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‘Drill baby drill’ through American eyes

- **The Brent oil price** remains stable within a narrow range of USD 60-65/barrel, with ample supply offsetting geopolitical risks of supply disruptions and the FED interest rate decision.
- **US oil production** is rising despite a lower WTI price, driven by higher efficiency and the increasing value of NGLs and associated gas.
- **TTF-Henry Hub ratio** returns to pre-energy crisis levels. The Henry Hub gas benchmark has doubled since the summer, while the TTF price has fallen. Weather influences, increasing electricity demand and growing LNG exports are driving this convergence.
- **European LNG risk** is increasing as a result of rising US gas prices. Furthermore, the US is using its National Security Strategy to promote the use of LNG as a weapon. With the phasing out of Russian gas, the share of American LNG will continue to increase.

Oil price trapped within a narrow range

The Brent oil price remains trapped within a narrow range of USD 60-65/barrel. This price level reflects the current ample supply, combined with the geopolitical risks that are still present.

An important indicator of this ample supply on the oil market is the Official Selling Price (OSP) of Saudi Aramco, Saudi Arabia's national oil company. Deliveries to Asia in January have been reduced in price by USD 0.20-0.60/barrel compared to December. In addition, the OPEC+ online meeting on 30 November confirmed the previously announced pause in the reduction of production restrictions in the first quarter of 2026. This sends a clear signal from the group regarding the current market balance.

Brent oil price within narrow range



Source: LSEG Eikon

Bullish factors unable to make an impact

OPEC+ published an update on the compensation plans for countries that previously exceeded their production quotas. Although the quantities involved are significant, particularly for Kazakhstan and, to a lesser extent, Iraq, the market has little confidence in their potential impact, as evidenced by the minimal effect on prices.

On the geopolitical front, market participants seem to be taking into account, to a certain extent, an agreement between Russia and Ukraine, brokered by the US. This is leading to downward price pressure, as it could mean an increase in the amount of (legal) Russian oil on the market. In the short term, however, the conflict is still leading to supply constraints. For example, exports from Kazakhstan

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