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#### **Inflation is still at record highs relative to recent decades.**

There was a lot of excitement about the data this week which showed a slowing down of inflation in the US, but I think it was premature. Yes - we are seeing a slowdown on the back of high commodity prices and supply chain bottlenecks are easing, but this does not mean that central banks are going to stop, watch and observe. We may see a little more leniency as a reaction to market data but that doesn't mean it's going to be a U-turn. Still, there is an increasing perception that the Fed may after all, end up having a soft landing and avoid causing a disastrous recession and collapse in economic growth. That's the kind of mood that we see today.

#### **Direction for OPEC+ decision making into 2023?**

Their monthly oil markets report published this week was consistent with that of last month but there was a sense of a bit more optimism in terms of demand, and less concern about supply, particularly from Russia, with their assumption for that loss for 2023 at under a million barrels a day, less than half of what the IEA is forecasting for the country. On balance, we should not expect a significant change in OPEC+ policy at the beginning of next year.

#### **Why are we still not seeing more CAPEX investment at these oil price levels?**

When we look at inflation, we tend to think about consumers, but we also need to think of investors. The cost of capital for doing business has also increased so we cannot look at high oil prices and expect that to automatically lead to investment. The other challenging dimension for oil companies is expected prices. ■

*\*Paraphrased Comments*

