

## Our View: The SPR Popgun

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Several commentators have suggested that oil from strategic reserves could be released to counter the impacts of renewed sanctions on Iran. The head of the International Energy Agency, for one, broached the idea at a private dinner. However, we explain here that, should a release be authorized, the only oil that would come on to the market would be from US strategic stocks. Oil held by other IEA countries is controlled by private companies. Any oil they released would have to be replaced it later. Given current market conditions, they would not participate, just as they did not take part in the 2011 release. Meanwhile, an oil release from the US Strategic Petroleum Reserve would lead to increased US product exports rather than the desired lower fuel prices. Gasoline prices would decline little if any, and, as a recent report suggests, the absence of a price decline would have a large negative impact on Trump supporters.

We covered the “SPR Popgun” issue in detail in the July 23, 2018, issue of *Notes at the Margin*. For more information on this topic or on the publications and services of PKVerleger LLC, please contact us at [info@pkverlegerllc.com](mailto:info@pkverlegerllc.com). Thanks!