# NTRRPA/AI GEN AI STRATEGY

# Sub-$60 Oil Price Impact

## Aramco Storage & Movement Volumes at Middle Eastern Terminals

*Forecast: Sustained Sub-$60/bbl Brent Through Q3–Q4 2026*

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# NTRRPA/AI GEN AI STRATEGY

"Using price volatility models, forecast how sustained sub-$60 per barrel oil prices will affect Aramco storage and movement volumes in Middle Eastern terminals through Q3 and Q4 2026."

# Executive Summary

| | | | |
|---|---|---|---|
| $52 | 88% | −25% | −$129B |
| Base Case Avg H2 2026 Brent | Ras Tanura Utilisation Peak | Export Volume Decline Through Q3 | Revenue Shortfall vs Budget |

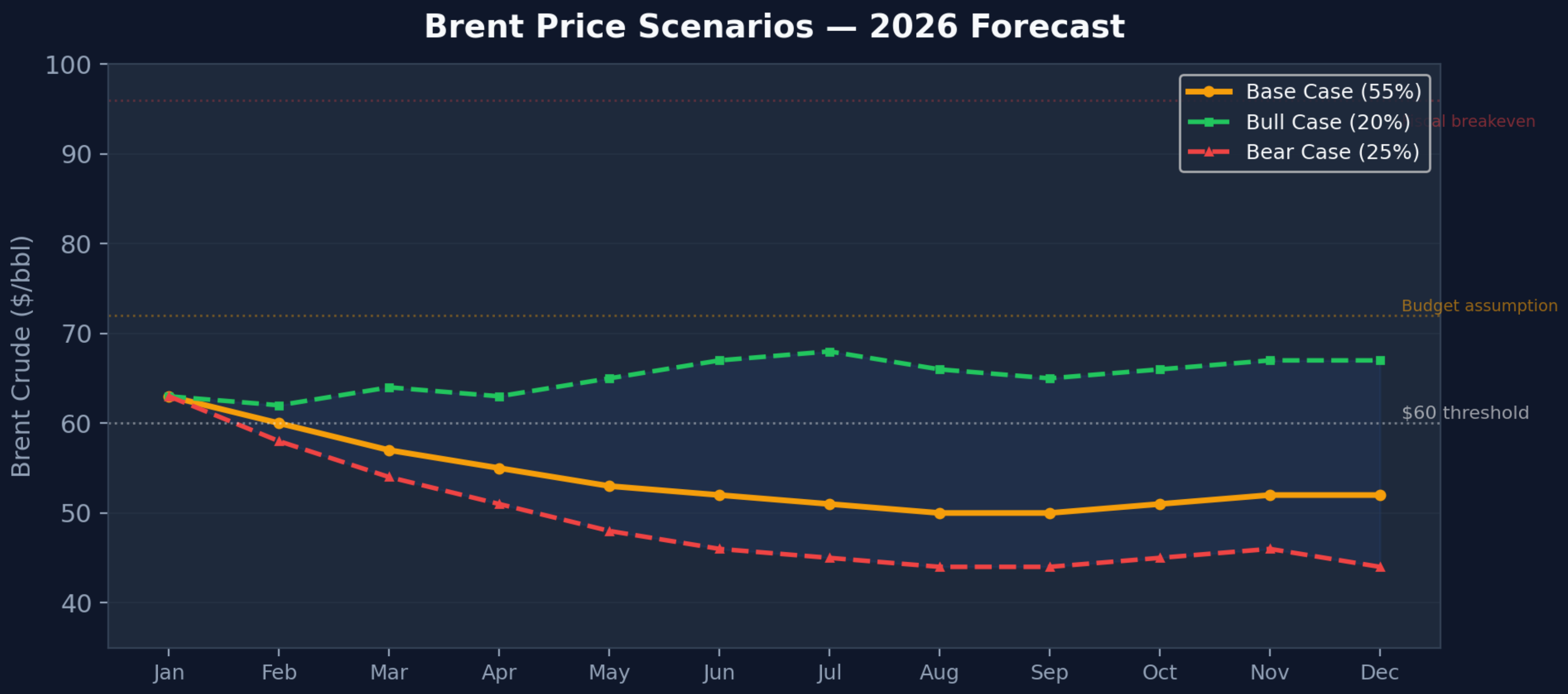
EIA, Goldman Sachs, and J.P. Morgan consensus forecasts project Brent averaging $53–58/bbl in 2026, well below Saudi Arabia's $72/bbl budget assumption and $96–108/bbl fiscal breakeven (IMF estimate).

A ~4M b/d global surplus driven by non-OPEC growth (Guyana, Brazil, US Permian) and OPEC+ unwinding 2.2M b/d of cuts creates sustained downward price pressure. Aramco cut its dividend 30% in 2025.

Terminal storage utilisation at Ras Tanura could reach 88% (near 90% stress threshold) as production exceeds export demand. Saudi revenue shortfall versus budget projected at $129B.

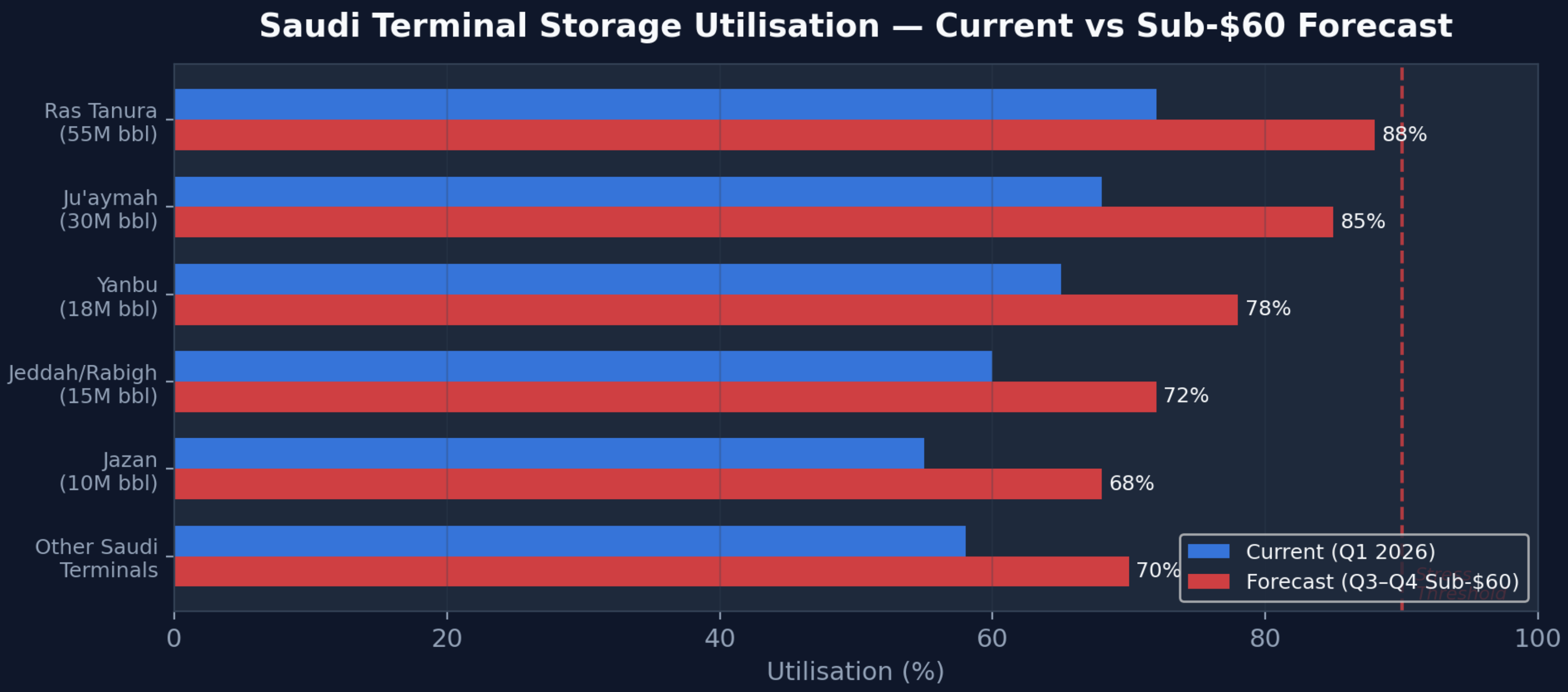
# Brent Price Scenarios — 2026

Three scenarios: Base (55%), Bull (20%), Bear (25%) — with budget assumption & fiscal breakeven



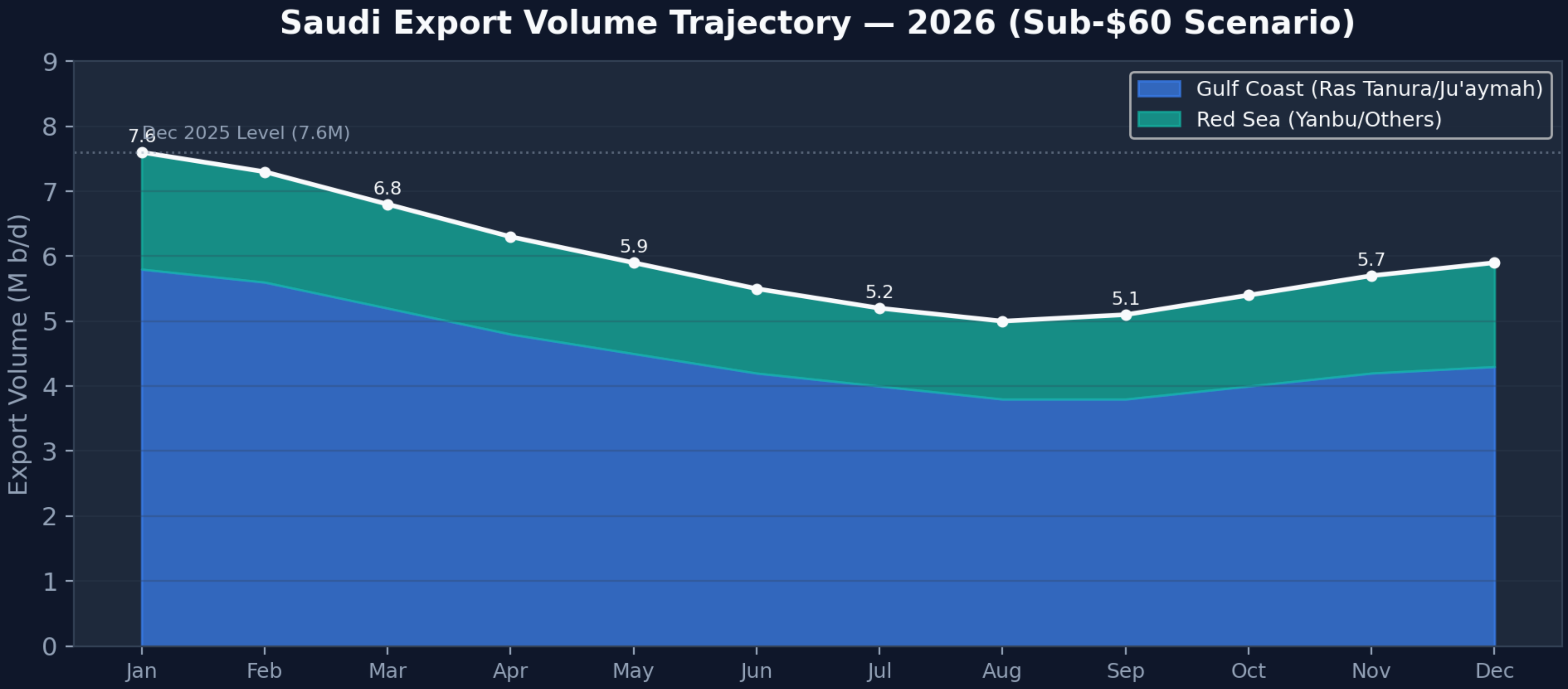
# Terminal Storage Utilisation

Current vs sub-$60 forecast — Ras Tanura approaches 90% stress threshold



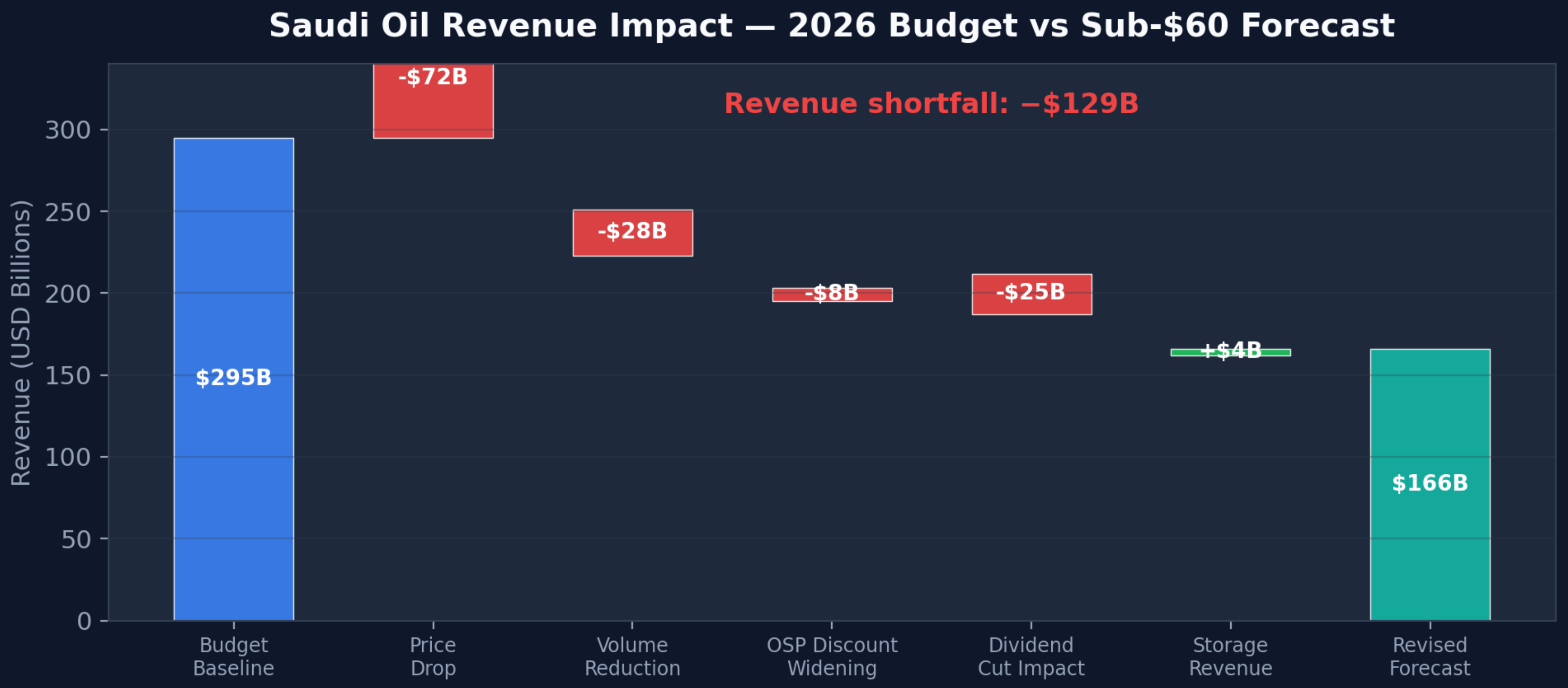
# Export Volume Trajectory

Gulf Coast & Red Sea terminal exports — total decline of 25% through Q3, partial Q4 recovery



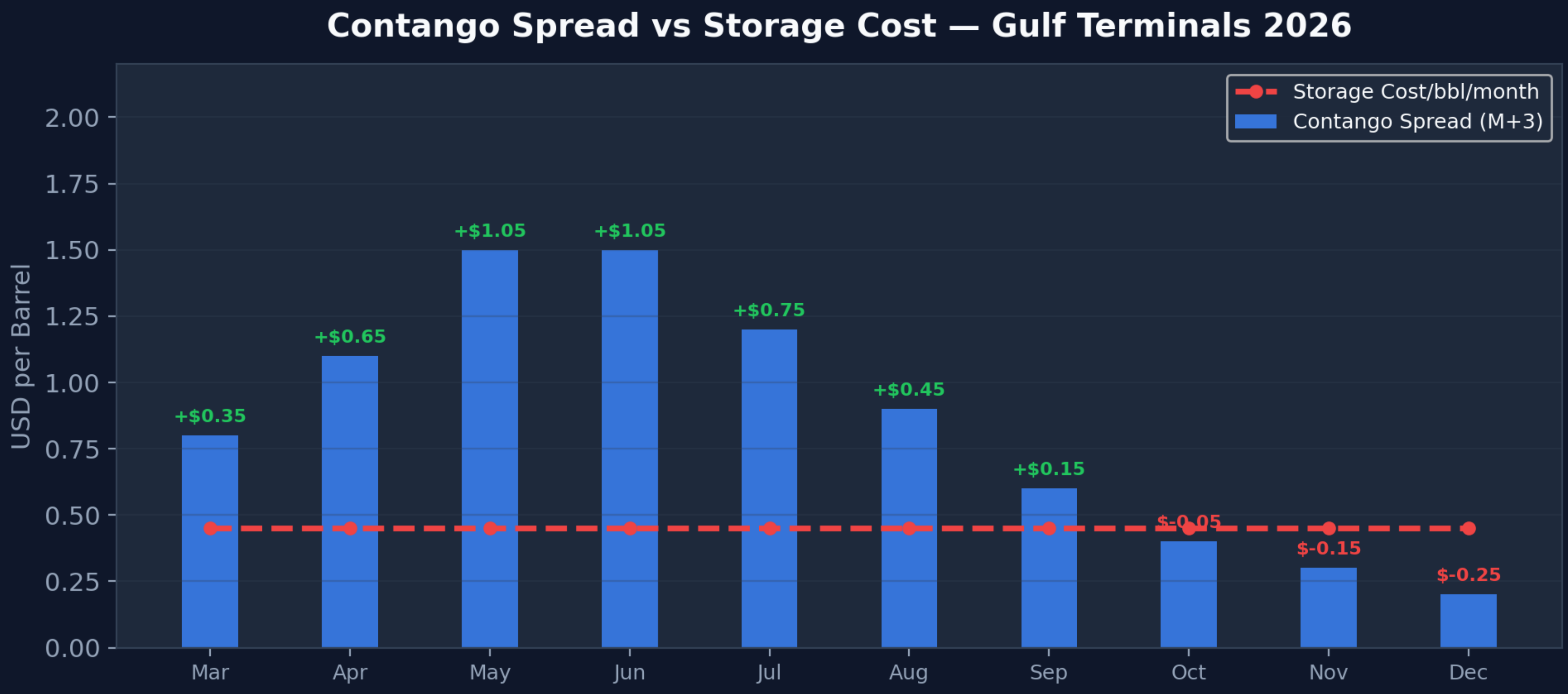
# Saudi Revenue Impact Analysis

Waterfall: $295B budget baseline to $166B revised — $129B revenue shortfall



# Contango & Storage Economics

Contango spread vs storage cost — arbitrage profitable Mar–Aug, peak $1.50/bbl in May–Jun



# Key Recommendations

1. **Hedge crude procurement at sub-$55/bbl levels.** Lock in forward contracts during contango window (Mar–Aug) while spreads favour buyers.
2. **Exploit contango storage arbitrage.** Lease surplus terminal capacity at $0.45/bbl/month — net arbitrage $15–23M on 10–15M barrels.
3. **Prepare for OSP discount widening.** Negotiate volume-tiered pricing as Aramco competes for market share.
4. **Monitor OPEC+ emergency response signals.** Watch for production cut announcements that could trigger rapid price recovery.
5. **Stress-test blend economics at $48/bbl.** Bear case scenario — ensure margin viability across all product grades.
6. **Model Ras Tanura logistics at 85%+ utilisation.** Near-stress operations affect loading schedules and vessel turnaround times.
7. **Position for Saudi fiscal response.** Vision 2030 deferrals and debt issuance may create procurement opportunities.
8. **Track contango collapse timing.** When M+3 spread falls below storage cost (~Aug), shift from store to export.

# Next Steps

Convene a pricing strategy review within the next two weeks to:

- Model blend margin sensitivity across all three price scenarios
- Evaluate contango storage arbitrage opportunity (Mar–Aug window)
- Negotiate forward procurement contracts at sub-$55/bbl levels
- Stress-test terminal logistics at elevated storage utilisation