Daily Energy Markets
VIEWS YOU CAN USE

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Was COP 27 a disappointment to the EU?

A recent report by Goldman Sachs said that in the last ten years, we've invested about $3 trillion globally to try and reduce carbon emissions and the drop in power supply generated by hydrocarbons is only 1%. That's a stark reminder of the numbers that we really need to talk about when we're going to be investing. The EU also needs to look at its own backyard; it's failed to agree on coordinated gas buying this year because of such divergent interests.

The Loss and Damage Fund agreed to at COP was progress?

It was a signal that the developed world has to help but it needs to go well beyond just the damage from emissions. We need to look at how to help developing countries transition and that's a much taller order, particularly with so many of the oil producing countries also resistant to this idea of completely phasing out hydrocarbons.

China seems to still be closed for business?

There are two sides to the coin with China's property sector. There's the debt which needs to be resolved, but they also need demand to resurface, and this is really where the problem lies, because 70% of China's savings are already locked up in the property sector. So, without something much more forceful, people are not rushing back in. The underlying profile of China's economy remains rather weak.

Can the US FED manage to engineer a soft landing?

The Fed discussion is going to go on. It really boils down to when the financial market conditions become so adverse that they take their foot off the pedal. The bigger problem is that there are structural issues in the system – we are still trying to understand what the post-pandemic world looks like and that's probably the biggest challenge for the central banks, because they seem to be trying to control something using indicators which are probably the wrong ones for the moment. Also, we're only three months into the Fed withdrawal of liquidity, following that enormous injection of cash during COVID. I think the FED tightening will start to hit home much more in Q1, than it has at the end of this year. ■

**Paraphrased Comments*