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Neoh added that Tradeview Capital sees a short-term positive impact on crude oil prices from the Opec+ production cut.

However, he noted that the ability of such production cuts in sustaining crude oil prices over the longer term may be jeopardised if there is a favourable settlement in the Russia-Ukraine conflict.

This is because this would allow the return of Russian production capacity to the global market, as well as in the case of a global recession.

The likelihood of a recession, he added, would depend on the pace of rate hikes by the US Federal Reserve (Fed), as this would lead to a reduction in global energy demand.

In a report, TA Research said Opec+'s decision would bode well for oil prices and cushion downside risks.

"Evidently, strong oil prices are beneficial for Opec+'s key member and co-chair, Russia, which is still engaged in the war with Ukraine.

"In the interest of this, we believe that Opec+ will likely continue its trajectory of formulating production policy that propels oil prices," said the research unit.

It also noted that the steep production cuts were in spite of political pressure from key North Atlantic Treaty Organisation or Nato members, particularly the United States and global concerns that an inflationary environment may result in demand destruction.

TA Research pointed out that on the bright side, Opec+'s policy may have a lower than expected impact on actual crude oil output.

"This is because Opec+'s actual production was about 3.6 million bpd short of its output target in August 2022 (based on *Reuters* data).

"As such, this alludes that several member countries are already in compliance with new limits without having to cut production," said the research unit.

The bulk of the planned cuts will likely be from Saudi Arabia, the United Arab Emirates, Iraq and Kuwait and their announced collective voluntary output cuts amounted to merely 1.04 million bpd.

TA Research maintained its 2022 and 2023 Brent crude oil price assumption of US$105 (RM487) and US$90 (RM417) per barrel.

"Against this backdrop of resilient and heightened oil prices, we are 'overweight' on the O&G sector.

"We believe that upstream service providers are leveraged towards a steady O&G capex momentum.

"We expect a recovery in the daily charter rates, fleet utilisation and new contract awards," said the research house.

TA Research noted that the impetus was higher capex spend from PETRONAS and other oil companies in areas such as expansion projects, well drilling, production enhancement, and platform and facilities maintenance.