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MONDAY MORNING
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CEO BRIEFING NOTE

*“Energy in Flux: How Trade Wars
and Geopolitics Are Reshaping
the Global Oil Landscape”*



MONDAY MORNING QUARTERBACK ENERGY MARKETS CEO BRIEFING NOTE – May 19th

Energy in Flux: How Trade Wars and Geopolitics Are Reshaping the Global Oil Landscape

By Sean Evers, Managing Partner, Gulf Intelligence

The Fragile Balance of Trade and Diplomacy

In today's complex global energy landscape, trade disputes and geopolitical tensions are rewriting the rules for markets and policymakers alike. China's strategic patience amid the U.S.-initiated trade war starkly contrasts with America's aggressive tariff approach — a tactic driven not only by trade fairness but also by domestic fiscal pressures. Washington's reliance on tariffs as a revenue tool highlights an unsettling reality: economic strategy has become deeply entwined with political expediency. Meanwhile, China's steady response preserves its long-term leverage, even as its manufacturing sector faces disruptions reminiscent of a pandemic-scale shock.

This prolonged stalemate has fractured global supply chains and undermined confidence in international trade, introducing risks that extend beyond borders. Though recent trade talks offer cautious optimism, market participants remain skeptical of durable resolutions. The ramifications are profound — persistent uncertainty stifles industrial activity, weakens global oil demand, and contributes to economic volatility.

At the same time, diplomatic engagements—from the U.S. outreach to Gulf partners to backchannel discussions with Iran—reflect a shift

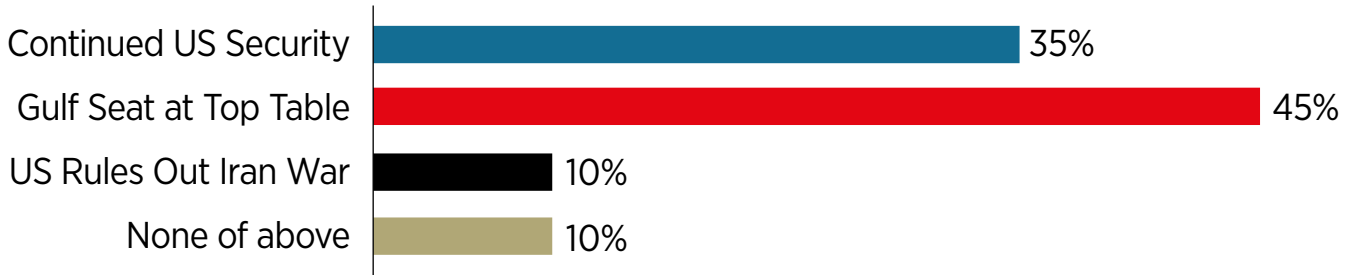
toward transactional alliances. The traditional security pacts are giving way to deals focused on economic alignment and strategic technology cooperation. Yet these efforts have so far yielded limited tangible progress in easing regional conflicts or stabilizing energy flows. The stakes could not be higher: geopolitical realignments threaten to reshape energy alliances, challenge U.S. dominance in global markets, and usher in a more multipolar world order where economic power and energy influence are distributed differently.

Structural Shifts in Oil Markets and Demand

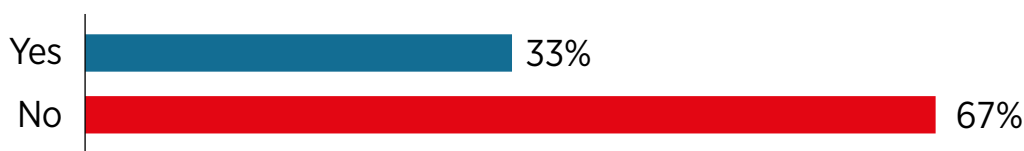
The oil market today is caught in a structural tug-of-war. Oversupply persists, with OPEC+ members like Iraq and Kazakhstan routinely exceeding quotas, undermining the group's efforts to stabilize prices. Meanwhile, U.S. shale producers continue pumping high volumes despite a recent slowdown, keeping inventories elevated and capping price gains. This persistent glut locks oil prices into a \$60 to \$70 per barrel range, well below levels needed to fully support investment and fiscal stability for many producers.

China's crude imports add another layer of complexity. A recent surge driven by strategic stockpiling masked softer real demand, which is

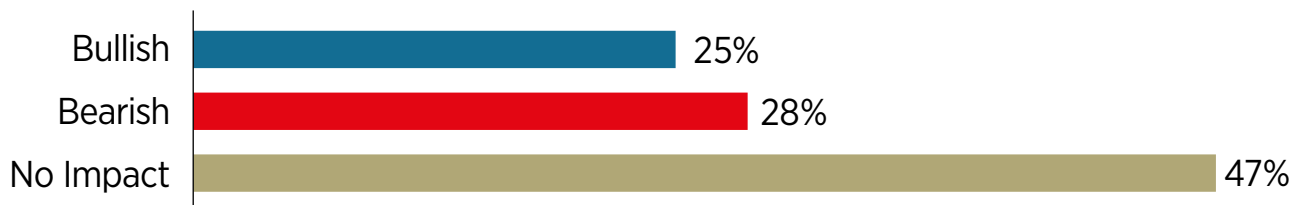
It seems clear what President Trump got from Gulf Tour – \$trillions of FDI into US – what was the biggest thing the Gulf got from visit?



Have we already seen the oil price LOW for 2025?



Will Trump's visit to the Gulf be Bullish or Bearish for oil prices?



Who won the US-China Trade War?



Which GEO POL crisis is most likely to resolve first?



(*nb. Polling conducted with 100+ Energy Market Stakeholders May 12-16)

further challenged by the country's industrial recalibration and shift from traditional fuel use toward petrochemicals. While this transition supports some sustained oil consumption, it does not offset the broader global demand slowdown driven by trade tensions, inflation, and sluggish economic recovery.

Asia's evolving manufacturing landscape offers a bright spot amid these challenges. Countries such as Vietnam, Indonesia, and India are emerging as new industrial hubs, diversifying supply chains away from China and boosting regional energy demand, particularly for petrochemical feedstocks. India's energy sector, despite regional military tensions, continues its ambitious expansion in renewables and refining capacity, underscoring the resilience and long-term growth potential of Asian markets.

However, oil prices today are increasingly disconnected from traditional supply-demand fundamentals. Instead, prices react to market sentiment, geopolitical headlines, and financial market movements, introducing heightened volatility and uncertainty. This sentiment-driven environment complicates investment decisions and energy security planning, posing risks for both producers and consumers. Without a major supply shock or breakthrough in demand, the bear market momentum in oil is likely to persist, challenging stakeholders to navigate a difficult and unpredictable environment.

Economic Constraints and the Future of Energy Diplomacy

The broader macroeconomic backdrop constrains policy flexibility and shapes the future of energy diplomacy. The United States faces significant fiscal challenges, including a \$9 trillion bond issuance and rising Treasury yields. These fiscal pressures, coupled with a weakening dollar and persistent inflation, limit the Federal Reserve's ability to stimulate growth without risking financial instability. Tariffs, while generating revenue, exacerbate global trade uncertainty and weigh on commodity markets, including crude oil.

Against this backdrop, Saudi Arabia exemplifies a strategic pivot. With low debt levels and ample reserves, Riyadh can tolerate lower oil prices while pursuing ambitious economic diversification. The kingdom is repositioning itself as a growth-oriented economy,

investing in sectors beyond oil such as tourism, manufacturing, and housing, thereby reducing its dependence on volatile energy revenues.

Meanwhile, U.S. energy diplomacy is evolving under transactional politics, marked by efforts to attract large-scale Gulf investments into American infrastructure. This strategy aims not only at economic gain but also at reinforcing political ties and leveraging energy market influence to counter inflationary pressures. Concurrently, backchannel U.S.-Iran diplomacy holds potential to ease regional tensions and stabilize oil markets, though uncertainties remain.

These intertwined economic and geopolitical dynamics create a delicate balancing act. Inflation and currency fluctuations influence energy investment and commodity pricing, adding layers of complexity for market participants. The global energy sector today is a barometer for broader economic health and geopolitical stability. Navigating this era will require strategic foresight, multilateral cooperation, and an ability to adapt to shifting trade patterns and emerging market realities.

Conclusion

The global energy landscape is undergoing profound transformations driven by trade conflicts, geopolitical uncertainty, shifting demand patterns, and economic constraints. China's steady approach amid trade tensions, OPEC+'s challenges managing supply, and the emergence of Asia as a new industrial powerhouse shape a future marked by volatility and opportunity. Meanwhile, evolving energy diplomacy and macroeconomic pressures underscore the intricate linkages between markets and geopolitics.

For policymakers and investors alike, the key challenge will be balancing short-term volatility with long-term strategic planning—ensuring energy security, market stability, and economic growth in an increasingly complex and multipolar world. The stakes are enormous: failure to adapt risks deeper fragmentation, market shocks, and geopolitical upheaval, while successful navigation could foster a more resilient and diversified energy future. ■



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