

# DAILY ENERGY MARKETS FORUM

## NEW SILK ROAD



Consultancy  
Intelligence  
Publishing

## EXCLUSIVE SERIES

# VIEWS YOU CAN USE

**Dr. Carole Nakhle**  
Chief Executive Officer  
Crysol Energy



### The US SPR release didn't have the desired impact on the market?

We were expecting the release and the scale of the volumes were not that big. There's also talk that some of those volumes should be returned to the US after a few months, so it created a kind of disappointment in the market and backfired.

### Should OPEC react?

There are lots of wise people in OPEC who understand Biden's dilemma. Biden had to be seen to be doing something in the current inflationary environment, especially ahead of the big Thanksgiving weekend when Americans go to great expense. But he didn't do it as an act of war against OPEC. If you recall, he also made an announcement before the SPR release, that he would be investigating whether local domestic distributors - petrol stations and various refineries - were manipulating supplies and therefore price. OPEC sees the SPR move as something to meet Biden's domestic agenda. It may be too early to tell whether they will retaliate but I doubt it. They have to ask themselves - do they want to win the battle or the war.

### Why has the IEA now stepped in to urge OPEC to do more?

Interestingly, the IEA did not get involved with the US SPR release debate and were in fact saying that they saw no crisis. The IEA and OPEC have generally been aligned in their statements in the last few years. But perhaps because of the change in the US administration, we have seen some indirect pressure on the IEA to change its tone this year. That first emanated in their 2050 outlook report, which called for no further investment in oil and gas, and most importantly, with recently pointing the finger at OPEC and its allies to put more oil in the market to ease pressure on a weakening global economy. It's been a 180 degree shift in their position.

### Will improved US jobless claims lead to faster monetary tightening?

The figures this week sent a very positive signal that despite all the talk about high energy prices and worsening inflation, the US economy seems to be on firm ground for a recovery after Covid. The Fed has always had two targets in mind - inflation and unemployment. If we see them both heading in the right direction, the Fed might at its next meeting announce an acceleration of tapering, that would also lead to an acceleration of when to raise interest rates. ■

*\*Paraphrased comments*

**Series Supported By:**



Copyright © 2021 GULF INTELLIGENCE FZ LLC. All Rights Reserved.

Registered at Dubai Creative Clusters Authority. Registered Address: DMC 9, Office 310, Dubai Media City, PO Box 502466, Dubai, UAE.