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WEEKEND READING
ENERGY MARKETS BRIEFING NOTE

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BEFORE THE VOTE, THE BARRELS: OPEC+ Is Already Raising Supply Ahead of March 1

By Sean Evers, Managing Partner, Gulf Intelligence

When OPEC+ ministers gather on March 1, markets will treat the meeting as decisive. Analysts expect the group to approve a modest production increase — roughly 137,000 barrels per day beginning in April — following a three-month pause prompted by seasonally weaker demand. Commentators will frame it as a signal of confidence in the group's view that supply and demand remain broadly balanced in 2026.

But by the time ministers formally agree, the operational decision will already have been taken.

The barrels are moving first.

The real signal is not in draft statements or pre-meeting briefings. It is in tanker fixtures, freight rates, export schedules and marine tracking screens. Oil production policy is announced in conference rooms. Oil supply is implemented on water. And the water is already telling a story.

Before the vote, the barrels.

The Freight Market Moved First

Oil markets often focus obsessively on formal meetings, yet production adjustments are logistical processes long before they are political declarations. Export programs must be updated weeks in advance. Loading windows at terminals must be allocated. Term customers must be notified. Buyers must arrange financing and hedging. Tankers must be chartered before cargoes are lifted.

Those steps are visible — if you know where to look.

In recent weeks, chartering activity out of the Gulf has strengthened noticeably. Very Large Crude Carrier (VLCC) fixtures on Middle East-to-Asia routes have picked up. Freight rates have firmed sharply, with earnings climbing toward multi-year highs. Shipbrokers report tighter vessel availability and more aggressive booking behavior ahead of the expected April loading cycle.

VLCCs are not chartered at scale because exporters are "considering" raising supply. They are booked because cargoes are programmed. The chartering cycle precedes the policy cycle. If Saudi Arabia or the United Arab Emirates — the two OPEC+ members with meaningful spare capacity — intend to lift exports in Q2, they cannot wait until the first day of April to secure ships. They must do so weeks ahead.

That appears to be exactly what is happening.

The market can debate rhetoric. It cannot debate logistics.

When vessels are fixed in volume and freight tightens, the implication is straightforward: incremental barrels are scheduled to load.

The March 1 meeting, in that sense, risks becoming a confirmation exercise rather than a turning point.

A Price Rally Built on Disruption and Risk

The timing of this operational shift is not accidental. January's roughly $10 per barrel surge in benchmark crude prices was driven not by structural demand strength, but by disruption and geopolitical tension.

Extreme winter weather temporarily shut in more than 1 million barrels per day of North American output. Kazakhstan's key export terminal faced prolonged disruptions, compounded by a power outage at its largest producing field. Russian supply declined by approximately 350,000 barrels per day in January as sanctions tightened and key buyers faced greater pressure from Washington and Brussels. Indian refiners sharply reduced imports of Russian crude, pushing volumes to their lowest level since late 2022.

At the same time, Venezuelan output dropped by more than 200,000 barrels per day before Washington authorized a pathway for U.S.-incorporated firms to resume exports, suggesting supply there will recover. Meanwhile, escalating tensions between the United States and Iran added a risk premium to oil flowing through the Strait of Hormuz, a chokepoint through which nearly one-fifth of global oil supply transits. U.S. advisories warning ships to steer clear of Iranian waters reinforced the perception of vulnerability.

Brent climbed above $70 per barrel.

Yet beneath that price strength, structural balances have been loosening. Global oil supply is projected to rise by roughly 2.4 million barrels per day in 2026, with growth evenly split between OPEC+ and non-OPEC+ producers assuming quotas are maintained. World oil demand growth has been revised down to approximately 850,000 barrels per day, reflecting economic uncertainty and the drag of higher prices. China remains the largest contributor to incremental demand, but its growth rate is significantly below its historical average.

Inventories are building at a pace that cannot be ignored. Observed global oil stocks rose by 37 million barrels in December alone. Total builds last year reached 477 million barrels — an extraordinary 1.3 million barrels per day on average, the largest accumulation since 2020. Chinese crude inventories rose by 111 million barrels. Oil stored on water swelled by 248 million barrels, a significant share of which consisted of sanctioned Russian and Iranian barrels.

The surplus is real. It simply has not fully manifested in the OECD commercial storage hubs that anchor price discovery and sentiment.

Visible Western inventories remain relatively tight. Backwardation persists in the futures curve. Physical differentials have not collapsed. That tightness in pricing hubs has masked the broader global imbalance.

This two-tier market — tight where prices are formed, loose where barrels are stored — has created a temporary window.

OPEC+ appears to be moving within it.

Acting Before the Surplus Becomes Visible

For producers holding spare capacity, the strategic calculus is straightforward. Prices are elevated by geopolitical risk and localized tightness. Freight markets are strong. The forward curve remains supportive. Yet the structural trajectory points toward increasing surplus later in the year as supply recovers from disruptions and refinery runs decline seasonally.

Waiting carries risk.

As global refinery activity eases from the record highs reached in December, and as supply rebounds from January's outages, surplus barrels will increasingly move ashore in the Atlantic Basin. When OECD inventories begin to rise more visibly, backwardation will flatten. Market structure will soften. Brent will likely gravitate toward the mid-to-high $50s range implied by supply-demand fundamentals.

Selling incremental barrels into that environment would mean accepting lower marginal revenue.

Selling into today's environment, by contrast, allows OPEC+ members to monetize strength before it fades.

The widely anticipated 137,000 barrel per day increase is modest relative to global demand. It is small enough to avoid materially loosening the market, yet meaningful enough to signal confidence in the group's outlook. Between April and December of last year, key OPEC+ members raised quotas by nearly 3 million barrels per day despite oversupply warnings. A three-month pause followed. Extending that pause further could undermine the group's credibility in its own balanced-market narrative.

A calibrated increase achieves multiple objectives. It reinforces authority. It captures revenue. It pre-empts a sharper adjustment later in the year.

But the critical insight is this: production increases are not instantaneous. They are staged. Ships are chartered ahead of loadings. Buyers position ahead of cargoes. The freight market tightens before headlines appear.

The current pattern of tanker bookings suggests that exporters have already concluded that the prudent strategy is to move first rather than wait for a formal vote.

Sunday's meeting will almost certainly endorse a modest supply increase. Markets will treat it as news. Yet the more revealing signal lies in the operational groundwork already visible.

Oil markets often mistake policy statements for inflection points. In reality, inflection points are logistical. They appear first in export programs and shipping flows. They show up in freight rates and chartering patterns.

Before the vote, the barrels.

The tankers already indicate what March 1 will confirm: OPEC+ is raising supply ahead of schedule, choosing to manage the emergence of surplus proactively rather than reactively.

In oil, words shape sentiment. Logistics shape reality.

And reality, as reflected in freight markets and marine tracking data, suggests that the increase is not coming. It is underway. ■

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