

The fabled oil glut waits in the wings



Oil prices pushed higher this week, closing on Friday evening at the highs of the last five trading days.

It was a solid performance buoyed by yet further geopolitical tensions as the pride of the American Navy USS Abraham Lincoln sat threateningly within range of Iran, the 4th largest oil supplier in the World, depending upon how you count Venezuela ready to attack their eternal enemy should a deal to stop Iran’s internal troubles and external nuclear ambitions fall into ashes (for clarification, Iran in terms of oil supply remains an important and serious oil producer, 3.3 million barrels a day of crude oil, and should that supply tighten or be blocked, oil prices going forward would soar).

This week, American and Iranian delegates met in Muscat, Oman, to discuss their plight and a potential solution, with the discussions being mediated by the independent Omani Foreign Minister Badr al-Busaidi.

For a while, the talks (which originally began in Turkey some days before) faltered, but since the bandwagon arrived in Oman, prospects of a peaceful conclusion seemed as far away as ever.

It remains hard not to be cynical of any reasonable outcome, especially as a drone attack allegedly launched by Iran via their proxy Houthi rebels aimed at one of the World’s largest aircraft carriers, the USS Abraham Lincoln, in the Arabian Sea.

The drones were shot down by American fighter jets, which reside on the ship, 90 of them!

For now, oil prices remain high mainly because of the tense situation between America and Iran, together with the ever-present Russia/ Ukraine war.

Geopolitical tumult continues to rule the oil price amidst a backdrop of what some major trading houses have called a fundamental “super oil glut”!

It’s not difficult to see why, eventually, that glut will, in the end, force oil prices lower.

The “glut” is growing, especially aided by countries we didn’t even count as significant exporters of crude oil 5 years ago, despite flying in the face of any climate control initiative to reduce emissions produced by the burning of fossil fuels into the earth’s atmosphere.

As examples, Guyana is now producing 1 million barrels a day, Kazakhstan supply is caught in the politics of its relationship with Iraq and the problems created by Europe’s ongoing war but once freed of those problems remains a major supplier to the World, Venezuela is slowly finding America chipping away at it’s rusty chains to release oil for export again, whilst OPEC supplies 29 million barrels a day (

30% of the world’s oil) and then add another 12 million for OPEC+ members, and all the while the International Energy Agency tells us supply will exceed demand by 4 million barrels a day in 2026.

Meanwhile, it’s worth glancing at the evidence of who has the greatest oil reserves around the world. What comes as a surprise is to see that Venezuela has the largest!

This week could be an illusion based on much hot air for sure, oil prices strengthened again, buoyed by geopolitical turmoil and weather-related mayhem set against the continuing forecasts of huge oil supplies to come. Is that prediction of future oversupply pie in the sky? Judging by this week’s picture, the warning signs are there for all to see; more oil will eventually arrive, looking for homes already awash with offers.

If China and India had not taken up some of the slack, we could easily be looking at ICE Brent prices in the 50’s rather than just shy of \$70.

Meanwhile, the oil just keeps on coming, although it’s important to differentiate between oil supplied by bona fide suppliers, weighed against sanctioned oil distributed by the so-called “dark fleet”.

Today, oil prices look stable and resilient, buoyed by geopolitical chaos, which, as a guesstimate, is adding at least \$4 to \$5 a barrel to today’s prices, but the tsunami of new supply looks to be waiting around the corner, marking time but super ready to increase momentum.

This week’s closing guide prices:

Name	Price	Last Week
Ice Brent	\$68.10	+2.15
WTI	\$63.50	+1.65
Ice Gas Oil	\$650.25	+6.25
Euro Mogas Swaps	\$650.75	+25.75
Euro Naphtha Swaps	\$556.00	+20.25
Nymex Gasoline	\$1.9522	+9.78 c/gal
LPG Swaps	\$503.75	-21.25
OPEC Basket	\$66.65	
Gold	\$4964	