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**MONDAY MORNING
QUARTERBACK
ENERGY MARKETS
CEO BRIEFING NOTE**

*“OPEC+ at a Crossroads:
How to Navigate Geopolitical Storms &
Market Realities Simultaneously?”*



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ENERGY MARKETS CEO BRIEFING NOTE – June 30th

OPEC+ at a Crossroads: How to Navigate Geopolitical Storms & Market Realities Simultaneously?

By Sean Evers, Managing Partner, Gulf Intelligence

In the wake of recent geopolitical shocks and market volatility, OPEC+'s oil supply strategy for the second-half of the year is again under scrutiny. The tumultuous events of the recent Israel-Iran conflict, alongside shifting global economic indicators, have amplified the complexities OPEC+ faces in balancing supply and stabilizing oil prices when it meets on July 6th.

Geopolitical Resilience and Market Complacency

A critical point for OPEC+ strategy emerged starkly when geopolitical risks failed to significantly inflate oil prices, despite missiles crossing the Gulf skies from Iran to Qatar. This unprecedented calmness in the market, despite direct threats to the world's central energy corridor, underscored a new resilience or perhaps complacency among traders. Market participants appear increasingly adept at discerning when threats truly endanger physical supplies versus when geopolitical noise merely rattles the cages.

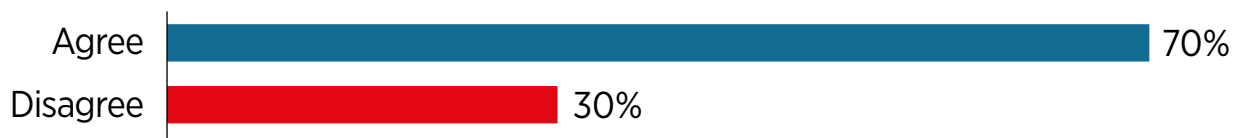
Insights from industry experts have highlighted this dynamic, emphasizing OPEC+'s position of relative ease due to declining competition from U.S. shale oil. The visible reduction in U.S. rig counts has simplified OPEC+'s strategic calculations. Indeed, with U.S. shale production in decline—estimated to be dropping by approximately 600,000 barrels per day annually due to diminished drilling—OPEC+ now faces fewer external pressures, thereby granting the group greater flexibility.

Yet, despite this relative ease, recent market movements hint at enduring complexities. Analysts have highlighted the shifting macroeconomic focus that might soon dominate OPEC+'s agenda, especially the uncertainties surrounding global economic growth, trade disputes, and central bank policies. These broader economic factors are gradually reclaiming attention as the geopolitical dust from the Iran-Israel conflict settles.

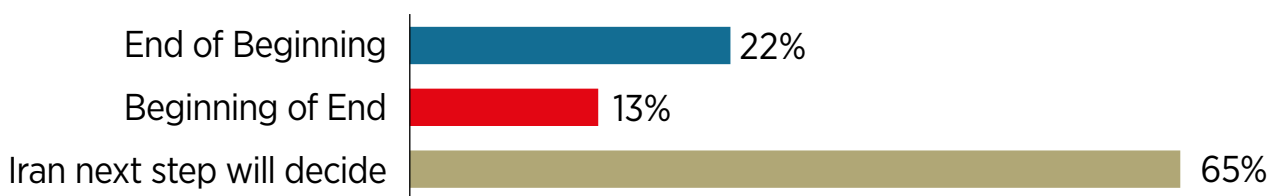
Balancing Internal Ambitions and External Stability

Furthermore, internal dynamics within OPEC+ also suggest intricate negotiations ahead. Saudi Arabia's sustained voluntary production cuts have borne the brunt of recent OPEC+ policies aimed at price stabilization. However, countries like Iraq and the UAE are eager to ramp up output, pressing OPEC+ to balance internal cohesion against individual members' economic ambitions. A measured response suggests that if OPEC+ can add another one million barrels to their quota, they would be doing extremely well, benefiting key producers such as Saudi Arabia, UAE, Kuwait, and Iraq. Yet, the internal competition over market share within OPEC+ cannot be dismissed lightly. Countries possessing surplus capacity see significant economic incentives in leveraging this spare production potential. Consequently, managing these internal expectations alongside external market stability remains an enduring challenge.

The oil market can now definitively rule out any possibility of Iran closing the Strait of Hormuz?



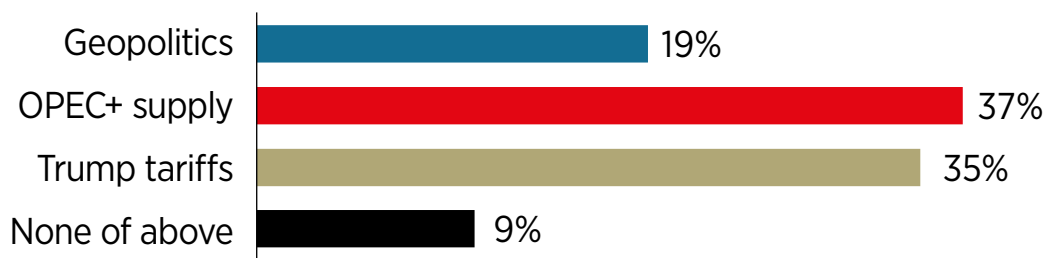
What stage is Israel's War on Iran now at:



Brent averaged about \$70 in first half of 2025 - What will it average in H2?



What will be the main driver of oil prices in H2 '25?



(*nb. Polling conducted with 100+ Energy Market Stakeholders June 23-26)

Adding complexity is the evolving geopolitical narrative shaping regional oil flows. Recent ambiguous public endorsements by global leaders, suggesting Iran could now freely sell oil to China, introduced a new dynamic into the sanctions regime. This implicit green light—without formal sanction relief—signals a strategic pivot towards ensuring uninterrupted global oil supplies, effectively lowering global price volatility. However, this sets a precarious precedent regarding the integrity of international sanctions, potentially complicating future OPEC+ decisions.

Senior freight analysts underscore another vital dimension: the logistics and tanker rate fluctuations following geopolitical crises. Recent rate spikes, driven by uncertainty around the Strait of Hormuz, swiftly reversed as clarity returned. These swift movements highlight the market's hypersensitivity to perceived risks, suggesting that OPEC+ decisions will continue to navigate closely interwoven geopolitical and logistical considerations.

Emerging Market Clarity Amid Lingerin Risks

Looking forward, broader strategic landscapes are shifting towards stability in oil flows, despite regional conflicts. Signals from key global players indicate a departure from aggressive maximum pressure strategies, instead promoting stability by allowing sanctioned Iranian oil to flow quietly to Asia. For OPEC+, this potentially signals reduced volatility from geopolitical disruptions, at least in the short term.

The apparent calm in oil markets post-conflict, with prices swiftly reverting to pre-crisis levels, may offer OPEC+ an opportunity to recalibrate its long-term strategy without immediate market pressure. Analysts emphasize this point, noting that markets have become subtler in understanding geopolitical messages, indicating a shift towards greater strategic sophistication among traders.

However, despite current calm, potential flashpoints remain. The unresolved status of Iran's nuclear ambitions continues to loom large, with market participants wary of abrupt escalations. Such risks necessitate vigilance from OPEC+, requiring flexible, reactive strategies to swiftly adapt to sudden market disruptions.

OPEC+ also faces growing expectations to play a leading role in ensuring energy security and managing the energy transition. As demand patterns evolve and new players emerge in global energy markets, the group must enhance its coordination mechanisms and data transparency. Ensuring long-term stability will require not just reactive strategies but also forward-looking planning rooted in regional cooperation and cross-sectoral insights.

Strategic Agility: OPEC+'s Path Forward

OPEC+ finds itself navigating increasingly nuanced terrain. Reduced external competition from U.S. shale offers a cushion, allowing OPEC+ to carefully adjust its supply strategy. Simultaneously, internal ambitions from members eager to maximize production necessitate delicate negotiations

to maintain unity. Geopolitical calm following the Israel-Iran conflict provides temporary breathing room, yet lingering uncertainties around Iran's nuclear ambitions and global economic volatility persist. OPEC+ must therefore continue to tread carefully, blending cautious output increases with readiness to pivot rapidly should geopolitical disruptions resurface.

The group's strategic agility will be its greatest asset moving forward. It must leverage current calm to reinforce internal coherence and prepare for inevitable future shocks. The delicate balancing act between geopolitical realities, market fundamentals, and internal dynamics will define OPEC+'s ability to sustainably manage global oil supply in an era of profound uncertainty.

As OPEC+ moves forward, its leaders must remain vigilant, maintaining clear channels of communication and robust contingency plans. Market fundamentals may appear stable, but the potential for rapid shifts remains high. The organization's capability to swiftly respond to unexpected developments, such as further geopolitical shocks or sudden economic downturns, will be paramount. This strategic flexibility is essential to maintaining market stability and ensuring long-term global energy security.

Ultimately, OPEC+'s role in the global energy landscape is increasingly defined by its ability to navigate through ambiguity and volatility. Whether managing internal ambitions, interpreting geopolitical signals, or responding to economic indicators, OPEC+'s strategies will be closely watched by markets worldwide. The coming months will test the organization's resilience and adaptability, offering crucial insights into its future capacity to balance oil supply amid an ever-changing global landscape.

Conclusion

As the global energy landscape continues to evolve, OPEC+ stands at a pivotal juncture. The challenges of maintaining internal unity, responding to external shocks, and adapting to shifting geopolitical and economic conditions are intensifying. Yet the group has also proven its resilience, adapting through cycles of disruption and opportunity.

The strategy going forward must blend pragmatism with foresight. Rather than relying solely on production cuts or output boosts, OPEC+ must deepen its engagement with broader energy transition efforts, foster alignment among members, and strengthen its global partnerships. The ability to build consensus, communicate effectively with markets, and anticipate the impact of emerging trends will be key to its enduring relevance.

With calm returning—however tentatively—to the region, OPEC+ has an opportunity to lead from a position of strength. How it seizes that opportunity will shape not only the price of oil in the months ahead but also the strategic contours of energy geopolitics in the years to come. ■



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