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People have been underestimating the long-term outlook for gas in Europe.

We are finally talking about winter 2023 and frankly, it's going to also hit hard in winter 2024 as well. When you look at Europe increasingly turning to LNG imports, nobody's brought any more LNG onto the market, so the buying is from the same pool as was there before. In terms of new supplies for next year, there are some repaired plants in the US coming on, but that's about it. And in 2024, Qatar and ExxonMobil are bringing on the Golden Pass facility in the US and that is it until the North Field expansion in Qatar. Those are what Europe is looking at to replace Russian volumes.

Are LNG floating tankers off the coast of Europe finally being processed?

Storage facilities in Europe are not massive, so those are going to start emptying. Then we'll start seeing those floating LNG tankers that have been marooned off the coast of Europe, being unloaded. Some of them might be diverted over to Asia as buying there starts to pick up, but I suspect most of it is going to slowly get drawn down in Europe.

Can OPEC+ defend \$90 a barrel as a floor through the first quarter?

I suspect that prices may well soften a little bit further towards the end of this year and then China effectively is going to be the big variable. Coming into 2023, the demand picture will improve somewhat despite the global recession, and if OPEC+ sticks to the path that they're on, \$90 is defensible.

Any impact expected from the oil price cap?

I think the US got spooked frankly by the firm line that Europe was taking, so the price cap is an attempt to undermine the impact of the European embargo, just to enable some volumes to continue flowing. It's probably going to achieve that, especially if the cap comes in at \$60 to \$70, which is effectively what Russia is selling its oil at. But it has still made an almighty ruckus – it certainly did not go down well in OPEC+ capitals because they do not like the idea of having prices being dictated to them by buyers. ■

**Paraphrased Comments*

