

# Wall St Week Ahead Surging oil prices add another worry for frazzled investors



NEW YORK, Feb 20 (Reuters) – A U.S. stock market, already on edge from a hawkish Federal Reserve and a conflict between Russia and Ukraine, now has another worry: higher oil prices.

U.S. crude prices stand at around \$91 a barrel after surging some 40% since Dec. 1 and earlier this week touched their highest level since 2014. Prices for Brent crude , the global benchmark, have also soared and are near 7-year highs.

Rapidly rising oil prices can be a troubling development for markets, as they cloud the economic outlook by increasing costs for businesses and consumers. Higher crude also threatens to accelerate already-surging inflation, compounding worries that the Fed will need to aggressively tighten monetary policy to tamp down consumer prices.

“The stock market would really run into trouble if we went north of \$125 per barrel and stayed there for a while because

that would overheat high levels of inflation,” said Peter Cardillo, chief market economist at Spartan Capital Securities. “That means that the Fed would have to be a lot more aggressive and that certainly would not be a pleasant scenario for the stock market.”

Rising tensions between Russia – one of the world’s largest oil producers – and Ukraine recently helped drive the rally in oil, which had been supported by a recovery in demand from the coronavirus pandemic.

Capital Economics analysts said earlier this week that crude oil and natural gas prices would surge if the conflict in Ukraine escalated “even if they fall back relatively quickly as the dust settles.”

Elevated oil prices contributed to the rise in U.S. inflation, which grew at its fastest pace in nearly four decades last month: While overall consumer prices rose 7.5% year-over-year in January, the index’s energy component rose by 27%.

Each “sustained” \$10 increase in the price of oil per barrel adds about 0.3 percentage points to the overall consumer price index, on a year-over-year basis, according to analysts at Oxford Economics.

“The largest impact of higher oil prices is on consumer price inflation and it adds further to the pressure for the Fed to be more aggressive,” Kathy Bostjancic, chief U.S. financial economist at Oxford Economics, said in emailed comments to Reuters.

The benchmark S&P 500 (.SPX) is down over 8% this year while the yield on the benchmark 10-year Treasury note has risen by 40 basis points to over 1.9%. Investors are pricing the Fed funds rate to rise to above 1.50% by the end of 2022, from near zero now, according to Refinitiv’s Fedwatch tool.

CONSUMER SPENDING IMPACT

Rising crude is already raising costs for businesses and drivers. The national U.S. average for gasoline recently stood at \$3.48 a gallon, automobile group AAA said earlier this week, up 18 cents from a month earlier and 98 cents from a year ago.

As gasoline prices rise, investors are monitoring trends for consumers, whose spending accounts for over two-thirds of U.S. economic activity. Data on Wednesday showed U.S. retail sales increased by the most in 10 months in January, but last week's consumer sentiment reading came in at its lowest level in more than a decade in early February. [read more](#)

"The risk is that if gas prices at the pump start going up that means less discretionary spending for consumers at a time when a lot of their fiscal benefits from the last couple years are fading," said Michael Arone, chief investment strategist at State Street Global Advisors.

Investors are gauging the effect of higher oil on companies' earnings. Typically, rising oil prices are estimated to lift overall S&P 500 earnings by about \$1 per share for every \$5 increase in the price of crude, according to David Bianco, Americas chief investment officer at DWS Group, with benefits to energy firms outweighing the drag on earnings of airlines and other companies potentially hurt by higher crude costs. That amounts to about 0.4% of total S&P 500 earnings expected for 2022.

The S&P 500 energy sector (.SPNY) is up 22% so far in 2022 while fund managers in the latest BofA Global Research survey reported their highest allocation to energy stocks since March 2012.

But with oil prices already near seven-year highs, and energy stocks comprising a far lower share of the market than a decade ago, those slim bottom-line benefits may be overshadowed by inflation worries if crude keeps charging

higher, some investors said.

“Higher oil prices, without a recession, raise S&P profits,” Bianco said. “But not as much as it used to and you definitely don’t want this happening when the Fed is fighting inflation.”

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## How Giant Saudi Wealth Fund Is Building a Post-Oil Future: QuickTake



Saudi Arabia’s sovereign wealth fund has been transforming almost as quickly as the country itself. In 2015, the Public Investment Fund, or PIF as it’s widely known, was a sleepy holding company for government investments that hardly anyone outside the kingdom had heard of. Now it’s closing in on \$1

trillion in assets as it snaps up everything from soccer clubs to electric carmakers and bankrolls new cities in the desert. The shift underscores the urgency of its mission: to prepare the world's biggest crude-exporting nation for a post-oil future.

## 1. What does PIF invest in?

Its biggest holdings are still in local businesses such as Saudi National Bank, Saudi Telecom Co. and national projects like Neom, a \$500-billion city-state that would run entirely on renewable power and export green energy. Since 2016, when it committed \$45 billion to SoftBank Group Corp.'s technology-focused Vision Fund, PIF's foreign interests have mushroomed. A 2018 investment in electric carmaker Lucid Motors Inc. has soared in value to almost \$40 billion. It also has stakes in video game makers Activision Blizzard Inc. and Electronic Arts Inc. and the digital services and retail businesses of Indian billionaire Mukesh Ambani. In February, the government transferred an \$80 billion stake in Saudi state oil giant Aramco to PIF to boost its assets as the fund prepared to tap the international bond market for the first time.

## 2. What is the fund's purpose?

To project Saudi influence and diversify the economy, a goal laid out by de facto ruler Crown Prince Mohammed Bin Salman under a plan known as Vision 2030. PIF's job is to stimulate inward investment, develop new industries, bring the kingdom access to new technologies through its foreign investments and create jobs. It's also helping to make Saudi Arabia more attractive to outsiders. In a country largely closed off to foreign tourists, and with entertainment a taboo until a few years ago, PIF is investing in luxury resorts, cinemas and entertainment complexes to lure more visitors (and to stop Saudis seeking fun abroad). It also does deals just to make money. When the coronavirus pandemic crashed markets in 2020, PIF invested \$40 billion of currency reserves received from

the central bank in a bet on a swift recovery. It sold most of those investments a few months later as stocks rebounded.

### 3. Why is PIF borrowing money?

While a traditional sovereign fund invests excess national wealth to generate profits in the future, PIF was repurposed as a global investor while the Saudi budget was in deficit. As a result, borrowing has always been part of the plan as it looks to hit its growth ambitions. It's already tapped global banks for multi-billion-dollar loans. Next up is a green bond. While it may seem incongruous for a petrodollar-fueled fund to be raising money from climate-conscious investors, PIF has plenty of environmental projects to target. Saudi Arabia is crafting its tourism strategy around eco-tourism and the fund is the main backer of most of Saudi Arabia's renewable energy projects. Through Neom, it's funding the world's largest project to produce hydrogen fuel without creating any harmful emissions.

### 4. How big does PIF want to be?

Prince Mohammed is well known for setting ambitious targets and PIF is no exception. He wants it to be overseeing assets of \$2 trillion by 2030, which would make it bigger than Norway's sovereign fund, currently the world's largest at about \$1.4 trillion. PIF's assets have almost quadrupled since 2015 to around \$580 billion. The path to \$2 trillion will involve more big asset transfers from the state. The government expects its first budget surplus in almost a decade in 2022 and the Finance Ministry has said an oil windfall could go into PIF. The fund has also been a major recipient of undeveloped land that's worth zero on paper. If it's used for building, its value can soar.

### 5. Why did PIF buy a football club?

Soccer teams are often acquired by wealthy individuals as trophy assets and their volatile fortunes can be a turn-off for pension and wealth funds. PIF's acquisition of struggling English Premier League club Newcastle United in 2021 was part

of an effort to boost Saudi Arabia's soft power through investments in sports and e-sports. The kingdom's detractors saw the deal as "sportswashing" – an attempt to improve the nation's image and divert attention from a poor human rights record. Saudi Arabia may be following the playbook of neighboring Abu Dhabi, whose Sheikh Mansour bin Zayed Al Nahyan bought another English club, Manchester City, in 2008 and used it as a platform to market the emirate and its state-owned companies around the world.

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## **LA DOTE ENERGETICA DELL'IRAN TORNA A FAR GOLA AI MERCATI**



Roberto Bongiorno – Il Sole 24 Ore Sabato 12 Febbraio 2022–  
N.42

E se una mano per alleggerire in futuro la dipendenza energetica europea dalla Russia, e raffreddare oggi le quotazioni del greggio, arrivasse proprio dal Paese più sanzionato di tutti?

In questi giorni gli occhi del mondo sono puntati su Vienna, dove è in corso l'8° round di negoziati tra il gruppo 5+1 e la delegazione iraniana sul programma nucleare. È un momento cruciale. I progressi compiuti da Teheran nel processo di arricchimento dell'uranio hanno posto gli Stati Uniti davanti a un bivio; o si conclude un accordo entro febbraio, o poco dopo, oppure sarà troppo tardi.

I mercati del petrolio sono in trepidazione. Se dovesse venire riconfermato il Jpcoa, l'accordo firmato nel luglio 2015, verrebbero rimosse le sanzioni. La riconferma del Jpcoa raffredderebbe subito i prezzi del greggio, oggi sopra i 90 dollari al barile.

D'altronde la dote energetica dell'Iran è invidiabile. Possiede le seconde riserve di gas naturale al mondo e le terze di petrolio. Quando, a inizio 2016, vennero rimosse le sanzioni internazionali contro Teheran, l'Iran sorprese il mondo aumentando in tempi molto più rapidi delle attese la sua offerta di greggio. In 12 mesi l'export più che raddoppiò a due milioni di barili al giorno (mbg). Poi arrivò la doccia fredda: l'8 maggio del 2018 il presidente americano Donald Trump decise di uscire abbandonare il Jpcoa. Le "sanzioni più dure di sempre", volute Trump, assestarono un durissimo colpo sulle vendite iraniane di greggio. Prima del maggio 2018, l'Iran arrivò a produrre un picco di 4,8 milioni di barili al giorno, esportandone circa tre. Nel 2019, quando si abbatté la scure delle sanzioni, l'export crollò, precipitando nel febbraio 2020 a 400mila barili al giorno, il livello più basso da 30 anni. Oggi la situazione si ripete. Ma lo scenario in cui avviene è diverso. Il prezzo del barile sta puntando ai 100 dollari. Sul mercato europeo, le quotazioni del metano, che in alcune circostanze seguono in parte quelle del greggio, sono quintuplicate in soli sette mesi.

LA DOTE ENERGETICA DELL'IRAN TORNA A FAR GOLA AI MERCATI

La futura ricchezza dell'Iran è invece il gas naturale. L'Iran galleggia su un mare di metano; ha le seconde riserve mondiali. Condivide con il Qatar il giacimento più grande al mondo, South Pars, nelle acque del Golfo Persico. Il Qatar lo sfrutta da tempo ed è divenuto il primo produttore mondiale di gas naturale liquefatto (Lng). L'Iran ne sfrutta solo una minima parte. Nel corso degli anni, nonostante le sanzioni, Teheran è comunque riuscita ad aumentare la produzione di metano, spesso associata all'estrazione di greggio. Ma ne ha esportato molto poco. La gran parte è destinata al mercato interno, dove i consumi sono in costante crescita. Il 73% dell'elettricità prodotto in Iran, Paese da oltre 80 milioni di abitanti, è ricavata proprio dal gas.

Per l'Iran il gas naturale liquefatto è la via più facile, più rapida e più redditizia, spiega da Doha Roudi Baroudi, esperto di energia ed autore di studi sui gasdotti mediterranei. «L'Iran ha realizzato una serie di gasdotti con la Turchia e l'Iraq (Nel 2020 Iraq e Turchia hanno rappresentato rispettivamente il 64% ed il 33% delle esportazioni iraniane di metano, Ndr) – continua Baroudi -. Per raggiungere l'Europa dovrebbe aumentarne la capacità e costruire nuove tratte. In una regione tuttavia estremamente instabile. L'Lng è molto più flessibile».

Nell'Iran settentrionale potrebbe aprirsi un potenziale nuovo corridoio. In agosto il ministero dell'Energia ha infatti ufficializzato la scoperta del più grande giacimento di gas naturale nel settore iraniano del Mar Caspio. Il campo Chalous potrebbe così contribuire alla realizzazione di un nuovo hub del metano nel nord dell'Iran.

Certo, in ogni caso Tehran non potrà prescindere dagli investimenti stranieri. «L'Iran non può fare a meno della tecnologia che solo le compagnie occidentali possono offrire. Ci vorranno investimenti per 60 miliardi di dollari. Si potrebbe rimettere in vita l'accordo con Total», continua Baroudi. Nel 2017 fu proprio la compagnia francese ad essere la prima major a firmare, dopo la rimozione delle sanzioni, un accordo da cinque miliardi di dollari con la National Iranian

Oil Company per lo sviluppo e la produzione della fase 11 di South Pars.

Se tutto andrà liscio, ci vorrà comunque del tempo prima che il gas iraniano potrà raggiungere le coste europee. «Prima occorre incrementare la produzione a South Pars. Ci vogliono da uno a tre anni. Poi servono altri 12-24 mesi realizzare gli impianti per liquefare il gas e acquistare le navi per trasportarlo », conclude Baroudi.

Se venisse raggiunto un accordo a Vienna, sul breve termine il greggio iraniano potrebbe dunque raffreddare le quotazioni attuali. Mentre nell'arco di qualche anno il gas di Teheran potrebbe contribuire a diversificare gli approvvigionamenti europei permettendo a Bruxelles di ridurre la dipendenza dalla Russia. Nello scenario peggiore – un'invasione russa dell'Ucraina e un mancato accordo sul nucleare – gli Usa imporrebbero sanzioni energetiche sul primo produttore mondiale di greggio e gas, e manterrebbero al contempo quelle su uno dei primi cinque esportatori di greggio (con le seconde riserve di gas). L'America possiede gas e greggio in abbondanza per soddisfare la domanda della sua industria. Chi ci rimetterebbe sarebbero proprio i Paesi europei, Italia in testa.

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## **Aramco Revives Talks on Multi-Billion Dollar Refinery in China**



Saudi Arabia's state oil company Aramco has revived discussions to build a multi-billion dollar refining and petrochemicals complex in China, according to several people with knowledge of the matter.

Aramco is holding preliminary negotiations about a facility in the Northeastern province of Liaoning with partners including Norinco, a state-owned defense contractor, said the people.

Talks over what was meant to be a \$10 billion venture were suspended in 2020 as oil crashed at the start of the pandemic. Now, with crude approaching \$100 a barrel, Aramco's finances have been transformed, freeing up money for investment in its biggest export market.

China and Saudi Arabia's ties have strengthened as Beijing's need for oil has grown along with its economy. The kingdom was the biggest supplier of crude to China last year, according to data compiled by Bloomberg.

As part of the Chinese refinery plan, Aramco is negotiating terms that could include its trading unit providing crude to the venture, said two of the people. Aramco Trading Co. purchases and sells oil from Saudi Arabia and other countries. An agreement is not imminent and it's still unclear how much of the original plan still stands, said the people.

Aramco didn't immediately respond to a request for comment. Calls to a Norinco spokesman's office after business hours weren't answered. An email to a spokesman and the general address of the company wasn't immediately answered.

### Downstream Expansion

Aramco and Norinco signed a framework agreement in 2017 to construct a refinery capable of handling 300,000 barrel per day of crude. They were also meant to build a 1.5-million-ton-per-year ethylene plant.

Saudi Aramco cut spending and shelved several projects in 2020 to protect its \$75 billion annual dividend, the world's biggest. Its cashflow has jumped this year and rose above its quarterly dividend in the second and third quarters.

The company's downstream business, which includes chemicals subsidiary Sabic, swung to a profit as margins for refined fuel climbed. The unit – which includes refineries, retail operations, trading and Sabic – made a \$4 billion profit before interest and tax in the third quarter.

Aramco aims to roughly double its global refining network to handle as much as 10 million barrels a day by 2030. It was mulling a \$15 billion investment in Reliance Industries Ltd.'s oil-to-chemicals unit in India, but the plan was scrapped late last year.

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## **ExxonMobil posts \$23bn in 2021 profits on higher oil**

# prices



ExxonMobil reported a profitable fourth-quarter Tuesday to conclude a strong comeback year in 2021 on higher oil prices amid recovering energy demand.

The oil giant reported annual profits of \$23 billion last year compared with a loss of \$22.4 billion in 2020 when demand was dented by the Covid-19 lockdowns. High oil prices helped boost results again during the quarter, although increased costs cut into gains in some operations.

“Our effective pandemic response, focused investments during the down-cycle, and structural cost savings positioned us to realize the full benefits of the market recovery in 2021,” said Chief Executive Darren Woods.

In the fourth quarter, ExxonMobil’s upstream business benefited from higher prices in oil and natural gas, which surged 63 percent compared with the third quarter.

The company also benefited from a profitable run in its downstream business in a reversal from last year's fourth quarter, as well as increased earnings in chemicals.

However, ExxonMobil said profits in its European refining operations were limited somewhat by higher energy prices. The company also flagged higher feed and energy costs as a drag in its chemical business.

On Monday, ExxonMobil announced it was combining its chemical and downstream businesses as it enacts \$6 billion in cost savings through 2023. The company is also shifting its corporate headquarter to Houston from Irving, Texas near Dallas.

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**Higher oil prices set to lead to higher twin deficits, inflation in most Fitch-rated energy importers in Mena**

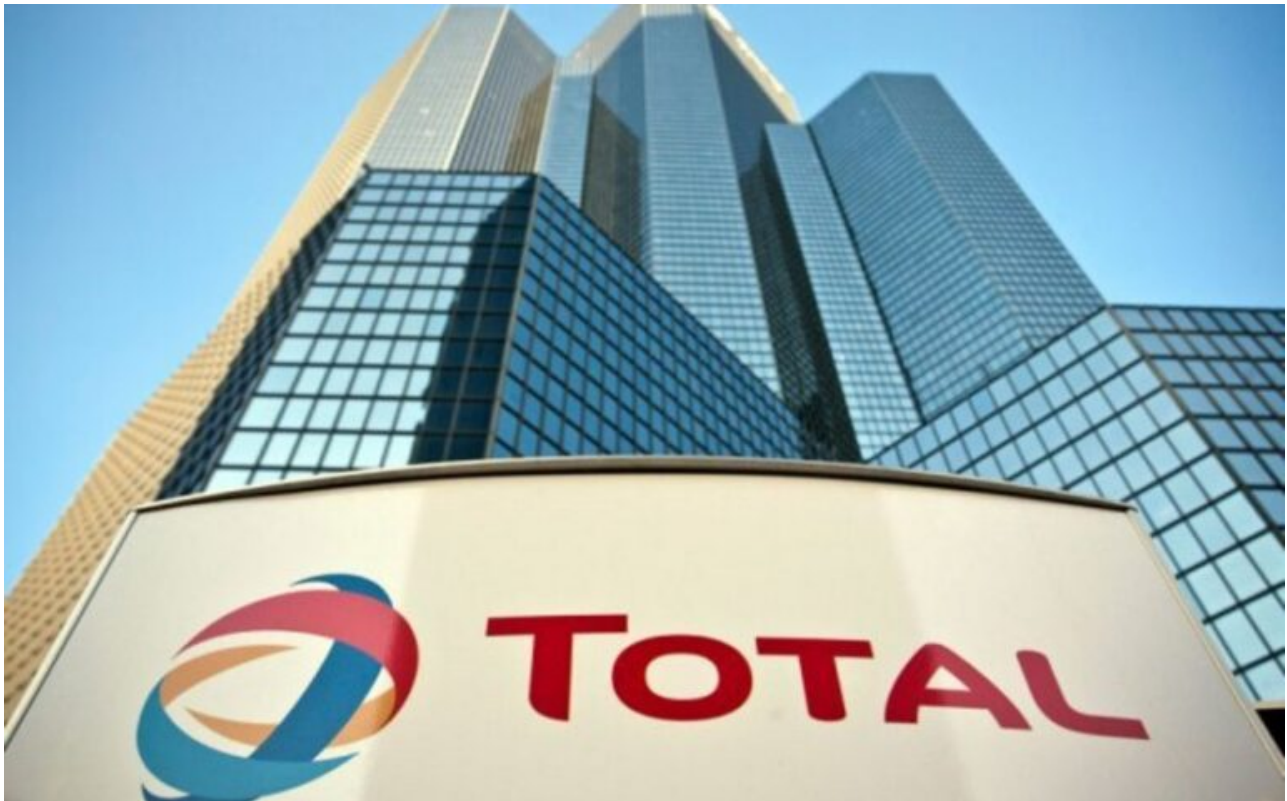


Higher oil prices are set to lead to higher twin deficits and inflation in most Fitch-rated energy importers in the Middle East and North Africa (Mena), the agency has said in a new report. Most of these Mena countries with the exception of GCC sovereigns are net importers of hydrocarbons. "We assume oil prices will moderate to average USD70 a barrel in 2022 (similar to 2021) and fall further in 2023- 2024. However, price risks are to the upside," Fitch Ratings said. In all but one Mena oil importers, regulated electricity prices are below the cost recovery level. Support to electricity sectors is a significant contributor to fiscal deficits and/or the build-up of indebtedness in Jordan, Lebanon and Tunisia, it said. Electricity prices for consumers have been flat through 2020-2021 in Morocco and Tunisia but have risen in Egypt, Jordan and Lebanon. In Egypt, this is part of a programme of tariff hikes. Countries are generally seeking to enact reforms over the medium term that will raise tariffs (at least for some consumers) while providing targeted assistance. Petroleum subsidies have largely been removed across the region, and prices adjust to oil market fluctuations, although subject to decisions by a pricing committee in most countries and a small monthly adjustment cap in Tunisia. Higher global oil prices have trickled through to transportation CPI inflation across

the region. According to Fitch Ratings, higher energy prices will widen current account deficits (CADs) of net energy importers, particularly Lebanon, Tunisia, Jordan and Morocco. In Tunisia, this will put pressure on (currently adequate) foreignexchange reserves, amid lack of access to external funding. In Lebanon, import volumes will be constrained by dwindling reserves, absence of external funding and a collapsing economy. Rising prices of hydrocarbon feedstock could eventually require changes in tariffs or higher fiscal outlays to support electricity sectors, although electricity companies can absorb higher losses in the short term. Gas pricing is linked to oil prices, but long-term supply agreements cushion the impact of hydrocarbon price swings (in Jordan and Tunisia), as does domestic hydrocarbon production (in Egypt, Israel and Tunisia) and electricity generation from renewables (most importantly in Morocco), Fitch said.

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## **Total, Eni to invest in Libya's energy sector**



France's TotalEnergies and Italy's Eni said they were ready to invest billions of dollars in Libya as the OPEC nation emerges from a decade of conflict and civil war. France's TotalEnergies and Italy's Eni said they were ready to invest billions of dollars in Libya as the OPEC nation emerges from a decade of conflict and civil war. "I want to contribute to Libya's comeback," TotalEnergies' Chief Executive Officer Patrick Pouyanne said on Monday at an energy conference in the capital, Tripoli.

"Some may see more boldness than wisdom in TotalEnergies' decision to partner with Libya. I don't. Where they see risks, I see the opportunities." The Paris-based firm will put \$2 billion into Libya's Waha oil project, which will boost production by around 100,000 barrels a day, he said. It will also work to raise output at the Mabruk field and help build 500 megawatts of solar power to feed the local grid. Libya will be a vital source of supply for global petroleum markets over the next decade, Pouyanne said. The nation contains Africa's biggest oil reserves but has been mired in fighting for much of the period since 2011, when leader Moammar Qaddafi was toppled in an uprising.

Warring sides struck a truce in mid-2020, leading to more stability and enabling crude output to rise from barely anything to around 1.1 million barrels a day. The government has said it needs plenty of foreign investment to sustain that level of output, let alone reach its target of between 2 and 2.5 million barrels per day within six years. Elections Loom An interim government led by Prime Minister Abdul Hamid Dbeibah is meant to govern the country until shortly after presidential elections scheduled for Dec. 24. Dbeibah said this week that he will run for the presidency, joining a field that includes Saif al-Islam Qaddafi, a son of the former dictator, and eastern-based commander Khalifa Haftar. The two-day conference is the first prominent energy forum in Libya for over 10 years. Pouyanne and Eni's chief operating officer, Alessandro Puliti, were the highest-profile foreign executives to attend on the first day. Eni will push ahead with oil, natural-gas and solar projects, according to Puliti. "Libya has significant remaining oil and gas potential," he said. "Eni is ready to support that development." The Italian company was one of the first firms to explore in Libya and struck oil there in the late 1950s. It currently pumps about 400,000 barrels a day of oil and gas, making it the biggest foreign energy company in the country, Puliti said.

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**بارودي: قرار بايدن لخفض أسعار النفط العالمية... ودول أخرى ستلجأ إلى احتياطيها**



**المركزية-** لفت الخبير الاقتصادي في شؤون الطاقة رودي بارودي إلى أن "القرار الذي اتخذته الرئيس الأميركي جو بايدن باستخدام جزء من احتياطي النفط الأميركي، "يهدف إلى خفض التضخم والمحافظة على الاسعار العالمية بشكل اقتصادي أكثر استدامة".

وأكد بارودي في مقابلة مع "الجزيرة" - إنكليزي، "استخدام ما يعدل 7% فقط من أصل مجموع الاحتياطي الأميركي الذي يعادل ٧١٤ مليون برميل". وكشف أن "واشنطن اتخذت هذا القرار للحد من تحكم دول "أوبك بلس" وروسيا بسعر النفط العالمي".

كذلك أكد أن "الصين، الهند، كوريا الجنوبية وبريطانيا سيبدأون باستخدام احتياطي النفط المتوفر لديهم، وذلك لدعم استقرار سوق النفط"، مشدداً على أن "الرئيس الأميركي لديه أسلحة وطرق اقتصادية أخرى ومنها الطلب من منتجي الغاز الصخري في الولايات المتحدة زيادة الإنتاج، والذي من الممكن أن يؤثر بشكل كبير على الأسعار العالمية".

# Maritime borders deal between Greece, Italy comes into effect



## ANKARA

A deal drawing maritime borders between Greece and Italy came into effect on Monday, said Italian diplomatic sources.

The two countries exchanged the tools of ratification of the deal during an official visit by Greek Foreign Minister Nikos Dendias to Rome, said Italy's Foreign Ministry in a statement.

During the meeting with Italian Foreign Minister Luigi Di Maio, cooperation in the fields of energy and economy, and regional developments, particularly concerning Libya and the Eastern Mediterranean, were also addressed, the statement added.

According to Italian official news agency ANSA, Dendias accused Turkey of "violations in the Eastern Mediterranean" and threatening Greece.

Turkey, while seeking to defend its fair share of maritime territory in the Eastern Mediterranean, has decried recent provocative Greek moves such as the militarization of Aegean islands that are demilitarized by a treaty, navigational alerts (Navtex) that violate longstanding pacts, and illegal encroachment on Turkey's continental shelf.

Turkey, which has the longest continental coastline in the Eastern Mediterranean, has rejected the maritime boundary claims of Greece and the Greek Cypriot administration, stressing that these excessive claims violate the sovereign rights of both Turkey and the Turkish Cypriots.□□□□□□

Turkish leaders have repeatedly stressed that Ankara is in favor of resolving all outstanding problems in the region -- including maritime disputes -- through international law, good neighborly relations, dialogue, and negotiations.□□□□□□

Also, the implementation of the EU's National Recovery and Resilience Plan for handling the economic effects of the pandemic, cooperation against irregular migration, and EU's enlargement to the Western Balkans were discussed between the two ministers.

Dendias, on Tuesday, was received by the Vatican's Secretary of State Pietro Paroli.

In the meeting, bilateral and regional developments, ahead of Pope Francis' scheduled visit to Greece on Dec.4-6, were discussed, said the Greek Foreign Ministry.

Greece, a predominantly Orthodox country, has a minority of over 50,000 Catholics, excluding expatriates and migrants, who are mostly concentrated in islands in the Aegean and Ionian Sea.

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# OPEC+ Softens View of Market Tightness



OPEC+ technical experts downgraded their expectations for how tight global oil markets will be this quarter, a week before ministers meet to decide production policy.

The global oil-supply deficit will be just 300,000 barrels a day on average in the fourth quarter, the coalition's Joint Technical Committee concluded on Thursday, according to delegates. That's much smaller than the 1.1 million barrel daily shortfall shown in figures initially presented to the panel, which revised its view using fresher data on demand, delegates said.

The Organization of Petroleum Exporting Countries and its partners gather on Nov. 4 to review their plans to gradually

restore some more of the production they halted during the pandemic. The revision to the supply and demand figures could give support to the cautious position espoused by cartel-leader Saudi Arabia, which has resisted calls to increase output more quickly.

While crude's rally to a seven-year high has spurred the White House to seek additional supplies, the kingdom has warned that demand remains vulnerable to ongoing outbreaks of the coronavirus. Brent futures neared \$87 a barrel on Monday, but have since eased by a few dollars.

"We're not out of the doldrums of Covid," Saudi Energy Minister Prince Abdulaziz bin Salman said in a Bloomberg television interview on Oct. 24. "One needs to be careful also of taking things for granted when the crisis has been somewhat contained, but is not necessarily over."

The 23-nation OPEC+ alliance, jointly led by the Saudis and Russia, is reviving shuttered supplies in modest increments of 400,000 barrels a day each month. It's expected to ratify another such hike when ministers convene on-line next week.

The JTC also adopted a more bearish outlook for 2022, because of stronger-than-expected growth in non-OPEC supply. There will be an average surplus of 1.6 million barrels a day next year, the committee concluded, compared with preliminary estimates of 1.3 million a day.