FAST / FACTS

May 2026 / Volume No : 60

The COMMUNIQUE

Senthil Kumar S

Our Leadership Speaks

Is AI thinking for you?

There is a quiet but consequential shift happening in how we work, and most of us are too busy benefiting from it to notice. Artificial intelligence has moved well beyond being a clever search engine. It can now analyze datasets, synthesize research, generate polished outputs, and, here is where it gets interesting, it can think adjacent to us, anticipating what we need before we have fully formed the question ourselves. For those of us leading organizations, the productivity gains are real and undeniable. But beneath that surface-level magic lies a risk we would be unwise to ignore.

The deeper danger is not that AI will take our jobs. It is that we will quietly surrender the one thing no algorithm can replicate: the discipline of original thought. When AI does our thinking for us, framing our research questions, filling in our reasoning, and connecting our dots, we stop building the cognitive muscle that made us valuable in the first place. Knowledge, like leadership, atrophies when it goes unused. A workforce that increasingly outsources its judgment to a machine is not more capable; it is more fragile. The line between using AI as a tool and becoming dependent on it is thinner than most executives care to admit.

The imperative, then, is intentionality. AI deployed with strategic clarity to handle the mechanical, the repetitive, and the data-heavy is a genuine force multiplier. But we must draw a firm line at the threshold of human judgment. The organizations that will truly win in the decade ahead are not those that automate the most but those that cultivate the sharpest thinkers who know when to let the machine work and when to trust their own minds. That is not a technology decision. That is a leadership one.

Inside This Edition

FAST / FACTS

Never miss a date

June 7th

Due date for deposit of TDS/TCS for the month of May 2026.

June 14th

Due date for issue of TDS Certificate in Form 16B, 16C, 16D, and 16E for tax deducted under sections 194-IA, 194-IB, 194M, and 194S in the month of April 2026.

June 15th

First instalment of advance tax for the assessment year 2027-28.

June 15th

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of May 2026 has been paid without the production of a challan.

June 15th

Due date for issue of TDS Certificate in Form 16 to employees in respect of salary paid and tax deducted during the financial year 2025-26.

June 29th

Due date for e-filing of a statement in Form 3CEK by an eligible investment fund under section 9A in respect of its activities in the financial year 2025-26.

June 30th

Due date for furnishing of challan-cum-statement in Form 26QB, 26QC, 26QD, and 26QE in respect of tax deducted under sections 194-IA, 194-IB, 194M, and 194S in the month of May 2026.

June 30th

Due date for furnishing the Equalisation Levy statement in Form 1 for the financial year 2025-26.

June 30th

Return in respect of Securities Transaction Tax (STT) for the financial year 2025-26.

June 30th

Due date for e-filing of statement in Form 64C of income distributed by a business trust to its unit holders for the financial year 2025-26.

June 30th

Due date for e-filing of statement in Form 64D of income paid or credited by an investment fund to its unit holders for the financial year 2025-26.

June 30th

Quarterly return of non-deduction of tax at source by a banking company from interest on time deposits in respect of the quarter ending March 31, 2026.

Happy to enhance our footprint

Trust at the core of every relationship

ALL YOU NEED TO KNOW ABOUT THE OPEC CARTEL CRACKS

On April 28, 2026, the United Arab Emirates (UAE) announced its decision to exit OPEC, ending nearly 60 years of membership that began in 1967 through Abu Dhabi. The move, effective May 1, is not just symbolic. It removes one of the cartel's most significant producers from its coordination framework and signals a deeper shift in global energy markets.

The UAE is not a minor player. With a production capacity of approximately 4.85 million barrels per day and a target of 5 million barrels per day by 2027, it accounted for more than 11 percent of OPEC's total output in 2025. Its exit, therefore, alters not just membership numbers but the balance of influence within the global oil system.

The core issue: capacity vs. constraint

At the center of the decision lies a straightforward economic mismatch. Over the past decade, the UAE has invested around 145 billion US dollars in expanding its upstream oil capacity, aiming to scale production from under 4 million barrels per day in 2020 to 5 million barrels per day by 2027. By 2024, it had already reached close to 4.85 million barrels per day.

However, under OPEC's quota system, the UAE was permitted to produce only about 3.2 to 3.6 million barrels per day. This created a gap of nearly 1.5 million barrels per day of unused capacity. In global terms, that is roughly 1.4 percent of total oil demand sitting idle. For a country that had invested heavily to expand production, this represented a direct constraint on revenue and return on capital.

This tension reflects two fundamentally different strategies. The UAE is pursuing a "produce more now" approach, monetizing reserves while global demand remains strong. OPEC, led largely by Saudi Arabia, has historically followed a "produce less, earn more" strategy by restricting supply to support higher prices over time. As the possibility of peak oil demand becomes more realistic, the UAE's approach prioritizes volume and speed over coordinated price control.

Political divergence behind the decision

While economics provided the foundation, geopolitics accelerated the decision. The UAE and Saudi Arabia have, over time, developed competing economic ambitions and diverging regional strategies. Differences in foreign policy alignments, including the UAE's closer ties with the United States and Israel following the 2020 Abraham Accords, have further widened this gap.

The fact that the UAE did not consult other OPEC members before announcing its exit is particularly telling. It indicates a deliberate move toward policy independence rather than a negotiated adjustment within the group.

A delayed but significant market impact

In the immediate term, the impact of the UAE's exit is constrained by logistical realities. Due to tensions in the Strait of Hormuz, a critical global oil transit route, around 2 million barrels per day of the UAE's Gulf-side offshore production is currently affected. Exports are being rerouted through Fujairah at approximately 1.7 million barrels per day, well below full capacity.

As a result, the market is not yet seeing the full effect of increased UAE supply. Analysts estimate that even after conditions stabilize, it could take up to six months for production to return to pre-disruption levels. The more meaningful supply expansion is therefore expected to materialize from 2027 onwards, when the UAE begins operating closer to its full 5 million barrels per day capacity.

OPEC after the UAE's exit

OPEC is unlikely to collapse as a result of this exit. Even after the UAE's departure, its remaining members still account for roughly 30 percent of global oil supply. When combined with OPEC+ partners such as Russia and Kazakhstan, this share rises to around 41 percent.

However, the quality of that influence has changed. The UAE held a disproportionately large share of OPEC's spare capacity, the additional production that can be quickly brought online to stabilize markets during supply shocks. With that capacity now outside OPEC's control, the organization's ability to act as a global shock absorber is reduced. This does not eliminate OPEC's relevance, but it does weaken its ability to manage volatility as effectively as before.

Oil prices enter a more volatile phase

Market reactions to the announcement have already reflected this shift. Oil prices initially declined on expectations of a future supply increase as UAE production becomes unconstrained. However, they rebounded due to geopolitical tensions, particularly around Iran and regional instability.

This dual movement highlights a key reality. In the short term, supply is constrained by geopolitical risks and logistical bottlenecks. In the longer term, markets are preparing for additional supply from the UAE. As a result, price volatility has increased, with options markets signaling a wider range of possible outcomes for the second half of 2026.

Impact on the businesses

For businesses, the consequences are immediate and uneven. Industries heavily dependent on fuel face rising cost pressures. In aviation, for example, jet fuel typically accounts for 25 to 30 percent of operating costs, making airlines particularly vulnerable to price fluctuations. Similarly, logistics and freight companies face margin compression, as fuel surcharges often lag behind real-time price increases.

Consumer goods companies with complex supply chains are also exposed, as higher transport costs gradually feed into overall expenses. In contrast, upstream energy producers, particularly in the United States, stand to benefit from higher prices and reduced OPEC coordination, which opens space for increased market participation.

Economic consequences across markets

At the macroeconomic level, the effects are significant. Oil-importing economies such as India are particularly exposed. Even a 10 dollar increase in crude oil prices can widen the current account deficit, put pressure on the currency, and increase the subsidy burden on fuel. These effects often cascade into broader inflation, impacting sectors such as transportation, manufacturing, and food production.

For oil-exporting countries like the UAE, however, the strategy is clear. By operating outside OPEC constraints, the country can maximize production and revenue during a period when global oil demand is still strong, but long-term demand uncertainty is increasing due to the energy transition.

A shift toward a 'Fragmented Energy Order'

Beyond immediate market effects, the UAE's exit signals a deeper structural shift. The global energy system is moving away from coordinated supply management toward a more fragmented model, where individual countries prioritize national strategies over collective discipline.

This transition increases uncertainty. Instead of a centralized mechanism like OPEC influencing supply, markets will increasingly be shaped by independent decisions, bilateral agreements, and geopolitical dynamics.

Operational reality

For businesses, this new environment requires a shift in approach. Traditional assumptions of relatively stable oil prices are becoming less reliable. Supply chain planning, procurement strategies, and financial hedging models must now account for a wider range of possible price scenarios.

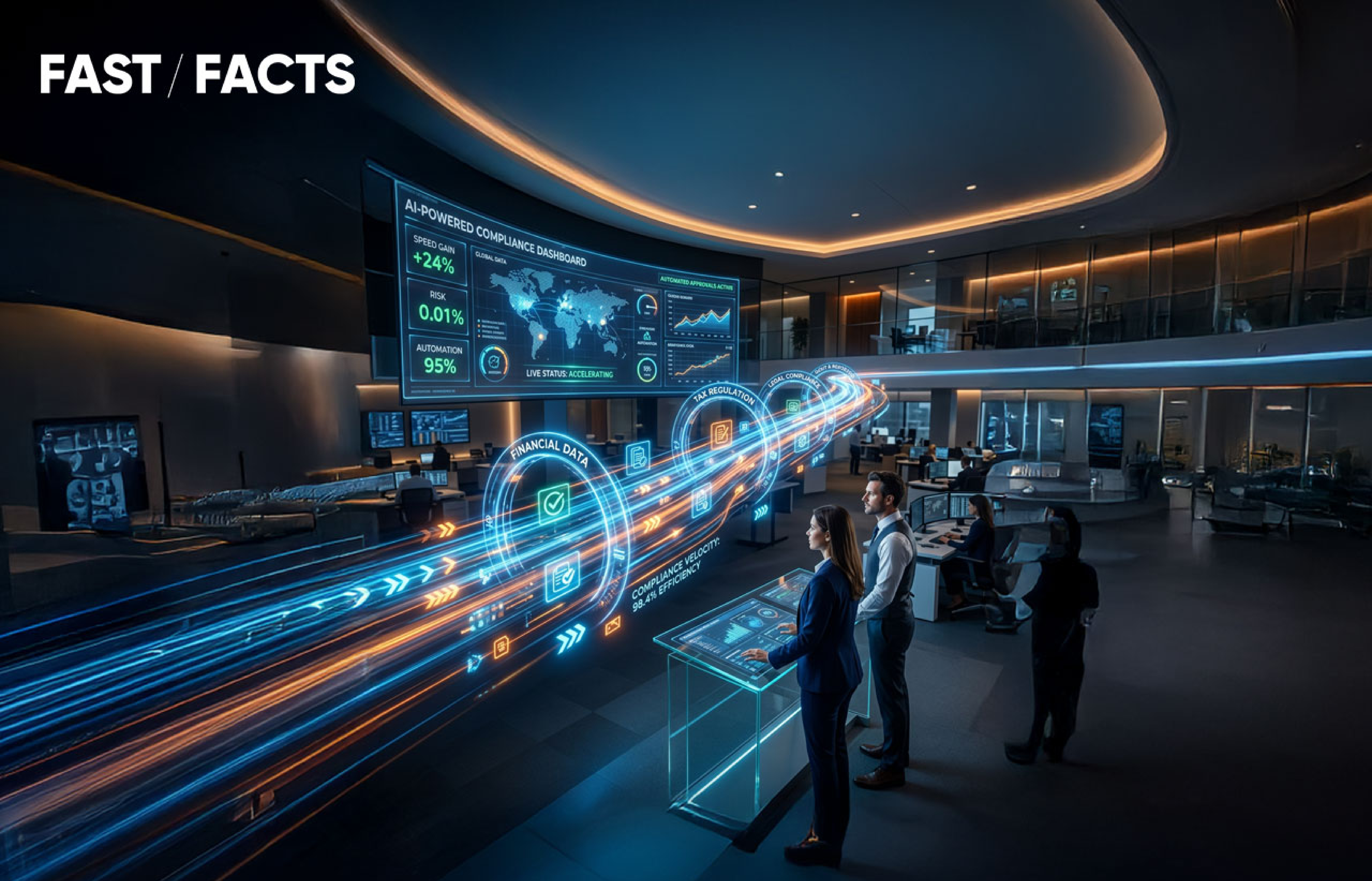
Companies with significant exposure to energy costs will need to reassess their risk management frameworks, ensuring that they are prepared for both short-term price spikes and longer-term structural shifts in supply.

Conclusion

The UAE's exit from OPEC is not an isolated event. It marks a turning point in the structure of global oil markets. OPEC will continue to exist and retain influence, but its ability to control supply and stabilize prices has been reduced.

At the same time, the UAE is positioning itself as an independent, high-capacity producer, aiming to maximize value from its resources in a changing energy landscape. For businesses and economies alike, the message is clear: the oil market is entering a phase defined by greater independence, increased volatility, and reduced predictability.

FAST / FACTS



Compliance automation is a speed advantage.

TdsERP

- WebTdsPac
- 26AS Reconciler
- 34A Reconciler
- Notices Management

WebFAMS

- PO Module
- PV Module
- Ticketing Module
- Maintenance Module
- Depreciation Module
- Asset Sale Module
- Asset Transfer Module

PayPac™

Email ID:
marketing@fastfacts.co

Contact no :
+91 9773625660