

Wall Street hails a new era of oil prices: Higher for longer



Could the era of cheap oil supply be gone for good?

That's the conclusion of some of the biggest commodities desks on Wall Street, where banks have been lifting their long-term price forecasts, often by \$10 or more.

While the US shale boom brought about a "lower-for-longer" mantra, the market is now fixated on climate change and the dwindling appetite to invest in fossil fuels. Instead of growing supply, companies are under pressure to limit their spending, causing a structural under-investment in new production that – the argument goes – will keep oil prices higher for longer.

"My advice to clients is that you want to stay long oil until you know where that equilibrium price is" that brings new supplies online, said Jeff Currie, head of commodities research at Goldman Sachs Group Inc. "We know it's above these levels because we haven't had a big uptick in capex and

investment.”

The notion of a supply gap is nothing new. Since prices crashed in 2014, analysts have talked up the potential for demand to outstrip production as a result of underinvestment. But the rout in energy prices from Covid-19, combined with pressing environmental concerns, offer reason to think this time is different.

The number of oil and gas drilling rigs globally may have recovered from the lows of when oil prices turned negative last year, but they are still down more than 30% on the start of 2020. Current figures are about as low as they were in 2016, according to Baker Hughes Co., despite headline crude prices being near a seven-year high.

Future View

Among the banks seeing higher prices for longer, Goldman says \$85 for 2023. Morgan Stanley bumped what it calls its long-term forecast up by \$10 to \$70 this week, while BNP Paribas sees crude at almost \$80 in 2023. Other banks including RBC Capital Markets have talked up the prospect of oil being at the start of a structural bull run.

Such estimates imply that a commodity vital to the global economy has become structurally more expensive. Oil price expectations underpin hundreds of billions of dollars of equity valuations for major international oil companies like Royal Dutch Shell Plc and BP Plc.

There's an ever-dwindling appetite to lend on the part of investors too. In the last week alone, the largest French banks said they would curb the financing of the shale oil and gas industry from early next year. Ecuador recently had to double the amount of banks that could provide it with credit guarantees as financial institutions shunned crude harvested from the Amazon.

Unsustainable

Not everyone supports the idea that prices can be stay at elevated levels. Citigroup Inc. said in a report this month that crude below \$30 and above \$60 looks unsustainable in the long-term. A prolonged price above \$50 could add 7 million barrels a day of extra supply, the bank's analysts including Ed Morse wrote in a note.

"Mid-term, cost indicators keep pointing to a fair-value range between \$40-\$55 a barrel," they said.

But others see a tide that's turning, especially given changes in the U.S., which has effectively become a swing producer in recent years.

On one front, publicly listed U.S. shale companies remain constrained in growing production. When EOG Resources Inc. said in February that it planned to grow output its shares fell the most of any company on the S&P 500. There have been few, if any, similar comments from producers since.

Alongside that, the impact of field declines is growing clearer. In November, the Permian Basin was the only onshore U.S. field to show meaningful year-on-year production growth. All others were either flat or down, according to an Energy Information Administration report.

Similarly, while some of the key OPEC+ producers find themselves with spare capacity that they can dip into next year, others including Nigeria and Angola are already showing signs of struggling to lift production further.

"People have become very comfortable with the idea that shale will be there and we're not resource constrained," said David Martin, head of commodities desk strategy at BNP Paribas. "That's a question mark in my mind."

And in a world spending less money on fossil fuels, questions

then turn to demand, which doesn't look like peaking any time soon.

The International Energy Agency said earlier this month that spending on fossil fuels is lower than needed if current demand growth continues. It only sees oil demand starting to decline in the 2030s under current policies. However, Morgan Stanley estimates that supply could stop expanding by 2025, leaving a sizable gap.

"We are running at net-zero type capex levels, whilst at the same time demand is not following the net-zero trajectory," said Martijn Rats, an oil strategist at the bank. "Demand will be above 100 million barrels a day for the rest of the 2020s, but on the supply side we're not going to produce that with current investment levels."

This story has been published from a wire agency feed without modifications to the text.

Top oil exporter Saudi Arabia targets net zero emissions by 2060

RIYADH, Oct 23 (Reuters) – Saudi Arabia's crown prince said on Saturday that the world's top oil exporter aims to reach "net zero" emissions of greenhouse gases, mostly produced by burning fossil fuels, by 2060 – 10 years later than the United States.

He also said it would double the emissions cuts it plans to achieve by 2030.

Crown Prince Mohammed bin Salman and his energy minister said Saudi Arabia would tackle climate change, but also stressed the continued importance of hydrocarbons and said it would continue to ensure oil market stability.

They were speaking at the Saudi Green Initiative (SGI) ahead of COP26, the United Nations climate conference in Glasgow at the end of the month, which hopes to agree deeper global emissions cuts to tackle global warming.

The United States, the world's second-biggest emitter, is committed to achieving net zero, meaning that it emits no more greenhouse gases than it can capture or absorb, by 2050. But China and India, the world's biggest and third-biggest emitters, have not committed to this timeline.

Amin Nasser, chief executive of the state oil giant Saudi Aramco, said it was counterproductive to "demonise" hydrocarbons. He said Aramco aimed to expand its oil and gas production capacity while also achieving net zero emissions from its own operations by 2050.

Prince Mohammed said in recorded remarks that the kingdom aimed to reach net zero by 2060 under its circular carbon economy programme, "while maintaining its leading role in strengthening security and stability of global oil markets". He said Saudi Arabia would join a global initiative on slashing emissions of methane by 30% from 2020 levels by 2030, which both the United States and the EU have been pressing.

U.N. Secretary General Antonio Guterres, in a phone call with Saudi King Salman bin Abdulaziz, welcomed the kingdom's initiatives to reduce emissions, state media said. L1N2RJ0FB

'HYDROCARBONS STILL NEEDED'

The SGI aims to eliminate 278 million tonnes of carbon dioxide emissions per year by 2030, up from a previous target of 130 million tonnes. The crown prince said the SGI initiative would involve investments of over 700 billion riyals (\$190 billion) in that time period.

Saudi Arabia's economy remains heavily reliant on oil,

although the crown prince is trying to promote diversification.

Energy minister Prince Abdulaziz bin Salman said the world needed fossil fuels as well as renewables.

“It has to be a comprehensive solution,” he said. “We need to be inclusive, and inclusivity requires being open to accept others’ efforts as long as they are going to reduce emissions.”

He said the kingdom’s younger generation “will not wait for us to change their future”.

He said net zero might be achieved before 2060 but the kingdom needed time to do things “properly”.

The non-profit Climate Action Tracker consortium gives Saudi Arabia its lowest possible ranking, “Critically insufficient”. Saudi Arabia’s first renewable energy plant opened in April and its first wind farm began generating in August.

It does, however, have plans to build a \$5 billion plant to produce hydrogen, a clean fuel, and state-linked entities are pivoting to green fundraising.

Reporting by Yousef Saba and Saeed Azhar in Riyadh, Marwa Rashad in London and Maher Chmaytelli in Dubai; Additional reporting by Raya Jalbi in Dubai; writing by Ghaida Ghantous; Editing by Jason Neely, Kevin Liffey and William Mallard
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**الوسيط الأميركي يلتقي مسؤولين
لبنانيين ويبحث ملفي الطاقة**

وترسيم الحدود



التقى الوسيط الأميركي الجديد في عملية التفاوض غير المباشر بشأن ترسيم الحدود البحرية الجنوبية بين لبنان وفلسطين المحتلة أموس هوكستين، اليوم الأربعاء، بعدد من المسؤولين اللبنانيين الكبار وبحث معهم ملفي الطاقة وترسيم الحدود.

والتقى هوكستين برئيس الجمهورية ميشال عون ورئيس الوزراء نجيب ميقاتي ورئيس البرلمان نبيه بري.

واستقبل عون، قبل ظهر اليوم، هوكستين، الذي يعد أيضًا كبير مستشاري وزارة الخارجية الأميركية لأمن الطاقة، بحضور السفارة الأميركية دوروثي شيا، وعرض معه مسار عملية التفاوض بشأن ترسيم الحدود البحرية مع الاحتلال الاسرائيلي والتوجهات المقبلة في هذا الملف، بحسب ما أفاد بيان الرئاسة اللبنانية.

pic.twitter.com/kvsapSwwUg

Lebanese Presidency (@LBpresidency) October 20, 2021 –

وقال المستشار الإعلامي في رئاسة الجمهورية رفيق شلالا، لـ"العربي الجديد"، إن "الجانبين بحثا مسار المفاوضات والتوجهات في المرحلة المقبلة على صعيد ملف ترسيم الحدود البحرية"، مشيرًا إلى أن

الرئيس عون أكد على ضرورة استئناف التفاوض غير المباشر وتحويله على دور الوسيط الأميركي الذي أكد أنه سيبدل جهده ويواصل اتصالاته بغية تكوين المعطيات الكاملة.

وعلى صعيد التغييرات التي ستطرأ على الوفد اللبناني المفاوض بعد إحالة رئيسه العميد الركن الطيار بسام ياسين إلى التقاعد، أكد شلالا أن "لا شيء رسمياً بعد بخصوص هذا الموضوع".

من جهته، أشار رئيس مجلس النواب نبيه بري إلى أن لبنان أمام فرصة جديدة لاستئناف المفاوضات في الناقورة (جنوب لبنان)، مع المساعي الأميركية الجديدة التي تبذل في هذا الإطار.

وبجسب بيان المكتب الإعلامي لرئيس البرلمان، فإن بري أكد خلال لقائه الوسط الأميركي أهمية استثناء لبنان من ضوابط "قانون قيصر" في موضوعي استجرار الغاز المصري والكهرباء من الأردن، مشيراً إلى أن هوكستين عكس للرئيس بري أجواء تفاؤلية بالتقدم إيجابياً حول هذين العنوانين، كما جرى التأكيد على اتفاق الإطار الذي أعلن في أكتوبر/تشرين الأول من العام الماضي.

وفي سياق آخر، وقع بري، اليوم، القانون الرامي إلى تعديل قانون انتخاب أعضاء مجلس النواب وأحاله إلى رئاسة مجلس الوزراء مع التأكيد على ضرورة استعجال إصداره، كما دعا إلى عقد اجتماع لهيئة مكتب مجلس النواب يوم الإثنين المقبل تمهيداً لعقد جلسة تشريعية.

وعلم "العربي الجديد" من مصدر عسكري مطلع على الملف، أن "الوفد اللبناني المفاوض دخل في إجازة منذ فترة"، مشيراً إلى أن "الملف وعلى الرغم من أهميته والمكاسب الاقتصادية للبنان منه، إلا أنه ليس على رأس أولوية الاهتمامات عند المسؤولين السياسيين، وهو ما ينعكس سلباً على البلاد، ولا سيما أن العدو لا يضيع وقتاً أو فرصة لاستغلال الوضع المتوتر على الساحة اللبنانية الداخلية والصراعات المستمرة والمتجددة بينما هو يعتدي على حقوق لبنان النفطية وعلى مرأى من الجميع".

وكان الاحتلال الإسرائيلي قد منح أخيراً شركة "هالبرتون" الأميركية عقداً للتنقيب عن النفط في منطقة تقع على الحدود البحرية المتنازع عليها، ما دفع لبنان إلى الطلب من مجلس الأمن "التأكد من أن أعمال تقييم التنقيب لا تقع في منطقة متنازع عليها بين لبنان والاحتلال، بغية تجنب أي اعتداء على حقوق وسيادة لبنان، إضافة إلى منع أي أعمال تنقيب مستقبلية في المناطق المتنازع عليها تجنباً لخطوات قد تشكل تهديداً للسلم والأمن الدوليين".

ويقول الخبير في شؤون الطاقة الدولية رودي بارودي، لـ"العربي الجديد"، إن "أي بحث عبر الوسيط الأميركي في أي فكرة اقتصادية أو تجارية غير وارد قبل ترسيم الحدود بشكل محترف ورسمي، لكن في المقابل، يمكن الاتفاق مع شركة خاصة مستقلة لتنفيذ أعمال التنقيب في حال التثبت من وجود نפט أو غاز، وذلك كما حصل في حقل الخفجي المشترك بين الكويت والسعودية، على أن يأخذ كل طرف حصته".

ويرى بارودي أنه "من المبكر الحديث عن أي خطوة طالما أن ترسيم الحدود البحرية لم ينجز"، مشيراً إلى أن "هناك حقوقاً للبنان يجب أن يحصل عليها"، مؤكداً أن "المطلوب اليوم تأمين الدعم الكامل للجيش اللبناني عند استئناف المفاوضات التي يجب أن تحكمها فقط الاتفاقيات الدولية واتفاقية الأمم المتحدة لقانون البحار والتي تصبّ في صالح لبنان وتعطيه حقه الكامل والعادل".

ويؤكد بارودي أن "الاجتهادات الدولية تعطي لبنان حقه، خصوصاً أن القرارات لا تقيم وزناً للجزر الصغيرة، ولا تعتبر قادرة على دفع أو إزاحة أي خط بحري واحد مقابل الخط الآخر، وبالتالي فإن الصخور والجزر الصغيرة لا تؤخذ بعين الاعتبار عند ترسيم الحدود، وهو ما يعطي لبنان مساحة هي من حقه ومعترف بها دولياً".

ويلفت الخبير الدولي إلى أن "لبنان عام 2010 اعتمد من أجل البدء بالترسيم 61 متراً في البحر بدءاً من رأس الناقورة جنوباً، أما العدو الإسرائيلي فقد اعتمد في العام الذي يليه 37 متراً في البحر"، مشيراً إلى أن الطرفين "أخطأ في البدء بالترسيم من خط بحري (أوف شور)، وعليهما اعتماد خط الناقورة البري الفاصل، وبالتالي فإن الطرفين مجبران على ترسيم الحدود وتحديد خطوط جديدة"، فيما أكد أن "الموقف الأميركي لا يمكنه إلا اقتراح خط عادل ومنصف وتبعاً لقانون الأمم المتحدة للبحار، إذ لا يمكنه الالتفاف حوله".

ويرى بارودي أن "موقف لبنان قوي بحقوقه التي تحفظها له القوانين والاتفاقيات الدولية، بيد أنه ضعيف على مستوى الداخل نتيجة الصراع والمناكفات السياسية التي تحرم اللبنانيين من فرص كثيرة وثروات هي حق لهم، وهو ما حرّمهم سابقاً من خط الغاز العربي الذي كان من شأنه أن يحلّ أزمة الكهرباء".

ويشير إلى أن "المسّ بالوفد اللبناني العسكري أو تغيير أعضائه سيكون بمثابة ضربة قوية ترتد سلباً على موقف لبنان في المفاوضات وتلحق به خسائر جمّة بالنظر إلى أهمية ترسيم الحدود اقتصادياً". وما زال الرئيس اللبناني يرفض منذ إبريل/نيسان الماضي التوقيع على تعديل المرسوم الذي يصحح حدود لبنان البحرية ومن شأنه أن

يعطي البلاد الحق بالتفاوض على نسبة من حقوقه من حقل كاريش الذي يستثمره الاحتلال الإسرائيلي.

Saudi triumphs in oil market with comeback from the Covid crisis



Bloomberg Riyadh/London

When the Opec+ alliance of oil producers gathers next week, group leader Saudi Arabia can savour a moment of triumph. Eighteen months after slashing crude production during the pandemic, Riyadh is set to pump at almost pre-Covid levels of 9.8mn barrels a day this month as a recovering global economy clamours for energy supplies.

Furthermore, by bringing those shipments back slowly enough to avert a new surplus, Saudi Energy Minister Prince Abdulaziz bin Salman has revived crude prices to \$80 a barrel. That's

swelled the kingdom's petroleum revenues to a three-year high, putting them on track for an even bigger payout in 2022.

"Opec+ has had a very good year," said Ben Luckock, co-head of oil trading at commodities merchant Trafigura Group. "They have delivered: they have managed to thread the needle."

That's a far cry from the tumult of last March, when the plunge in fuel demand briefly pitched Organization of Petroleum Exporting Countries and its partners into a vicious fight over customers. Those bitter memories seem very distant as the 23-nation network – jointly led by the Saudis and Russia – prepares to meet on Monday.

If there's a threat to the delicate balance Opec+ has achieved, it's that the market could overheat and prices rise too high.

The alliance has signalled it will stick with its schedule of modest production increases by approving another 400,000 barrel-a-day increment for November. But the market has shifted since that road map was agreed in July.

The shortage of natural gas, which has sent prices to the equivalent of \$190 a barrel, is spurring a switch to oil products for heating and manufacturing, boosting overall demand. US oil production is still recovering from Hurricane Ida, which has knocked out a total of almost 35mn barrels after slamming the Gulf of Mexico a month ago – equivalent to almost two full months of Opec+ supply increases.

Anxiety among key consuming nations is palpable, especially if they end up experiencing a cold winter. China has instructed top energy firms to secure supplies at any cost. US President Joe Biden's administration says it has reminded Opec of the need to support the recovery, and National Security Adviser Jake Sullivan met with Saudi Crown Prince Mohamed bin Salman last week.

"Opec will come under increasingly intense pressure from Washington to open the production release valve and cap the upside" in prices, said Helima Croft, chief commodities strategist at RBC Capital Markets. "An increase beyond the 400,000 barrels a day is a live option for Monday."

That's a view shared by the world's largest independent trader, Vitol Group. Not only is demand being boosted by the shortage of natural gas, the supply outlook is tightening as prospects diminish for a swift deal to revive Iranian exports, said Chris Bake, the company's head of origination.

Tehran and Washington have been involved in negotiations to reactivate a nuclear accord – and lift US sanctions on Iranian oil shipments – but the talks have so far made little headway. As a result, roughly 1.4mn barrels a day of Iranian crude that traders thought might be entering the market in late 2021 remains absent.

Some Opec+ delegates say privately that the increase approved at Monday's meeting could be bigger than the scheduled 400,000 barrels a day. Scenarios for larger hikes have been considered, said one official.

Saudi Arabia doesn't want to see prices spiral toward \$100 a barrel, as excessive fuel costs would curtail demand and stimulate a revival in US shale output, according to people familiar with the kingdom's thinking.

A spike in crude prices – just weeks before world leaders gather in Glasgow, Scotland, for a fresh round of climate talks intended to shift the world away from fossil fuels – could boost support for the transition to renewable energy.

Another headwind?: global gas price spike worries energy execs



DUBAI/LONDON, Sept 21 (Reuters) – Energy executives gathered in Dubai on Tuesday for the first time since the COVID-19 pandemic started, but despite being upbeat on economic recovery, they were concerned about another headwind: a global gas price spike.

Natural gas prices have soared by around 280% in Europe this year and by more than 100% in the United States, pushing up winter fuel bills, and exacerbating a near-term spike in inflation in another blow to a world economy as it recovers from the coronavirus crisis.

Low storage inventories, high demand for gas in Asia, less Russian and liquefied natural gas (LNG) supply to Europe than usual, high carbon prices and outages have led to the spike and analysts expect prices to remain elevated until 2022 or even 2023. [read more](#)

At the Gastech industry conference, energy executives were concerned about the “sweet spot” of prices acceptable for customers and still high enough to incentivise investments, while others warned of shortfalls in the event of a severe upcoming winter.

The chief executive of Malaysia’s state energy firm Petronas (PETRA.UL) said that a gas price of \$7-\$8/mmBtu could be a “sweet spot” for customers and allow infrastructure investments to continue.

“Natural gas needs to be embraced as a transition fuel. A decarbonised future does not mean a hydrocarbon-free future,”

Tengku Muhammad Taufik said.

Meanwhile, OPEC Secretary General Mohammed Barkindo blamed high prices on the shift to renewable energy sources.

The average LNG price for November delivery into Northeast Asia was estimated at about \$24-\$25 per metric million British thermal units (mmBtu) last week, while benchmark European natural gas prices have surged to around \$25/mmBtu from around \$6-7/mmBtu at the start of the year.

BURDEN BUT 'NOT A CRISIS'

Qatar's energy minister said he believes high gas prices reflect a lack of investment, as well as a shortage of supply, but stopped short of calling the situation a crisis.

"I don't think it is a crisis (yet). Unfortunately, in my view, this (price spike) is due to the market not investing enough in the industry," said Saad al-Kaabi, Qatar's energy minister and the CEO of state-owned Qatar Petroleum (QATPE.UL), the world's top liquefied natural gas (LNG) supplier.

"We don't want these high prices: we don't think it is good for consumers. We don't want \$2 and we don't want \$20, we want to have a reasonable price that is sustainable."

United Arab Emirates energy minister, Suhail al-Mazrouei, said current prices could be a burden on many countries.

He too blamed the spike on a slowed pace of investments in gas, adding that gas prices were not sustainable at a level of \$2 or \$3 either.

"New investments need to be there, we are talking about investments to the north of a trillion dollars to satisfy (demand) requirements for the years to come," Mazrouei said.

"I am afraid it is not going to be magical...we will go through

ups and downs until the market realises the right price,” he added.

Some countries have agreed to reduce emissions to net zero by 2050 or earlier, meaning a shift away from fossil fuels, but many energy officials said consumers will pay the price.

The Qatari energy minister said the “euphoria around energy transition” was pressuring companies not to invest in gas or oil projects, while his Emirate counterpart called for honest, practical plans.

“There is a drive for being emotional about net-zero carbon emissions, but I think we need to be honest with the consumers and tell them what is going to be the cost associated with net zero,” UAE’s Mazrouie said.

Analysts at WoodMackenzie said separately on Tuesday that the economics of existing gas operators are difficult and new-build can present a substantial and unattractive risk, particularly in climate-wary Europe.

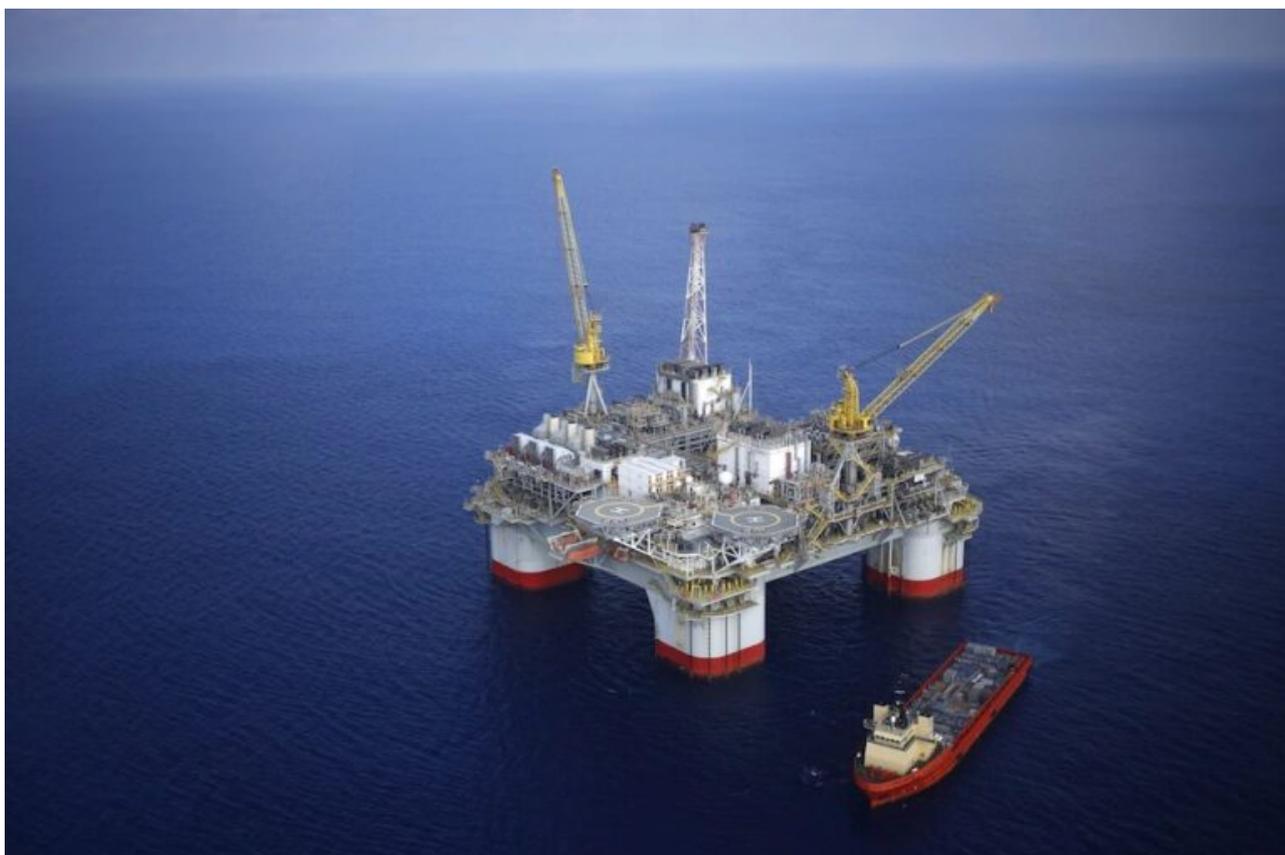
For French energy group Engie (ENGIE.PA), the price spike was “not good news” and the company’s deputy chief executive, Didier Holleaux, said he was worried that current gas prices may continue for foreseeable future with gas storage levels not as high as usual for this time of year.

“Hopefully the start of the winter will not be so cold in the north hemisphere. If not, we are in trouble. Forecasts for temperatures in three months’ time are just the worst.”

(This story was refiled to remove reference to event being held in hotel in lede)

Additional reporting by Yousef Saba in Dubai, writing by Marwa Rashad and Nina Chestney in London; editing by Jason Neely and Barbara Lewis

How U.S. Presidents Use the Strategic Petroleum Reserve



As U.S. president, Joe Biden can tap the nation's emergency oil stockpile to make up for supply shortages – be they disruptions to crude flows such as in Louisiana this week after Hurricane Ida, or price spikes caused by geopolitical instability in the Middle East. The tool at his disposal is the Strategic Petroleum Reserve, set up in the aftermath of the Arab oil embargo in the 1970s as a national energy safety net. It's the world's largest supply of emergency crude, stored in deep and heavily guarded underground salt caverns along the U.S. Gulf Coast.

1. How much oil is in reserve?

The reserve stood at 621.3 million barrels as of Aug. 20,

enough to replace more than half a year's worth of U.S. crude net imports. Current inventory is about 87% of its maximum authorized storage capacity.

2. In what circumstances can presidents release stockpiled oil?

It's pretty much the president's prerogative. But the 1975 law that established the reserve says a president can order a full drawdown in the event of a "severe energy supply interruption" that threatens national security or the economy. A limited drawdown (up to 30 million barrels) can be ordered in the event of "a domestic or international energy supply shortage of significant scope or duration."

3. Have presidents tapped the reserve before?

Yes. In 2011, President Barack Obama released 30 million barrels as part of a joint effort with other nations to counter supply disruptions from Libya. In 2005, President George W. Bush released 11 million barrels in the wake of Hurricane Katrina. And in 1991, under President George H.W. Bush, 17 million barrels were released during the first Gulf War. Test releases take place from time to time, as well as limited releases in the form of swaps. In 2017, the Energy Department authorized the release of 5 million barrels to Gulf Coast refineries when Hurricane Harvey wreaked havoc on the region. Such arrangements are designed to address short-term emergency needs, and the crude is repaid, in kind, at a future date.

4. What's happening in the wake of Hurricane Ida?

Exxon Mobil Corp. is starting its huge Baton Rouge refinery and needs a large amount of crude to process, and fast. Major disruptions to nearby pipelines and production facilities in the wake of the storm have spurred the oil giant to ask for up to 1.5 million barrels of oil from the reserve to temporarily replace its usual supply sources. The Department of Energy is

encouraging refiners to prioritize making products such as gasoline, which is badly needed in the area for cars and generators.

5. What does a release entail?

The maximum drawdown capability is 4.4 million barrels a day, according to the Energy Department's website, and it takes 13 days for SPR oil to reach the open market after a presidential decision. But the mere announcement that the SPR is being deployed could have an immediate, if short-lived, effect on oil prices.

6. What's the outlook for the U.S. stockpile?

The domestic shale boom has allowed the U.S. to join the ranks of the world's biggest oil producers, lending weight to arguments that the emergency reserve is past its sell-by date. But in recent months shale production has stalled, demand has increased and imports have also gone up. In the past the reserve has been used to pay government bills ranging from roads to deficit reduction and drugs, and current plans are for the stockpile to be cut almost in half over several years. But periodic use of the reserve after natural disasters may be the most effective rebuttal to the case for doing away with it.

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Oil survey reveals a divide

on when global demand will peak



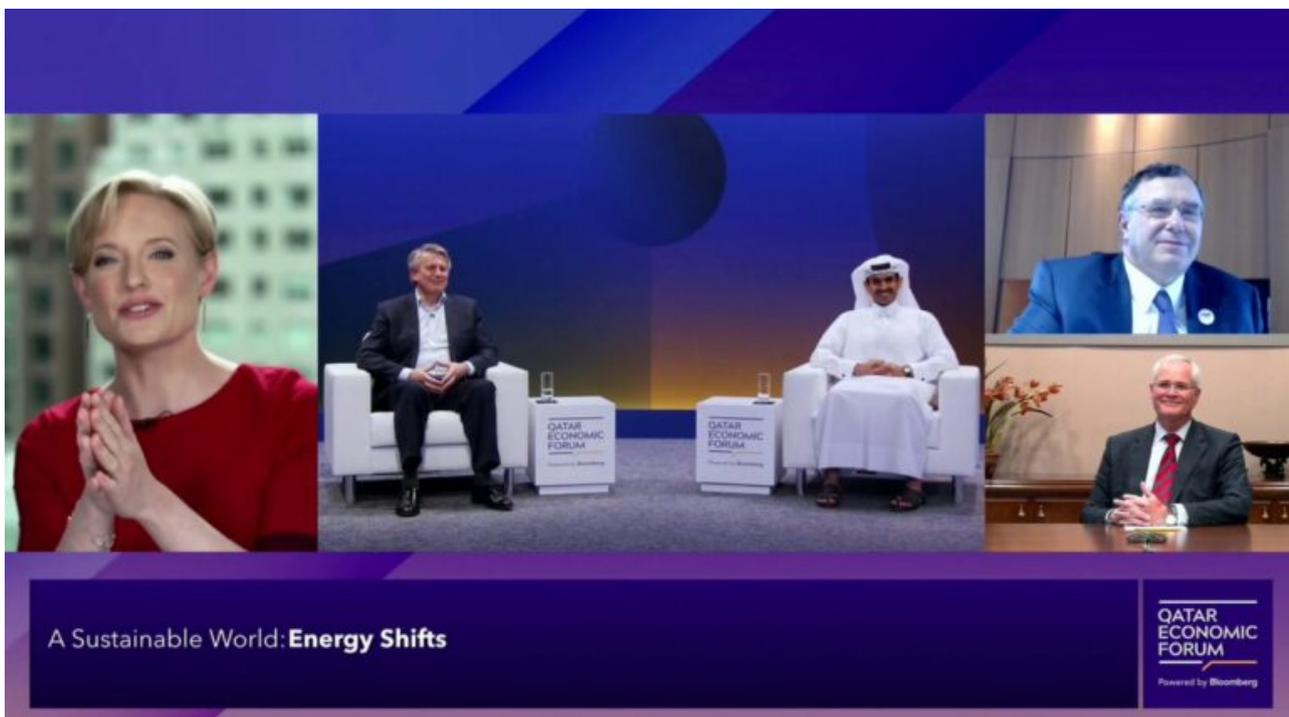
The accelerating shift to cleaner energy poses a challenge for global oil demand in the next decade, according to a Bloomberg Intelligence survey, but responses were divided as to whether consumption will return to pre-pandemic highs.

About 39 percent of respondents see demand slightly above the pre-COVID level of 100 million barrels a day in 2030, while 30 percent expect consumption to fall short of that mark. With fuel efficiency, electric vehicles and green reforms enacted in the wake of the pandemic creating headwinds for crude sales, OPEC is likely rein in output for a prolonged period to avoid oversupply, BI said.

Some forecasters expect crude demand to peak sooner rather than later. Goldman Sachs Group Inc. sees consumption topping out in 2026, while BP has said the era of demand growth may already be over. The International Energy Agency has taken a

more conservative view, predicting a plateau around 2030.

QP received offers for double the amount of equity available in NFE project: Kaabi



Tribune News Network

Doha

Minister of State for Energy Affairs and Qatar Petroleum President and CEO HE Saad Sherida Al Kaabi said that Qatar Petroleum has received offers for double the equity available to potential partners in the bidding process for the North Field East project.

Speaking at the Qatar Economic Forum (QEF), Kaabi stated that Qatar Petroleum was in the process of evaluating commercial

offers received for participation in the largest LNG development in the world with a capacity of 32 million tonnes per annum of LNG, and that Qatar Petroleum had received offers that cover double the offered equity stake.

As part of the same process, Kaabi said, Qatar Petroleum had received offtake commitments, sales and purchase agreements for double the 32 million tonnes per annum volume on offer.

The NFE project is unique in the LNG world because of its advanced environmental characters, including significant carbon capture and sequestration capacity.

These remarks were made during a Qatar Economic Forum session on 'Energy Shifts' in which Kaabi was a panellist along with Royal Dutch Shell CEO Ben van Beurden, TotalEnergies Chairman and CEO Patrick Pouyanne and ExxonMobil Chairman and CEO Darren Woods.

The session, which was also broadcast on Bloomberg TV and its media platforms focused on the energy transition and the underlying climate change concerns driving net zero emissions targets.

Discussing the ongoing energy transition, Kaabi said, "We see natural gas and the energy transition joined at the hip. Gas and LNG is part of the solution for a longer-term transition. We are investing the majority of our capex in LNG, but we are also investing in renewables such as solar, here in Qatar and also worldwide."

Kaabi, however, raised concerns about underinvestment in oil and gas projects, given the focus on energy transition.

"Gas and LNG are important for the energy transition. However, there is a lack of investment in oil and gas projects that could drive energy prices higher. It could cause a significant shortage in gas between 2025 and 2030 that, in turn, could cause a spike in the gas market," he said.

On carbon capture and sequestration, Kaabi highlighted the fact that Qatar started decarbonising its LNG a while ago and that it currently captures and sequesters two million tonnes per annum of CO₂, which will grow to 9 million tonnes by 2030.

“We are doing it very responsibly and we will be part of the solution for the long term,” Kaabi said.

The panellists warned that energy transition is not only about the producers, but also about end-users and their consuming behaviours.

Kaabi also highlighted the fact that the energy transition needs to take into consideration the requirements of the developing world, including the 0.8-1.0 billion people who are deprived of electricity and basic fuels today to ensure a balanced approach that takes human development and economic growth in these developing nations into account, and that actions taken need to be responsible for the collective wellbeing of all of humanity.

Kaabi said that in the effort to put policies in place to reduce CO2 level, there is a challenge represented by the bill that has to be paid to bridge that gap, and called for collective work for a carbon pricing mechanism that is fair and equitable and that can be applied seamlessly on a global basis.

The Qatar Economic Forum, Powered by Bloomberg, brings together some of the world’s leaders and the most influential thinkers, executives, and policymakers to prepare a blueprint for the next stage of global growth. Discussion themes during the Qatar Economic Forum cover issues such as leadership in a post-pandemic world changes to the human-technology nexus, a more sustainable global economy, markets and investing, power and trade flows, and the future of commerce.

Empty oil tanks at key

storage hub show speedy demand rebound



Crude storage tanks that were brimming a year ago when the pandemic grounded flights and kept drivers at home are beginning to empty in the main U.S. distribution hub, the latest sign of strengthening demand in the world's biggest oil-consuming country.

For the first time since before the pandemic, empty tanks are being offered for lease at Cushing, Oklahoma, the delivery point for West Texas Intermediate oil futures. At least 1.4 million barrels of storage is up for rental starting in July, for roughly 12 cents per barrel a month, said Steven Barsamian, chief operating officer at storage brokerage Tank Tiger. That's a stark contrast to at least 60 cents charged when there was little space left about a year ago.

Americans are taking to the roads and skies at increasing numbers as the summer nears and the country emerges from

months of lockdowns, with oil refiners speeding up fuel making to meet the rising demand. This week, California, America's most populous state, re-opened its economy, while New York ended most of its curbs.

It's a dramatic turnaround from a market crash that saw traders storing unwanted crude in tankers at sea, and U.S. producers at one point having to pay for customers to take their oil last year.

Meanwhile, shale producers are sticking to their pledges to focus on balancing their books and boosting returns to shareholders, rather than increasing output. U.S. production is 15% below its peak last year, limiting flows to the storage center.

So, traders are rapidly draining their storage tanks to supply refineries with every barrel of crude feedstock they need.

Empty tanks are typical of a market where demand is outpacing supplies and traders are getting a premium on the nearest deliveries, making it unprofitable to keep oil in storage – a pattern known as backwardation.

A year ago, when traders were storing as much oil as possible to wait for better prices, the nearest deliveries for WTI were selling at a discount to longer-dated ones. That structure is known as contango.

These patterns affect especially the commercial storages used in speculative trading, such as the ones in Cushing.

"Typically, in a backwardated market, it's the storage that isn't being used for operational purpose like the ones in Cushing, Oklahoma, that get emptied out first," Barsamian said. "Storage at most other locations such as in Houston and Midland in Texas are used for operational purposes and get emptied out later."

Traders might see more of the bottom of tanks across America in the coming months. Global oil demand is expected to recover to pre-pandemic levels late next year, according to the International Energy Agency. The agency sees a supply shortfall starting from the second half of this year, with OPEC and its allies still keeping part of their production capacity offline.

OPEC sticks to forecast of oil demand surge in second half of 2021



LONDON- OPEC stuck to its prediction of a strong world oil demand recovery in 2021 led by the United States and China, although it cited uncertainties around the path of the

pandemic.

In a monthly report on Thursday, the Organization of the Petroleum Exporting Countries said demand would rise by 5.95 million barrels per day (bpd) this year, or 6.6%. The forecast was unchanged for a second consecutive month.

The report's forecast comes even after a slower-than-expected recovery in the first half of this year, and as it warns of "significant uncertainties," around the pandemic, such as the potential emergence of new variants.

"Global economic recovery has been delayed due to the resurgence of COVID-19 infections and renewed lockdowns in key economies, including the Eurozone, Japan and India," OPEC said in its monthly report.

"Overall, the recovery in global economic growth, and hence oil demand, are expected to gain momentum in the second half," it said.

OPEC sees 2021 world economic growth at 5.5%, unchanged from last month, assuming the impact of the pandemic will have been "largely contained" by the beginning of the second half.

Oil was trading above \$72 a barrel before the report was released. The price has gained 39% this year on rising demand and supply cuts by OPEC and its allies, known as OPEC+.

OPEC+ agreed in April to gradually ease oil output cuts from May to July and confirmed the decision at a meeting on June 1. Most of its output cuts will remain after July.

The efforts of OPEC+ have "have substantially led the way towards a market rebalance," OPEC said.

The report showed higher OPEC oil output, reflecting the decision to pump more and gains from Iran, exempt from making voluntary cuts due to U.S. sanctions. Output in May rose 390,000 bpd to 25.46 million bpd, OPEC said.

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