

MONDAY MORNING QUARTERBACK ENERGY MARKETS CEO BRIEFING NOTE

MARCH 17th, 2025



Consultancy
Intelligence
Publishing



MONDAY MORNING QUARTERBACK ENERGY MARKETS CEO BRIEFING NOTE

The Evolving Energy Markets Landscape: Volatility, Geopolitical Shifts & Strategic Realignments

By Sean Evers, Managing Partner, Gulf Intelligence

The global energy market is undergoing a period of significant transformation, shaped by economic uncertainty, shifting geopolitical alliances, and strategic adjustments by major oil-producing nations. While oil prices have remained relatively stable around the \$70 per barrel mark, underlying market dynamics suggest that volatility and structural realignments will continue to define the energy landscape in 2025. This Briefing Note explores three key themes driving these changes: the intersection of financial and oil markets, the impact of geopolitical tensions, and the strategic maneuvers of OPEC+ and non-OPEC producers.

Financial Markets and Oil: A Deepening Nexus

Crude oil prices are increasingly moving in tandem with financial market sentiment rather than responding purely to supply and demand fundamentals. The heightened uncertainty surrounding U.S. economic policies—particularly tariffs, interest rates, and potential recession risks—has caused investors to treat oil as a risk asset rather than a commodity governed by its own market forces.

The “tariff tantrum” created by the Trump administration’s aggressive trade policies has sent shockwaves through financial markets, triggering sell-offs and undermining confidence in global economic growth. This uncertainty has extended to the oil sector, where traders are wary of long-term commitments due to concerns over declining industrial activity and reduced transportation fuel demand. The risk of a full-scale trade war between the U.S. and key economic players such as China, Canada, and Mexico has further exacerbated market instability, limiting speculative flows into energy assets.

At the same time, interest rate policies and the trajectory of U.S. Federal Reserve decisions are playing a crucial role in shaping market expectations. A weakening U.S. dollar could provide some support for oil prices by making crude more affordable for non-dollar buyers. However, if recession fears materialize and demand for energy weakens, crude prices may struggle to

sustain current levels. Financial investors are watching closely for clearer economic signals, with many holding off on major positions until there is greater policy certainty.

Another key concern is the growing imbalance between supply and demand fundamentals. Despite occasional price rebounds, the market remains structurally weak due to sluggish demand growth, surplus production, and macroeconomic concerns. The global oil supply continues to outpace demand, raising questions about long-term price stability. Unless demand fundamentals improve, financial markets will likely continue to exert downward pressure on crude prices.

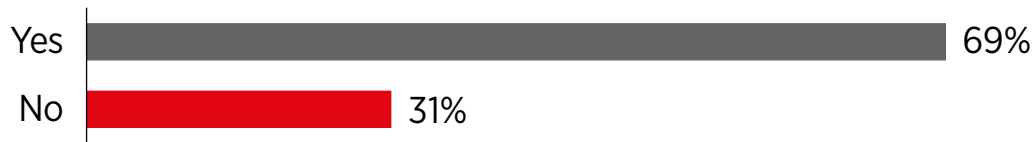
Geopolitical Uncertainty and Energy Market Disruptions

While financial volatility is shaping oil price movements, geopolitical instability is another major factor influencing energy markets. Key regions, including the Middle East, Eastern Europe, and Asia, are experiencing heightened tensions, with potential consequences for global energy security.

One of the most significant developments is the evolving situation in Ukraine. A potential ceasefire deal, if realized, could alter global energy flows by allowing Russian crude and gas to re-enter European markets. This would disrupt existing supply chains and shift demand patterns in Asia and the Middle East, particularly as European nations seek to reduce their reliance on Russian energy while simultaneously prioritizing economic stability. However, uncertainty remains regarding Russia’s long-term strategy, as Moscow continues to leverage its energy exports as a geopolitical tool.

In the Middle East, Iran’s nuclear ambitions and the likelihood of renewed U.S. sanctions have raised concerns about potential supply disruptions. Reports suggest that Iran is on the brink of nuclear weapon capability, escalating tensions between Tehran and Washington. If the U.S. reinstates maximum pressure sanctions, Iranian crude exports could fall by 500,000 to 1 million barrels per day, significantly tightening global supply. However, enforcement

Will OPEC+ reclaim market share from non-OPEC if Brent remains below \$70 for sustained period?



Brent holding at \$70 one week later is a win for OPEC+ decision to raise supply?



Will a US orchestrated Ceasefire in Ukraine be Bullish or Bearish for oil prices?



OPEC+ is likely to continue with supply increases beyond April as long as oil markets remain in backwardation?



Will US Maximum pressure sanctions on Iran remove 1+mbpd of oil exports off the market like last time?



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

challenges and potential workarounds—such as shadow fleet operations and Chinese purchases—may mitigate the full impact of these sanctions.

Beyond Iran, conflicts involving Syria, Israel, and the broader Gulf region also pose risks to energy markets. While direct supply disruptions have been minimal, the potential for escalation remains high, particularly as regional actors reassess their geopolitical strategies. Meanwhile, Saudi Arabia has taken an increasingly active diplomatic role, hosting negotiations between Russia, the U.S., and Ukraine, signaling a shift toward a more influential position in global geopolitical affairs.

The geopolitical landscape is also reshaping trade relationships and energy alliances. India, for example, has emerged as a key player in global energy markets, securing long-term Russian oil supply deals at discounted prices. This strategic shift has allowed India to reduce its dependence on Middle Eastern suppliers while strengthening economic ties with Moscow. Similarly, Europe is accelerating its energy independence efforts by diversifying supply sources, expanding LNG infrastructure, and investing in renewables. These moves reflect a broader global realignment in which energy security is becoming a central pillar of foreign policy.

OPEC+ Strategy and Non-OPEC Supply Dynamics

Amid economic uncertainty and geopolitical realignments, OPEC+ has remained committed to its strategic production adjustments, balancing supply increases with efforts to maintain price stability. The group's decision to gradually unwind voluntary production cuts—despite weak demand signals—suggests a long-term focus on market share retention rather than immediate price support.

OPEC+ faces a challenging balancing act. On one hand, members like Saudi Arabia and the UAE seek to manage production increases in a controlled manner to prevent oversupply and maintain price stability. On the other hand, several member states, including Russia, Iraq, and Kazakhstan, have been exceeding their quotas, raising concerns about compliance and internal cohesion within the group. Saudi Arabia remains the only fully compliant member, carrying much of the burden of production cuts while other nations leak additional barrels into the market.

In parallel, non-OPEC producers are experiencing their own challenges. While initial projections suggested significant output growth from Brazil, Canada, and Norway, infrastructure bottlenecks, regulatory challenges, and economic constraints could limit production increases. U.S. shale, once a

dominant force in global supply, is also showing signs of stagnation. Capital discipline remains a priority for shale producers, with many reluctant to ramp up drilling without a sustained price incentive. If oil prices dip below \$65-\$70 per barrel, new shale investments may decline further, reducing future supply growth.

Another key factor influencing OPEC+ strategy is the evolving role of Iran and Venezuela. While Venezuela's oil production has remained relatively stable, the recent cancellation of Chevron's license to operate in the country has created uncertainty about future output. If additional sanctions are imposed, Venezuelan crude supply could face disruptions, further complicating global market dynamics.

Looking ahead, OPEC+ is likely to continue its cautious approach, adjusting supply increments based on market conditions. The group's ability to manage production while maintaining internal cohesion will be critical in shaping oil price stability in 2025 and beyond.

Conclusion: A Complex and Uncertain Road Ahead

The global energy market is at a crossroads, shaped by financial uncertainty, geopolitical tensions, and strategic shifts among oil producers. While OPEC+ is carefully managing its production strategy, broader economic and political factors continue to drive market volatility.

Financial markets are playing an increasingly influential role in oil price movements, with investors treating crude as a risk asset linked to global economic sentiment. Meanwhile, geopolitical disruptions—including conflicts in Ukraine and the Middle East—have the potential to reshape energy trade flows and create unexpected supply constraints.

OPEC+ faces the dual challenge of maintaining price stability while preventing market share erosion, particularly as non-OPEC producers navigate their own supply challenges. The role of sanctions, particularly against Iran and Venezuela, will also play a critical role in shaping global supply dynamics.

Ultimately, the energy market in 2025 will be defined by adaptability. Governments, investors, and energy producers must navigate a highly uncertain environment, balancing economic interests with political realities. As market participants assess risks and opportunities, the coming months will be crucial in determining the long-term trajectory of the global energy sector. ■



Consultancy
Intelligence
Publishing