and Canadian imports, only to walk them back within 24 hours—a move that further underscored the erratic and unpredictable nature of his policy-making. The bigger concern remains Trump's trade war with China, where 10% tariffs on key imports could weaken global manufacturing activity and, in turn, reduce oil demand. The broader economic impact of these tariffs remains unclear, but what is evident is that markets are struggling to price

Oil markets are immune to Trump rhetoric?



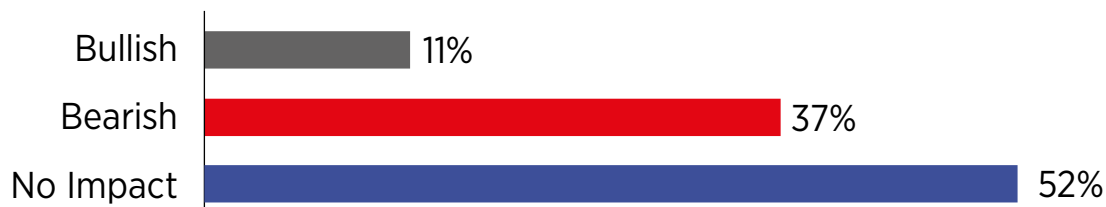
How will Trump's suspension of law banning bribery of foreign officials and other regulatory oversights impact oil markets?



Oil markets are overreacting to possibility of Russia-Ukraine ceasefire?



US Fed says it's in No Hurry to Lower Rates Further -- Is this Bullish or Bearish for Oil Prices in 2025?



Brent oil prices averaged \$75 in first half of Q1, will it be higher or lower in 2nd half of Q1?



(*nb. Polling conducted with 100+ Energy Market Stakeholders Feb. 10-14)

in the long-term effects of Trump's erratic decision-making. While Trump aims to lower oil prices by boosting domestic production, his trade war policies could depress demand and create economic stagnation, leading to an opposite effect on global energy markets.

Amidst these geopolitical and economic shifts, OPEC+ faces one of its most challenging years. The group had initially planned to start increasing production from April 1st, but global uncertainty—particularly surrounding China's economic slowdown and Iranian sanctions—has prompted speculation that the cartel might delay its production hikes. Saudi Arabia finds itself in a strategic bind: on one hand, it wants to support Trump's call for more oil, but on the other, it is determined to avoid oversupply and keep prices stable. The delicate balancing act between U.S. pressure, Russian cooperation, and internal OPEC dynamics is shaping Saudi Arabia's next move.

Russia's position in this equation has become increasingly ambiguous. With Western sanctions on Russian crude exports tightening, OPEC+ must now adjust its production strategy to account for potential disruptions in Russian supply. Meanwhile, Trump's direct engagement with Putin, including the prospect of a face-to-face meeting in Saudi Arabia, has raised questions about whether the U.S. is actively working to divide the OPEC+ alliance. Such a development could have profound implications for global oil prices and energy diplomacy.

The geopolitical chessboard is not limited to the Middle East and Russia. Europe, which has historically relied on U.S. leadership in global affairs, now finds itself increasingly isolated. Trump's America First rhetoric and disregard for European security concerns, particularly in relation to Ukraine and NATO, have raised concerns that the U.S. may no longer be a reliable partner. The European Union now faces a strategic dilemma: navigate an uncertain energy future with limited U.S. support or seek greater autonomy in its energy policies. With natural gas prices soaring due to an unexpectedly harsh winter, European nations

are struggling to find alternative energy sources that can insulate them from Trump's unpredictable policies.

The global energy demand outlook is also undergoing a shift, particularly as China's role as a growth engine begins to fade. For years, the world relied on China's insatiable demand for crude oil to drive global growth. However, with weaker industrial activity, slower GDP expansion, and increased EV adoption, China is no longer the demand driver it once was. Instead, India has emerged as a new refining powerhouse, absorbing more crude imports and expanding its refined product exports. As Trump's trade war with China intensifies, India's position as a critical energy player will likely grow, reshaping global energy trade flows in the process.

Despite the noise, uncertainty, and geopolitical risks, oil markets have remained surprisingly stable. While Trump's aggressive stance on sanctions, trade, and deregulation has introduced new variables into the energy equation, prices have yet to experience a major surge or collapse. Much of this stability is due to OPEC+ maintaining production discipline, China's ability to absorb supply shocks, and investor skepticism about the true impact of Trump's rhetoric. However, the next six months will be crucial in determining whether the energy market can continue to defy expectations or succumb to the volatility that Trump's policies threaten to unleash.

The key questions that will define Trump 2.0's impact on global energy markets remain unanswered. Will China comply with U.S. sanctions on Iran? Can Trump successfully pressure OPEC+ into increasing supply? Will trade wars suppress global energy demand? And how will geopolitical alliances shift in response to Trump's policies?

As we move forward, one thing is clear: geopolitics, rather than supply-demand fundamentals, is once again the dominant force shaping global energy markets. The energy sector is bracing for an era where diplomatic decisions, economic nationalism, and strategic maneuvering will determine the fate of oil prices far more than traditional market forces. ■



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