

OPEC+ Likely to Delay Production Cuts Amid Weakened Global Demand

OPEC+ is likely to delay its planned gradual reduction in oil production cuts again, according to Citi analysts. The group, made up of major oil exporters and allies, is set to discuss its production policy in a virtual meeting on December 1, focusing on how to adjust supply in the face of an unstable market.

The current plan, which called for the reversal of 2.2 million barrels per day (bpd) in voluntary production cuts announced in June 2024, has already been delayed several times. Initially scheduled to begin in October 2024, it was postponed to December, then to January 2025, and now may be rescheduled for April 2025, according to Citi's projections.

Market Context and Fundamentals

The decision to postpone the cuts comes amid weakening global oil demand, expectations of a surplus in 2025, and fragile market fundamentals. Citi estimates that global oil stocks could increase by around 1 million barrels per day next year, even with the cuts in place. Brent prices are expected to hover around \$60 per barrel, reflecting weaker market conditions.

Another key factor is demand from China, traditionally the world's largest oil consumer. China's consumption recovery is falling short of expectations, while production outside OPEC+ continues to grow robustly.