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Trump Tariff: Global Response to the Impact on Oil and Gas Pricing

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As of April 6, 2025, the global oil and gas markets are experiencing significant volatility due to recent tariff implementations by the Trump administration. These tariffs have immediately impacted energy prices and prompted various forecasts for the coming months.

Current Market Impact

- **Oil Prices:** Following the announcement of the tariffs, oil prices have seen a sharp decline. West Texas Intermediate (WTI) crude dropped nearly $10 over two days, reaching $62.05 per barrel.
- **Natural Gas Prices:** While oil prices have plummeted, natural gas stocks have shown resilience. This is attributed to rising LNG exports and reduced exposure to OPEC's production dynamics.

Forecasts for the Next 8 Months

- **Goldman Sachs Outlook:** In February 2025, Goldman Sachs projected that the new tariffs would have a limited near-term impact on global oil and gas prices. They maintained their Brent oil price forecasts at $78 for 2025 and $73 for 2026.
- **Market Analysts' Perspectives:** Some analysts anticipate that unless there are significant production cuts, oil prices may continue to fall, potentially reaching as low as $50 per barrel. This is due to fears of an economic slowdown and an emerging oil glut.

Factors Influencing Future Prices

OPEC+ Production Decisions: Despite falling prices, OPEC+ announced a significant increase in oil production, planning to add 411,000 barrels per day in May. This move could further influence global oil prices in the coming months.

Global Economic Conditions: The tariffs have sparked fears of a global economic slowdown, which could dampen demand for oil and gas, exerting additional downward pressure on prices. Given the dynamic nature of the current geopolitical and economic landscape, forecasts are subject to change. It's advisable to monitor updates from reliable financial institutions and market analysts for the most current information.

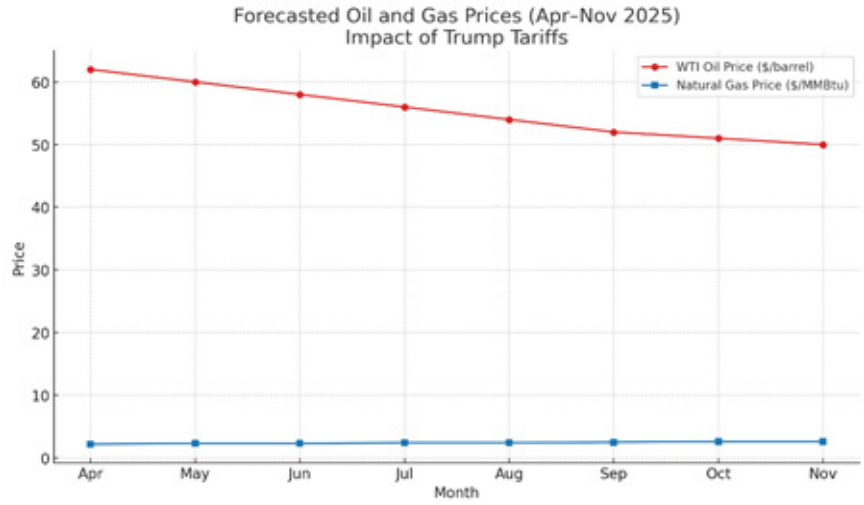


Figure 1. Forecasted chart for oil and gas prices.





Here's a forecasted chart for oil and gas prices from April to November 2025, showing a potential decline in oil prices and a modest rise in natural gas prices, based on recent market responses to Trump's tariffs and OPEC+ production decision.

How will the different OPEC+ countries cope with the challenges?

OPEC+ countries will face a variety of challenges in the coming months due to the Trump tariffs and the resulting global market volatility. Here's a breakdown of how different OPEC+ countries might cope, depending on their economic structure, production costs, and fiscal reliance on oil revenues:

Saudi Arabia

- Coping Strategy: Likely to increase production to maintain market share and assert dominance.
- Challenges: Falling prices hurt revenue, but Saudi Arabia has large foreign reserves and is relatively well-insulated.
- Outlook: Short-term pain, long-term strategic positioning—especially as they prepare for Vision 2030 diversification.

Russia

- Coping Strategy: Russia has a diverse economy and lower production costs. It may withstand lower prices longer.
- Challenges: Sanctions + tariffs + falling prices can squeeze the budget. Political and military commitments add pressure.
- Outlook: Will likely stay in the game to retain geopolitical influence, but domestic discontent may rise if prices stay low.

Iran

- Coping Strategy: Limited ability to adjust due to existing sanctions. Will try to boost exports to friendly countries.
- Challenges: Severely restricted oil revenues; political instability; weakened infrastructure.
- Outlook: May use the opportunity to strengthen ties with China and Russia, operating in non-dollar markets.

Iraq

- Coping Strategy: Tries to balance production increases with internal political stability.
- Challenges: Heavily dependent on oil revenue; fragile governance and infrastructure.
- Outlook: Economic strain will likely intensify, possibly impacting security and public services.

UAE

- Coping Strategy: Similar to Saudi Arabia, can withstand lower prices due to diversified investments (e.g., tourism, finance).
- Challenges: Lower revenue from oil exports could hit public sector projects.
- Outlook: Likely to remain stable and aligned with Saudi strategy, supporting production increases.

Nigeria

- Coping Strategy: May struggle more than Gulf nations due to high production costs and weaker infrastructure.
- Challenges: Fiscal stress, currency instability, and social unrest risks.
- Outlook: Needs international support or reforms to avoid crisis. Vulnerable to prolonged low prices.

VE Venezuela

- Coping Strategy: Virtually no flexibility left. Oil infrastructure is collapsing.
- Challenges: Hyperinflation, political turmoil, international sanctions.
- Outlook: Oil exports may continue to fall regardless of price, relying heavily on barter trade with allies like China.
- A summarised view can be seen in the table below.

Table 1. How the countries will cope with the challenges

Country	Resilience	Key Strategy	Risk Level
Saudi Arabia	High	Increase output, reserves	Moderate
Russia	Medium	Hold steady, geopolitical	Moderate
Iran	Low	Sanctions workaround	High
Iraq	Low	Balance production + politics	High
UAE	High	Diversify, follow Saudi lead	Low
Nigeria	Low	Limited options	High
Venezuela	Very Low	Collapse underway	Critical

Caution

This article is an opinion piece. Refine your judgments by being more aware of the topic(s) from other sources.