

## Our View: Muzzled Oil Market Commentators

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On Friday, Donald Trump fired Erika McEntarfer, commissioner of the US Bureau of Labor Statistics. Dr. McEntarfer's agency published data on US employment that displeased the president. In a post, he said Dr. McEntarfer would be "replaced with someone much more competent and qualified."

Dr. McEntarfer's dismissal was the consequence of another "Trump Temper Tantrum." In this case, the messenger who had nothing to do with the job data lost her job. According to Dr. Bill Beach, a BLS commissioner appointed in 2017 by President Trump, Dr. McEntarfer had nothing to do with the report:

"There's no way for that to happen," Beach told CNN's Kasie Hunt on "State of the Union."  
"The commissioner doesn't do anything to collect the numbers. The commissioner doesn't see the numbers until Wednesday before they're published. By the time the commissioner sees the numbers, they're all prepared."<sup>1</sup>

Trump does not care. Six years ago, he used a marker to alter the National Weather Service's projected path for Hurricane Dorian. The episode became known as "Sharpiegate." FEMA and other first-responder assets and efforts were diverted as government officials bowed to Trump's forecasting "prowess":

The scandal that has become known as "Sharpiegate" damaged NOAA's credibility and may have undercut public trust in the agency's apolitical weather forecasting, Commerce Department Inspector General Peggy Gustafson said in a long-awaited report released yesterday.

"Instead of focusing on NOAA's successful hurricane forecast, the Department unnecessarily rebuked [National Weather Service] forecasters for issuing a public safety message about Hurricane Dorian in response to public inquiries—that is, for doing their jobs," the report said.<sup>2</sup>

Oil markets are experiencing their own Sharpiegate. Following a brief meeting on Sunday, oil-exporting countries announced that they would increase production "in view of a steady global

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<sup>1</sup> Gregory Svirnovskiy, "Former Trump statistics chief slams Friday firing of Erika McEntarfer," POLITICO, August 3, 2025 [<https://tinyurl.com/jmd5ruj3>].

<sup>2</sup> Nick Sobczyk, "NOAA watchdog chides agency for how it handled Hurricane Dorian's 'Sharpiegate,'" *Science*, July 10, 2020 [<https://tinyurl.com/2kpnj59b>].

economic outlook and current healthy market fundamentals, as reflected in the low oil inventories.”<sup>3</sup>

Reporters, analysts at financial institutions, and most consulting firms toed OPEC’s line by echoing its view. No one, to our knowledge, explained why inventories are low. We will. Low stocks can occur for two reasons.

**First, backwardation can occur because inventories are low, demand is strong, and buyers are bidding up prompt supplies.** Call this the “Keynes explanation,” to wit, “if there is a shortage of supply capable of being remedied in six months but not at once, then the spot price can rise above the forward price, which is only limited by the unwillingness of the buyer to pay the higher spot price rather than postpone the date of his purchase.”<sup>4</sup>

**Second, backwardation can occur because buyers fear price declines, believing suppliers will fail to keep production under control.**

Markets today are driven by the second reason. **Buyers lack confidence in OPEC and OPEC+.** As we have noted, no analysts or reporters following the oil market have offered this explanation. Oil exporters, like the US under President Trump, have implemented a policy of intimidation and/or ostracization to punish anyone who dares to deliver bad news, just as President Trump fired the BLS head for producing a gloomy jobs report.

Anyone whose livelihood depends on being able to visit or talk with OPEC members or prominent oil company executives understands that they risk their jobs if they stray from the official line dictated by OPEC’s “Sharpie®.” The organization has previously banished reporters from meetings for providing accurate data on oil production.

Analysts at financial institutions and consulting firms also tread carefully when discussing OPEC actions for fear of being banned. This is the new world.

**The fact remains that buyers do not believe OPEC will keep prices stable.** Neither President Trump nor OPEC can dictate prices without entering the market. Thus, in this new world of authoritarian decrees, price spreads and levels take on more importance.

Our data on returns to storage, computed from markets, not from spokespeople's remarks, point to a very tight market with low inventories outside of China. As we keep saying, **buyers do not trust OPEC and do not want to own oil.** We dare those who comment on oil to speak out.

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<sup>3</sup> Grant Smith, Salma El Wardany, Fiona MacDonald, and Nayla Razzouk, “OPEC+ Agrees to Big Output Hike as Focus Shifts to Its Next Move,” Bloomberg, August 3, 2025 [<https://tinyurl.com/yt65as99>].

<sup>4</sup> J.M. Keynes, “A Treatise on Money; The Applied Theory of Money” (1930), in *The Collected Writings of John Maynard Keynes* (Volume 6), Donald Moggridge and Susan Howson (eds.) (London: Cambridge University Press, 1982), p. 128.