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Yousef Alshammari
CEO & Head of Oil Research, CMarkits
Senior Research Fellow, Imperial College London

Expect higher oil prices in H2.

I don't think China's demand is fully priced in. Yes, there is some optimism, which is keeping the oil price above $80/bl somehow. But I don't think that is fully priced into the current markets. Over the last few months, for example, we are seeing Saudi Aramco continue to increase their selling price, which tells us that OPEC, especially Saudi Aramco, is expecting increased demand from Asian markets. Production could rise in H2 this year if prices go up above $90/bl.

OPEC+ definitely has spare capacity.

This is especially the case with Saudi Arabia and the UAE. I wouldn't be surprised if they ramp up production, but they will not react to unsustainable signs of demand recovery. There needs to be a real supply shortage, which will be shown by the inventories, including data from the Organization for Economic Co-operation and Development (OECD) and a rise in Chinese deliveries. We are currently seeing some sort of stability in both oil and gas markets, but it is temporary. Both markets continue to be very vulnerable.

The impact of a long-running investment trend.

A rate of declining investments has been an issue since the shale oil revolution, which was close to when OPEC+ formed. The impact has been highlighted with the switch from gas to oil, which led to oil going into the electric sector – something which has not happened for at least ten years. ■

**Paraphrased Comments*

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