

Daily Energy Markets

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Will the US intention to release SPR crude impact OPEC action?

The announcement to release one million barrels a day for 180 days would be another factor that would give OPEC Plus the strength to stick to their plan. Even before this announcement, OPEC Plus was not warming up to the idea of putting more than 400,000 barrels a day in the market. The signals have continued that they are unlikely to deviate from this, although we expect to see the planned changes to quotas by the end of April. We are also hearing that there could be other members' quotas adjusted but it won't change the aggregate amount of oil that they want to put in the market for the time being.

Is the Ukraine crisis becoming an existential one for European economies?

The possibility of Russia cutting its energy supplies to Europe cannot be entirely ruled out, even if it will hurt Russia more than its European customers. In terms of the gas rationing plans that we are seeing in Germany for example, the good news is that the winter season is over in Europe, though there will be some impact on industry. It will be interesting to see how Germany copes. This is an economy which has been quite aggressive in its push for climate change, asking households to have a certain percentage of their energy coming from renewable energy. Germany has also turned its back on nuclear energy. If the rationing does not work, what options will they be left with and will they prioritise energy security or climate security?

Outlook for the global economy in H2 given US Fed tightening plans?

There is no going back for the Fed. It is becoming more determined than ever but the US economy is doing much better than others. I am more concerned about the developing countries which have their debt denominated in US dollars, in addition to rising energy, wheat and corn prices - all important commodities that they need. As for Europe, there has been more talk of recession in the past month and we will have to wait and see what happens. The good news is that if we head into a period of slower economic growth, that would ease the pressure on energy prices. ■

"Paraphrased Comments"

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