



The 26th Annual Middle East Petroleum & Gas Conference

22 April - 24 April 2018
Jumeirah @ Etihad Towers

PRESS CLIPPING

Bloomberg Markets – 23 April 2018

Grant Smith & Tracy Alloway

Goldman Sachs Echoes Saudi View That Oil Rally Won't Hurt Demand

- Middle East petrodollars will stimulate economy, Currie says
- Prices would have to be 'really high' to damage crude demand

Goldman Sachs Group Inc. sees oil's rally the same way as Saudi Arabia: it won't check the world's soaring thirst for crude.

Oil's surge to the highest level in more than three years will in fact spur fuel demand as swelling reserves of Middle East petrodollars are reinvested overseas and stimulate the global economy, Goldman's head of commodities research said.

"Global demand growth is absolutely stellar," Jeff Currie said in a television interview in Abu Dhabi. "You'd have to get a really high price before you start to see it damage demand."

Goldman's assessment is in line with that of Saudi Energy Minister Khalid Al-Falih, who said in Jeddah on Friday that oil above \$70 a barrel hasn't hurt consumption. Falih spoke at a gathering of nations from the Organization of Petroleum Exporting Countries and their allies, where the cartel reaffirmed its plan to constrict oil supplies.

OPEC's actions drew fire from President Donald Trump, who complained immediately after the group's meeting that OPEC is keeping prices "artificially high." Still, the U.S. has few options to counter the cartel's efforts, Currie said.

The U.S. may actually benefit from OPEC's intervention as increased Middle East oil revenues flow out of the region and bolster economic activity elsewhere, the analyst said.

"What we've seen over the last 15-plus years is that higher oil prices lead to creation of global excess savings -- petrodollars," Currie said on Monday at the Middle East Petroleum and Gas Conference in Abu Dhabi. These then get lent out and "stimulate demand growth."

Goldman forecasts that Brent crude will climb to \$82.50 a barrel this Northern Hemisphere summer, from about \$74 currently.

OPEC has little to fear from a revival in U.S. shale production, according to Currie. Many analysts have warned that as the group's strategy boosts prices, increased shale drilling would unleash a new glut. But American producers face challenges in raising output, including limited pipeline capacity, availability of oil-service companies and a need for consolidation in the industry, Currie said.

OPEC "don't have a lot of competition coming from the U.S. oil patch," he said.

— With assistance by Anthony Dipaola, Mahmoud Habboush, and Giovanni Prati