

# DAILY ENERGY MARKETS FORUM

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### Christof Rühl

Senior Research Scholar - Center on Global Energy Policy  
Columbia University

#### How are recent forecasts on inflation impacting markets?

We have witnessed the first real serious jitters on stock markets on the back of this. As far as oil markets are concerned, inflationary fears usually trigger investment into real assets like property, precious metals and commodities of which oil is by far the most accessible and liquid. More money moving into oil would be an additional source of volatility, which Saudi Arabia and Russia may not like.

#### Do you expect Saudi Arabia to continue with its unilateral output cut in Q2?

In retrospect, we could look at the Saudi unilateral cut as more of a strategic move, because it has given them some extra leeway to use to control prices and keep others in line if they continue to cheat. This extra wiggle room outside of the official agreement may not be a bad thing for them at all especially as the production adjustment process becomes more difficult. I would expect some bickering at the March 4<sup>th</sup> OPEC meeting with a small increase in production.

#### Will the new Biden policy find alignment with US oil and gas industry ambitions?

There's a triangular relationship between the economy, energy and geopolitics. The US economic challenges are being partially resolved by stimulus, which as it stands now, means there will hardly be any money left for Biden's big 'Green Deal'. The chances are that he would therefore have to scale down his energy transition ambitions considerably or find another way to deliver results - one would be to slap oil and gas companies a bit more. Looking at the geopolitical aspect, if Biden tightens the screws too much on the oil and gas industry, the US runs the risk of losing its status of energy exporter and that would have big international consequences, particularly in dealing with Russia and China. ■

*\*Paraphrased comments*

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