

MONDAY MORNING QUARTERBACK ENERGY MARKETS CEO BRIEFING NOTE

APRIL 28th, 2025



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Global Energy Markets in Bear Grip: Navigating Trump Uncertainty, OPEC Strategy & Shifting Alliances?

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Economic Uncertainty and Tariff Turbulence

The global energy markets remain gripped by bearish sentiment as uncertainties around geopolitical tensions and economic disruptions continue unabated. Central to this turmoil is the persistent U.S.-China tariff conflict driven by President Trump's aggressive trade policies. The resulting global economic uncertainty suppresses market confidence, dampens energy demand forecasts, and keeps sustained downward pressure on oil prices.

Trump's tariffs are increasingly perceived as the dominant factor influencing market dynamics, overshadowing even major geopolitical flashpoints. Market players remain highly reactive to each new policy twist, highlighting the broader economic anxiety resulting from unpredictable trade strategies. With no immediate resolution in sight, businesses and investors face prolonged uncertainty, threatening to further undermine global economic stability.

Compounding this is the ongoing weakening of the U.S. dollar, often a symptom of deeper economic concern rather than a beneficial stimulus for oil demand. Instead of prompting increased consumption, the dollar's decline underscores systemic vulnerabilities in the U.S. economy, deepening investor anxiety and complicating oil market dynamics. These economic jitters feed fears of a possible U.S. recession, as declining consumer confidence and negative macroeconomic indicators create serious headwinds for energy markets worldwide.

Meanwhile, Europe's resolve to end dependence on Russian fossil fuels by 2027 signals a significant shift in regional energy security. Despite ongoing uncertainty surrounding the Russia-Ukraine conflict, Europe is pushing aggressively towards diversifying energy supplies, permanently reshaping its geopolitical and economic landscape.

OPEC+ Strategic Maneuvering and Internal Strains

Amidst this global uncertainty, OPEC+ has adopted a counterintuitive strategy of increasing oil production. Rather than safeguarding price stability, the alliance appears intent on reclaiming lost market share, primarily targeting higher-cost competitors such as U.S. shale producers. This strategic realignment indicates a willingness to tolerate short-term price volatility to achieve long-term market dominance.

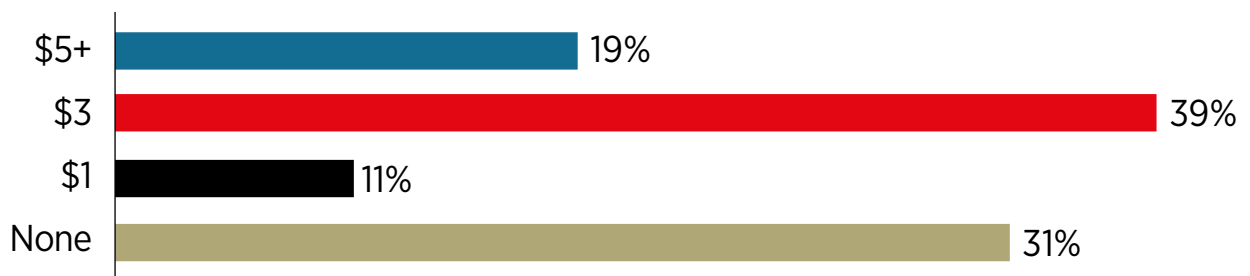
Yet, the effectiveness of OPEC+'s strategy remains hampered by internal compliance struggles. Persistent overproduction by Kazakhstan and Iraq threatens group cohesion, weakening collective credibility. Kazakhstan's challenges, in particular, stem from foreign-owned operators resistant to OPEC+ quotas, raising speculation that the country could eventually reconsider its membership in the group.

Nonetheless, the market reaction suggests that geopolitical risk premiums have been largely muted, with traders prioritizing macroeconomic indicators and recessionary concerns over OPEC+ internal dynamics or isolated geopolitical tensions. Only significant escalation or direct supply

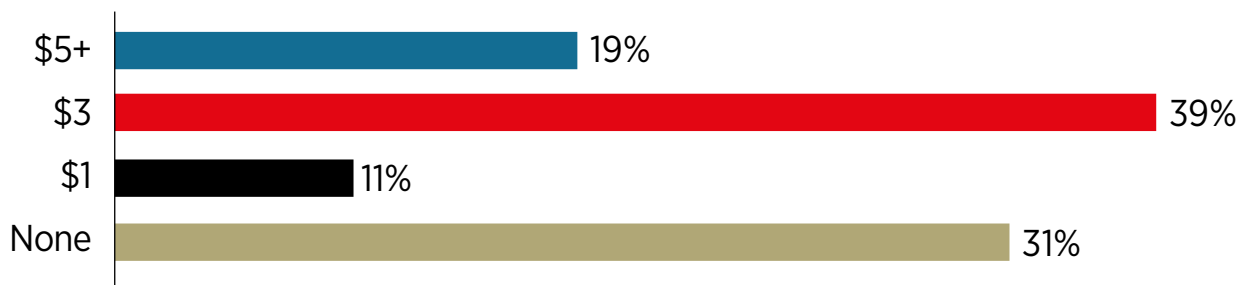
Markets will continue to experience volatility until:



How much geo-pol premium is in current oil price from possible Iran-Israel conflict?



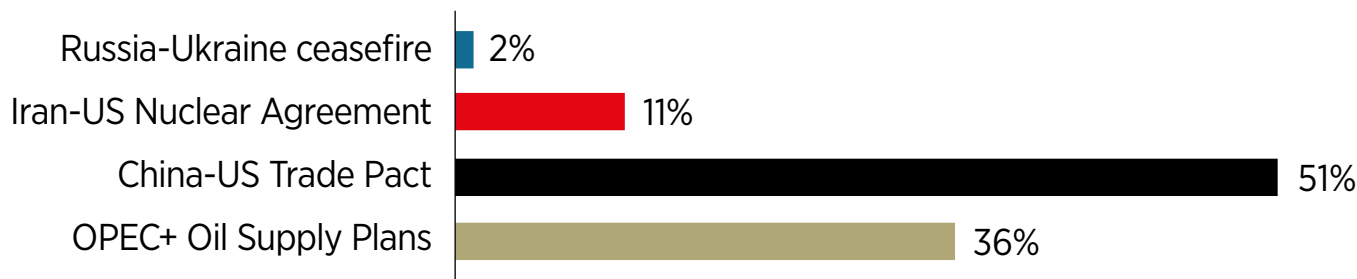
How much geo-pol premium is in current oil price from possible Iran-Israel conflict?



Peak Trump Turmoil for global markets will be behind us as first 100 Days comes to a close on April 30th?



What will have greater bearing on direction of oil prices?



(*nb. Polling conducted with 100+ Energy Market Stakeholders Apr. 21-25)

disruptions appear capable of reigniting a substantial risk premium in the short term.

Shifting Alliances and Emerging Market Dynamics

As traditional energy powerhouses recalibrate their strategies, global market alignments are also experiencing significant shifts. China continues its ambitious expansion into global energy markets, investing heavily in renewable technologies and electric vehicle sectors, particularly in Turkey and Saudi Arabia. This expansion underscores China's strategic positioning as an alternative economic hub to an increasingly isolationist United States, reflecting its broader resilience amidst geopolitical turbulence.

Despite earlier pessimism, China's stable economic and energy consumption outlook provides critical support to global energy markets. Its consistent demand highlights the country's role as a stabilizing force during widespread market disruptions, offering reassurance to global suppliers wary of prolonged economic uncertainty elsewhere.

In the United States, Trump's economic strategies appear deliberately aimed at achieving a weaker dollar and lower oil prices. By pressuring global markets with aggressive tariffs and unpredictable diplomacy, the administration seeks to alleviate the financial burden associated with U.S. debt refinancing. However, contrary to expectations, these strategies have not revived the "drill, baby, drill" approach. Instead, American domestic oil expansion remains restrained, allowing greater emphasis on energy transition initiatives under the Inflation Reduction Act (IRA).

Yet, the IRA faces significant fiscal pressures as tax policy debates heat up, potentially limiting funds available for climate and energy transition programs. Such uncertainties cloud the U.S. long-term energy policy trajectory, potentially slowing America's momentum towards renewable and alternative energy advancements.

Regionally, Libya emerges as a particularly intriguing market, attracting considerable international and regional interest, notably from Turkey, Egypt, and the UAE. Despite ongoing political instability, Libya's National Oil Corporation's forthcoming licensing rounds highlight

significant opportunities for strategic investments. This renewed interest underscores broader geopolitical competition within North Africa, positioning the region as a potential beneficiary of Europe's urgent quest for diversified energy supplies away from Russia.

Algeria and Egypt similarly leverage Europe's diversification push, securing investments as key alternative suppliers. Their proximity and available reserves make North Africa strategically vital for Europe's long-term energy security. The broader region's attractiveness thus grows, as it becomes central to reshaping Europe's energy landscape in the post-Russian fossil fuel era.

Finally, India's historically protectionist trade policies may undergo a beneficial rethink due to external pressure from ongoing trade tensions. While initially disruptive, these tensions offer a potential silver lining, prompting India to liberalize trade restrictions, thereby stimulating domestic economic competitiveness and enhancing its international market position.

Navigating the Path Forward

The complexity of current global market dynamics demands vigilant attention from stakeholders across the energy spectrum. Economic uncertainty remains high, driven by unresolved geopolitical disputes and unpredictable U.S. policy directions. OPEC+'s strategy of increased production further complicates market expectations, highlighting internal challenges that could impact long-term market stability.

At the same time, shifting alliances and new regional investment opportunities signal significant realignments in the global energy landscape. China's resilience, Europe's strategic energy independence, North Africa's growing significance, and India's potential policy liberalization collectively reshape global energy dynamics.

As we navigate these turbulent waters, clarity remains elusive, emphasizing the need for flexibility, strategic foresight, and adaptive resilience among global energy market participants. The coming months will undoubtedly be critical in determining the ultimate direction of this volatile market landscape. ■



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