

## Clyde Russell

Asia Commodities & Energy Columnist  
Thomson Reuters



### China has the desire to ease restrictions and kick start the economy.

China is in a very different spot to virtually everywhere else in the world. They don't really have an inflation problem. They have an economic growth problem. That is what they'll be looking at. I would expect that things will get better in the first half of next year with the caveat that they could manage COVID and the social unrest without things getting out of hand. The authorities in Beijing want to ease as much as they possibly can without letting COVID run rampant and put pressure on their public health system. But there are two things that they can't really tolerate: open displays of dissent, so I imagine that if those continue, that you will see a harsher response and that's not good for the economy. The other is high rates of infection.

### Are we seeing renewed confidence in China's property sector?

The \$160bn worth of new loans into the property development sector speaks to quite a positive outcome. Also, we all focus too much on the residential property sector and ignore the government construction sector - defense installations, schools, hospitals. That's been going very well, and you can see that by the fact that steel and iron ore demand is not down dramatically.

### Will the EU price cap deter Russian crude flows?

The greater worry is when the EU implements the ban on Russian products in February. Europe was a big buyer of Russian diesel. Where is that diesel going to go? Are you going to have ships carrying Russian diesel off to Asia, the Middle East and ships carrying Asian diesel back into Europe? That would seem to be illogical and hard to organize from a transport perspective.

### What is the floor price that would trigger OPEC+ to step in?

If you are in a race between output cuts and global recession, recession has won every time in the past. We are starting to see a market coalesce around \$70 to \$90 but if you have a recession, then all bets are off. At the moment, everybody is happy to keep things in that range, which possibly means that OPEC is going to roll over its agreement in December and possibly for the next couple of months as they assess how things are going to go. ■

*\*Paraphrased Comments*