Energy Intelligence

October 25, 2022

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INTERNATIONAL OIL DAILY®

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EU Gas Prices Moderate as EU Debates Options

European gas prices have been bumping along at their lowest levels for quite some time, but traders are betting that the mix of factors pushing prices lower might not last as winter drags on and the EU struggles to reach agreement on a gas price policy.

The day-ahead gas futures contract at the Dutch TTF hub closed at €40 per megawatt hour on Tuesday after touching a low of €25.40/MWh on Monday — its lowest level since May 2021.

Benchmark EU gas prices have been pushed lower by high gas storage levels, oversupplied LNG import terminals, forecasts of mild temperatures in the weeks ahead and industrial demand destruction.

The month-ahead TTF gas futures contract closed below €100/MWh ($28.9 per million Btu) on Monday.

That was the first time that prices had dipped below that level since June — before Russian gas giant Gazprom made deep cuts in gas flows to Germany via the Nord Stream pipeline.

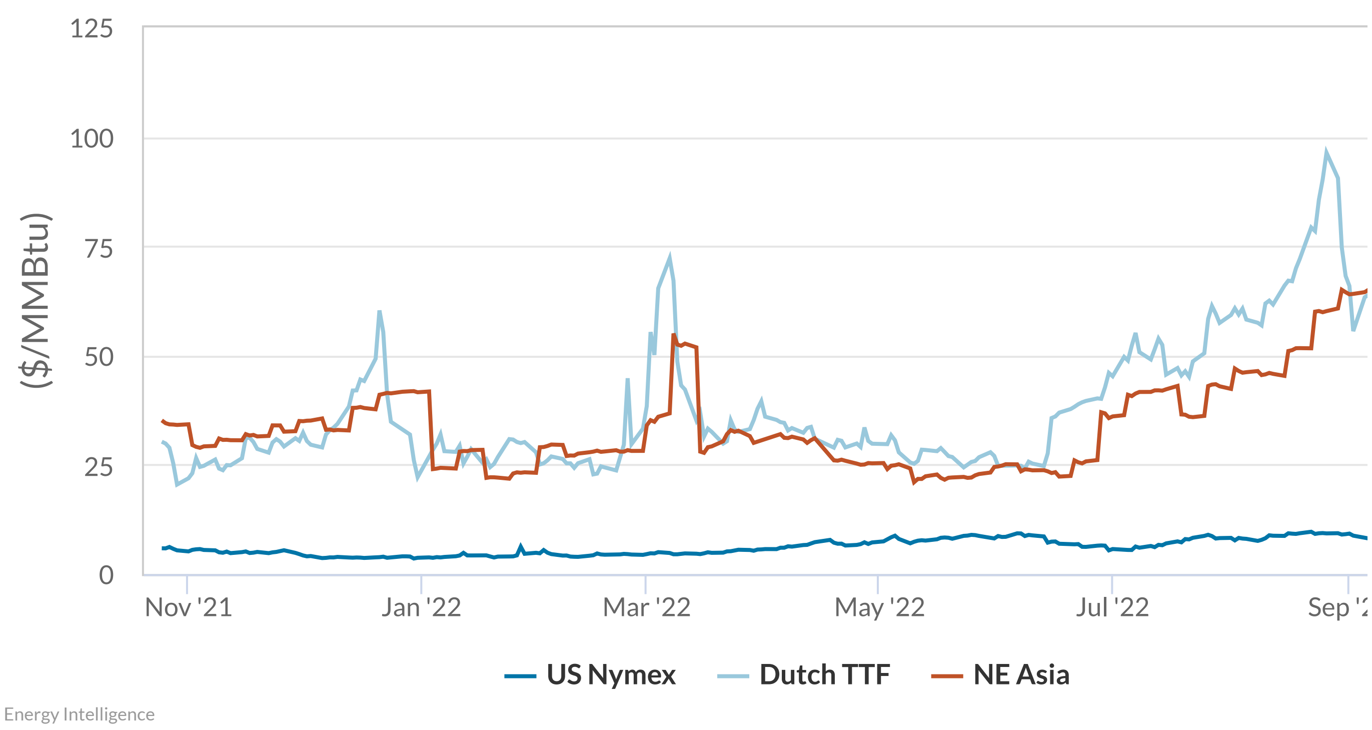
The month-ahead TTF contract remained below €100/MWh for most of Tuesday's trading session.

However, traders appear to see the current relatively low prices as temporary relief before prices head higher again during the winter months.

Futures prices for the winter months carry a much bigger risk premium, reflecting uncertainty around winter supplies and questions about the willingness of EU consumers to heed calls to use less gas.

Gas for delivery in December has been trading around €130/MWh, with the price rising to about €140/MWh for February delivery. Nevertheless, prices for monthly contracts remain well below the €350 MW/h seen as recently as August.

GLOBAL GAS PRICING



Ending the Putin Premium?

The current dip in prices has occurred despite Russia reducing its gas exports to Europe to just below 80 million cubic meters per day.

Nord Stream flows ground to a complete halt after it was damaged by an explosion in late September, with the remaining Russian exports to Europe shipped via Ukraine and Turkey.

Some EU diplomats argue that the reduction in flows from Russia has actually contributed to the fall in prices because it has made it more difficult for Moscow to influence Europe's gas markets by manipulating its export volumes.

Russia has warned that it would cut off gas exports completely if the EU were to implement a proposed cap on gas prices, and it has urged other gas-exporting countries to oppose the initiative which it says threatens all market participants.

Addressing the Gas Exporting Countries Forum (GECF) in Cairo this week, Energy Minister Nikolai Shulginov said a price cap would further destabilize energy markets and hurt both producer and consumer nations.

He reiterated Moscow's view that the current energy crisis in Europe was caused by the EU's "illegal, unilateral restrictions" against Russia.

Shulginov's concerns were echoed in a statement issued after the GECF's ministerial meeting in Cairo, which took aim at attempts to "impose politically-driven price caps."

The GECF statement warned that "such artificial intervention in market functioning can only aggravate market tightness, discourage investment, and be detrimental to producers and consumers alike."

However, one EU source told Energy Intelligence that countries should move ahead with some form of price cap, because Russia is likely to cut off all gas supplies to Europe at some point anyway.

The source argued that the EU would benefit by removing the current risk premium embedded in gas and power prices because of uncertainty around Russian export volumes.

Tricky Price Cap Math

The recent decline in European gas prices comes as EU energy ministers huddle in Luxembourg for another effort to try to hammer out an agreement on how to manage natural gas and power prices.

A recent summit meeting of the EU's national leaders had asked the ministers to refine a pair of proposals to intervene in gas markets.

One proposal would create a "dynamic price corridor" at the TTF hub — essentially capping prices should they surge to unsustainable levels.

Another would limit the price of natural gas used in power generation, a move that would have the effect of capping prices for electricity generated by any means.

On Tuesday EU ministers were presented with a third option that focuses on decoupling power markets from gas prices.

The latter scheme would see the 27-nation bloc adopt a "contracts for difference" system to set prices for new "inframarginal" power production — such as electricity supplied by wind and solar facilities or by nuclear plants.

Operators would submit bids to sell power from their project, with the contract awarded to the bidder offering the cheapest electrons.

A paper circulating within the EU claims that this option could be "implemented very swiftly and easily for new capacity," but would not be applied to existing production.

The EU is still proposing a broad revenue cap for low-cost electricity production and a "solidarity contribution" from fossil fuel companies. These are expected to generate some €140 billion to be used to blunt the impact of high energy costs on consumers.

In a surprising twist, however, the EU's price cap plans would be rendered largely moot if prices hold at their current lows — something that the member states would obviously welcome if prices were to remain relatively low throughout the winter.

Staff Reports

IEA: Crisis Is Turbocharging Energy Transition

The International Energy Agency (IEA) says the fallout from Russia's war in Ukraine is accelerating the energy transition, prompting it to dramatically increase its estimate of growth in renewable power capacity this year.

"We expect this year we will see again a huge growth in renewables, a 20% increase in renewables capacity — solar, wind and others — close to 400 GW of new capacity additions," IEA Executive Director Fatih Birol said on Tuesday.

"We have never seen this," he told the Singapore International Energy Week conference.

The new numbers cited by Birol compare with the IEA's previous estimate of 340 GW for growth in renewable electricity generation this year, which was published just last month in the agency's latest Renewables Tracking Report.

Furthermore, the 20% growth rate that the agency is now projecting for this year marks an acceleration from 7% in 2021.

In addition to wind and solar power there is also strong momentum in hydrogen, while nuclear power is also making a "clear and strong comeback," Birol added.

He said electric cars will account for around 15% of all cars sold in the world this year, up from around 4% in 2019.

Unprecedented Crisis

Birol said interest and investment in low-carbon energy has been surging because the world is "in the middle of the first truly global energy crisis."

He said the energy crisis of the 1970s had been limited to a sharp increase in oil prices, whereas the current crisis has resulted in soaring prices for oil, gas, coal and electricity.

"It is happening because of the very fact that on Feb. 24, Russia invaded Ukraine, and as we know, Russia is the top exporter in terms of all fossil fuels," he said.

"As long as there is no peaceful solution to this [Ukraine] problem, I believe we will be seeing a lot of volatility in oil and gas markets," Bitol said separately in an interview with CNBC television.

Spot LNG prices soared this year as Europe scrambled to cover a shortfall in pipeline gas supplies from Russia, but Birol warned that the LNG market could be even tighter in 2023 as China's economy recovers and European demand continues to rise.

He noted that the recent Opec-plus decision to reduce the group's targeted oil output by 2 million barrels per day, would impact not only oil prices but also prices for gas and LNG that are often linked to oil prices.

Echoing recent criticism from the US, Birol said the move was "risky" given that "several economies around the world are on the brink of a recession."

Birol noted that the financing of measures to reduce greenhouse gas emissions in developing countries remains a challenge.

But he said that reducing carbon dioxide emissions in developing countries could cost half as much as achieving the same reductions in wealthier countries.

"Just from an economic point of view, this is a very logical move, leaving aside the moral and political aspects of helping emerging countries for energy financing," he argued.

Rafiq Latta, Nicosia and Marc Roussot, Singapore and Kim Feng Wong, Singapore

Riyadh Summit Attracts US Crowd Despite Spat

Saudi Arabia's flagship investment forum attracted a strong showing of US corporate executives this week, despite the deterioration of relations between Washington and Riyadh over the recent Opec-plus decision to cut oil output.

The heads of financial institutions including Morgan Stanley, JPMorgan Chase, Blackstone and Goldman Sachs participated in Riyadh's well-attended Future Investment Initiative summit on Tuesday.

Speakers appeared more focused on the conflict between Russia and Ukraine and the risks of a recession in 2023 than US-Saudi relations.

Jamie Dimon, chairman and chief executive of JPMorgan Chase, said he was more concerned about the state of global geopolitics — particularly relations between Russia and Ukraine and the US and China — than about whether there could be "a mild or slightly severe recession."

And in apparently placatory comments on the US-Saudi spat, Dimon commented: "American policy doesn't always have to be everything our way. … Saudi Arabia and the US have been allies for 75 years. I can't imagine any allies agreeing on everything and not having problems."

The Opec-plus decision to cut targeted production by 2 million barrels per day — or about 1 million b/d in practice — provoked anger in Washington, with the Biden administration accusing Saudi Arabia of taking the "wrong direction" in oil policy, effectively siding with Russia in the war in Ukraine, and promising "consequences."

However, temperatures seemed to cool last week, and action is not expected before US midterm elections on Nov. 8.

Opec-plus insists that the decision was a technical one, intended to avoid a collapse in prices.

"The US private sector knows that politics and business don't mix and that's why you're seeing all the major companies here," another US banker commented privately.

Saudi Investment Minister Khalid al-Falih said he expects the argument to blow over.

"If you look at the relationship with the people side, the corporate side, the education system, you look at our institutions working together, we are very close and we will get over this recent spat that I think was unwarranted," al-Falih said.

National Interests

During the conference, Energy Minister Prince Abdulaziz bin Salman said Saudi Arabia's national interests are the main priority for Riyadh, and that these include pressing ahead with the kingdom's "Vision 2030" economic diversification plan.

"We keep hearing: You are with us or against us," the minister said. "Is there any room for: We are with the people of Saudi Arabia?"

The only US response so far has been to confirm plans to sell a further 15 million barrels of oil from the Strategic Petroleum Reserve (SPR) through the end of December, completing the 180 million bbl sale authorized by President Joe Biden in March. The option of additional releases later remains on the table.

Without directly naming the US, Prince Abdulaziz warned against depleting strategic petroleum stocks. "People are depleting their emergency stocks … as a mechanism to manipulate [oil] markets," he said.

Amena Bakr, Riyadh

Singapore Doubling Down on Hydrogen

Singapore will be doubling down on hydrogen, the country's Deputy Prime Minister Lawrence Wong told delegates Tuesday at the opening of the Singapore International Energy Week.

Singapore views the emerging new energy segment both as a means of decarbonization and as an economic opportunity for the finance, trade and logistical sectors along the whole value chain.

Unveiling Singapore's national hydrogen strategy, Wong said the island nation — already an established LNG trading hub for the Asia-Pacific region — will "take steps to prepare for hydrogen deployment domestically and work with international partners to build a hydrogen supply chain in Asia."

For starters, Singapore would allocate an additional S$129 million (US$90 million) in research and development funding to its Low Carbon Energy Research program, under which hydrogen will be a "key focal area."

A significant amount of the fresh funding will be directed towards projects that can help Singapore "import, handle, and utilize hydrogen and its carriers safely and at scale," said Wong.

The new funding is on top of the S$55 million that the program had already disbursed in October 2021.

Ammonia Supply Chain

Singapore's strategy involves experimenting with the use of advanced hydrogen technologies that are "on the cusp of commercial success."

The country will "kickstart" its hydrogen efforts by launching an Expression of Interest for a "small-scale commercial project utilizing low-carbon ammonia for power generation," Wong revealed.

Such a project will help to assess the viability of ammonia — as both a hydrogen carrier and as a direct fuel — and Singapore could develop regulations and an ecosystem to support it, Wong noted, adding that more details will be announced by the Energy Market Authority in the coming months.

Through the project, Singapore hopes to also "catalyze" the development of ammonia supply chains for other applications, for example as a low-carbon fuel for meeting marine and bunkering needs.

The project could potentially allow Singapore access to electricity generated from low-carbon hydrogen from as early as 2027, Wong added.

Potential Threat to Gas

Currently, about 95% of Singapore's electricity is generated using natural gas.

But Wong is envisaging a potentially big shift toward hydrogen in the future: "If technology continues to advance, we foresee that hydrogen can supply up to half of our power needs by 2050," alongside domestic renewable energy sources and imported electricity.

In the industrial sector, hydrogen can also be used as feedstock in semiconductor plants and petrochemical processes.

The government will play an active role in bringing industry players and the research community together, to improve translation from research towards "real-world applications," in order to drive down costs and accelerate the technical viability and commercial scalability of hydrogen, Wong pledged.

Hiking Carbon Tax

Singapore also plans to hike its carbon tax – currently set at S$5 per ton of carbon dioxide equivalent — by more than 10 times to S$50-S$80 (US$35-$55) per ton by 2030, Wong said.

The move would help to "sharpen the impetus of shifting to cleaner alternatives" as well as prompt businesses to "internalize the cost of emissions."

The carbon tax in Singapore is applied broadly, covering about 80% of the country's emissions.

Acknowledging that such a move would lead to higher costs for consumers and businesses alike during a time of high inflation, Wong emphasized that Singapore's mindset is not to reduce taxation, but to "provide targeted relief" to businesses and consumers so that "we have the right price signals for the economy as a whole."

Relief measures for businesses include enhanced support schemes to boost energy efficiency. For households facing an increase in electricity bills, the government would provide rebates through utility vouchers to users in the "lower and middle-income groups."

Upgrading Climate Commitment

Singapore will also upgrade its nationally determined contribution to fight climate change at the coming 27th Conference of the Parties.

The island nation had previously committed to peak emissions in 2030 at 65 million tons of CO_2 equivalent.

It will now "aim to peak our emissions earlier" and also reduce its 2030 emissions level to around 60 million tons, said Wong.

"This five million ton improvement is significant. It is equivalent to reducing our current transport emissions by two-thirds," he added.

Kim Feng Wong, Singapore

China's Malaysian Crude Imports Look Unusually High

China imported a record-high volume of crude oil tagged as originating in Malaysia in September, while inflows of crude described as originating in Oman also rose — signs that Chinese market players have probably continued to buy sanctioned oil.

Imports from Russia dipped versus August but have remained well above prior-year levels since Russia's invasion of Ukraine in late February.

China's total crude imports rose by 291,000 barrels per day from August to 9.83 million b/d in September, but they were down 198,000 b/d versus September 2021, according to data from the National Bureau of Statistics (NBS).

Imports ticked higher as refineries cranked up their crude runs. China's crude throughput spiked by 1.19 million b/d from August to 13.88 million b/d in September. Throughput for the month also rose by around 200,000 b/d versus September 2021.

Despite the month-on-month recovery in both crude imports and crude runs in September, both are down for the year to date, compared with last year.

China imported 9.95 million b/d of crude in the first nine months of this year, 450,000 b/d less than in the same period of last year. January-September refinery throughput averaged 13.35 million b/d, down by around 720,000 b/d from the same period of last year.

Improbably High

China imported an improbably high 991,000 b/d of crude oil in September that the CBS labeled as originating in Malaysia. That was the highest monthly level in Energy Intelligence records going back to January 2007.

The September number for imports from Malaysia was up 195,000 b/d from August and was more than double the 469,000 b/d reported for September 2021.

The September imports that the CBS attributed to Malaysia greatly exceed that country's output of just 363,000 b/d in September, continuing a trend of China reporting that it has bought more crude from Malaysia than it actually produces.

Because a tanker takes around 10 days to get from Malaysia to China, crude exports from Malaysia would mostly arrive at Chinese ports within the same month.

China has often used a Malaysia tag to disguise sanctioned Venezuelan and Iranian crudes that are either blended or simply "relabeled" before being sent on to China.

China imported 587,000 b/d of crude that was officially attributed to Malaysia in the first nine months of this year, up by 259,000 b/d from the same period of last year.

Oman Anomaly

China's imports of crude described as originating in Oman leapt by 153,000 b/d from August to 804,000 b/d in September, but were down 214,000 b/d from September 2021.

Like Malaysia, the import volumes that the NBS attributes to Oman appear unusually high, given that Oman's August production was only slightly higher at around 890,000 b/d.

It takes around 20 days to ship Mideast crude to China, so Oman crude loaded in August would mostly arrive at Chinese ports in September.

An Oman label has been used in the past to disguise the true origin of Iranian crude imports into China.

High Russian Volumes

Chinese imports of Russian crude dipped by 149,000 b/d from their very high August level to 1.82 million b/d in September, according to customs data. However, September inflows were still 323,000 b/d higher than in the same month of 2021.

Imports from Russia were boosted in part by firm demand from Chinese buyers for spot cargoes of East Siberia-Pacific Ocean (Espo) crude loaded in September.

With Espo taking less than a week to deliver to northern China from the port of Kozmino in Russia's Far East, most seaborne spot cargoes loaded in September would arrive at their destination within the same month.

China has officially snapped up just under 1.73 million b/d of Russian crude in the first nine months of this year — an increase of 139,000 b/d versus the same period of 2021.

CHINA'S MAJOR CRUDE SUPPLIERS

('000 b/d)	Sep '22	Aug '22	Vol. Chg.	Sep '21	Vol. Chg.	Jan-Sep '22
Saudi Arabia	1,840	2,004	-164	1,945	-105	1,768
Russia	1,823	1,973	-149	1,500	323	1,725
Iraq	1,259	1,021	238	1,075	184	1,070
Malaysia	991	796	195	469	522	587
Oman	804	651	153	1,018	-214	801
Kuwait	579	616	-37	582	-2	664
Angola	488	514	-26	767	-279	631
Brazil	460	446	15	392	68	419
UAE	427	902	-475	718	-291	767
US	194	0	194	165	30	144
Others	966	619	346	1,400	-434	1,370
Total	**9,832**	**9,542**	**291**	**10,030**	**-198**	**9,946**

Figures have been rounded. Source: Energy Intelligence calculations of data from China's General Administration of Customs.

Freddie Yap, Singapore

Germany's Wintershall Dea Weighs Russia Spinoff

Wintershall Dea CEO Mario Mehren said it is too early to say whether or not the Nord Stream 1 and 2 gas pipelines will be repaired because investigations into the explosions that damaged them are still in progress.

Danish, Swedish and German authorities are currently looking into the apparent attacks on both Nord Stream gas pipelines in the Baltic Sea in late September.

"We have not received any feedback so far from the results of that" or the root cause or extent of the damage, Mehren said during a third-quarter earnings call on Tuesday.

"Therefore I would also say it's far too early to discuss whether or not the pipelines will be repaired, how long it would take, how much money it would cost."

Despite the interruption of Nord Stream gas flows for most of the third quarter, Europe was able to import a record level of LNG, allowing storage facilities to be filled more quickly than anticipated. Average storage levels now exceed 90% of capacity.

"Absent an abnormally cold winter, this should allow European countries to successfully navigate through this coming winter with limited to no rationing required," said CFO Paul Smith.

But without repairs to the damaged Nord Stream lines and a resumption of Russian gas flows through one of them, "winter 2023 might be a much more challenging proposition for Europe," he noted.

Russia Spinoff

Wintershall's third-quarter adjusted net earnings more than tripled year on year to €851 million and rose by some 40% from the previous quarter despite planned maintenance and a €175 million impairment on its 15.5% equity stake in Nord Stream AG, the operator of the Nord Stream 1 line.

The remaining book value of the company's stake in Nord Stream AG amounts to about €300 million.

The company is currently reviewing its approach to its business in Russia, including whether it can be legally separated from its international business.

"No decision has been taken. As you can imagine, there are a lot of legal aspects to be investigated but also some complex tax aspects and this is going to take … months, not weeks," Mehren said.

Wintershall said it is challenging a recent decree which it said could override contractual arrangements for its Severneftegazprom joint venture that operates the Yuzhno-Russkoye gas field. This could reduce its netbacks from gas sales to zero.

"While we dispute this unilateral action which breaks the sanctity of our contracts, it demonstrates clearly the uncertainties facing our business in Russia, both in terms of volumes going forward as well as pricing," Smith said.

All three of the company's Russian joint ventures are backed by guarantees from Germany's federal government, he noted.

The Wintershall CFO said the company is accumulating cash in the joint ventures but is unable to receive dividends under the current conditions.

Diversifying Production

Third-quarter production of 614,000 barrels of oil equivalent per day — 328,000 boe/d excluding Russian volumes — was 4% higher than last year but slightly lower than the previous quarter.

As it seeks to diversify away from Russia, Wintershall announced an agreement this week with Pan American Energy to acquire a 37% non-operated stake in the offshore Hokchi Block in Mexico's Sureste Basin.

Located near its Zama, Chinwol and Polok discoveries, the shallow-water Hokchi tie-back development is currently producing around 26,000 boe/d with a planned ramp-up to 37,000 boe/d by 2023.

Last month, the company took a final investment decision with operator TotalEnergies at the Fenix gas project offshore Argentina. First gas is expected in 2025.

Deb Kelly, London

Aramco Mulls Offshore Wind Power for Safaniya

Saudi Aramco is exploring the option of using wind power to generate electricity for its largest offshore oil field — a move that would contribute to the company's net zero by 2050 target, sources familiar with the matter said.

Australian contractor Worley is working with Aramco on assessing the possibility of installing offshore wind turbines to generate power for operations at the giant Safaniya field, industry sources told Energy Intelligence.

“The area is one the windiest in the Arabian Gulf which makes it a good choice for offshore wind power generation,” said one industry source.

The capacity of any wind turbines to be installed would still have to be determined as well as the project’s possible timeline.

Safaniya is presently being supplied with electricity generated by hydrocarbons via subsea cables. No one from Aramco or Worley was immediately available to comment.

Clean Energy Targets

Aramco has begun looking at ways to cut down its operational emissions as it prepares to achieve its net zero by 2050 target set last year.

The Saudi oil giant has set a target of 12 gigawatts of solar and wind capacity by 2035, and plans to produce 11 million tons of blue ammonia by 2030 as part of its net zero drive, according to the company’s recent sustainability report.

In 2017, Aramco commissioned the kingdom’s first wind energy turbine, providing electricity to its bulk plant facility at Turaif in northwestern Saudi Arabia.

The project, developed in partnership with GE, marked an important milestone towards implementing the company's renewables targets. Elsewhere in the Mideast Gulf region, other national oil companies are also seeking to cut their emissions.

Abu Dhabi National oil Co. (Adnoc), for example, has announced plans to use nuclear and solar energy to power its operations. The United Arab Emirates, of which Abu Dhabi is the largest emirate, has pledged to reach net-zero emissions by 2050.

Safaniya Expansion Plans

Aramco is also looking to expand oil production from the Safaniya field.

In September, the company kick-started the tendering of contracts to expand oil production at the field, which currently has output capacity of around 1.3 million barrels per day from two reservoirs — Safaniya and Khafji — according to industry sources.

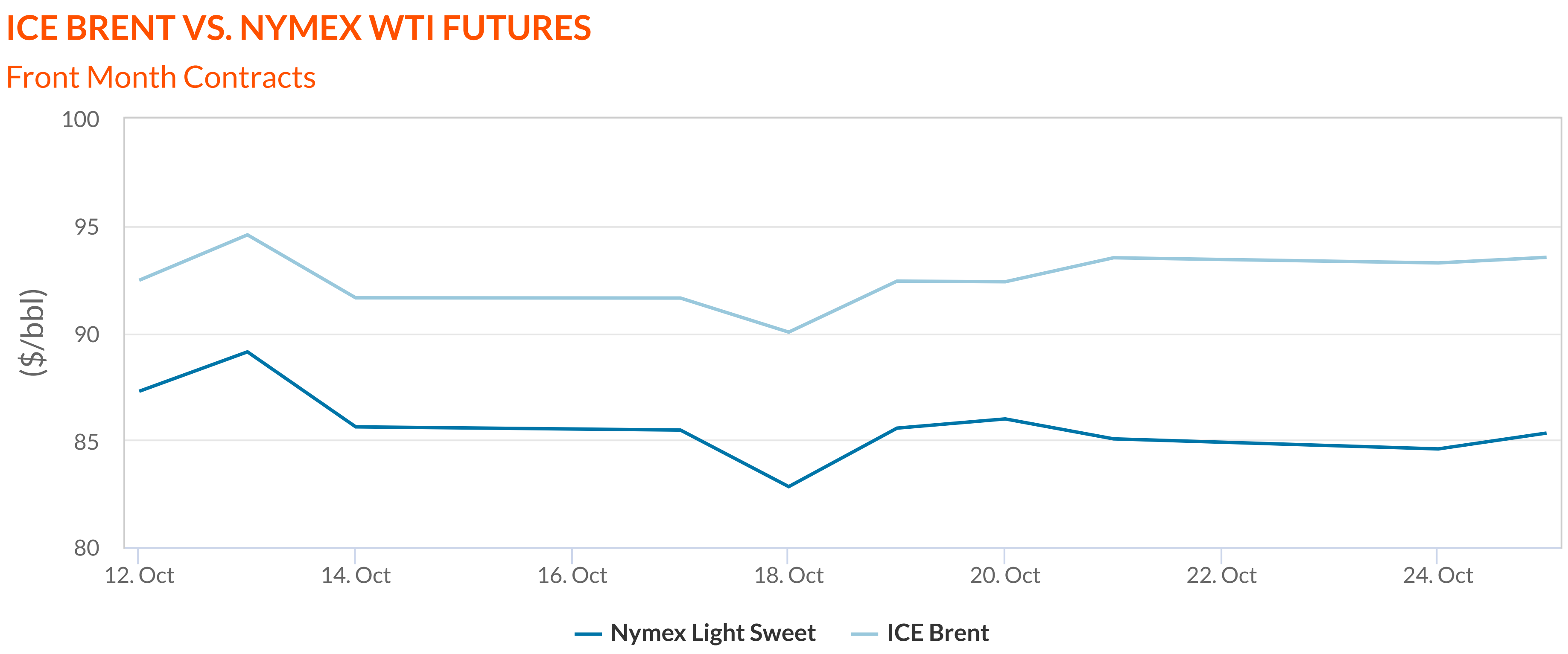
Aramco plans to expand capacity at the field by 700,000 b/d of Arabian heavy crude by 2027, the sources said, adding that the large-scale expansion would tap the Safaniya and Wara reservoirs.

Amena Bakr, Riyadh

Mixed Market Signals Keep Oil Futures Rangebound

Oil futures continued to trade sideways on Tuesday, settling in a narrow range of $90-$95 per barrel for the third session in a row.

In London, the December Brent contract gained 26¢ and settled at $93.52/bbl, while in New York, the front-month Nymex West Texas Intermediate (WTI) December contract was up 74¢ and closed at $85.32/bbl.



The market has pitched tight refined product supply against a souring economic outlook, making it difficult to assess the overall effect on demand. Sanctions against Russia have created an 800,000 b/d global deficit in middle distillate supply, which is probably a conservative estimate given the expected surge in seasonal demand.

Most of the product shortages are in Europe, owing to the region's dependence on Russian diesel, with a full EU ban on Russian refined product looming on Feb. 5, 2023.

Global distillate inventories are low and refining capacity is struggling to refill stocks after the closure of more than 1 million b/d of capacity in Europe and 1.4 million b/d in the US since mid-2019. Diesel prices will hence remain strong until those global stockpiles normalize, principally in the OECD.

"Historically low inventories keep the structure of the futures market strong," said PVM oil analyst Tamas Varga. "Commercial oil stocks in the developed part of the world are unlikely to build in the last quarter of the year, at least not significantly from the current depleted levels."

The caveat is that middle distillates demand is sensitive to the business cycle and would take a hit if a full-fledge recession materializes.

Investors are bracing for an economic downturn, and global angst is growing after disappointing readings on European and UK manufacturing performance.

The 2% drop in Chinese crude oil imports has also created a bit of commotion, along with the country's pursuit of its zero-Covid-19 policy.

Diesel Bulls

Fund managers have become more bullish on gasoil/diesel despite the deteriorating economic outlook. Managed money long positions in ICE Gasoil contracts currently outnumber bearish short ones by a ratio of 7-1.

If anything, this shows how tight the diesel market remains even with a recession looming — and it is likely to get worse.

"Overall, the oil market, judging from the bullish curve structure, remains tight and may tighten even further during the coming months," Saxo Bank analysts said in a note.

After Opec-plus announced its plan to cut 2 million b/d in production, the pool of medium, sour crude needed to yield a larger share of middle distillates will shrink from next month, coinciding with the EU ban on Russian crude coming into full effect.

As European refiners look for heavier barrels to meet winter diesel specifications, supply seems to be running away.

The widening discount between Brent and WTI futures, currently at $8.20, partly reflects European refiners' lower appreciation for light, sweet barrels, because they burden their overhead capacity and produce too much low-value naphtha when what they really want is heavier, sour crude to produce more diesel.

Julien Mathonniere, London

IN BRIEF

Moscow Eyes Reduced Freight Rates

Moscow is looking at limiting freight rates for Russian-owned ships to bolster its exports of crude oil and refined products after EU import bans take effect over the next few months.

Draft amendments to Russian shipping regulations would give the government the final say over freight rates for the transportation of certain goods.

According to Russian media reports, the proposed changes are mainly intended to facilitate exports of Russian crude oil and petroleum products.

The EU has banned imports of seaborne crude oil and refined products from Dec. 5 and Feb. 5 respectively.

It has also banned the provision of insurance and other services to vessels that carry Russian oil, unless that oil is sold at or below a proposed price cap.

Because of these looming restrictions, Russia has been looking to Asia — and India and China in particular — to take much of the Russian oil that was shipped to Europe in the past.

Russian oil companies plan to using their own fleet of vessels or those of Russian shipping giant Sovcomflot — which has also been sanctioned — to keep shipping their oil around the world.

Some producers have also agreed to sell their crude on a delivered basis, which means they will meet the transportation costs that would normally be borne by the buyer.

Staff Reports

China's September Products Exports Rise

Chinese refiners hiked their exports of transportation fuels in September to take advantage of healthy export margins after receiving additional quotas for exports of refined products quotas in June, July and September.

Products exports are expected to rise further during the current quarter after refiners were granted an additional 13.25 million tons of transportation fuels export quotas on Sep. 30 to help support refiners and the economy as domestic demand remains soft.

China's combined exports of gasoline, gasoil and jet fuel rose to 3.62 million tons in September — their highest level since June 2021, as exports of gasoil rebounded.

Chinese refiners exported 1.73 million tons of diesel, or 430,000 b/d, in September, their highest volume since June 2021.

Chinese players are left with around 16.5 million tons of export quotas for the current quarter, although some could be rolled over to the first quarter of 2023.

"China will export only about 3 million tons of products in October. Refiners are not really increasing runs and are required to supply domestic fuels, so there might not be an increase in November," said Vortexa's China expert Emma Li.

But China's crude imports are picking up and this could lead to increased exports of products in December, she added.

CHINA'S SEPTEMBER 2022 REFINED PRODUCTS EXPORTS

Product	Sep '22 (million tons)	Sep '22 ('000 b/d)	Aug '22 ('000 b/d)	M-o-M %Chg.	Y-o-Y %Chg.
Gasoline	0.66	186	305	-39.1%	-28.3%
Diesel	1.73	430	200	115.4	122.7
Jet	1.23	325	200	62.9	38.6
Gasoline + Diesel + Jet	3.62	941	705	33.6	39.8
Total*	**5.64**	**NA**	**NA**	**--**	**36.2%**

*Includes other refined products. Source: Chinese customs

Maryelle Demongeot, Singapore

Australia Joins Global Methane Pledge

Australia, currently the world's number one LNG exporter, has joined the Global Methane Pledge (GMP) ahead of COP27 to be held in Egypt next month.

Signatories to the GMP pledge to reduce global methane emissions by at least 30% (from 2020 levels) by 2030 and agree to more robust reporting standards.

Australia is the world's 11th emitter of methane, Australia's Minister for Climate Change and Energy Chris Bowen said in a statement adding that methane accounts for 24% of Australia's emissions.

Around 29% comes from resources, 47% from agriculture and 10% from waste, Bowen added.

To achieve its target, Australia will focus on research and development, investment, collaboration and partnerships.

"Our approach will not involve new taxes, will not involve livestock reduction or arbitrary domestic targets," Bowen said.

The government is also planning to invest up to A$3 billion (US$1.91 billion) from a $15 billion National Reconstruction Fund to support agricultural methane reduction and low emissions technology.

"With Australia's focus on emissions reduction, signing the Pledge is a positive and important step for our country and the world," Samantha McCulloch, the chief executive of the Australian Petroleum Production and Exploration Association said in a statement.

“While the largest sources of methane emissions in Australia are agriculture, coal, land use, and waste, our industry continues to take action to measure, monitor and reduce its methane emissions,” she added.

Marc Roussot, Singapore

DATA SNAPSHOT

Oil and Gas Prices, Oct. 25, 2022

All data are produced by Energy Intelligence in cooperation with Refinitiv.

CRUDE OIL FUTURES

($/bbl)	Chg.	1st Mth.	2nd Mth.
ICE Brent	+0.26	93.52	91.74
Nymex Light Sweet	+0.74	85.32	84.31
DME Oman	+2.38	90.59	88.64
ICE Murban	+0.71	93.71	91.29

INTERNATIONAL SPOT CRUDES

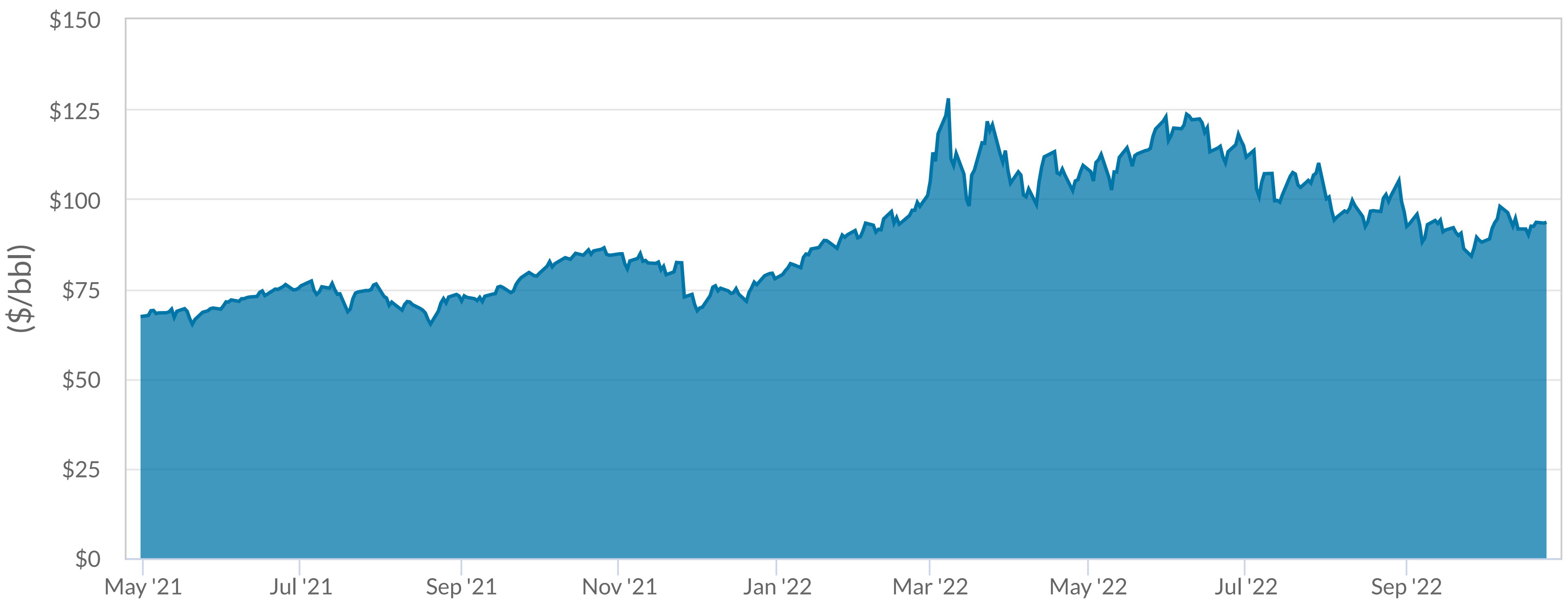
($/bbl)	Chg.	Price	Prior Close
Brent (Dated)	+0.20	91.76	91.56
Dubai		89.56	
Forties	-0.03	91.17	91.20
Bonny Light	-0.06	94.14	94.20
Urals	+0.19	73.14	72.95
Opec Basket*			92.17

*Opec price assessed.

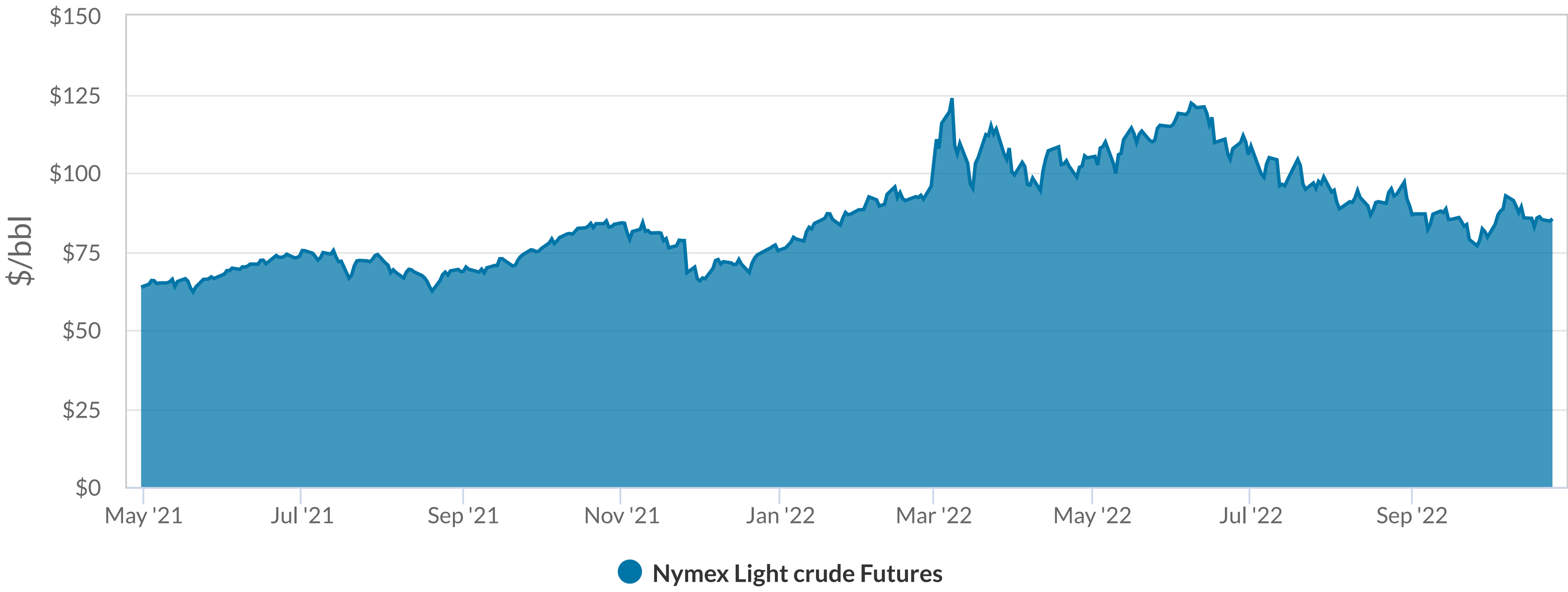
NORTH AMERICAN SPOT CRUDES

($/bbl)	Chg.	Price	Prior Close
WTI (Cushing)	+0.81	86.93	86.12
WTS (Midland)	+1.74	86.61	84.87
LLS	+0.06	88.33	88.27
Mars	-0.39	81.43	81.82
Bakken	+0.81	91.73	90.92

ICE BRENT CRUDE FUTURES



NYMEX LIGHT CRUDE FUTURES

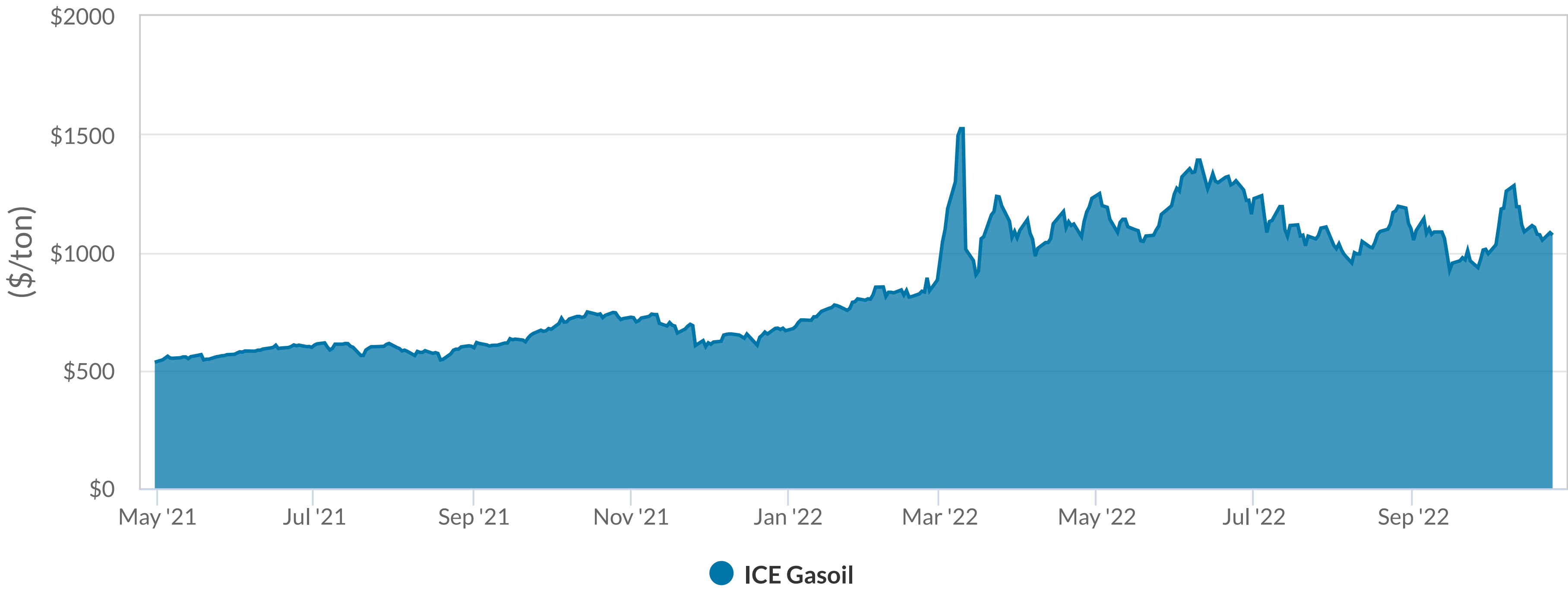


Energy Intelligence

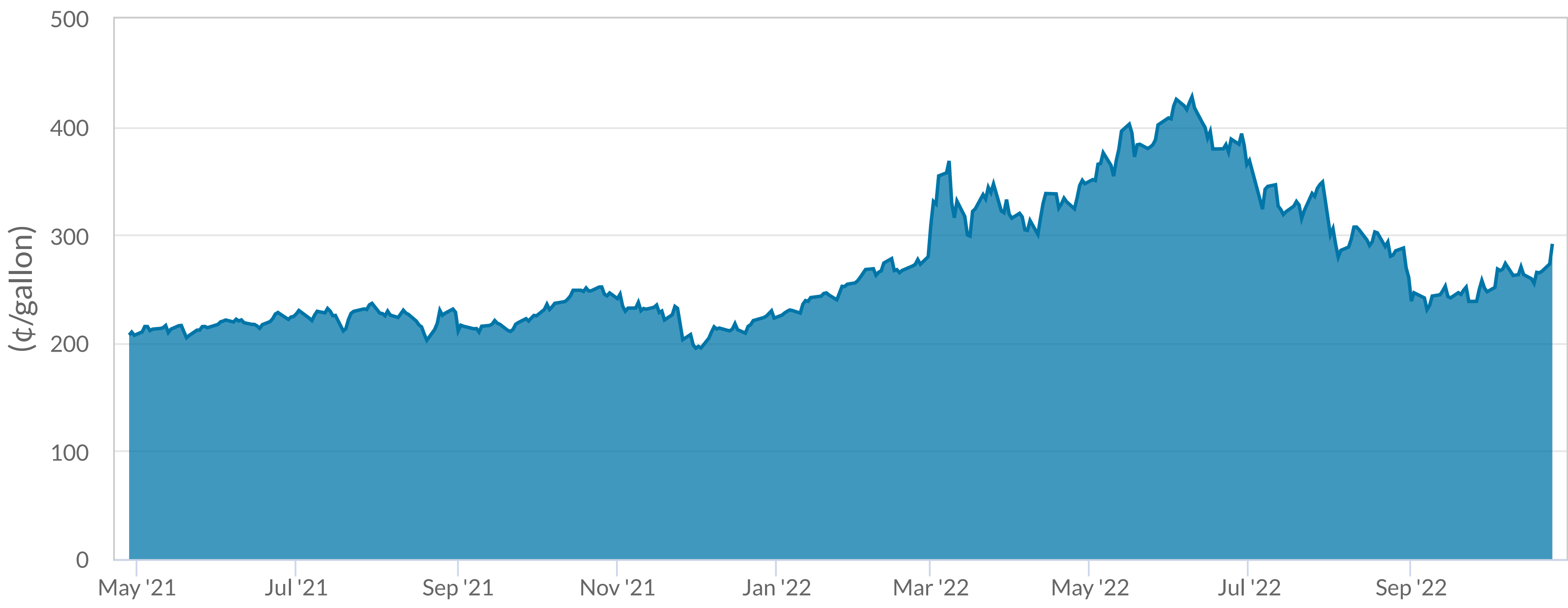
REFINED PRODUCT FUTURES

Nymex	Chg.	1st Mth.	2nd Mth.
Gasoline (¢/gal)	+18.58	291.60	255.67
ULSD Diesel (¢/gal)	+4.71	396.72	358.23
ICE			
Gasoil ($/ton)	-10.00	1072.25	1003.75
Gasoil (¢/gal)	-3.19	342.22	320.36

ICE GASOIL FUTURES



NYMEX GASOLINE FUTURES



US SPOT REFINED PRODUCTS

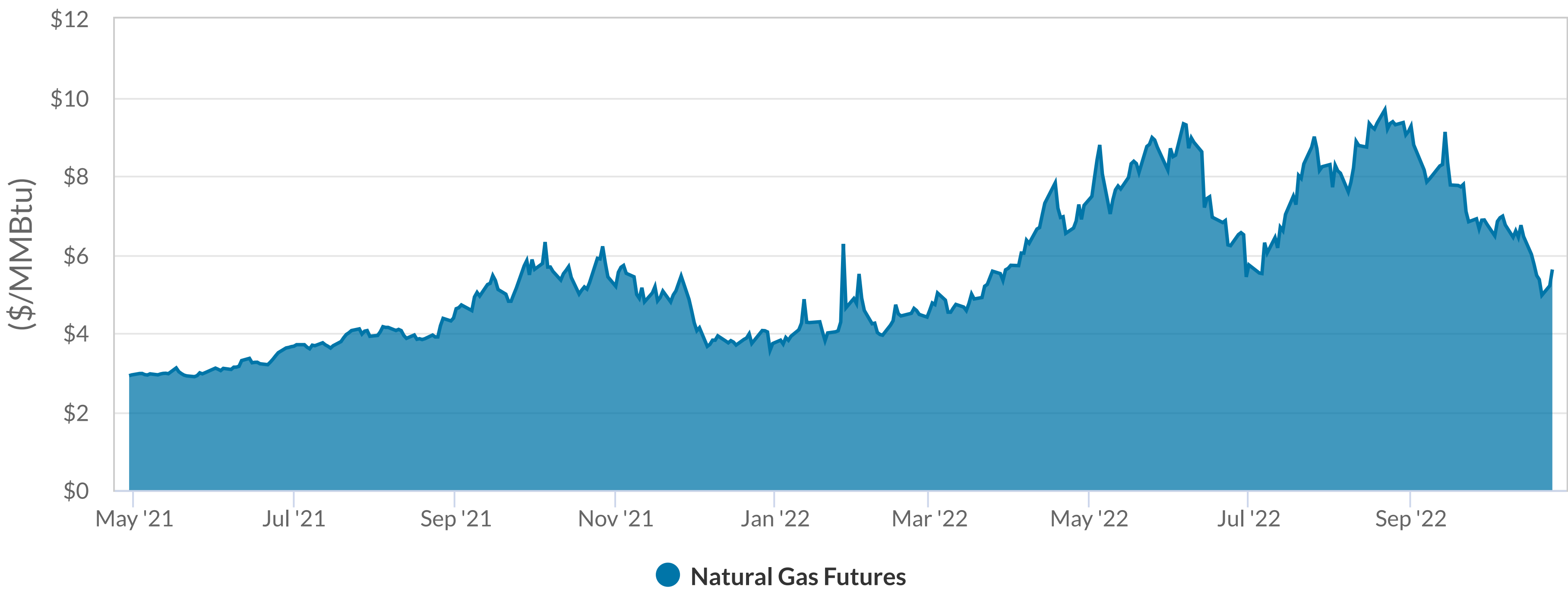
New York (¢/gal)	Chg.	Price	Prior Close
Regular Gasoline	+14.88	319.77	304.89
No.2 Heating Oil	-7.82	404.35	412.17
No.2 ULSD Diesel	-11.57	425.60	437.17
No.6 Oil 0.3% *			93.88
No.6 Oil 1% *			85.56
No.6 Oil 3% *			61.31
Gulf Coast (¢/gal)			
Regular Gasoline	+14.88	285.02	270.14
No.2 ULSD Diesel	+1.43	402.35	400.92
No.6 Oil 0.7% *			81.76
No.6 Oil 1% *			81.76
No.6 Oil 3% *			54.56

*Price in $/bbl. Percentages refer to sulfur content.

INTERNATIONAL SPOT REFINED PRODUCTS

Rotterdam ($/ton)	Chg.	Price	Prior Close
Regular Gasoline	+18.50	918.80	900.30
ULSD Diesel	+4.00	1207.00	1203.00
Singapore ($/bbl)			
Gasoil		124.32	
Jet/Kerosene		121.31	
VLSFO Fuel Oil ($/ton)		664.10	
HSFO Fuel Oil 180 ($/ton)		379.40	

NYMEX NATURAL GAS FUTURES



Refinitiv

NATURAL GAS PRICES

($/MMBtu)	Chg.	Price
Henry Hub, Nymex	+0.41	5.61
Henry Hub, Spot	+0.38	5.19
Transco Zone 6 - NY	+0.24	4.25
Chicago Citygate	+0.50	4.84
Rockies (Opal)	+0.72	5.54
Southern Calif. Citygate	+0.99	6.21
AECO Hub (Canada)	+0.68	1.00
Dutch TTF (euro/MWh)	+8.00	40.00
UK NBP Spot (p/th)	-11.00	30.00

US/Canada spot prices from Natural Gas Week

Equity Markets, Oct. 25, 2022

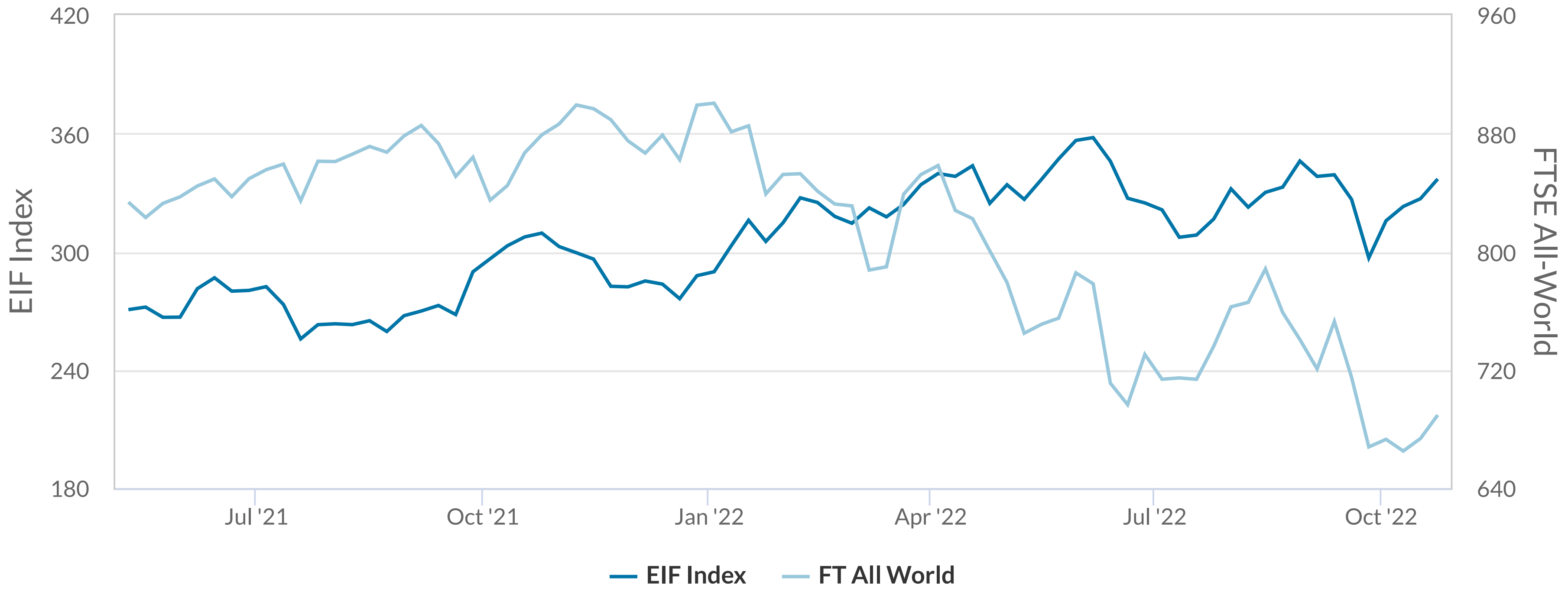
All data are produced by Energy Intelligence in cooperation with Reuters.

EQUITY MARKET INDEXES

	Chg.	Index	YTD %Chg.
EIF Global*	-2.53	336.87	+17.47
S&P 500	+61.77	3,859.11	-19.49
FTSE All-World*	+7.84	689.49	-23.49

*Index for previous day

EIF INDEX



EIF Global Oil and Gas Index of 21 traded equities

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