GoldSquawk

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OPEC+ baselines face a war-distorted reality test on 29 November

GoldSquawk Research

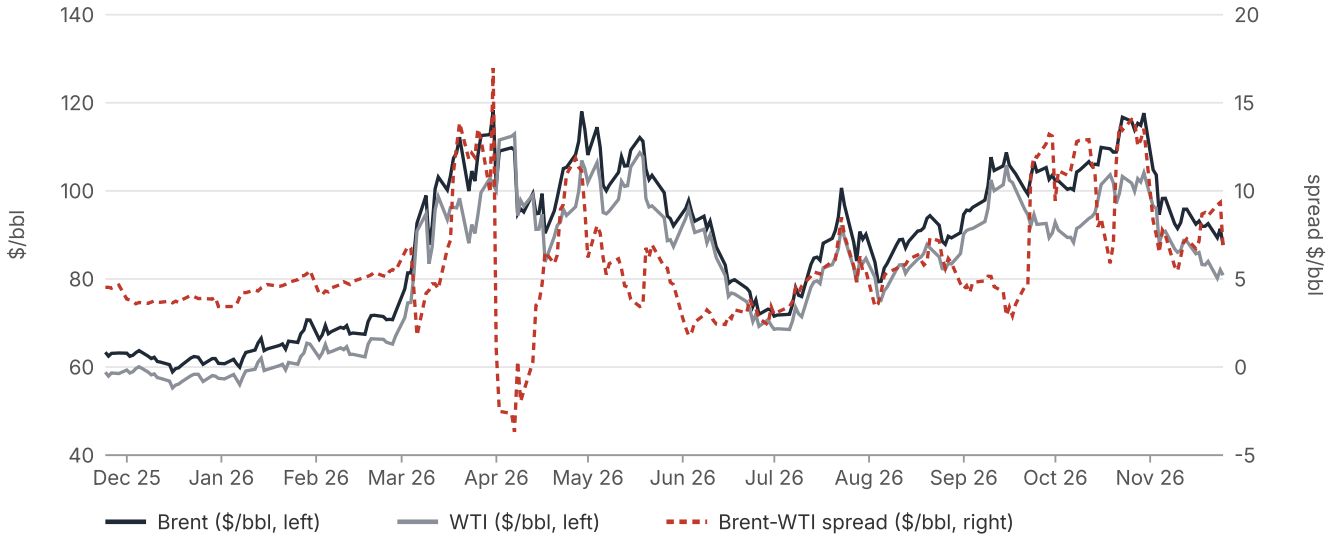
Key takeaways

- OPEC+ has approved using maximum sustainable capacity as the reference for 2027 baselines, but ministers on 29 November still have to decide whether to implement that framework now as the current DoC production level expires on 31 December 2026[1,2,3].
- Implementation is uneven. Most members are reportedly being audited by DeGolyer and MacNaughton, Russia and Venezuela by a separate non-US firm, while Iran's 2027 baseline is set by its August-October 2026 average production as assessed by OPEC secondary sources[4,5]. That makes war-period output unusually important, especially with Gulf crude exports in October only 82% of pre-war levels[6].
- The UAE's absence from the late-2026 seven-country voluntary-cut subgroup reduces the weight of one expansion-minded producer inside the cut architecture[7,8]. Meanwhile EIA estimates OPEC surplus crude capacity fell to 0.43 mb/d in 2026 before recovering to 1.63 mb/d in 2027[9].
- The cuts picture is mixed: the overall DoC production level runs to 31 December 2026[1,3], while the 1.65 mb/d voluntary layer has been only partly unwound and then effectively paused at September 2026 required production[10,7,11,12].
- Macro balances argue for caution on loosening. The IEA sees the market returning to surplus in 4Q26 with a larger build in 2027, while EIA also shows supply above demand from 4Q26 onward[6,9].

How the 2027 baseline mechanism works

- OPEC+ mandated the Secretariat in May 2025 to develop a mechanism to assess maximum sustainable production capacity for 2027 baselines, and participating countries approved that mechanism on 30 November 2025[1,2].
- Reporting says DeGolyer and MacNaughton is auditing most members, while Russia and Venezuela are being assessed by a separate non-US firm; that is reported implementation detail, not primary OPEC technical text[4].
- Iran is the key special case: its 2027 baseline is set by the average of August, September and October 2026 production as assessed by OPEC secondary sources, not by an MSC audit[5].
- War-period data remain distorted. The IEA says Gulf crude exports rose to 15.0 mb/d in October, or 82% of pre-war levels[6]. Reuters also reported the review slipped beyond end-September because the war made capacity estimates less certain; that rests on unnamed sources[13].

Figure 1: Brent-WTI spread remains positive ahead of the quota reset



Source: ICE Brent and NYMEX WTI front-month futures via Yahoo Finance; GoldSquawk calculations, as of 25 November 2026.

Who gains, who loses, and what the UAE changes

- An audited baseline system should favour members that can evidence deliverable capacity and disadvantage those whose claims have not translated into sustained output[2]. Iraq is a likely candidate to seek a higher baseline, while Iran faces the clearest downside because its baseline is tied to August-October 2026 production[5,14].
- Russia and Venezuela are a separate sensitivity because reporting says they are being assessed by a different unnamed non-US firm, raising the risk of member pushback if burden-sharing changes materially[4].
- In April 2026 the voluntary-cut statement listed eight countries including the UAE, while by 1 November 2026 OPEC referred to seven countries without the UAE[7,8].
- The UAE's absence removes one producer associated with credible low-cost incremental capacity from the old cut caucus, while EIA estimates show OPEC surplus crude capacity averaging just 0.43 mb/d in 2026 before recovering to 1.63 mb/d in 2027[9].

Figure 2: WTI speculative length is already light into the meeting



Source: CFTC Commitments of Traders (futures only), as of 17 November 2026.

Cuts status and market backdrop

- The overall crude production level agreed at the 38th ONOMM remains in force until 31 December 2026, as reaffirmed in OPEC statements[1,3]. That is the expiring group-wide restraint layer ministers must address on 29 November[3].
- The 1.65 mb/d voluntary layer has not been fully restored. After several step-ups, the subgroup switched in September, October and November to maintaining September 2026 required production for the following month[10,7,11,12].
- The backdrop is looser. The IEA says the market returns to surplus in 4Q26 with a more substantial build in 2027[6]. EIA's quarterly world liquids balance also shows supply above demand from 4Q26 onward, while EIA sees U.S. crude output at a record 14.3 mb/d in 2027[9,15].
- For market mechanics this is still more of a Brent story than a WTI story. Brent closed at $87.69/bbl versus WTI at $80.86/bbl on 25 November, leaving a Brent-WTI spread of $6.83/bbl [chart]. NYMEX WTI speculative net length stood at 63.1K contracts on 17 November, near the bottom of its 52-week range[16,17].

Figure 3: WTI trades below both 50- and 200-day averages into the meeting



Source: NYMEX WTI crude futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 25 November 2026.

Scenarios for 29 November

- A rollover into early 2027 would extend the current framework, delay or de-emphasise audited baselines, and keep the subgroup near the current 'maintain September 2026 required production' approach[18,12]. With IEA and EIA both pointing to surplus from 4Q26 onward, that would still signal supply caution[6,9].
- A 'new baselines, cuts extended on top' outcome would formalise the MSC framework for 2027 while preserving effective restraint because balances still look soft[2,6]. That would reward members whose audited capacity rises, while leaving Iran vulnerable if its August-October average is low[5].
- A delay of the framework would preserve the principle of capacity-based baselines but acknowledge that post-war capacity is still too contested to lock in[1,13]. That would fit the IEA's evidence of incomplete export recovery and Reuters' report that wartime disruption complicated capacity estimates[6,13].
- A visible split or messy compromise would centre on burden-sharing, with flashpoints around Iran's special rule, opaque audit reporting on Russia and Venezuela, and any renewed Iraqi demand for a

higher quota[5,4,14].

Scenarios

- **Bridge extension:** The group rolls the current framework into early 2027, keeps effective restraint in place and pushes baseline implementation back[6,18,12].
- **Audited baselines with restraint retained:** OPEC+ endorses 2027 MSC-based baselines but extends cuts or equivalent restraint on top of them. Iran is most exposed if its August-October average production proves a low reference point[2,5].
- **Framework delay:** Ministers keep the capacity-based principle but postpone final country baselines because war-period data and export uncertainty still cloud sustainable capacity[6,13,1].
- **Visible split:** Negotiations produce open dissent or a thin compromise over quota shares and audit outcomes[14,4,5].

Levels to watch

- WTI last close: $80.86/bbl
- WTI 200-day moving average: $88.55/bbl
- WTI 50-day moving average: $92.82/bbl
- Brent-WTI spread: +$6.83/bbl
- WTI 52-week range: $55.27 to $112.95/bbl

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