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Outlook for growth and oil demand in Q4?

There is clearly growth in all the major economies but the major bounce from the disastrous Covid recession of 2020 is over. I don't see an acceleration from here and the US September jobs report, at almost 50% below expectations, was in line with this view of a moderating growth outlook. This will also be critical to validating the US Feds narrative for Q4 and Q1 2022 on keeping rates low. There's not much room to err on the side of being hawkish and raising rates and that's why we are seeing these inflationary pressures.

Will wage inflation start to derail the balance sheets of corporates?

This is the juggling act that especially Western policy makers have had. When Covid caused everything to shut down, governments extended credit to companies, covering expenses of furloughs etc. But now, in the UK for example, the Bank of England is warning British business that their leverage levels are too high. One third of UK companies have debt levels of more than 10 times their cash balances. Likewise, we have had a Federal Reserve in the US telling us that deflation is the risk and so it has followed an inflationary policy. The problem there is that the consequent rise in prices of meat, grain, home heating and electricity, is hitting the working class and developing economies.

How big a problem is China's power crisis?

China might be able to put environmental concerns to one side and move ahead to give its industries the competitive advantage which they require on coal. Europe on the other hand, has struggled with that because of certain proclivities that have made them pile into natural gas. They're now having the spike in electricity prices because they're unable to take advantage of coal and nuclear as alternative cheap baseloads. ■

**Paraphrased comments*

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