Energy Tidbits

Supreme Leader Recommends New Iran President Pezeshkian Continue the Path of Former President, Hardliner Raeisi

Produced by: Dan Tsubouchi

July 7, 2024

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https://rbnenergy.com/big-wave-a-tsunami-of-new-lng-export-capacity-is-coming-with-broad-implications-for-gas-markets

Big Wave - A Tsunami Of New LNG Export Capacity Is Coming, With Broad Implications For Gas Markets

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Wednesday, 07/03/2024 Published by: Housley Carr

The U.S. Gulf Coast is poised to experience another big wave of new LNG export capacity, and this time it will be joined by new capacity coming online in both Mexico and Canada. The more than 13 Bcf/d of incremental natural gas demand from North American LNG projects starting up over the next five years will have significant effects on U.S. and Canadian gas producers, gas flows and (quite likely) gas prices, which have been deeply depressed for more than a year now. In today's RBN blog, we provide updates on the 10 LNG export projects in very advanced stages of development in the U.S., Mexico and Canada, detail the expected ramp-up in LNG-related gas demand and discuss the potential impact of rising LNG exports on gas prices.

The Biden administration's late-January announcement of a temporary pause in approving new LNG export licenses to non-Free Trade Agreement (non-FTA) countries — or extending existing licenses, barring special circumstances — grabbed headlines and raised energy-industry hackles. But while the pause has cast a shadow over several LNG export proposals nearing final investment decisions (FIDs), it has had little or no impact on the long list of projects with those Department of Energy (DOE) export licenses already in hand. In fact, as we said in How Do You Like Me Now?, the pause may well have a positive effect on a few U.S. and Mexican projects that already have non-FTA licenses — as well as Canadian projects that don't need them — but had not yet received a final go-ahead from their developers.

(Two quick sidebars: First, a long list of major LNG-importing countries and regions fit into the non-FTA category, including the U.K., the European Union (EU), Japan, China, India, Brazil and Argentina. Second, a federal court judge in Louisiana on July 1 ordered that the pause be "stayed in its entirety, effective immediately," but it's unclear what the practical effects of that ruling will be.]

In any case, there is a long list of North American LNG projects — large, medium and small — that have reached FID and are either under construction or about to enter that phase. We'll start with the U.S., which already has 12 Bcf/d of LNG export capacity in operation and is expected to add another 6.4 Bcf/d by early 2026 and an additional 3.9 Bcf/d in 2027-29 (see Figure 1 below). That would put U.S. LNG export capacity at more than 22 Bcf/d by the end of this decade.

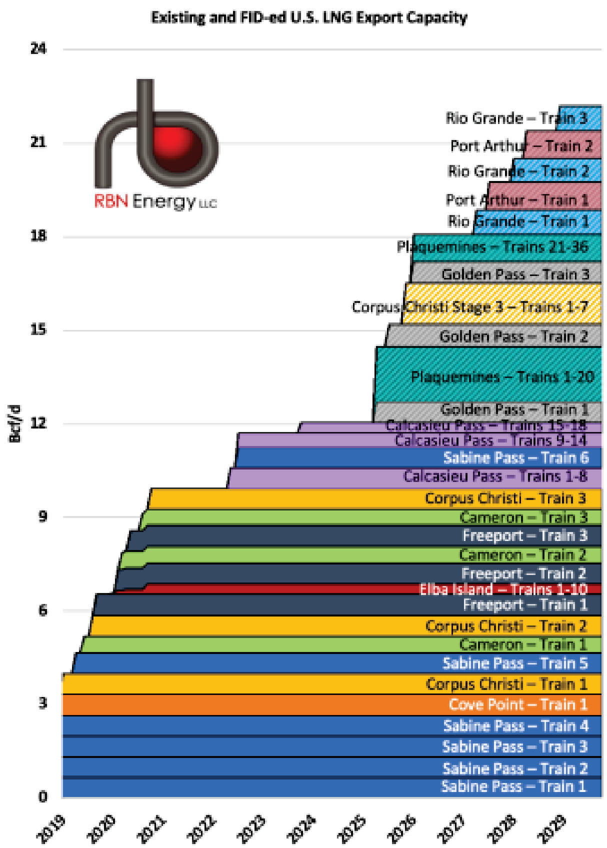

Figure 1. Existing and FID-ed U.S. LNG Export Capacity. Source: RBN's LNG Voyager

As you can see, the 10.3 Bcf/d in incremental LNG export capacity slated to start up over the next five years is tied to five FID-ed projects, all of which are under construction. Here's more on those five projects:

- Venture Global's 2.6-Bcf/d **Plaquemines LNG** (pronounced PLACK-a-min), which is located 20 miles south of New Orleans in Plaquemines Parish, LA. The first of the project's 36 modular "mini-trains" are expected to begin commissioning in the back half of this year and the entire facility is expected to be fully online in 2026.
- Cheniere Energy's **Corpus Christi Stage 3**, whose seven midscale modular trains will have a combined capacity of 1.4 Bcf/d. The project is an expansion of Cheniere's existing Corpus Christi LNG facility. Cheniere said in a mid-June presentation that construction of Stage 3 is more than 60% complete and ahead of schedule. It also has said that initial LNG production is likely by the end of this year and that all seven trains should be up and running by late 2025 or early 2026.
- The three-train, 2.4-Bcf/d **Golden Pass LNG** in Sabine Pass, TX, which is co-owned by a 70/30 joint venture (JV) of QatarEnergy and ExxonMobil. The project's co-developers expect the commissioning of Train 1 to begin in the first half of 2025, followed by the start-up of Train 2 in late 2025 and Train 3 in early 2026. However, the pace of work going forward may be impacted by lead EPC contractor Zachry Group's late-May filing for federal bankruptcy protection, a move the builder tied to "significant financial strain" from ongoing project-cost battles with QatarEnergy and ExxonMobil. Zachry said in its filing that it was exploring a "structured exit" from the project and that its construction partners on the job — Chiyoda Corp. and McDermott International — were continuing work. It remains to be seen if the matter will affect Golden Pass's timeline. [Note: in March 2020 the DOE granted Golden Pass a 17-month extension on the project's non-FTA export license, to September 2025. Whether a further extension might be needed is TBD.]

- NextDecade Corp.’s three-train, 2.1-Bcf/d **Rio Grande LNG** project in Brownsville, TX. Train 1 is scheduled to come online in mid-2027, followed by Train 2 in early/mid-2028 and Train 3 in late 2028 or early 2029.
- Sempra Infrastructure and ConocoPhillips’ two-train, 1.8-Bcf/d **Port Arthur LNG**. The project is also on schedule, with Train 1 slated to start up in the second half of 2027 and Train 2 to follow suit in the first half of 2028. Note: In April 2024, a couple of months after the Biden administration announced its pause in approving non-FTA export licenses, DOE granted a 25-month extension to Port Arthur's license, giving that project until June 2028 to come online. In its decision, the department noted that the project was already under construction — an extenuating circumstance that justified the extension.

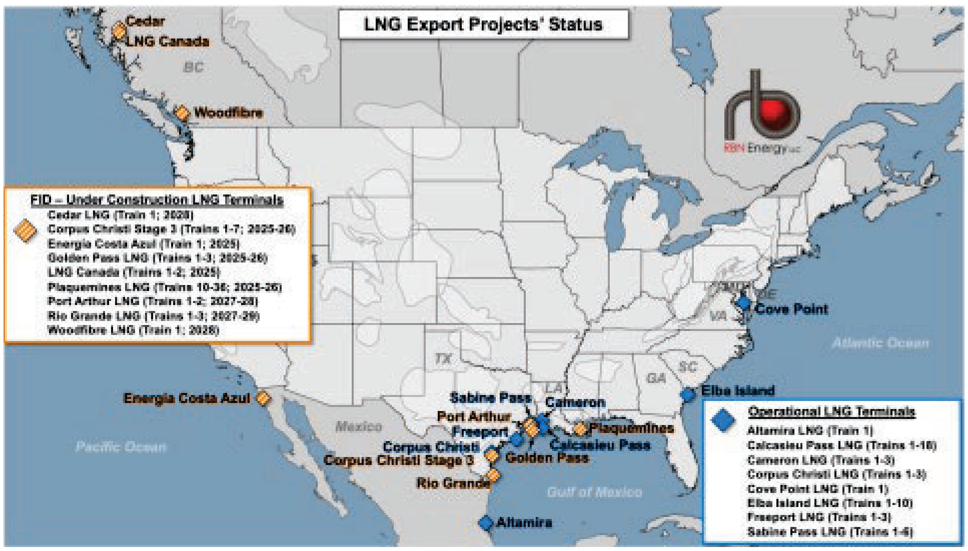

Figure 2. LNG Export Projects in the U.S., Mexico and Canada. Source: RBN

Next, we’ll look at the Mexican LNG projects in advanced stages of development — one was recently finished, actually, while the other is nearing completion. While these projects are located “south of the border,” they will depend on U.S. gas supplies (mostly from the Permian and Eagle Ford), so they need DOE export licenses if they plan to send LNG to non-FTA countries.

Sempra is well along in the construction of a 0.3-Bcf/d liquefaction train at its **Energía Costa Azul LNG** — aka ECA — in Baja California, a facility initially developed as an LNG import terminal, and expects to bring that train online in mid-2025. (ECA has a non-FTA export license.) New Fortress Energy recently finished building **Altamira LNG**, a new, 0.4-Bcf/d export terminal along Mexico’s East Coast that still does not have a non-FTA export license. New Fortress has been saying for some time now that its first LNG shipment is imminent — without the DOE license, destination possibilities might include Puerto Rico (the project is exempt from the Jones Act) or a trio of nearby LNG-importing countries that have Free Trade Agreements with the U.S.: the Dominican Republic, Panama and Colombia.

And then there’s Canada. There are three FID-ed LNG export projects in Canada, both in British Columbia (BC). Each of the projects will export natural gas produced in BC or Alberta and therefore do not need any U.S. licenses or other approvals. The largest — and furthest along — is **LNG Canada**, a two-train, 1.8-Bcf/d project located in Kitimat, BC. The project is being co-developed by an international consortium that includes Shell Canada (with a 40% stake), Petronas (25%), PetroChina (15%), Mitsubishi (15%) and KOGAS (5%). Both trains at LNG Canada are expected to come online in mid-2025.

Also in British Columbia, **Woodfibre LNG**, a 0.3-Bcf/d project in Squamish that is 70%-owned by Pacific Energy and 30%-owned by Enbridge, is in the very early stages of construction. The project, whose LNG output will go to BP, is expected to start up by 2028. And then there’s the latest entrant: the 0.4-Bcf/d **Cedar LNG** — also in Kitimat — whose JV partners (Pembina Pipeline and the Haisla Nation) took FID on the floating, single-train project in late June. (The project appears to have benefited from the U.S.

pause in issuing export licenses.) The JV expects Cedar LNG to begin commercial operation in late 2028. Assuming all three projects start up as planned, Canada could send out 2.5 Bcf/d of LNG by 2029.

The new LNG export capacity coming online in North America over the next few years is sure to have a significant impact on gas production, gas flows and gas prices — in both the U.S. and Canada. Given that all the U.S.'s incremental export capacity is located along the Gulf Coast, gas produced at crude oil-focused wells in the Permian — often selling at negative prices at the Waha Hub lately — will have new outlets, which should have a positive effect on gas prices there. (The Permian will also be a primary supplier to the new LNG export facilities in Mexico.) In a similar vein, demand for gas produced in Western Canada's Montney shale play will increase as LNG Canada, Woodfibre LNG and Cedar LNG start up, likely resulting in a further reduction in pipeline-gas exports from Western Canada to the U.S. Less gas coming in from the north also could support stronger U.S. gas prices — something producers would welcome after more than a year of sub-$3/MMBtu Henry Hub prices.

A couple more things. First, higher LNG exports may reduce the spread between U.S. gas prices and international markers like the Title Transfer Facility (TTF), with the obvious caveat that there will always be the transport arb, so U.S. prices will remain below those in international markets due to shipping costs. Second, in the longer term, more U.S. LNG exports may require more production from gas-focused plays like the Haynesville, which may require higher gas prices.

"Big Wave" was written by Jeff Ament and appears as the eighth song on Pearl Jam's eighth studio album, *Pearl Jam.* The song exemplifies the band's return to their roots on the album, with a more forceful rock and roll edge to their sound. Personnel on the record were: Eddie Vedder (lead vocals, guitar), Jeff Ament (bass), Stone Gossard, Mike McCready (guitars), and Matt Cameron (drums, percussion, backing vocals).

The album *Pearl Jam* was recorded between November 2004 and February 2006 at Studio X in Seattle. Produced by Adam Kasper and Pearl Jam, it was released in May 2006. The album went to #2 on the Billboard 200 Albums chart and has been certified Gold by the Recording Industry Association of America. It was the band's first studio album in almost four years and represented a more collaborative effort on the songwriting for the LP. Pearl Jam supported the album with a world tour in 2006. Three singles were released from the album.

Pearl Jam is an American rock band formed in Seattle 1990 from the ashes of Mother Love Bone. Mother Love Bone broke up after the heroin overdose of their lead singer, Andrew Wood, days before their debut album, *Apple*, was scheduled for release in March 1990. Band members Stone Gossard and Jeff Ament recruited singer Eddie Vedder and put together Pearl Jam, initially billing themselves as Mookie Blaylock. They changed their name to Pearl Jam after signing with Epic Records in 1991. The band was one of the standard-bearers of the Seattle grunge movement. They have released 12 studio albums, 23 live albums, three compilation albums, one EP and 42 singles. Pearl Jam was inducted into the Rock and Roll Hall of Fame in 2017. Vedder, Gossard, Ament and McCready went through four drummers before settling on Matt Cameron, who has sat at the drum throne with the band since 1998. Pearl Jam continue to record and started a world tour in late June 2024.

TWT 07/04 12:19 TRANSLATION: Asharq Business East Economy: #Urgent #Saudi_Aramco to “Al Sharq”: Reports about
BN 07/04 12:19 *ARAMCO SAYS REPORTS ON BID TO SANTOS ARE INACCURATE: ASHARQ

Aramco Says Reports on Bid to Santos Are ‘Inaccurate’: Asharq
2024-07-04 12:28:52.978 GMT
By Kateryna Kadabashy
(Bloomberg) -- Aramco says reports on its bid to Santos are “inaccurate,” Saudi Asharq news reports, citing a response from the company on the reported offer.
* NOTE: Aramco, Adnoc Said to Consider Bids for Gas Producer Santos

To view the source of this information click here

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BN 07/03 23:27 Aramco, Adnoc Said to Consider Bids for Gas Producer Santos (1)

Aramco, Adnoc Said to Consider Bids for Gas Producer Santos (4)
2024-07-04 08:50:10.214 GMT
By Stephen Stapczynski and Dinesh Nair
(Bloomberg) -- Saudi Aramco and Abu Dhabi National Oil Co. have been separately studying potential bids for Santos Ltd., people with knowledge of the matter said, becoming the latest companies to show an interest in the Australian producer’s liquefied natural gas assets.
The stock rose as much as 6.5% in Thursday trading, hitting the highest level in more than two years. They were up 4.2% at the close in Sydney, valuing Santos at A$26 billion ($17.4 billion). The company’s languishing share price has led to several failed takeover attempts in recent years and spurred calls for it to break up its businesses.
State-owned Aramco and Adnoc have been conducting preliminary evaluations of Santos as a possible acquisition target, the people said, asking not to be identified because the information is private. The Middle Eastern energy giants are investing billions of dollars in natural gas, which is seen as an important bridge fuel in the energy transition, especially in Asia.

Aramco agreed last year to buy a minority stake in MidOcean Energy LLC, an arm of investment firm EIG Global Energy Partners that has interests in a number of LNG projects, for about $500 million.

Deliberations are ongoing, and the suitors haven't decided whether to proceed with any proposals, the people said. Aramco could opt to team up with a partner if it moves ahead, some of the people said. Representatives for Aramco, Adnoc and Santos declined to comment.

In 2018, Santos rejected multiple offers from US-based Harbour Energy Ltd., while preliminary talks with Woodside Energy Group Ltd. broke down earlier this year. Some investors have urged the company to split its coveted LNG assets from oil operations in Alaska and its domestic gas business in Australia to cash in on higher valuations.

"Santos has been shopping itself for awhile," said Saul Kavonic, an energy analyst at Sydney-based MST Marquee. "But once they look under the surface at Santos they see too many problems at the legacy onshore Australian assets and walk away."

Chief Executive Officer Kevin Gallagher, who transformed Santos into Australia's second-largest oil and gas producer, has been under pressure to boost the performance of a stock that has lagged peers and to crank up shareholder returns. An activist investor last year slammed the company for committing too much capital for growth.

Investors are frustrated and there is no succession plan in place for the CEO, who is coming toward the end of his tenure, Kavonic said. That could create a period of added vulnerability for the much-circled target.

However, the Australian company's portfolio could be a better fit for European oil majors or MidOcean Energy, he said.

"I would be pleasantly surprised if there was an approach," said Matthew Haupt, a portfolio manager at Wilson Asset Management, which holds Santos shares. "Santos is an attractive target for other parties, so it's in play, but not sure it's the Middle East players."

--With assistance from Michelle F. Davis, Matthew Martin, Georgina McKay and Paul-Alain Hunt.

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Aramco denial fuels doubts over Santos' portfolio
2024-07-05 07:48:18.931 GMT
By Angela Macdonald-Smith (Financial Review)

Saudi Aramco's attempt to distance itself from a takeover bid for Santos has fuelled speculation it may have sized up the oil and gas producer, but found its portfolio too problematic.

The world's biggest oil producer is one of two Middle Eastern energy firms cited by Bloomberg News this week as being in the early stages of considering separate offers for Santos. The $25.8 billion ASX company has LNG interests in Papua New Guinea, northern and eastern Australia, domestic gas activities in eastern and Western Australia and an oil project under construction in Alaska.

Woodside Energy last year approached Santos, its smaller Adelaide-based rival, about a potential $80 billion merger, but those talks were called off in February.

Aramco on Friday went on the record in a carefully worded statement to say it is not considering an offer, but has not denied it examined the Australian company's assets.

"With reference to recent media reports claiming that Aramco is considering an offer for Santos, the company can confirm that such claims are inaccurate," it said in an emailed statement.

The company declined to respond to additional questions from AFR Weekend about whether it has studied the target but decided against making an offer.

The UAE's Abu Dhabi National Oil Company, the other reported suitor, declined to comment. Shares in Santos on Friday held most of Thursday's 4.2 per cent gain; they were down 0.6 per cent at $7.955.

Australian assets 'an obstacle'

MST Marquee energy analyst Saul Kavonic said he would be surprised if Aramco had not run the rule over Santos, among many competing targets.

"Nearly every major oil company will have taken a look, and some even had initial discussions, but they do this for dozens of opportunities every year," he said.

Mr Kavonic said that while Santos' international assets – primarily its high-quality LNG interests in Papua New Guinea and its Barossa gas venture in the Timor Sea, but also potentially its Alaskan oil venture – were appealing, its legacy Australian assets and liabilities were proving "a major obstacle" to extracting an offer.

"Santos could easily sell its PNG interests, and could probably bundle Barossa and Alaska into a sale too," he said.

"There are a few parties who might take [Queensland gas producer and exporter] GLNG as well. But the leftover junk is a problem. No-one will pay value for it, and it cannot survive standalone."

He pointed to large decommissioning liabilities associated with Santos' West Australian domestic gas business in particular, which means any asset sale or shake-up would be closely scrutinised by government to ensure the liabilities can be satisfied.

"This means Santos may be stuck with them."

Liabilities connected with the safe removal of disused oil and gas platforms and equipment are understood to also have played a part in the failure by ExxonMobil in 2016-2020 to find a buyer for its 50 per cent stake in the Gippsland Basin joint venture.

The report about takeover interest from the Middle East comes after Santos last year faced pressure from investors led by Melbourne-based L1 Capital, who became impatient with the stock's persistent underperformance, to consider a spin-off of its LNG assets.

Santos is understood to have since looked at a potential spin-off in more detail, but concluded that the dominance of LNG-related assets in its business made that unworkable.

Meanwhile, several overseas players are thought to have looked at Santos, including EIG's MidOcean Energy outfit, which has been seeking to build an LNG position in Australia and lost out on buying Origin Energy's LNG business.

"We expect further interest in Santos to emerge, in particular if the company moves ahead to simplify its portfolio," Jarden energy analyst Nik Burns told clients.

Allan Gray portfolio manager Simon Mawhinney said he was keen to understand what exactly was putting off prospective buyers.

"I don't know a single oil and gas company – not one – where there is not a collection of good and really bad assets, and it hasn't stopped transactions before, so I don't think that it is the WA assets that is preventing that company from being taken over, I suspect it's something else," he said.

He considers Santos shares undervalued.

Click here to see the story as it appeared on Financial Review web site.

Financial Review

-0- Jul/05/2024 07:48 GMT

To view this story in Bloomberg click here:
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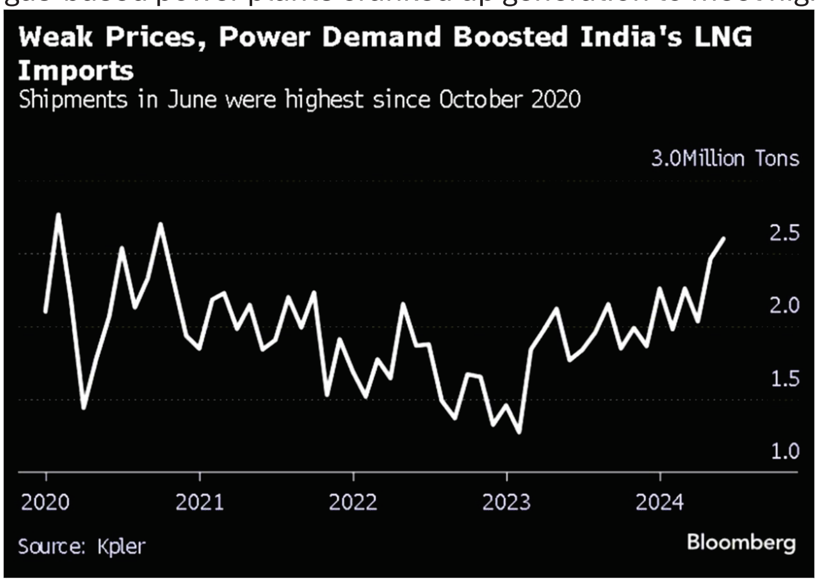
India's LNG Imports Set to Slump as Monsoon Hits Power Demand
2024-07-04 09:42:59.270 GMT
By Rakesh Sharma and Rajesh Kumar Singh
(Bloomberg) -- India's booming liquefied natural gas imports are likely to slow as cooler weather due to monsoon rains crimps electricity demand and increases in hydropower crowd out expensive gas-fired generators.
"Electricity demand won't be as high as it was in May and June, which is the prime driver of higher LNG imports," said Ayush Agarwal, LNG analyst at S&P Global Commodity Insights.
The South Asian nation bought some 2.6 million tons of the fuel last month, its highest since October 2020, according to Kpler data. That came on the back of affordable spot prices in the range of $11-$12 per million British thermal units, and as gas-based power plants cranked up generation to meet high demand.



The shipments were driven by an emergency order to operate gas-fired plants, most of which typically remain under-utilized due to their high generation costs. That resulted in a 63% increase in output from the units during the three months through June.
However, as the interim ruling came to an end on June 30, LNG imports are likely to see a decline for the remainder of the year, Agarwal said.
India's peak electricity demand during evenings averaged 207 gigawatts in the first three days of July, leaving ample buffer for the country's 445 gigawatt generation fleet. A 10% increase in hydropower output in the quarter ended June, caused by melting snow and monsoon rains, is also expected to reduce the need for expensive gas-fired power.

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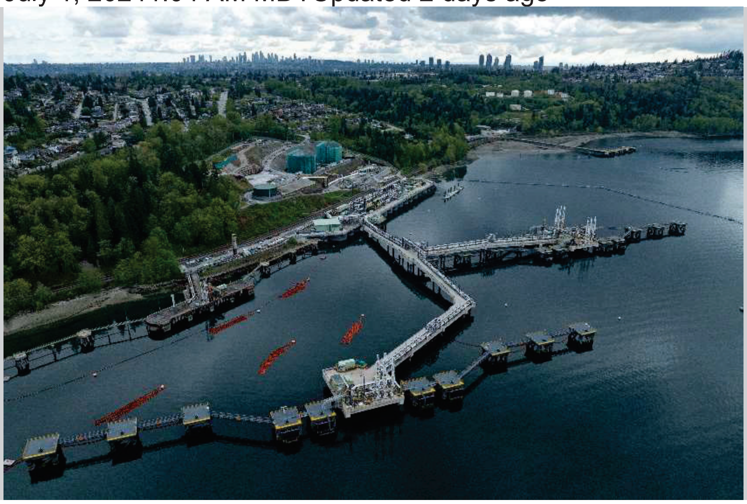
Trans Mountain oil pipeline just shy of target for first-month loadings

By Arathy Somasekhar

July 1, 20241:04 AM MDTUpdated 2 days ago



A drone view of three berths able to load vessels with oil is seen after their construction at Westridge Marine Terminal, the terminus of the Canadian government-owned Trans Mountain pipeline expansion project in Burnaby, British Columbia, Canada, April 26, 2024. REUTERS/Chris Helgren/File Photo *Purchase Licensing Rights, opens new tab*

HOUSTON, July 1 (Reuters) - About 20 ships loaded crude oil on Canada's West Coast in the first full month of operation on the newly expanded Trans Mountain pipeline, according to vessel-tracking data on Sunday, slightly below the operator's forecast.

Loadings from the pipeline expansion are closely watched because the Canadian government wants to sell the $24.84 billion (C$34 billion) line. Questions about oil quality, pipeline economics and loading challenges have swirled since its startup, spurring concerns over demand and exports of the crude.

The 20 vessels loaded were less than the 22 ships that Trans Mountain had initially expected to load for the month.

Total crude exports from Vancouver were around 350,000 barrels per day with the last two vessels for June-loading at the Westridge Marine terminal, as of Sunday.

"This first month is just shy of the 350,000-400,000 bpd we expected ahead of the startup. We are still in the discovery phase, with kinks being ironed out ... but in the grand scheme of things, this has been a solid start," said Matt Smith, lead analyst at Kpler.

The vessels, partially loaded Aframaxes able to carry about 550,000 barrels each, mostly sailed to the U.S. West Coast and Asia. Some cargoes were loaded onto larger ships for delivery to India and China, according to data providers LSEG, Kpler and Vortexa.

Reliance Industries (RELI.NS), opens new tab bought 2 million barrels of Canadian crude for July delivery, a deal that involved four ship-to-ship transfers to load the oil onto a very large crude carrier offshore California. The oil is destined for Sikka, India, where the company operates the world's biggest refining complex.rkplace relationships policy

Phillips 66 (PSX.N), opens new tab acquired a cargo for its Ferndale, Washington, refinery, Marathon Petroleum Corp (MPC.N), opens new tab for its Los Angeles refinery, and Valero Energy Corp (VLO.N), opens new tab for its Benicia, California, refinery.

TMX did not immediately respond ahead of a long weekend in Canada. Phillips 66 and Marathon Petroleum declined to comment, while Valero did not reply to a request for comments.

The market was expecting about 17 to 18 loadings, said Rohit Rathod, market analyst at energy researcher Vortexa.

"Chinese demand has been below expectations, and if not for Reliance most of the barrels in June would have remained within the (West Coast) region," Rathod added.

Trans Mountain this month revised standards for accepting crude oil on its recently expanded system, alleviating worries about the acidity and vapor pressure of the line's crude oil.

Logistical constraints in a busy, narrow shipping channel after leaving the Westridge dock in Vancouver were also expected to impact loadings. To manage high traffic in the channel, the Port of Vancouver has restrictions on transit times.

The expanded Trans Mountain pipeline is running around 80% full with some spot capacity used. Trans Mountain forecasts 96% utilization from next year. It has capacity to load 34 Aframax ships a month.

By Arathy Somasekhar in Houston; additional reporting by Nia Williams in British Columbia; Editing by Sherry Jacob-Phillips

Cheap Canadian Oil Displaces Iraqi Imports on US West Coast
2024-06-24 12:00:00.5 GMT

By Robert Tuttle
(Bloomberg) -- US West Coast refiners are replacing their heavy Iraqi oil imports with cheaper crude from Canada as the newly expanded Trans Mountain pipeline reshuffles trade flows across the Pacific.

California and Washington are set to import about 150,000 barrels a day of Canadian crude by tanker in June — a seven-fold increase from average volumes, according to preliminary Vortexa data. At the same time, imports of Iraq's Basrah Heavy crude are poised to plunge to just 3,587 barrels a day from 76,000 barrels in May.

The Trans Mountain expansion, which started up in May, can bring 590,000 barrels a day of crude from Canada's oil sands to Vancouver for export. That's potentially a boon for refiners on the US West Coast, who would otherwise pay several dollars per barrel more for Iraqi crude. The trade flow also signals that the US will, for now, remain a dominant buyer of Canadian oil, even as the pipeline gives producers access to coveted Asia markets.

While Trans Mountain still isn't running at full capacity, the company expects 22 tankers to ship crude from Vancouver this month. More than 81,000 barrels a day are heading to China. Another 50,000 barrels a day is going to India, the first such movement off Canada's Pacific Coast.

As Canadian imports to the US West Coast rise, shipments of medium, low-sulfur Brazilian oil Tupi are falling along with Basrah Heavy. The benchmark heavy Western Canadian Select in Alberta trades at a discount to US benchmark West Texas Intermediate of about $13 a barrel in Alberta, or about $67 a barrel, according to General Index pricing on Bloomberg. Basrah Heavy trades at $5.55 discount to dated Brent, or more than $80 a barrel.

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07/02/2024 07:24:31 [BN] Bloomberg News

Russia's Seaborne Crude Shipments Rebound to Highest Since May

Maintenance work ends at key Russian oil export terminals

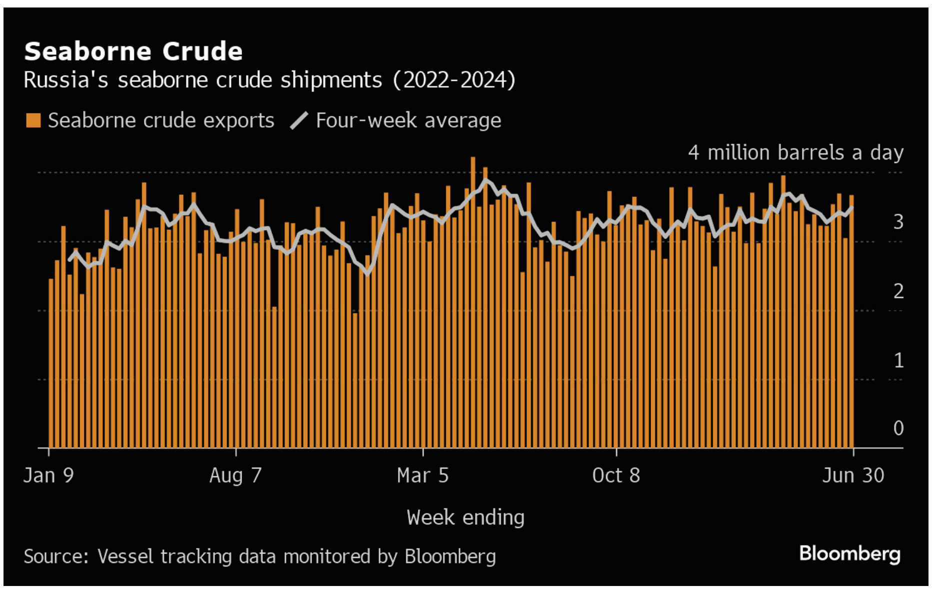
By Julian Lee

(Bloomberg) –– Russia's weekly crude exports jumped by the most since March in the seven days to June 30 on completion of maintenance at major export terminals, with the less volatile four–week average rising to its highest in eight weeks.

Work affecting Primorsk on the Baltic Sea and Kozmino on the Pacific coast cut shipments through Russia's two busiest oil terminals in the previous week, with no departures from either for four days during that period. But flows from both recovered fully in the most recent week.

Overseas shipments may have been boosted by a slump in crude processing, with refinery runs in the June 1–26 period the lowest since May 2022, as Ukrainian drone strikes and seasonal maintenance curbed operations.

The gross value of Russia's crude shipments soared by 25% in the seven days to June 30, with the jump in weekly export volumes boosted by a third straight week–on–week increase in oil prices, which lifted the value of Russian export grades to their highest since April.

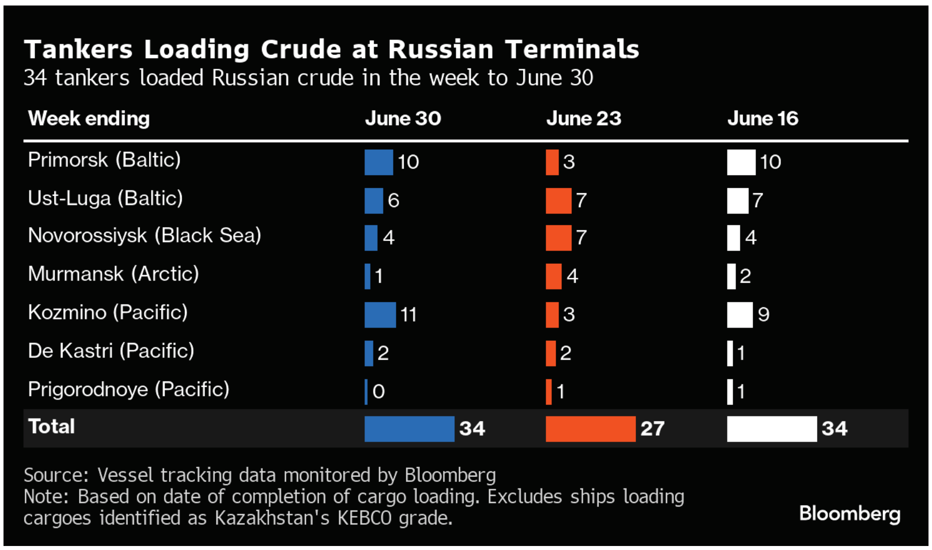


Separately, vessels targeted by Western authorities that Moscow relies on to transport its oil are mostly remaining idle after being sanctioned. While three of the 21 ships owned by Russia's state–controlled Sovcomflot PJSC have taken on cargoes and subsequently disappeared from automated tracking systems, others remain inactive.

All three crude tankers sanctioned by the UK on June 13 remain anchored off Ust-Luga oil terminal, despite earlier featuring in loading programs for Russia's Baltic ports. It is unclear whether they will actually take on cargoes, though, with all now having disappeared from partial line-ups seen by Bloomberg. Similarly, none of the crude carriers sanctioned by the European Union has loaded a cargo since the directive was published on June 25.

Crude Shipments

A total of 34 tankers loaded 25.66 million barrels of Russian crude in the week to June 30, vessel-tracking data and port agent reports show. That was a sharp rebound from 21.29 million barrels the previous week, after port work ended.

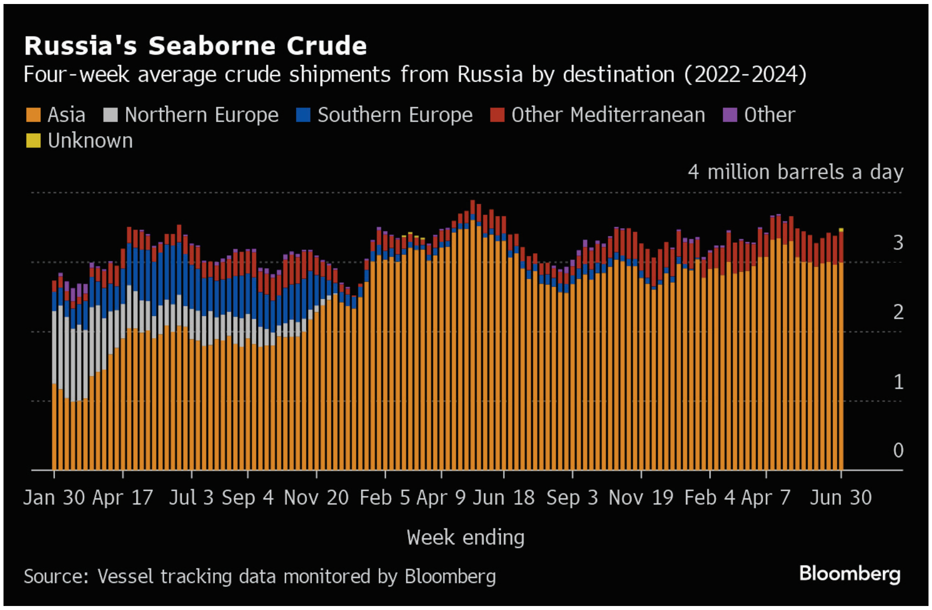


Russia's seaborne crude flows in the week to June 30 rose by about 620,000 barrels a day to 3.67 million, recovering virtually all of the previous week's loss. The less volatile four-week average was also up, rising by about 110,000 barrels a day to an eight-week high of 3.48 million.

The previous week's slump in shipments from Primorsk and Kozmino – Russia's two most important crude export ports – was fully reversed, but partly offset by fewer ships leaving Novorossiysk and the Arctic terminals at Murmansk.

Shipments from Sakhalin Island are still not running smoothly, with one tanker appearing fully loaded, but still anchored off the terminal and a second anchored partly full.

After last week's jump, crude shipments so far this year are running about 20,000 barrels a day above the average for the whole of 2023.



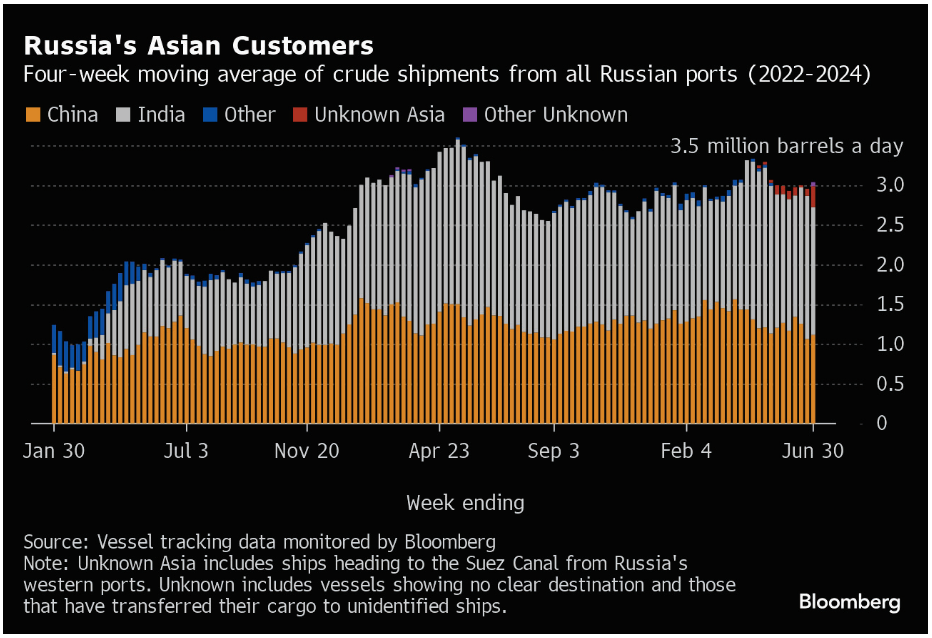
Russia terminated its export targets at the end of May, opting instead to restrict production, in line with its partners in the OPEC+ oil producers' group. The country's output target is set at 8.978 million barrels a day until the end of September, after which it is scheduled to rise at a rate of 39,000 barrels a day each month until September 2025, as long as market conditions allow.

Two cargoes of Kazakhstan's KEBCO were loaded at Novorossiysk and one at Ust-Luga during the week.

Flows by Destination

- **Asia**

Observed shipments to Russia's Asian customers, including those showing no final destination, rose to a seven-week high of 3.04 million barrels a day in the four weeks to June 30.



About 1.11 million barrels a day of crude was loaded onto tankers heading to China. The Asian nation's seaborne imports are boosted by about 800,000 barrels a day of crude delivered from Russia by pipeline, either directly, or via Kazakhstan.

Flows on ships signaling destinations in India averaged about 1.61 million barrels a day, down from the revised figure of 1.8 million for the period to June 23.

Both the Chinese and Indian figures are likely to rise as the discharge ports become clear for vessels that are not currently showing final destinations.

The equivalent of about 265,000 barrels a day was on vessels signaling Port Said or Suez in Egypt. Those voyages typically end at ports in India or China and show up as "Unknown Asia" until a final destination becomes apparent.

The "Other Unknown" volumes, running at about 50,000 barrels a day in the four weeks to June 30, are those on tankers showing no clear destination. Most originate from Russia's western ports and go on to transit the Suez Canal, but some could end up in Turkey. Others may be moved from one vessel to another, with the majority of such transfers now taking place in the Mediterranean, most recently off Morocco, or near Sohar in Oman.

Russia's oil flows continue to be complicated by the Greek navy carrying out exercises in an area that's become synonymous with the transfer of the nation's crude. These activities have now been extended to July 15.

Crude Shipments to Asia

Shipments of Russian crude to Asian buyers in million barrels a day

4 weeks ending	China	India	Other	Unknown Asia	Other Unknown	Total
May 26, 2024	1.26	1.62	0.00	0.10	0.00	2.99
June 2, 2024	1.17	1.66	0.00	0.10	0.00	2.93
June 9, 2024	1.34	1.53	0.00	0.10	0.00	2.97
June 16, 2024	1.25	1.72	0.00	0.03	0.00	3.00
June 23, 2024	1.06	1.80	0.00	0.09	0.00	2.95
June 30, 2024	1.11	1.61	0.00	0.26	0.05	3.04

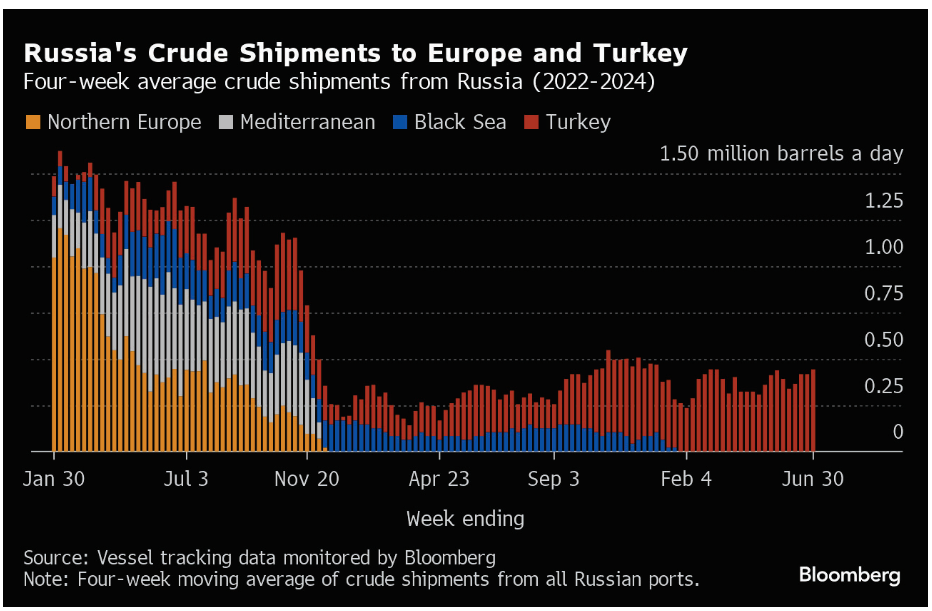
Source: Vessel tracking data compiled by Bloomberg

Bloomberg

- ## Europe and Turkey

Russia's seaborne crude exports to European countries have ceased, with flows to Bulgaria halted at the end of last year. Moscow also lost about 500,000 barrels a day of pipeline exports to Poland and Germany at the start of 2023, when those countries stopped purchases.

Turkey is now the only short-haul market for shipments from Russia's western ports, with flows in the 28 days to June 30 edging up to about 440,000 barrels a day, equaling the highest level seen in detailed tracking data that go back to the start of 2022, before Russia's invasion of Ukraine.



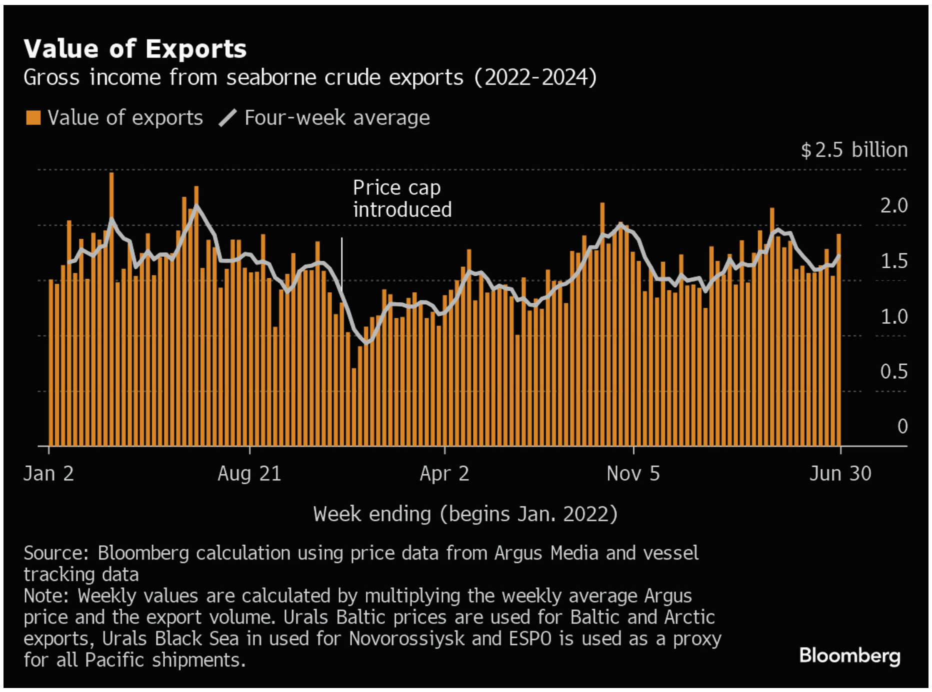
Export Value

The gross value of Russia's crude exports rose to $1.92 billion in the seven days to June 30 from about $1.54 billion in the period to June 23. The jump in flows was boosted by a week-on-week increases in prices for Russia's major crude streams to take gross revenues to their highest in 11 weeks.

Export values at Baltic ports were up week-on-week by almost $1.30 a barrel, while key Pacific grade ESPO rose by about $1.20 a barrel. The price of crude shipped from Novorossiysk rose by $1.60 a barrel. Delivered prices in India also increased, up by about $1.10 a barrel, all according to numbers from Argus Media.

Four-week average income was also up, rising by about $90 million to $1.72 billion a week. The four-week average peak of $2.17 billion a week was reached in the period to June 19, 2022.

During the first four weeks after the Group of Seven nations' price cap on Russian crude exports came into effect in early December 2022, the value of seaborne flows fell to a low of $930 million a week, but soon recovered.



NOTES

This story forms part of a weekly series tracking shipments of crude from Russian export terminals and the gross value of those flows. The next update will be on Tuesday, July 9.

All figures exclude cargoes identified as Kazakhstan's KEBCO grade. Those are shipments made by KazTransoil JSC that transit Russia for export through Novorossiysk and Ust-Luga and are not subject to European Union sanctions or a price cap. The Kazakh barrels are blended with crude of Russian origin to create a uniform export stream. Since Russia's invasion of Ukraine, Kazakhstan has rebranded its cargoes to distinguish them from those shipped by Russian companies.

Vessel-tracking data are cross-checked against port agent reports as well as flows and ship movements reported by other information providers including Kpler and Vortexa Ltd.

If you are reading this story on the Bloomberg terminal, click for a link to a PDF file of four-week average flows from Russia to key destinations.

--With assistance from Sherry Su.

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https://www.reuters.com/markets/commodities/rosneft-lukoil-cut-oil-exports-black-seas-novo-sources-say-2024-07-04/

Exclusive: Rosneft, Lukoil to cut oil exports from Black Sea's Novo, sources say

By Reuters

July 4, 20249:36 AM MDTUpdated a day ago

MOSCOW, July 4 (Reuters) - Russia's oil producers Rosneft (ROSN.MM), opens new tab and Lukoil (LKOH.MM), opens new tab will sharply cut oil exports from the Black Sea port of Novorossiisk in July, two sources familiar with a loading plan said, as the companies resumed operations at their refineries.

Combined Novorossiisk oil loadings by Rosneft and Lukoil in July will fall by some 220,000 barrels per day (bpd) compared to last month, Reuters calculations based on market data showed.

Last week Russian government decided to continue with unrestricted gasoline exports in July, extending the waiver for a partial ban on overseas fuel sales, as Russia's domestic oil plants produce enough oil products to meet peak seasonal demand despite a spate of Ukrainian drone attacks on refineries.

Rosneft oil exports from Novorossiisk are set to fall to 0.62 million metric tons in July from 1.06 million tons in June, while its Tuapse refinery is set to resume crude runs this month.

Lukoil's exports from the port will fall to 0.19 million tons in July from 0.58 million tons last month, sources said.

Lukoil restarted a key piece of equipment for oil processing, the CDU-6 crude distillation unit, at its NORSI refinery, Russia's fourth-largest, following a drone attack in March.

Rosneft and Lukoil did not reply to Reuters requests for comments.

Novorossiisk total oil loadings in July were set at 1.8 million tons, down from 2.9 million tons in June.

Russia's overall oil exports and transit from its western ports in July are expected to decline from June amid higher refinery runs and Moscow's pledge to stick to OPEC+ output cuts.

Reporting by Reuters; editing by David Evans

Crude Oil (FOB) Differentials (in US$) - AUGUST 2024

North America (versus ASCI)

	JULY	AUGUST	Change	VS. Light
Extra Light	+7.00	+7.10	+0.10	+2.25
Light	+4.75	+4.85	+0.10	0.00
Medium	+5.45	+5.45	0.00	+0.60
Heavy	+5.10	+5.10	0.00	+0.25

North West Europe (versus ICE Brent)

	JULY	AUGUST	Change	VS. Light
Extra Light	+4.70	+5.60	+0.90	+1.60
Light	+3.10	+4.00	+0.90	0.00
Medium	+2.30	+3.20	+0.90	-0.80
Heavy	-0.10	+0.80	+0.90	-3.20

Asia (versus Oman/Dubai)

	JULY	AUGUST	Change	VS. Light
Super Light	+2.95	+2.75	-0.20	+0.95
Extra Light	+2.20	+1.60	-0.60	-0.20
Light	+2.40	+1.80	-0.60	0.00
Medium	+1.95	+1.25	-0.70	-0.55
Heavy	+1.20	+0.50	-0.70	-1.30

Mediterranean (versus ICE Brent)

	JULY	AUGUST	Change	VS. Light
Extra Light	+4.70	+5.60	+0.90	+1.70
Light	+3.00	+3.90	+0.90	0.00
Medium	+2.40	+3.30	+0.90	-0.60
Heavy	-0.30	+0.60	+0.90	-3.30

https://x.com/drpezeshkian/status/1805290435319153149

Masoud Pezeshkian @drpezeshkian

برجام برای همان دولتی ست که می‌گویند بد است، دعوا بر سر این است که به اسم من نباشد و به اسم شما باشد! به همین دلیل، زمانی که مسأله داشت حل می شد، سد راه شدند و نتیجه‌اش این دردی است که مردم به آن مبتلا شدند
#مناظره

Translated from Persian by Google

The JCPOA is for the same government that they say is bad, the fight is not in my name but in your name! For this reason, when the problem was about to be solved, they blocked the way, and the result is the pain that people suffered.
#مناظره

Was this translation accurate? Give us feedback so we can improve:

11:22 AM · Jun 24, 2024 · **67.9K** Views

https://x.com/drpezeshkian/status/1805295732204671203

Masoud Pezeshkian @drpezeshkian

چه کسی از دیوار سفارت انگلستان بالا رفت؟ چه کسی سفارت عربستان را آتش زد ؟
کدام جریان از این اقدام استقبال کردند؟
چگونه این رفتارها باعث شد تمام سفارتخانه های دیگر روابط خود را با ایران کاهش دهند!
#مناظره

Translated from Persian by Google

Who climbed the wall of the British Embassy? Who set fire to the Saudi embassy?
Which stream welcomed this action?
How these behaviors caused all other embassies to reduce their relations with Iran!
#مناظره

Was this translation accurate? Give us feedback so we can improve:

11:43 AM · Jun 24, 2024 · **130.1K** Views

https://x.com/drpezeshkian/status/1805291111339999311

Masoud Pezeshkian @drpezeshkian

ما باید مسأله تحریم را حل کنیم، باید مسأله #FATF را حل کنیم، الان وضع ما این است که ارزان می‌فروشیم، گران می‌خریم، این حق‌الناس است و با شعار دادن حل نمی‌شود همان چین و عراق و روسیه هم تا وقتی به تعهدات بین‌المللی نپیوندیم با ما کار نمی‌کنند.
#مناظره

Translated from Persian by Google

We have to solve the sanctions problem, we have to solve the #FATF problem, now our situation is that we sell cheap and buy expensive, this is rightful and cannot be solved by shouting slogans.
The same China, Iraq and Russia will not work with us until we join the international obligations.
#مناظره

Was this translation accurate? Give us feedback so we can improve:

11:25 AM · Jun 24, 2024 · **60.2K** Views

https://x.com/drpezeshkian/status/1805305940905754895

Masoud Pezeshkian @drpezeshkian

پرسیدیم آلترناتیو برجام چیست؟ آقای جلیلی گفت نداریم!
اسراییل و ترامپ گفتند برجام را پاره می‌کنیم و در مجلس هم برجام را آتش زدند!
#مناظره

Translated from Persian by Google

We asked what is the alternative of JCPOA? Mr. Jalili said we don't have it!
Israel and Trump said they will tear up the JCPOA and they burned the JCPOA in the parliament!
#مناظره

Was this translation accurate? Give us feedback so we can improve:

12:24 PM · Jun 24, 2024 · **103.2K** Views

306 278 4.6K 27

https://en.mehrnews.com/news/217349/Leader-hails-nation-for-brilliant-job-greets-Pezeshkian

Jul 6, 2024, 2:18 PM

Leader hails nation for turnout, greets Pezeshkian

TEHRAN, Jul. 06 (MNA) – Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei has hailed the Iranian people's turnout in the Friday presidential election, urging the president-elect to continue the path of late President Ebrahim Raeisi.
"This great move in confronting the artificial furor of boycotting the elections, which the enemies of the Iranian nation had launched to induce despair and deadlock, is a brilliant and unforgettable work," the Leader said in a message on Saturday.

"All the honorable candidates and all those who worked day and night for weeks for the victory of each of them share in its honor and reward," he added.

Ayatollah Khamenei said the Iranian nation's ability to prepare for a presidential race within a short constitutional time limit after the "great tragedy of the loss of Martyr President" Ebrahim Raeisi and hold "free and transparent elections on two consecutive Fridays" to choose the president from among several candidates with the majority of votes is a blessing from God.

"The respected electoral officials fulfilled their duties with the necessary speed and full trust, and the dear people came to the arena with a sense of responsibility and created a warm and passionate scene and filled the ballot boxes in two rounds with more than 55 million votes," the Leader said.

"Now that the Iranian nation has elected its president, I congratulate the nation and the president-elect and all those working in this sensitive juncture, especially the enthusiastic youths at the election headquarters of the candidates, and recommend everyone to cooperate and think for the progress and increasing honor of the country," he added.

He further stressed the continuation of the path laid by the late President Ebrahim Raeisi.

"I also recommend President-elect Pezeshkian trust in God the Most Merciful and look forward to long and bright horizons, and in the continuation of the path of Martyr Raeisi. He should employ the most of the ample capacities and potentials of the country, especially the young, revolutionary and faithful human resources, for the comfort of the people and the progress of the country," Ayatollah Khamenei added.

He again expressed gratitude to the armed forces for preserving the security of the country during the elections and all other officials and government apparatuses who played a part in holding the transparent votes.

MNA

News ID 2173

Tasnim News Agency

https://www.tasnimnews.com/fa/news/1403/04/12/3114884/%D9%BE%D8%A7%D8%B3%D8%AE-%D9%88%D8%B2%DB%8C%D8%B1-%D9%86%D9%81%D8%AA-%D8%A8%D9%87-%D8%A7%D8%AF%D8%B9%D8%A7%DB%8C-%D8%BA%D9%84%D8%B7-%DB%8C%DA%A9-%D9%86%D8%A7%D9%85%D8%B2%D8%AF-%D8%AF%D8%B1%D8%A8%D8%A7%D8%B1%D9%87-%D8%AA%D8%AE%D9%81%DB%8C%D9%81-%D9%86%D9%81%D8%AA-%D8%A7%DB%8C%D8%B1%D8%A7%D9%86

Oil Minister's Response to a Candidate's False Claim About Iran's Oil Discount

- 03 Jul 2024 - 12:51

The Oil Minister said: "Today, we also export oil to Europe, we export oil to 17 countries in the world, and with the railroad that has been laid in oil exports, any government that comes to power in the United States, there will be no problem for Iran's oil exports."

According to the economic correspondent of Tasnim News Agency, Javad Owji, the Minister of Oil, at the unveiling ceremony of the energy and environmental optimization market at the Iranian Energy Exchange, said: "Good investments have been made in the oil industry in the last three years, and if there was no investment in this industry, we would have turned into a Venezuela whose oil production of 4.8 million barrels would have reached 300,300 thousand barrels."

He added: "At the beginning of the 13th government, Iran's oil production was 2.2 million barrels per day, and thanks to the efforts of oil industry employees, this volume has reached 3.57 million barrels per day this year."

The Oil Minister announced that "oil production has increased by 60% in the last three years." He said: Oil exports increased from 182 million barrels in 2019 to 565 million barrels in 2023.

He continued: Also, the value of Iran's oil and gas condensate exports and other petroleum and petrochemical products increased from $10.8 billion in 2019 to $36 billion in 2023, in other words, it has grown 3.5 times in this field.

The Minister of Petroleum stated that "acceptable projects worth $36 billion have been approved by the Economic Council in the last three years in the field of optimization in all sectors." He said: "For the first time, 3,800 billion tomans of savings bonuses will be paid to gas subscribers, and these resources have been obtained from the savings made."

Criticizing the statements made by some candidates about discounting the price of Iranian oil in the global markets during the presidential elections, Oji said: "They say that we give strange discounts to China, but this is not the case, the percentage of the discount on Iran's oil exports is less than the fingers of the fingers."

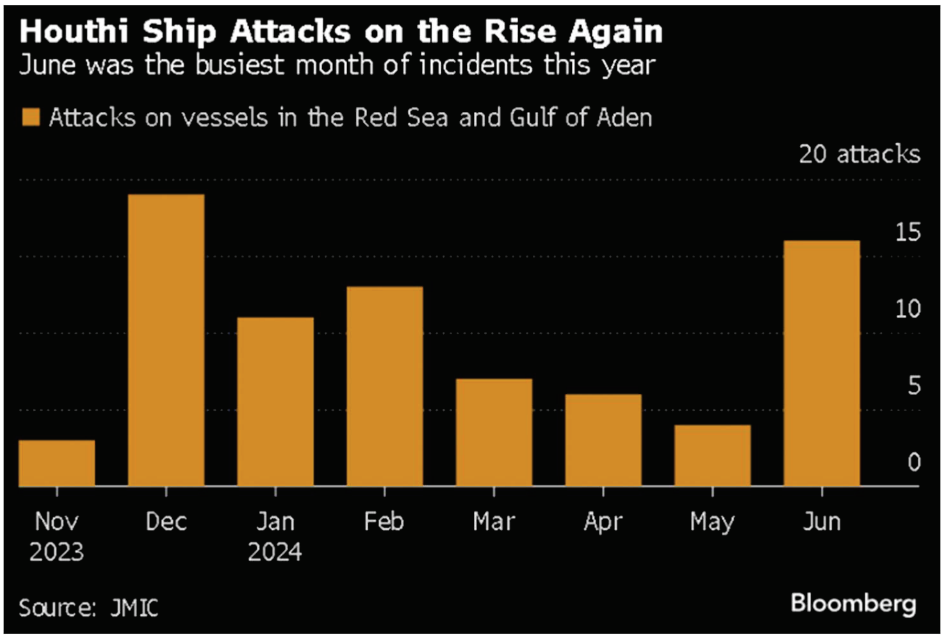
He added: "Today, we also export oil to Europe, we export oil to 17 countries in the world, and with the railroad that has been laid in oil exports, no matter what government comes to power in the United States, there will be no problem for Iran's oil exports."

Emphasizing that "we cannot announce the details of the sale of oil because we are in an economic war", the Minister of Petroleum said: "We have a seven-member working group on the issue of oil sales, a member of the Islamic Consultative Assembly, a representative of the judiciary, and a representative of intelligence and security agencies are present and they control all issues related to the sale of oil."

He continued: "In the oil industry, 300,000 people are working around the clock, and today we can sell oil wherever we want."

End of Message/+

Houthis Mount Biggest Month of Attacks on Ships This Year
2024-07-02 15:28:34.847 GMT
By Alex Longley
(Bloomberg) -- Yemen's Houthi rebels conducted the largest number of attacks on commercial ships so far in 2024 in June, fresh proof that the group's threat to trade intensified in recent weeks.
There were 16 confirmed attacks on ships in June, according to figures published by the naval forces operating in the region. That's the most for any single month in 2024, and was only eclipsed in December when more vessels were still sailing through the region. Separate figures published by the Washington Institute show a similar trend.



Attacks by the Houthis ramped up in June, having shown signs of diminishing in the preceding months. The incidents included the second confirmed sinking of a vessel, as well as the first successful attack with a seaborne drone. The attacks are helping to contribute to the second-largest increase in a gauge of global sea transport on record as vessels sail thousands of miles extra around Africa.
Tracking the exact number of incidents can be tricky as different agencies use different definitions for attacks. Some may also go unreported.

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GLOBAL COMMODITY STRATEGY AND MENA | RESEARCH

MENA Watch List: Lebanon – Catching Fire?

Analysis as Tensions between Israel and Hezbollah Continue to Rise

June 27, 2024

RBC Capital Markets, LLC
Helima Croft (Head of Global Commodity Strategy and MENA Research) (212) 618-7798; helima.croft@rbccm.com

- **Since the start of the Israel-Hamas war, the prospect of Iranian intervention into the conflict has caused considerable anxiety for market participants given the potential of their security services to disrupt regional energy supplies. We have continually highlighted Lebanon as a potential expansion pathway of the 8-month conflict given Iran's steadfast support for its most important armed proxy Hezbollah.** Unlike the other armed Axis of Resistance groups, Hezbollah was founded by the Islamic Revolutionary Guard Corps (IRGC) with a pledged allegiance to Iran's Supreme Leader. The IRGC and Hezbollah closely coordinate operations in the region and the other geographies where the Lebanese militia group has operations, notably in South America and West Africa, thereby giving Iran the ability to project power globally. Moreover, the global reach of Hezbollah is viewed as granting Iran a credible deterrent threat against potential attacks on its nuclear program.
- **Biden administration officials have worked frantically for the past 8 months to prevent an Israel-Hezbollah war, fearing Iran would provide material support to its critical ally, potentially even entering the conflict on its side.** US Special Envoy Amos Hochstein has been given the Lebanon portfolio due to his success in brokering the 2022 Israel-Lebanon maritime border agreement. Hochstein has tried to craft a diplomatic compromise that would see Hezbollah withdraw from their position on the border and have the Lebanese Armed Forces in turn take up their vacated positions. It is our understanding that the proposals fall short of UN Resolution 1701 that ended the 2006 Lebanon War, and we think the Netanyahu government may deem any compromise that leaves Hezbollah forces well south of the Litani River as insufficient to alleviate their security concerns and allow the return of the 80,000 internally displaced citizens to the north ahead of the start of the school year in September. A number of cabinet members have expressed strong support for a military operation to move Hezbollah north of the Litani River as soon as the

Rafah operation concludes. Hezbollah, for its part, has insisted that it will not make any concessions until there is a permanent ceasefire in Gaza.

- **There was a surge in cross border attacks from mid-May to mid-June, and Israel has been deploying troops to its northern border this week.** In the past month, Israel has ramped up its strikes on Hezbollah officials and combat positions, including the killing of one of the most senior Hezbollah commanders since the group entered the conflict on October 8th. Additionally, Israeli air forces have been increasingly targeting positions farther north than Hezbollah's southern stronghold, hitting multiple sites in the northeastern Bekaa Valley, including reported convoys of weapons crossing from Syria — the deepest strikes since the assassination of a Hezbollah official near Beirut earlier in the year. Tens of thousands of Lebanese have been displaced from the south of the country due to the extensive strikes. Hezbollah has also returned significant fire, launching an over 200 rocket and mortar barrage from positions near the Israeli border in mid-June. While most of the fire from Lebanon resulted in little damage, Hezbollah officials hailed the barrage as testament to their ability to overwhelm Israeli air defenses. Additionally, the group has showcased some of its more advanced weaponry; early this month, the group successfully downed an Israeli drone over Lebanon using surface-to-air missiles, and has demonstrated its capacity to infiltrate Israeli airspace with drones in a publicized surveillance video of key infrastructure in Haifa and northern IDF bases. Moreover, the group has displayed its ability to land its longer-range missiles at points deeper in Israel, with much of the group's more-advanced weaponry stationed beyond the Litani River.
- **Hochstein reportedly told Lebanese officials last week that the US will be unable to prevent Israel from invading Lebanon if the attacks persist and that the White House will have no choice but to support its ally.** Israeli Defense Minister Yoav Gallant has been in Washington this week and the effort to craft a diplomatic offramp is ongoing, with the French also playing a key mediating role. Officials in Washington insist that war is not inevitable, and that there remains scope for a diplomatic solution. We think this situation could come to a head in July, with Israel expected to wind down its Rafah operations in the coming weeks.
- **A number of Western governments—including the US, Canada, and Germany—advised their citizens this week to leave Lebanon immediately. With the current trendline seemingly pointing in the direction of a military conflict, plan B for Washington seems to be to try to limit any Israeli strikes to less-densely populated parts of southern Lebanon in the hopes of keeping Iran on the sidelines.** Despite the direct exchange of fire between Israel and Iran in April, both sides to date have seemingly tried to avoid being drawn into a full-blown military confrontation. Any Israeli operation in Lebanon will likely test this relative restraint, and senior US military officials have indicated that Iran will likely give far greater backing to Hezbollah than other armed actors, such as Hamas or the Houthis. Beyond direct support from the IRGC, armed actors in Syria and Iraq could also provide material assistance to Hezbollah. The Iraqi militias in particular pose a risk to the US military personnel and positions in the region. Certainly, with an estimated arsenal of 120,000-200,000 rockets and missiles, and potentially up to 100,000 fighters, Hezbollah represents a more serious threat to Israeli security. In the event of a direct conflict, the northern port city of Haifa would likely be on the list of Hezbollah targets.

Continue Reading

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https://www.maersk.com/news/articles/2024/07/01/maersk-ceo-vincent-clerc-speaks-to-massive-impact-of-the-red-sea-situation

Maersk CEO Vincent Clerc speaks to 'massive impact' of the Red Sea situation on global supply chains

1 July 2024

Maersk CEO Vincent Clerc has said that the coming months will be challenging for carriers and businesses alike, as the Red Sea situation stretches into the third quarter of 2024.

Speaking at a recent online event with customers, Vincent Clerc talked about the challenges the continuing attacks on ships in the Red Sea / Gulf of Aden have created for logistics and supply chains. For the time being, Maersk ships are continuing to divert around the Africa via the Cape of Good Hope in South Africa. He acknowledged the situation is difficult for both carriers and businesses needing their cargo transported.

"We are faced with these challenges together and we need to make sure that we stay close to them as we handle the new set of circumstances that continues to unfold in front of us. These disruptions, and the impact they are having on your business, is not something that I, nor any colleagues at Maersk, take lightly. We know it is hard. We know it is difficult for you. We know it puts you under a lot of pressure.
Vincent Clerc
CEO, A.P. Moller – Maersk

The impact on supply chains
Vincent Clerc talked about the 'massive impacts' of the Red Sea situation since it began in December 2023. Extending rotations to travel the longer route around Africa takes two to three ships, depending on the trade in question, he said. The availability of additional capacity was low to begin with and, across the industry, carriers' ability to bring in extra tonnage has been limited. At the same time, demand for container transport has remained strong.

"Today, all ships that can sail and all ships that were previously not well utilised in other parts of the world have been redeployed to try to plug holes. It has alleviated part of the problem, but far from all the problem across the industry, including for Maersk. We are going to have in the coming month missing positions or ships that are sailing that are significant different size from what we normally would have on that string, which will also imply reduced ability for us to carry all the demand that there is."
Vincent Clerc
CEO, A.P. Moller – Maersk

Planning for demand peaks around Lunar New Year helped soften the impacts of the Red Sea situation in the first quarter of 2024. However, since April and May the challenges have intensified.

Another major challenge for carriers has been increased costs. With cargo journeys lengthened and capacity squeezed, the price per container has risen significantly. Maersk has taken on these costs knowing that many of them will remain beyond the Red Sea situation. For example, ships cannot be chartered for a few months to fill the current gaps. Instead, carriers are having to sign up to several years at the higher charter rates. Vincent Clerc said that this is one of the reasons freight rates are temporarily higher.

"The longer that this lasts, the more our costs will get deeply ingrained. We don't know yet exactly how much of these costs we will recover and for how long. The higher rates we are seeing right now are of a temporary nature. We will see eventually that they go back to market as some of these problems get alleviated either by the new tonnage being phased gradually in or by us resuming normal sailing routes in the near future."
Vincent Clerc
CEO, A.P. Moller – Maersk

Vincent Clerc stressed that Maersk would only return to sailing via the Red Sea / Gulf of Aden when the safety of seafarers, vessels, and cargo was guaranteed. He said that once a resolution is found, ships could return to sailing their usual routes through the Suez Canal almost immediately. Others would need to complete their journey around the Cape of Good Hope first. Vincent Clerc warned that there would be a period during which the ships on these different routes would be arriving at ports at similar times. He expected this to cause congestion at ports, before returning to a more stable scenario.

Building resilience longer term

Maersk has asked governments internationally for a stronger presence in the Red Sea / Gulf of Aden. Vincent Clerc added that so far 'this has been unsuccessful'. He said that businesses around the world can help by ensuring their governments understand they are being crippled by increased costs. In some regions like Europe, he said that governments need to understand the possibility that this will reignite inflation.

With no 'crystal ball' to say how long the situation will last, Maersk is working to alleviate the impact of the disruptions. This includes doing whatever it reasonably can to bring supply in line with businesses' demand for capacity.

"Nobody has the supply chain of their customers more at heart than Maersk. It doesn't mean that we can insulate you from problems, but I can tell you that you are in the best possible hands, even if right now it's some difficult conversations that you're having and we are truly taking into consideration the amount of trust that you're putting into us and we'll won't stop at anything to try to do the best that we can to help you."
Vincent Clerc
CEO, A.P. Moller – Maersk

Caixin China General Manufacturing PMI®

Fastest improvement in business conditions in over three years

China's manufacturing sector expanded at a more pronounced pace midway into 2024. Production growth was the fastest rate in two years, underpinned by rising new orders. Firms also acquired more inputs to support production, leading to higher stocks of purchases. Employment numbers were little changed, however.

On the price front, input cost inflation climbed to the highest since June 2022, resulting in the first increase in average selling prices so far this year. Firms were however concerned about rising competition and the possibility of slower growth ahead. Optimism was subsequently the lowest since November 2019.

The headline seasonally adjusted Purchasing Managers' Index™ (PMI®) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose to 51.8 in June, up from 51.7 in May. This indicated an eighth successive monthly improvement in the health of the sector. Furthermore, the rate of growth was the fastest since May 2021.

Manufacturing output expanded at the quickest pace in two years, with firms in the consumer segment once again recording especially sharp output growth in June. This was driven by higher new work inflows, attributed to new product launches and market development efforts by manufacturers. Export orders also continued to rise, though both the rates of new and export order books growth declined from May.

The rise in new work intakes nevertheless led to a fourth successive month of backlog accumulation. Some manufacturers opted to raise their staffing levels, though offset by redundancies and resignations at other firms. Overall, employment was subsequently close to stabilisation in June.

Purchasing levels were also raised at one of the highest rates in more than three years to keep pace with the increase in production. This led to a further accumulation of stocks of purchases. At the same time, stocks of finished goods increased marginally after depleting in May.

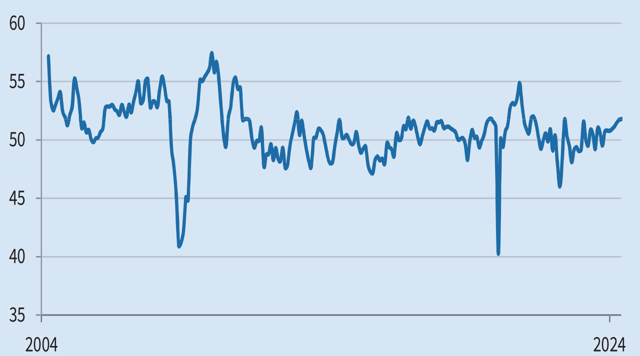
Suppliers' delivery times lengthened for the first time since February. Although marginal, this was just the third time that lead times have lengthened in the past nine months. Input material shortages and delivery constraints were often mentioned by panellists as reasons for the delays.

Further to the lengthening of delivery times, transport costs increased as well, which drove up average input costs alongside rising raw material prices. The rate of input price inflation climbed to the highest in two years, and spurred firms to lift selling prices for the first time in six months. The increase in average selling prices was the fastest in eight months and broad-based by industrial group. Export charge inflation also rose to a two-and-a-half year high.

Finally, sentiment in the Chinese manufacturing sector remained positive midway into 2024. That said, the level of confidence fell to the lowest in over four-and-a-half years, dampened by concerns over rising competition and uncertain market conditions.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Sources: Caixin, S&P Global PMI

Key findings:

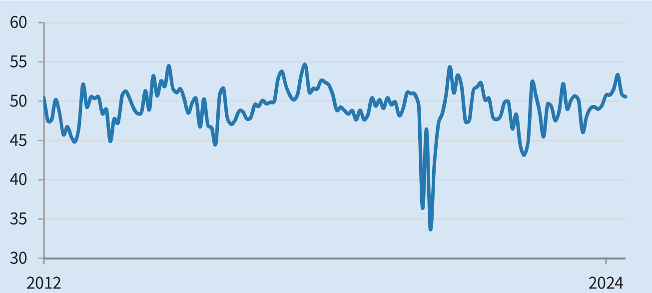
Output rises at quickest pace since June 2022 as new orders increase

Employment broadly stable

Output price inflation at eight-month high

New Export Orders Index

sa, >50 = growth since previous month



Sources: Caixin, S&P Global PMI

Employment Index

sa, >50 = growth since previous month

Sources: Caixin, S&P Global PMI

Commenting on the China General Manufacturing PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

"The Caixin China General Manufacturing PMI came in at 51.8 in June, up 0.1 of a point from the previous month. That marked the index's eighth straight month in expansionary territory and its highest level since May 2021, showing ongoing improvement in the sector.

"Both supply and demand continued to expand. The pace of manufacturing output growth has increased for five straight months, with the production subindex hitting a two-year high. Demand also rose, keeping the subindex for total new orders in expansionary territory for the 11th consecutive month. Demand for consumer and intermediate goods was stronger than that for investment goods. Exports continued to grow, but at the slowest pace in six months, indicating slightly weaker overseas demand.

"The job market stabilized somewhat. Although the employment subindex remained in negative territory for 10 months consecutively, the magnitude of the contraction moderated in June, suggesting that the number of companies expanding their workforce was roughly equal to those reducing it. The employment picture was better at companies making consumer and intermediate goods than at those producing investment products.

"Continued growth in total new orders contributed to an increase in the backlogs of work for the fourth straight month, although the increase was slight.

"Prices rose slightly in June. Higher prices of raw materials such as steel, copper and aluminum coupled with rising freight costs pushed up input costs, causing the corresponding gauge to hit its highest in two years. Output prices ticked up, with the indicator entering expansionary territory for the first time this year.

"Supplier logistics were delayed. Delivery times increased for the first time in four months. Some regions had to deal with extreme weather and raw material shortages. Both raw material and finished goods inventories increased in June due to improved market demand and increased procurement.

"Company managers grew less optimistic. Although the gauge for future output expectations remained in positive territory, it fell by more than 3 points from the previous month, marking the lowest since November 2019. Concerns expressed by surveyed companies were focused on prominent downward pressure on the economy and intense market competition.

"Overall, the manufacturing sector kept improving in June, with supply, domestic demand, and exports continuing to grow. Manufacturers increased purchases with rising inventory and price levels. The contraction in employment moderated a bit. However, optimism among surveyed companies fell by a notable margin, indicating that market expectations need to be further strengthened.

"Recent macroeconomic data show that the economy continues to recover, with stable production, demand, employment and prices, as well as strong exports. The Caixin Manufacturing PMI has been in expansionary territory for eight consecutive months. Despite this, insufficient market confidence and effective demand remain key challenges. Looking ahead, policy support requires further consolidation. Efforts in optimizing real estate regulations, upgrading equipment on a large scale, replacing old consumer goods, and the "three major projects" — those involving affordable housing, urban village renovation, and dual-use public facilities that can be used for everyday and emergency purposes — need to be strengthened. In addition, fiscal and tax reforms should focus on creating more optimistic expectations among market participants."

Air Passenger Market Analysis

May 2024

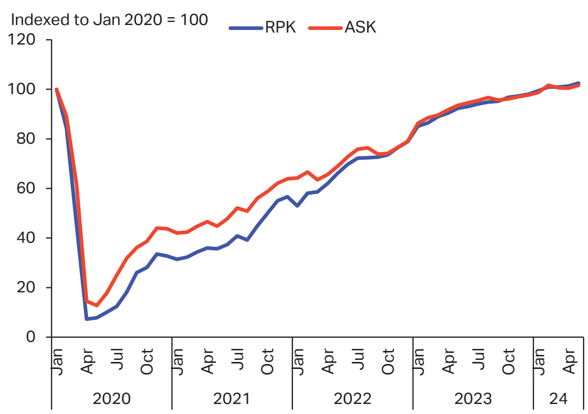
Passenger demand worldwide displays no sign of abatement

- Industry total Revenue Passenger-Kilometer (RPK) in May grew 10.7% year-on-year (YoY), slightly outpacing the 8.5% YoY growth in Available Seat-Kilometer (ASK). Passenger load factor (PLF) is still elevated against previous years, indicating stronger demand for air travel as industry-wide traffic continues to rise. In May, the total load factor reached 83.5%, 1.7 percentage points (ppt) higher than the same month in 2023.
- Domestic traffic was still on the rise, increasing 4.7% YoY. PR China saw 7.6% annual increase, the fastest growth among the monitored markets this month. Japan RPK contracted for two consecutive months as May figures were 1.8% lower than the previous year.
- Industry international passenger traffic in May surged by 14.6% YoY and levels are at all-times high, a fact mirrored by values at regional level. The regions recorded sizeable growths, Asia Pacific led the pack with 27.0% YoY, followed by Latin America and Africa at, respectively, 15.9% and 14.1%.
- Demand for air travel in the months ahead keeps pushing the boundary higher than the previous year. Ticket sales for both domestic and international travel decelerated vis-à-vis the previous month's figures, to 3.5% for the former and to 9.0% for the latter. Total ticket sales for travel in June and July increased by 5.8% over the year.

Steady rise in passenger traffic continues

Industry-wide air passenger traffic, measured in Revenue Passenger-Kilometers (RPK) remained on its steady growth trend in May 2024, rising 10.7% over the year and 0.9% from the month prior in seasonally adjusted terms (**Chart 1**).

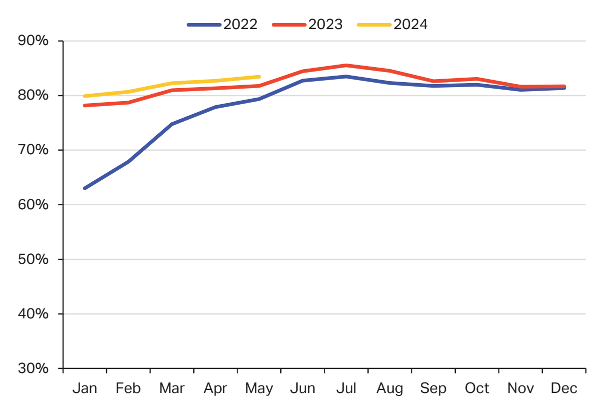
Chart 1 – Global RPK and ASK, Seasonally Adjusted, Indexed to Jan 2020 = 100



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

The latter increase remained within the stable range observed over the past months and was mainly driven by European carriers. On the seats supply side, measured in Available Seat-Kilometers (ASK), the trend was broadly aligned with passenger demand. Global ASK increased by 8.5% year-on-year (YoY), while being slightly outpaced by the expansion in passenger traffic, resulting in an average load factor (PLF) of 83.4% across the industry. In May 2024, industry-wide load factor was 1.7 percentage points (ppt) superior to the previous year (**Chart 2**). Both domestic and international traffic saw higher cabin occupancy this month, with an increase in load factor of 3.8 and 0.3 ppt respectively. Overall, global passenger load factor remains consistently above the levels measured in 2023, indicating higher demand for air travel as well as efficient airline resource management. In year-to-date terms, PLF was 1.6 ppt higher than the previous year.

Chart 2 – Industry PLF, %share of ASK



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

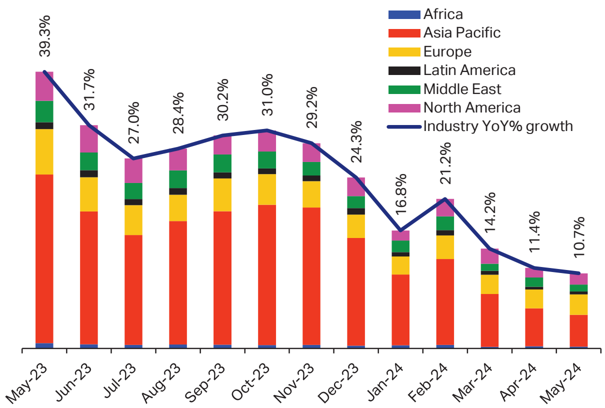
Air passenger market in detail - May 2024

	World share[1]	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		RPK	ASK	PLF (%-pt)	PLF (level)	RPK	ASK	PLF (%-pt)	PLF (level)
TOTAL MARKET	*100.0%*	**10.7%**	**8.5%**	**1.7%**	**83.4%**	**14.5%**	**12.4%**	**1.6%**	**81.8%**
International	*60.1%*	14.6%	14.1%	0.3%	82.8%	18.8%	18.4%	0.3%	81.3%
Domestic	*39.9%*	4.7%	0.1%	3.8%	84.5%	8.3%	3.8%	3.4%	82.8%

[1]% of industry RPKs in 2023

Asia Pacific airlines remained the main contributor to industry-wide growth in traffic in May, bringing around 42% of the net increase observed over the year (**Chart 3**). European airlines followed, contributing nearly 27%.

Chart 3 – Regional contribution to industry annual total RPK growth

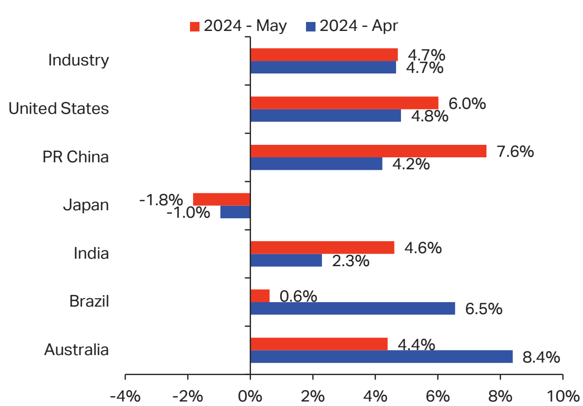


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Annual growth rates are expected to glide down towards lower levels as the industry moves away from the pandemic period. This trend is felt in all regions however especially in Asia Pacific, which saw traffic surges from low levels in 2023. As a result, the apparent deceleration of industry total passenger traffic growth mainly results from this cooling effect in Asia Pacific (**Chart 3**).

PR China propels total domestic traffic growth

Chart 4 – Domestic RPK growth by market, YoY%



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Industry total domestic RPK rose 4.7% YoY in May, nearly identically as the previous month, reflecting the stability observed in most domestic markets (**Chart 4**).

The week-long holidays following Labour Day in PR China triggered a surge in air travel demand, RPK increased 3.8% MoM in seasonally adjusted terms maintaining air traffic levels within the country outside of seasonal norms. In addition, traffic in this key market is still rising above the pre-pandemic benchmark, making a significant contribution to the global rise in air traffic. Since the start of 2024, domestic traffic in PR China contributed to 7% of industry total net increase in RPK.

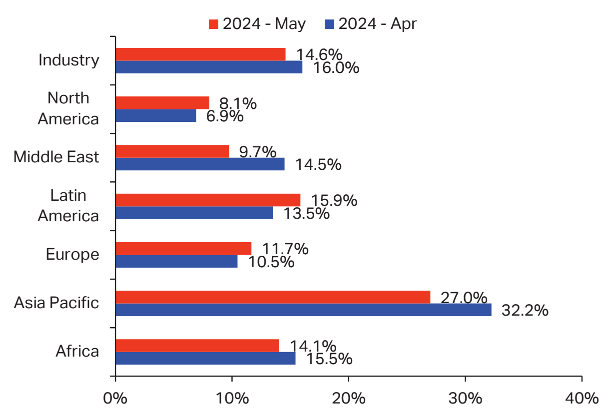
Passenger traffic increase in Brazil slowed down significantly from the month prior, reaching 0.6% YoY in May. The floods that have affected a localized part of the country did not have a huge impact on the country's air traffic, despite triggering the closure of some airports for most of the month of May.

Australia RPK stood 4.4% above last year and remained on the steady positive trend that started in early 2023 (**Chart 4**). Similarly, in the US and India, domestic traffic was still on the rise in May with an annual growth of 6.0% and 4.6% respectively.

Domestic air traffic in Japan contracted for the second month in a row and decreased 1.8% over the year. The second half of 2023 was marked by low business and consumer confidence in the country as well as low domestic consumption, coincidentally with lower demand for air travel. Even though these indicators have seen positive developments since, passenger load factor was 1.1% lower than the previous year, possibly indicating slightly easing travel demand.

International traffic growth at slower pace yet levels at all times high for most regions

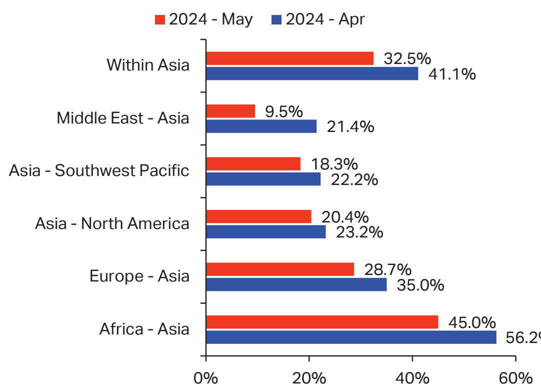
Chart 5 – International RPK growth by airline region of registration, YoY%



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

International passenger traffic in May, as has been mostly the case since 2011, continued to be the primary driver of industry-wide growth, surging by 14.6% YoY (**Chart 5**). Airlines across all regions achieved growth rates exceeding 8%, with three regions surpassing their respective growth of the previous month, namely North America, Latin America, and Europe, and the remaining three witnessing a deceleration in growth. The region Asia Pacific recorded the highest growth at 27.0%, followed by Latin America and Africa at, respectively, 15.9% and 14.1%. Importantly, RPK levels in May 2024 for all regions and the industry total are at all-time highs, apart from the region Asia Pacific which is on track to recover fully its RPK values from its last pinnacle in May 2019. This picture denotes the general strong demand for international travel.

Chart 6 – International RPK, YoY% – Major route areas from and to Asia

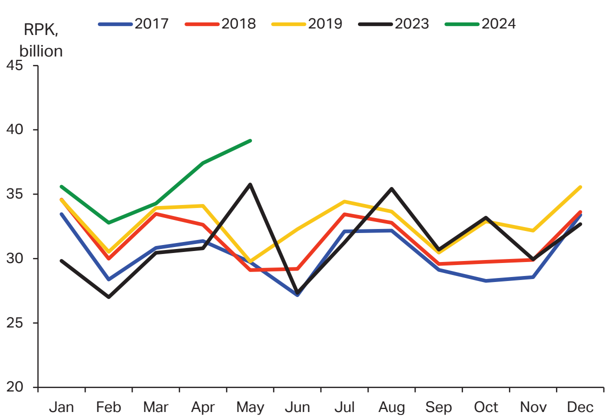


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Asia routes in May maintained double-digit growths, exemplifying the sustained demand of international travel both within and from the region **(Chart 6).** Growths decelerated across the board, by 4 to 11 ppt, compared to April's figures, as per historical seasonal patterns. Africa – Asia route pair maintained the highest YoY growth in May with 45%, testament to the ever-strengthening economic ties between the two regions, followed by within Asia international traffic at 32.5%. The YoY of the route Asia - Middle East reached 9.5% against 12.7% in April 2024, the lowest figure among the route-pairs.

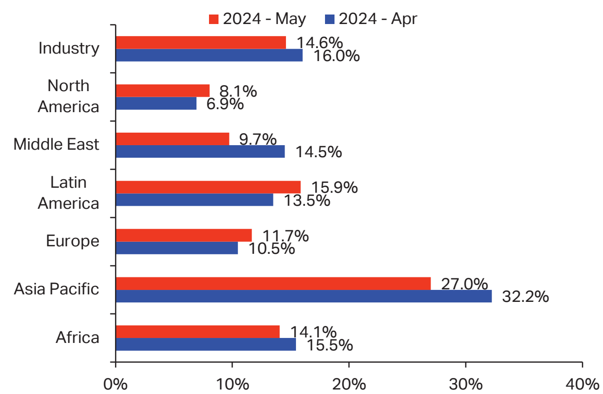
Asia keeps strengthening link to Middle East

Chart 7 – International RPK for route pair Asia - Middle East



International RPK levels, a measure to gauge passengers' demand, of Asia as origin continue to soar compared to previous years. All route pairs with Asia have been regaining passengers' demand vis-a-vis the same month a year earlier, while also approaching levels seen last in 2019, the current peaks. A region pair stands out however, and that is Asia - Middle East, which ranks second only to within Asia in terms of RPK levels. The route pair has regained 2019 levels and set new records to-date for the whole 2024, standing 32% above the corresponding value of 2019 thus demonstrating strengthening flight demand between the two regions. Contributing factors to this disproportionate demand are geopolitical tensions and war in Ukraine which would divert passengers through the Middle East to reach Asia as a safer route (**Chart 7**).

Chart 8 – International RPK, YoY% **–** Major route areas from and to Europe

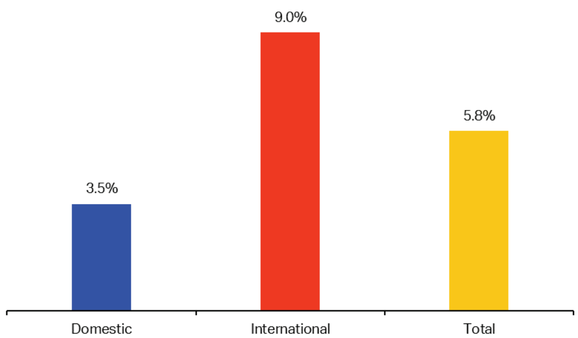


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Air travel from Europe displays an even more positive landscape for international RPK than Asia's. All routes but Europe - Asia have now surpassed or caught-up on pre-Covid levels of traffic. A notable route-pair is Europe - Middle East which not only has regained pre-Covid levels but also maintained a reverse in historical seasonal pattern first occurred in 2023, from a decrease to an increase of RPK from April to May, all the while accounting for a sizeable increase in RPK from the previous month but also the same month a year prior. Growth YoY decreased for all route pairs, except for route-pairs Europe - Central America and Within Europe which surged over the previous month YoY rate, while maintaining growth momentum. Growths ranged from 28.7%, for Europe - Asia, to 1.9%, for route Africa - Europe. Second and third were routes Europe - South America and Within Europe, respectively at 12.4% and 11.5% (**Chart 8**).

Healthy demand for air travel as industry enters peak-period

Chart 9 – Ticket sales, made in May – June for travel in June – July, YoY%



Sources: IATA Sustainability and Economics, DDS

Overall, the increase in trip bookings made in May and the first half of June for travel during the second half of June and the whole of month of July suggests that air traffic and demand in both domestic and international segments are expected to maintain a positive trend. Domestic sales were up 3.5% YoY and international 9.0%, for a total increase of 5.8% industry-wide, a strong start for the global industry as the peak period begins (**Chart 9**).

Air passenger market in detail - May 2024

	World share[1]	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		RPK	ASK	PLF (%-pt)	PLF (level)	RPK	ASK	PLF (%-pt)	PLF (level)
TOTAL MARKET	*100.0%*	**10.7%**	**8.5%**	**1.7%**	**83.4%**	**14.5%**	**12.4%**	**1.6%**	**81.8%**
Africa	*2.1%*	13.4%	8.5%	3.2%	72.9%	15.9%	15.2%	0.4%	73.1%
Asia Pacific	*31.7%*	14.9%	9.2%	4.0%	81.8%	24.6%	18.6%	4.0%	82.5%
Europe	*27.1%*	10.3%	9.7%	0.4%	85.2%	10.8%	10.3%	0.3%	81.2%
Latin America	*5.5%*	7.9%	5.3%	2.0%	83.4%	9.6%	7.3%	1.8%	83.2%
Middle East	*9.4%*	10.2%	8.9%	0.9%	80.8%	14.0%	13.0%	0.7%	79.7%
North America	*24.2%*	6.5%	6.5%	0.0%	85.8%	7.1%	7.0%	0.1%	83.1%
International	*60.1%*	**14.6%**	**14.1%**	**0.3%**	**82.8%**	**18.8%**	**18.4%**	**0.3%**	**81.3%**
Africa	*1.8%*	14.1%	8.2%	3.7%	72.3%	15.3%	14.1%	0.7%	72.4%
Asia Pacific	*14.7%*	27.0%	26.0%	0.6%	81.6%	38.5%	37.6%	0.6%	83.7%
Europe	*23.6%*	11.7%	11.3%	0.3%	84.7%	11.8%	11.5%	0.2%	80.4%
Latin America	*2.7%*	15.9%	14.3%	1.2%	85.1%	17.3%	15.2%	1.5%	84.7%
Middle East	*9.1%*	9.7%	9.0%	0.5%	80.7%	14.0%	13.3%	0.5%	79.7%
North America	*8.1%*	8.1%	9.7%	-1.2%	84.0%	11.4%	13.1%	-1.3%	81.5%
Domestic	*39.9%*	**4.7%**	**0.1%**	**3.8%**	**84.5%**	**8.3%**	**3.8%**	**3.4%**	**82.8%**
Dom. Australia	*0.8%*	4.4%	1.4%	2.3%	79.1%	7.2%	6.4%	0.6%	77.0%
Domestic Brazil	*1.2%*	0.6%	-3.0%	2.9%	79.4%	2.3%	1.5%	0.6%	79.5%
Dom. China P.R.	*11.2%*	7.6%	-4.8%	9.4%	82.3%	18.6%	6.4%	8.4%	81.8%
Domestic India	*1.8%*	4.6%	8.2%	-3.0%	88.6%	3.9%	3.8%	0.1%	87.8%
Domestic Japan	*1.1%*	-1.8%	-0.4%	-1.1%	72.3%	1.7%	-1.0%	2.0%	74.0%
Domestic US	*15.4%*	6.0%	5.3%	0.6%	86.7%	5.3%	4.2%	0.8%	83.6%

[1]% of industry RPKs in 2023

Note: the six domestic passenger markets for which broken-down data are available account for approximately 31.4% of global total RPKs and 78.8% of total domestic RPKs

Note: The total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

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3 July 2024

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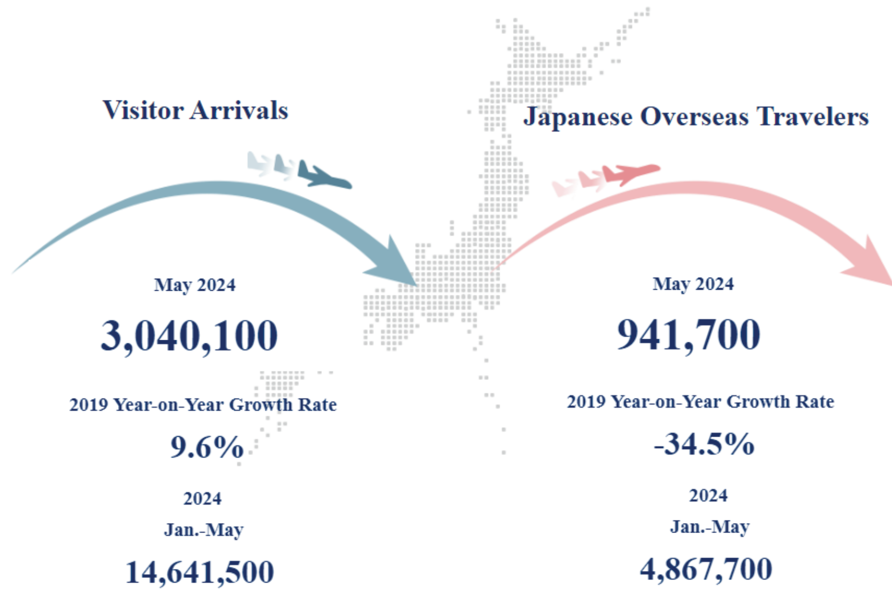
May. 2024 Visitor Arrivals to Japan and Japanese Overseas Travelers



◆Visitor Arrivals to Japan were calculated by JNTO based on documents issued by the Ministry of Justice; and Japanese Overseas Travelers are based on documents issued by the Ministry of Justice.
◆Visitor Arrivals to Japan are calculated based on the numbers of travelers of foreign nationality entering Japan provided by the Ministry of Justice. Those figures exclude permanent residents having Japan as their primary place of residence and include travelers entering Japan for the purpose of transit. Foreigners entering or re-entering Japan, such as expatriates and their families, international students and so on are included in Visitor Arrivals to Japan. Crew members are excluded.

Source: Created by the JNTO based on Immigration Services Agency of Japan statistical data.

2024 Visitor Arrivals to Japan and Japanese Overseas Travelers by Month

	Visitor Arrivals		Growth Rate(%)	
	2019	2024	2019	2024
Jan.	2,689,339	2,688,478 *		0.0 *
Feb.	2,604,322	2,788,224 *		7.1 *
Mar.	2,760,136	3,081,781 *		11.7 *
Apr.	2,926,685	3,042,900 **		4.0 **
May	2,773,091	3,040,100 **		9.6 **
Jun.	2,880,041			
Jul.	2,991,189			
Aug.	2,520,134			
Sep.	2,272,883			
Oct.	2,496,568			
Nov.	2,441,274			
Dec.	2,526,387			
Jan.-May	13,753,573	14,641,500 **		6.5 **

	Japanese Overseas Travelers		Growth Rate(%)	
	2019	2024	2019	2024
Jan.	1,452,157	838,581 *		-42.3 *
Feb.	1,534,792	978,884 *		-36.2 *
Mar.	1,929,915	1,219,789 *		-36.8 *
Apr.	1,666,546	888,767 *		-46.7 *
May	1,437,929	941,700 **		-34.5 **
Jun.	1,520,993			
Jul.	1,659,166			
Aug.	2,109,568			
Sep.	1,751,477			
Oct.	1,663,474			
Nov.	1,642,333			
Dec.	1,712,319			
Jan.-May	8,021,339	4,867,700 **		-39.3 **

Air Cargo Market Analysis

May 2024

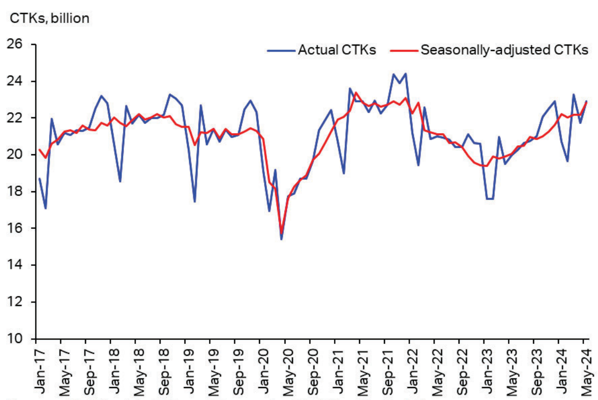
Air cargo demand continues to rise in May

- Industry-wide Cargo Tonne-Kilometers (CTKs) saw a 14.7% expansion year-on-year (YoY) in May. CTKs grew by 3.1% compared to the month before, after seasonal adjustment.
- International traffic rose by 15.5% compared to May 2023, helped by all regions and major trade lanes. Carriers from Africa and Asia Pacific recorded the highest annual growth, and demand on the Africa-Asia trade path expanded by an outstanding 40.6% YoY.
- Available Cargo Tonne-Kilometers (ACTKs) experienced a 6.7% annual increase industry-wide. This allowed the industry to set a record in global monthly capacity levels.
- The month of May delivered small improvements in global production and trade figures, which continued optimism for new export orders and manufacturing output among purchasing managers.

May brought the sixth month in a row of global double-digit demand growth

The airline industry experienced a 14.7% demand increase YoY in May and +5.3% Month-on-Month (MoM) **(Chart 1)**, marking the sixth consecutive month of double-digit annual growth. Similar to the month before, the largest contributors to this strong annual rise in May were carriers from Asia Pacific and Europe, which together contributed roughly two-thirds to the increase. These airlines represent, respectively, the largest and third largest region by traffic volume. In seasonally adjusted (SA) terms, the industry grew 3.1% MoM.

Chart 1 – Global CTKs (billion per month)



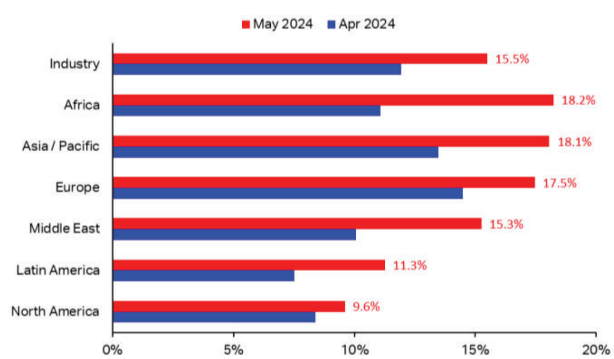
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

In cumulative year-to-date (YTD) terms, air cargo demand settled 13.2% above 2023 levels in May and 3.1% above 2022. This indicates a continuation of the high traffic levels that the industry has been experiencing over the first half of 2024.

Strong growth in international air cargo demand across all world regions and major route areas in May, led by carriers from Africa and Asia Pacific

The upward trend in industry CTKs was driven by traffic on international routes, which grew by 15.5% YoY in May, likely supported by booming e-commerce and capacity constraints in global maritime shipping. Importantly, carriers from all regions experienced expansions in international traffic compared to May 2023, with remarkable growth figures ranging from 10% to 18% **(Chart 2)**. Moreover, all regions exhibited higher annual growth figures than the month before.

Chart 2 – Growth in international CTKs (YoY) by airline region of registration



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Air cargo market in detail - May 2024

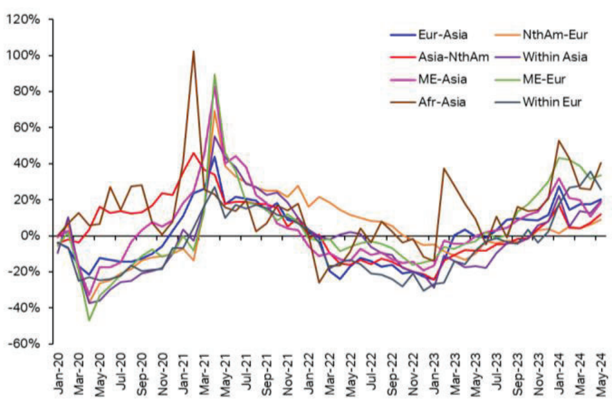
	World share[1]	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	*100.0%*	**14.7%**	**6.7%**	**3.1%**	**44.6%**	**13.2%**	**9.4%**	**1.5%**	**45.4%**
International	*86.6%*	15.5%	10.2%	2.3%	50.3%	14.0%	12.6%	0.3%	51.1%

Note 1: % of industry CTKs in 2023

Airlines registered in Africa and Asia Pacific led with the highest annual growth rates in international CTKs, with 18.2% and 18.1%, respectively. For African carriers, the figure increased by 7.2 percentage points (ppts) compared to April, the highest increase among all carriers. The two front runners were closely followed by the carriers in Europe (17.5% YoY), Middle East (15.3%), and Latin America (11.3%). As has been the case for the three months before, North American carriers exhibited the lowest annual increase with a (very solid) 9.6% YoY.

The annual expansion in international CTKs was mirrored across all major route areas as well, although with differences in magnitude. Africa-Asia and Middle East–Europe championed annual evolutions in May with outstanding figures of 40.6% and 33.8%, respectively **(Chart 3)**. For Africa-Asia, this represents a jump of 14.8 ppts relative to April's rate. For both route areas, the May reading reflects the continuation of a streak of double-digit annual growth that originated in September 2023. The Within Europe trade lane followed with an impressive annual surge of 25.6%. This region experienced the fifth month in a row of double-digit annual growth, despite a notable drop of 10.2 ppts compared to the April figure.

Chart 3 – International CTK growth (YoY) by route area

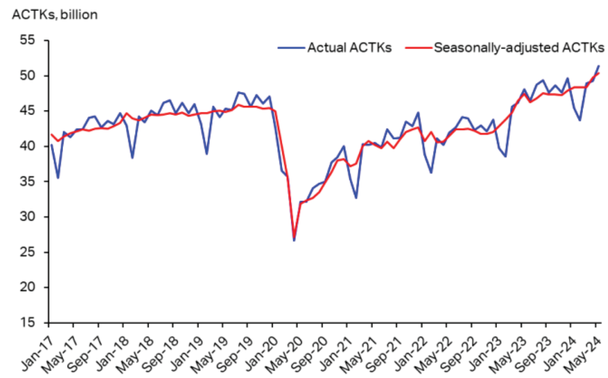


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Europe–Asia, the second largest market by volume, Within Asia, and Middle East-Asia, also registered remarkable annual growth rates with 20.4%, 19.2%, and 18.6%, in that order. All three markets experienced three or more consecutive months with double-digit annual increases. Meanwhile, Asia–North America recorded an annual increase of 12.0% and North America–Europe registered 8.9% YoY. While these rates represent modest increases in comparison, for the North America-Europe trade lane this latest reading reflects the largest increase in demand since mid-2022. For Asia-North America, the largest trade lane by volume, the question remains what will happen following the US crackdown on e-commerce deliveries out of PR China. Rising costs and increasing transit times of shipments valued less than USD 800 could dampen US consumers' appetite for e-commerce, which could have an impact on the whole air cargo sector.

The air cargo industry experienced record capacity levels in May, despite a slowing annual growth

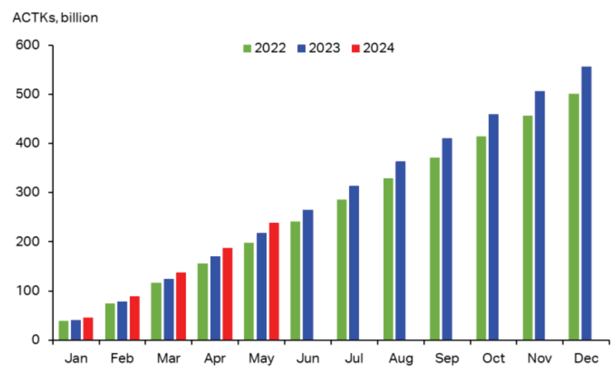
Chart 4 – Global ACTKs (billion per month)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

In May, industry-wide air cargo capacity grew by 4.1% compared to April and 6.7% relative to May 2023 **(Chart 4)**. This allowed the industry to set a record in global monthly capacity levels. The even higher 9.4% annual ACTK growth in YTD terms confirms that the capacity expansion relative to the previous year is a phenomenon of the full five months that passed since the turn of the year, although the growth rate slowly decreases every month (**Chart 5**).

Chart 5 – Year-to-date monthly ACTKs (billion)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

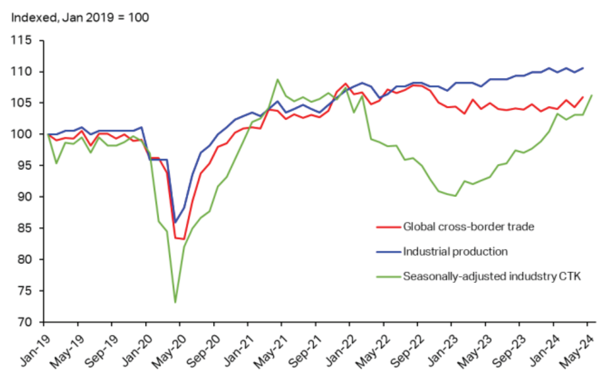
Following air freight traffic and capacity levels allows the derivation of the cargo load factor (CLF), a key indicator illustrating the balance between demand and supply within the industry. In May, the industry recorded an average CLF of 44.6%. This ratio is 0.5 ppts higher than in the previous month and stands for a 3.1 ppts increase compared to May 2023. After more than two years of contracting industry CLF (YoY), to date, the year 2024 has seen four out of five months with annual improvements (**Chart 6**). Rising load factors drive both revenue and profitability at a given capacity.

Chart 6 – Cargo load factor, annual percentage point change

Small improvements in production and trade figures

The latest figure for industrial production, a measure of the output generated by industrial sectors such as mining, manufacturing, and utilities, recorded a small 0.5% rise over the previous month. Compared to 2023, the indicator pointed at expansion with an annual growth rate of 2.7%, thus marking the continuation of the moderate upward trend seen over the past years (**Chart 7**), which is also in line with pre-pandemic trends (2012-2019).

Chart 7 – Industrial production, global goods trade, and SA CTKs



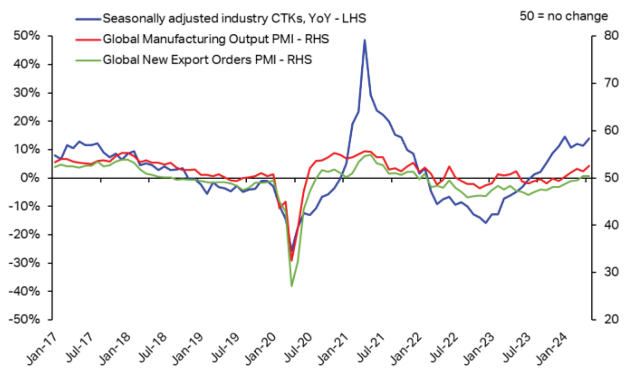
Global cross-border merchandise trade also displayed expansions both MoM and YoY in April, with readings of 1.5% and 1.8%, respectively. In particular, April delivered the second month of positive annual growth in 2024 after February. This is an encouraging signal in a strained business environment that continues to be impacted by inflation, impaired supply chains, geopolitical tensions, and rising cross-border trade restrictions.

Continuously growing optimism for new export orders and manufacturing output

The Purchasing Managers' Index (PMI) gauges economic trends in manufacturing and services. A PMI above 50 suggests that more purchasing managers expect their business to grow compared to the previous month, a figure below 50 indicates fewer managers with that outlook. Specifically, the manufacturing output and new export order PMIs are two leading indicators of global air cargo demand.

The new export orders PMI, an indicator that can be understood as a measure of the perceived well-being of international trade, signaled expansion in May with a reading of 50.4 points (down from 50.5 in April). This is the second optimistic reading after the global indicator moved past the critical 50-point benchmark for the first time in over two years in April **(Chart 8)**. It represents an encouraging signal that is aligned with the upward evolution of global merchandise trade discussed earlier (for April). As for the regional perspective, China and the US continued to experience optimistic expectations for new export orders last month, as they have for most of 2024. On the other hand, readings in Europe and Japan maintained their signals of contraction, although Europe exhibited the smallest contraction since early 2022.

Chart 8 – SA CTK growth, global manufacturing output and global new export orders PMIs

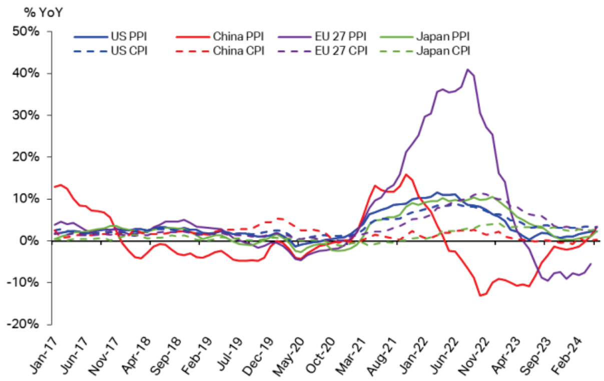


Meanwhile, the global manufacturing output PMI also continued to point to expansion in May with 52.6 points. This marked the fifth consecutive expansion and the highest figure since January 2022. This is a welcome development amid tight labor markets and supply chain disruptions that have been affecting the global manufacturing sector. The regional outlook for manufacturing output mirrors the pattern of the new export orders PMI. The US and China continued to exhibit optimistic expectations which supported the global expansion, while pessimism persisted in Europe and Japan, although the latter two economies signaled the smallest contractions since H1 2023.

Consumer price inflation continued to hover above target in major economies, except China

Inflation, as measured by the annual evolution of the Consumer Price Index (CPI), stayed roughly constant in May as compared to April in the US, Japan, and the EU, with figures standing at 3.3%, 2.8%, and 2.7%, respectively. As a result, consumer price inflation remained above target in these key economies. On the other hand, China's consumer price inflation continued to bunch around zero last month, as it has been for the past year, with the latest reading at 0.3%. Muted inflation in China since 2023 reflects weak domestic demand, triggered by an elevated unemployment rate, reduced income growth, and the real estate sector crisis **(Chart 9)**.

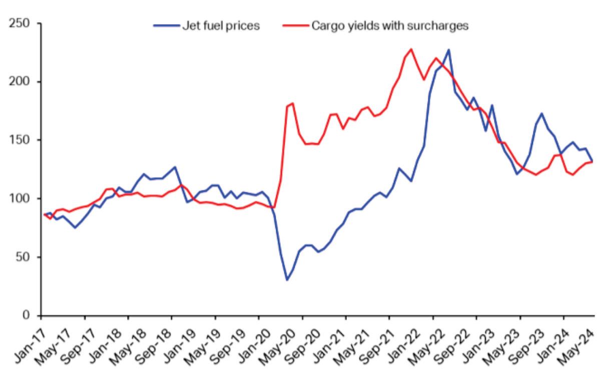
Chart 9 – Headline CPI and PPI inflation (YoY) in major economies



Sources: IATA Sustainability and Economics, Macrobond

The Producer Price Index (PPI) tracks changes in the prices that producers receive for their products and it can serve as a leading indicator for the CPI. Compared to April, producer price inflation remained roughly level in May in the US at 2.2%, while it rose in both Japan and China, to 2.4% and 3.4%, respectively **(Chart 9)**. For China, this marked the second consecutive annual increase in producer prices after almost two years of negative results and a significant jump of 2.2 ppts relative to the April figure (partially due to a base effect). May values for the EU 27's PPI are not available to date. The month of April maintained the major deflationary trend that began mid-2023, with a PPI reduction of -5.5% YoY. This also represents the smallest deflation reading for the region since mid-2023.

Chart 10 – Jet fuel price and air cargo yields including surcharges (indexed, Jan 2019 = 100)



Source: IATA monthly statistics, IATA Jet fuel price monitor, CargoIS

One of the main factors influencing consumer prices is the price of oil. Along similar lines, the global jet fuel price is a major contributor to airline operating costs. In the month of May, jet fuel prices fell by 7.2% over the previous month (+9.7% YoY), closing at USD 100.4 per barrel, the lowest value since mid-2023 (**Chart 10**). The jet fuel crack spread remained at 18 USD. This is a welcome development as the exceptionally wide crack spread has been putting additional pressure on airlines' thin margins. The global yield for air cargo (with surcharges) registered growth in May both MoM and YoY with 0.8% and 0.4%, respectively. May therefore brought the first annual increase in the global yield since mid-2022.

Air cargo market in detail - May 2024

	World share[1]	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	***100.0%***	**14.7%**	**6.7%**	**3.1%**	**44.6%**	**13.2%**	**9.4%**	**1.5%**	**45.4%**
Africa	*2.0%*	18.4%	21.4%	-1.1%	43.8%	16.1%	20.8%	-1.8%	44.4%
Asia Pacific	*33.3%*	17.8%	8.4%	3.6%	45.3%	16.5%	15.0%	0.6%	45.1%
Europe	*21.4%*	17.2%	11.9%	2.3%	51.8%	13.9%	10.6%	1.6%	55.0%
Latin America	*2.8%*	12.7%	8.0%	1.5%	36.2%	10.1%	7.5%	0.9%	36.9%
Middle East	*13.5%*	15.3%	2.7%	5.0%	46.1%	18.8%	10.2%	3.4%	46.4%
North America	*26.9%*	8.7%	2.5%	2.3%	39.7%	6.0%	2.0%	1.5%	40.3%
International	***86.6%***	**15.5%**	**10.2%**	**2.3%**	**50.3%**	**14.0%**	**12.6%**	**0.3%**	**51.1%**
Africa	*2.0%*	18.2%	21.2%	-1.1%	44.9%	16.1%	20.7%	0.7%	45.5%
Asia Pacific	*29.8%*	18.1%	15.7%	1.1%	54.1%	16.0%	19.4%	0.6%	53.3%
Europe	*21.0%*	17.5%	12.8%	2.1%	53.6%	14.1%	11.1%	0.2%	56.9%
Latin America	*2.4%*	11.3%	10.4%	0.3%	39.5%	8.8%	9.3%	1.5%	41.2%
Middle East	*13.4%*	15.3%	2.7%	5.1%	46.4%	18.8%	10.2%	0.5%	46.7%
North America	*17.9%*	9.6%	4.7%	2.1%	46.8%	7.5%	5.7%	-1.3%	47.6%

Note 1: % of industry CTKs in 2023

Note 2: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

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2 July 2024

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i_Cores

cores

Avance provisional de consumo

Mayo 2024

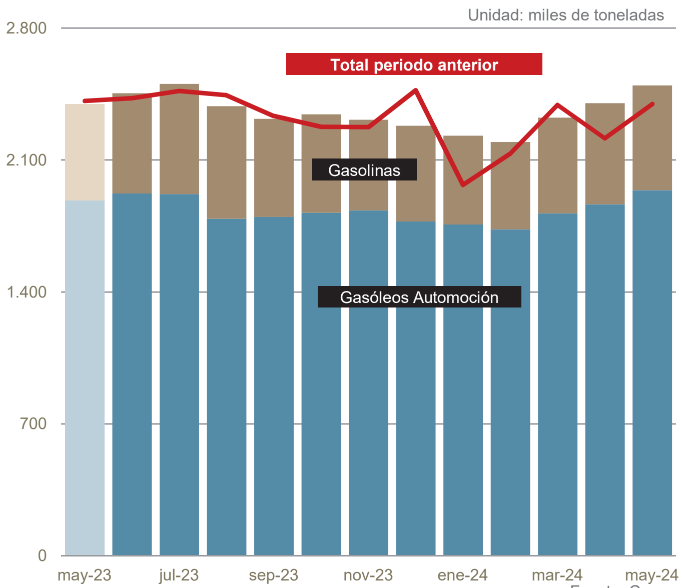
En mayo asciende el consumo de los combustibles de automoción (+4,2% vs. mayo 2023)

En mayo aumenta el consumo de los combustibles de automoción (2.4097 kt; +4,2%), respecto a mayo 2023, aumentando +3,9% respecto a abril 2024; ascienden en mayor medida las gasolinas (+8,5% vs. may-23) que los gasóleos de automoción (+3,0%). En el acumulado del año el consumo de los combustibles de automoción asciende un +4,9% vs. 2023, aumentando tanto las gasolinas (+9,4%) como los gasóleos auto (+3,7%).

Este mes asciende interanualmente el consumo de todos los grupos de productos: GLP (+0,4%), gasolinas (+8,6%), querosenos (+14,2%), gasóleos (+2,1%) y fuelóleos (+6,4%). En el acumulado anual aumentan todos los grupos de productos: GLP (+6,4% vs. 2023), gasolinas (+9,4%), querosenos (+12,9%), gasóleos (+2,8%) y fuelóleos (+9,2%).

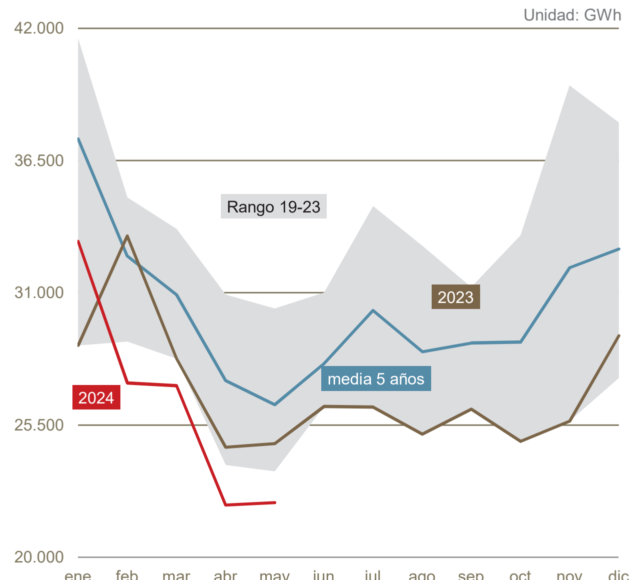
En mayo desciende el consumo de gas natural (-9,9% vs. may-23), situándose en 22.270 GWh, aumentando el convencional (+0,8%) y el GNL de consumo directo (+13,2%), mientras que el destinado a generación eléctrica desciende (-38,5%). Respecto a abril 2024, asciende el consumo total (+0,4%), aumentando el convencional (+1,3%) y el GNL de consumo directo (+9,0%), y descendiendo el destinado a generación eléctrica (-4,4%). En el acumulado anual, el consumo de gas natural se reduce un -5,6% vs. 2023: aumentan el consumo convencional (+0,9%) y GNL de consumo directo (+12,8%), mientras que disminuye el destinado a generación eléctrica (-26,6%).

Consumo mensual de combustibles automoción



Fuente: Cores

Consumo mensual gas natural



Fuente: Cores

Unidad: miles de toneladas

Productos Petrolíferos	Consumos			Tasas Variación (%) Interanuales		
	Mayo 2024	Acumulado Anual	Año Móvil	Mayo 2024	Acumulado Anual	Año Móvil
Gasolinas Automoción	556	2.537	6.281	8,5%	9,4%	6,9%
Gasóleos Automoción	1.941	9.114	21.975	3,0%	3,7%	0,2%
Combustibles de Automoción	**2.497**	**11.651**	**28.256**	**4,2%**	**4,9%**	**1,6%**
GLP	168	987	2.157	0,4%	6,4%	4,6%
Gasolinas*	557	2.538	6.286	8,6%	9,4%	6,9%
Querosenos	647	2.772	6.959	14,2%	12,9%	12,0%
Gasóleos*	2.550	12.529	29.871	2,1%	2,8%	-3,0%
Fuelóleos	736	3.650	8.344	6,4%	9,2%	5,9%

* Productos de automoción incluidos en el grupo de productos correspondiente

Unidad: GWh

Gas natural	Consumos			Tasas Variación (%) Interanuales		
	Mayo 2024	Acumulado Anual	Año Móvil	Mayo 2024	Acumulado Anual	Año Móvil
Consumo convencional	17.085	102.353	218.092	0,8%	0,9%	7,9%
Generación eléctrica	4.289	25.270	87.427	-38,5%	-26,6%	-32,4%
GNL de consumo directo	896	4.350	9.949	13,2%	12,8%	14,3%
Total Gas natural	**22.270**	**131.972**	**315.469**	**-9,9%**	**-5,6%**	**-7,2%**

Fuente: Cores

El contenido de este informe está basado en datos provisionales disponibles a fecha de su emisión.

Actualizado el 01-07-2024

Importaciones de crudo por países

i_Cores

Mayo 2024

El crudo importado a España en mayo se sitúa en 5.922 kt, aumentando las importaciones de crudo interanualmente en el mes (+23,5%), en el acumulado anual (+12,0%) y en el año móvil (+3,3%).

Las importaciones de crudo a España aumentan en mayo (+23,5% vs. may-23)

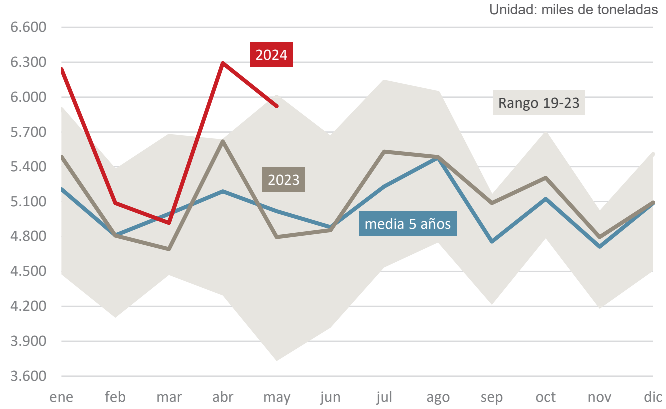
Este mes se importan 30 tipos de crudo originarios de 15 países.
Estados Unidos (1.177 kt; 19,9% del total) se sitúa como principal suministrador de crudo a España en mayo, con un aumento interanual del 81,6%. Le siguen Brasil (885 kt; 14,9% del total), que aumenta sus entregas un 233,5% vs. may-23, y Venezuela (632 kt; 10,7%), sin importaciones en may-23.

Las importaciones de crudo de los países miembros de la OPEP aumentan en el mes un 1,8% vs. may-23 y representan el 39,7% del total. Presentan descensos interanuales las entradas de crudo de todos los países miembros a excepción de Argelia (+86,1%), Irak (+49,9%) y Venezuela (sin importaciones en may-23). Las entradas de crudo de los países No-OPEP aumentan en el mes (+43,6% vs. may-23), y representan el 60,3% del total.

Por áreas geográficas, África (-3,8% vs. may-23) es la principal zona de abastecimiento en el mes (29,1% del total). Le siguen América del Norte (+5,1% vs. may-23; 27,4% del total), América Central y del Sur (+492,2%; 26,5%), Oriente Medio (+3,4%; 9,0%) y Europa y Euroasia (-30,9%; 7,9%).

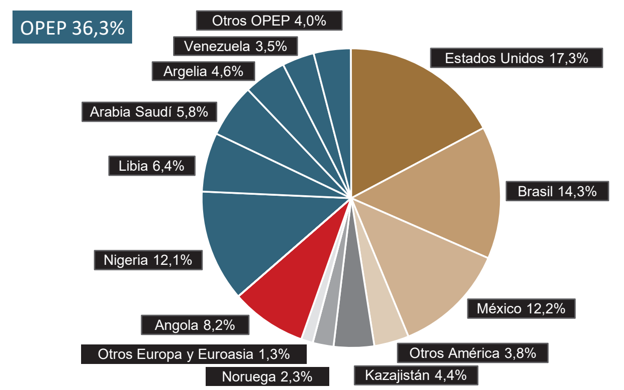
Importaciones mensuales de crudo últimos 5 años

Unidad: miles de toneladas



Fuente: Cores

Distribución importaciones de crudo Enero-Mayo 2024



Fuente: Cores

Unidad: miles de toneladas

	Mayo 2024			Acumulado anual		Año móvil		
	Importaciones	TV (%)*	Estructura (%)	Importaciones	TV (%)*	Importaciones	TV (%)*	Estructura (%)
Canadá	154	-44,8	2,6	597	-50,6	2.300	-22,9	3,6
Estados Unidos	1.177	81,6	19,9	4.919	71,3	10.757	73,5	16,6
México	294	-52,5	5,0	3.467	3,8	7.163	-1,0	11,1
Total América del Norte	**1.625**	**5,1**	**27,4**	**8.983**	**21,1**	**20.221**	**23,1**	**31,3**
Brasil	885	233,5	14,9	4.080	78,6	8.432	49,4	13,0
Colombia	-	-	-	-	-100,0	557	-56,1	0,9
Ecuador	-	-	-	-	-100,0	-	-100,0	-
Trinidad y Tobago	-	-	-	-	-100,0	51	-88,3	0,1
Venezuela	632	-	10,7	992	284,5	2.125	115,7	3,3
Otros América Central y del Sur	55	-	0,9	475	16,5	742	-32,8	1,1
Total América Central y del Sur	**1.572**	**492,2**	**26,5**	**5.547**	**46,5**	**11.906**	**24,2**	**18,4**
Albania	41	-1,1	0,7	100	-43,8	343	-28,9	0,5
Azerbaiyán	-	-100,0	-	-	-100,0	447	-82,0	0,7
Italia	-	-100,0	-	269	89,5	491	4,7	0,8
Kazajistán	184	-45,6	3,1	1.242	-22,5	2.725	-21,6	4,2
Noruega	242	157,8	4,1	642	-18,0	1.138	-18,4	1,8
Reino Unido	-	-	-	-	-100,0	93	-83,8	0,1
Total Europa y Euroasia	**467**	**-30,9**	**7,9**	**2.253**	**-43,6**	**5.236**	**-41,0**	**8,1**
Arabia Saudí	308	-15,8	5,2	1.647	-1,7	4.080	-9,1	6,3
Emiratos Árabes Unidos	-	-	-	-	-	-	-100,0	-
Irak	226	49,9	3,8	719	-43,6	2.555	-43,3	4,0
Total Oriente Medio	**533**	**3,4**	**9,0**	**2.365**	**-19,8**	**6.635**	**-28,7**	**10,3**
Angola	541	33,5	9,1	2.324	57,2	5.011	42,6	7,8
Argelia	237	86,1	4,0	1.308	7,7	2.546	-10,2	3,9
Egipto	-	-	-	-	-100,0	78	19,7	0,1
Gabón	-	-	-	130	-	263	-	0,4
Ghana	-	-	-	-	-	131	162,1	0,2
Guinea Ec.	-	-100,0	-	293	-20,7	706	-10,6	1,1
Libia	320	-1,4	5,4	1.821	11,8	4.537	7,2	7,0
Nigeria	627	-21,5	10,6	3.434	37,4	7.318	7,3	11,3
Túnez	-	-	-	-	-	23	-48,5	^
Total Africa	**1.725**	**-3,8**	**29,1**	**9.310**	**28,3**	**20.613**	**12,3**	**31,9**
Total	**5.922**	**23,5**	**100,0**	**28.459**	**12,0**	**64.612**	**3,3**	**100,0**
OPEP	**2.349**	**1,8**	**39,7**	**10.343**	**-0,5**	**26.818**	**-5,9**	**41,5**
No-OPEP	**3.573**	**43,6**	**60,3**	**18.115**	**20,7**	**37.794**	**11,0**	**58,5**
OCDE	**1.867**	**12,0**	**31,5**	**9.894**	**8,1**	**22.499**	**11,8**	**34,8**
No-OCDE	**4.055**	**29,6**	**68,5**	**18.565**	**14,2**	**42.113**	**-0,7**	**65,2**
UE	**-**	**-100,0**	**-**	**269**	**89,5**	**491**	**4,7**	**0,8**

* Tasa de variación con respecto al mismo periodo del año anterior.

- igual que 0,0 / ^ distinto de 0,0

Fuente: Cores

Actualizado el 03-07-2024

https://www.nhc.noaa.gov/aboutsshws.php

NATIONAL HURRICANE CENTER and
CENTRAL PACIFIC HURRICANE CENTER
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Saffir-Simpson Hurricane Wind Scale

The Saffir-Simpson Hurricane Wind Scale is a 1 to 5 rating based on a hurricane's sustained wind speed. This scale estimates potential property damage. Hurricanes reaching Category 3 and higher are considered major hurricanes because of their potential for significant loss of life and damage. Category 1 and 2 storms are still dangerous, however, and require preventative measures. In the western North Pacific, the term "super typhoon" is used for tropical cyclones with sustained winds exceeding 150 mph.

Category	Sustained Winds	Types of Damage Due to Hurricane Winds
1	74-95 mph 64-82 kt 119-153 km/h	**Very dangerous winds will produce some damage:** Well-constructed frame homes could have damage to roof, shingles, vinyl siding and gutters. Large branches of trees will snap and shallowly rooted trees may be toppled. Extensive damage to power lines and poles likely will result in power outages that could last a few to several days.
2	96-110 mph 83-95 kt 154-177 km/h	**Extremely dangerous winds will cause extensive damage:** Well-constructed frame homes could sustain major roof and siding damage. Many shallowly rooted trees will be snapped or uprooted and block numerous roads. Near-total power loss is expected with outages that could last from several days to weeks.
3 (major)	111-129 mph 96-112 kt 178-208 km/h	**Devastating damage will occur:** Well-built framed homes may incur major damage or removal of roof decking and gable ends. Many trees will be snapped or uprooted, blocking numerous roads. Electricity and water will be unavailable for several days to weeks after the storm passes.
4 (major)	130-156 mph 113-136 kt 209-251 km/h	**Catastrophic damage will occur:** Well-built framed homes can sustain severe damage with loss of most of the roof structure and/or some exterior walls. Most trees will be snapped or uprooted and power poles downed. Fallen trees and power poles will isolate residential areas. Power outages will last weeks to possibly months. Most of the area will be uninhabitable for weeks or months.
5 (major)	157 mph or higher 137 kt or higher 252 km/h or higher	**Catastrophic damage will occur:** A high percentage of framed homes will be destroyed, with total roof failure and wall collapse. Fallen trees and power poles will isolate residential areas. Power outages will last for weeks to possibly months. Most of the area will be uninhabitable for weeks or months.

https://tipro.org/news/tipro-reports-new-oil-and-natural-gas-employment-and-production-data/

TIPRO REPORTS NEW OIL AND NATURAL GAS EMPLOYMENT AND PRODUCTION DATA

JUNE 21, 2024

Austin, Texas – Citing the latest Current Employment Statistics (CES) report from the U.S. Bureau of Labor Statistics (BLS), the Texas Independent Producers and Royalty Owners Association (TIPRO) today highlighted new employment figures showing a decline in upstream employment for the month of May 2024. According to TIPRO's analysis, direct Texas upstream employment for May totaled 191,400, representing a decrease of 2,000 jobs from April employment numbers. Oil and gas extraction jobs in Texas increased by 400 last month, while support activities fell by 2,400.

Though overall employment for the state's upstream sector was down in the month of May, TIPRO's new workforce data yet again indicated strong job postings for the Texas oil and natural gas industry. According to the association, there were 11,015 active unique jobs postings for the Texas oil and natural gas industry last month, including 4,170 new job postings added during the month by companies. In comparison, the state of California had 3,833 unique job postings last month, followed by Florida (1,973), New York (1,672), Louisiana (1,435) and Pennsylvania (1,335). TIPRO reported a total of 52,329 unique job postings nationwide last month within the oil and natural gas sector.

Among the 19 specific industry sectors TIPRO uses to define the Texas oil and natural gas industry, Gasoline Stations with Convenience Stores led in the ranking for unique job listings in May with 2,529 postings, followed by Support Activities for Oil and Gas Operations (2,459) and Crude Petroleum Extraction (934). The leading three cities by total unique oil and natural gas job postings were Houston (3,398), Midland (763) and Odessa (476), said TIPRO.

The top three companies ranked by unique job postings in May were Cefco (1,224), Baker Hughes (604), and Love's (411), according to the association. Of the top ten companies listed by unique job postings last month, five companies were in the services sector, followed by two in the gasoline stations with convenience stores category, two midstream companies and one upstream company. Top posted industry occupations for May included first-line supervisors of retail sales workers (629), heavy tractor-trailer truck drivers (367), and retail salespersons (349). The top posted job titles for May included store managers (240), customer service representatives (227) and maintenance people (143).

Top qualifications for unique job postings included valid driver's license (1,726), CDL Class A License (239) and commercial driver's license (CDL) (206). TIPRO reports that 40 percent of unique job postings had no education requirement listed, 34 percent required a bachelor's degree and 28 percent required a high school diploma or GED. There were 2,065 advertised salary observations (19 percent of the 11,015 matching postings) with a median salary of $62,300. The highest percentage of advertised salaries (31 percent) were in the $90,000 to $500,000 range.

Additional TIPRO workforce trends data:

- – A sample of 500 industry job postings in Texas for May 2024 can be viewed here.
- – The top three posting sources in May included www.indeed.com (5,210), www.simplyhired.com (3,153) and www.dejobs.org (1,384).

TIPRO also highlights recent data released from the Texas comptroller's office showing significant tax contributions provided by the Texas oil and natural gas industry during the month of May. Texas energy producers last month paid $556 million in oil production taxes, up from the prior month and 12 percent higher than amounts paid a year ago in May 2023. Producers in May also contributed an additional $180 million in revenue from natural gas production taxes. Revenue collected from oil and natural gas severance taxes is used help to support and pay for important public services across the Lone Star State, including road and infrastructure investments, water conservation projects, schools and education, first responders and more.

Additionally, TIPRO notes new projections for oil and natural gas production in the Permian Basin and Eagle Ford Shale. New data recently released by the U.S. Energy Information Administration (EIA) forecasts crude oil production in the Permian Basin to average about 6.3 million barrels per day (b/d) in 2024, an increase of nearly 8 percent from 2023, then surge to 6.8 million b/d in 2025. The Permian Basin, mostly located in Texas, accounts for nearly half of U.S. crude oil production, and in its June *Short-Term Energy Outlook* (STEO), the EIA said that higher production in the Permian and other drilling regions will drive U.S. oil production to achieve successive records in 2024 and 2025. Figures published June 11th by the EIA also show oil production in the Eagle Ford will hover near 1.08 million b/d this year, then grow further in 2025. Meanwhile, market conditions and lower commodity prices will continue to impact drilling and production of natural gas, though natural gas output is forecasted to increase in the Permian and Eagle Ford regions this year, said the EIA, while declining in the other major producing regions.

Also this week, Texans for Natural Gas (TNG), an educational campaign managed by TIPRO, released a new report titled "Texas Grid Security: Natural Gas Critical for Reliability With Increasing Electricity Demand." The report highlights the vital role natural gas will play in supporting the state's growing need for reliable and affordable power.

"Aside from the immense economic contributions provided by our industry, the role of natural gas in meeting growing electricity demand in our state has never been more critical," said Ed Longanecker, president of TIPRO. "Natural gas will continue to play a dominant role in providing a reliable baseload supply for decades to come. Further investment in domestic production, infrastructure and natural gas power generation will be essential to meet this demand," added Longanecker.

Regional Analysis Brief: East China Sea

Last Updated: July 1, 2024
Next Update: July 2026

Independent Statistics and Analysis
U.S. Energy Information Administration

www.eia.gov
U.S. Department of Energy
Washington, DC 20585

Overview

The East China Sea is a semi-closed sea bordered by the Yellow Sea to the north, the South China Sea and Taiwan to the south, Japan's Ryukyu and Kyushu islands to the east, and the Chinese mainland to the west. It has a total area of approximately 290,000 square miles, consisting of mostly shallow waters; three-fourths of the sea is less than 500 feet deep. In the Okinawa Trough, the depths exceed 6,500 feet.[1]

Along the southern edge of the East China Sea and northeast of Taiwan are the disputed Senkaku islands. Although barren, the islands are important for strategic and political reasons because sovereignty over land is the basis for claims to the surrounding sea and its resources under the United Nations Convention on the Law of the Sea. China, Taiwan, and Japan all claim sovereignty over the islands, which are under Japanese administration, preventing wide-scale exploration and development of oil and natural gas in the East China Sea.[2]

Approximately 35% of global petroleum and petroleum product shipments traveled through the East China Sea in 2023. Over 95% of those shipments were destined for the Asia Pacific region, and the top three destinations were China, South Korea, and Japan.[3]

In 2023, China was the top importer of liquefied natural gas (LNG) and oil in the world.[4] China was the world's top energy producer and consumer in 2022. We expect China's oil and natural gas consumption to continue growing through 2035.[5]

South Korea was the third-highest importer of both LNG and oil in 2023. Since 2018, LNG imports have fluctuated between 1.9 trillion cubic feet (Tcf) and 2.2 Tcf, and oil imports have varied between 2.6 barrels per day (b/d) and 2.9 million b/d.[6]

Japan's LNG imports have been declining since 2018, and the electric power sector is the main driver of this decline. Japan, displaced by China as the top importer of LNG, was the second-highest LNG importer in 2023.[7] Japan was the fourth-highest crude oil importer behind China, India, and South Korea in 2023.[8]

China, Japan, and South Korea are interested in extracting hydrocarbon resources from the East China Sea to help meet domestic demand. However, the unresolved territorial and maritime claims have hindered exploration and production projects in the sea.

Map 1. East China Sea

Data source: U.S. Energy Information Administration, Marine Regions, and World Bank

Reserves and Resources

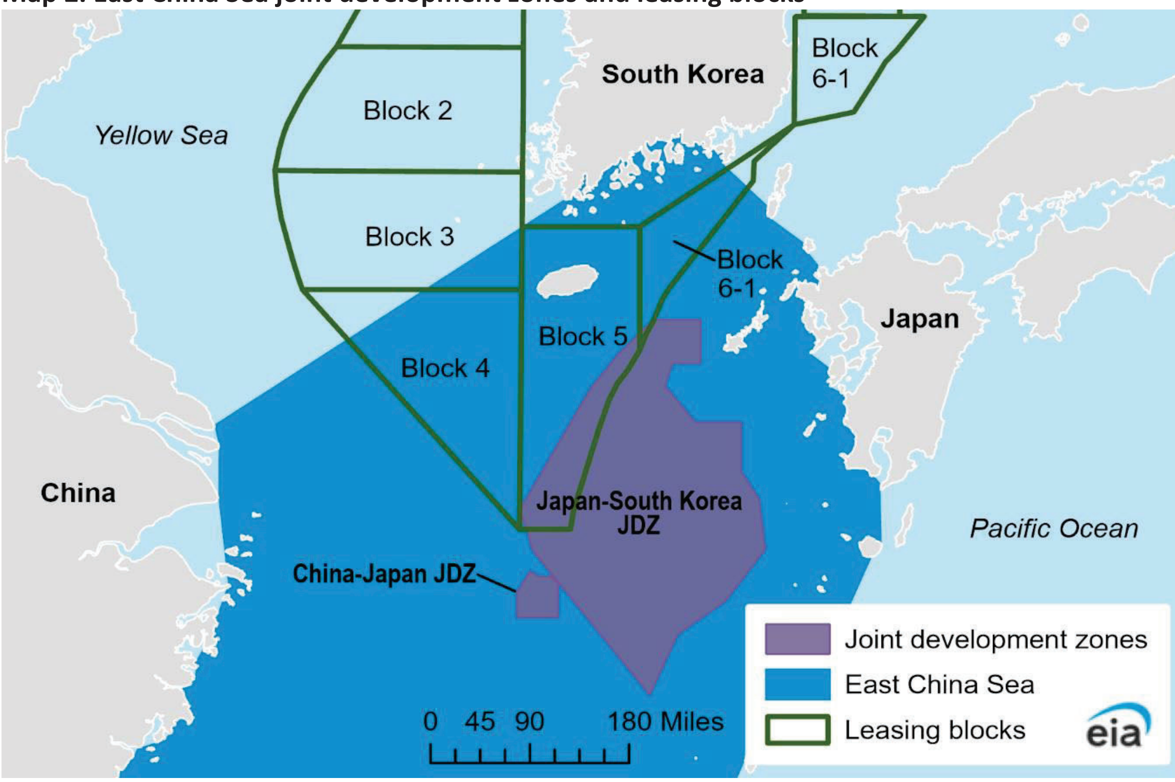
In the East China Sea, similar to the South China Sea, territorial disputes make it difficult to assess reserves and parts of the sea remain underexplored. Approximately 22 million barrels (b) of petroleum and other liquids and 482 billion cubic feet (Bcf) of natural gas in proved and probable reserves are in the East China Sea, according to Rystad.[9]

In 2020, the U.S. Geological Survey (USGS) analyzed the potential for undiscovered conventional oil and natural gas fields as part of its National and Global Petroleum Assessment project. It estimated the East China Sea has potentially 1 to 160 oil fields, which may contain resources of anywhere between 310 million and 1.7 billion barrels of petroleum liquids. It also estimated the sea has potentially 1 to 10 natural gas fields, which may contain resources of between 1.3 Tcf and 7.3 Tcf of natural gas.[10] There are indications that the East China Sea also has gas hydrates, particularly around the Okinawa trough, which are unconventional gas resources.[11]

Exploration and Production

South Korea and Japan agreed on a joint development zone (JDZ) in 1974. It went into effect in 1978 and was to be maintained for 50-years. Because the agreement requires all projects to be joint ventures, exploration of the area has been slow compared with other blocks. In 2020, the Korean National Oil Corporation (KNOC) received exploration licenses for areas within the JDZ but is waiting on a Japanese company to be licensed before it can begin.

Map 2. East China Sea joint development zones and leasing blocks



Data source: U.S. Energy Information Administration, Marine Regions, and World Bank
Note: JDZ=joint development zone

The Jeju Basin, which encompasses most of South Korea and Japan's JDZ and its surrounding area, has potential oil and natural gas reserves in the East China Sea. KNOC received licenses for blocks 4 and 5 to evaluate the Jeju Basin's potential for hydrocarbons that includes the JDZ zone.[12] All blocks either have portions that run outside the East China Sea or overlap their joint development zone (JDZ) with Japan. Western companies started exploring blocks 4, 5, and 6-2 in the 1970s and discovered three oil and natural gas shows, which are wells that show indications of oil and/or natural gas while drilling.[13]

Japan established diplomatic relations with China in 1978. The two countries agreed to temporarily set aside their disputes over the Senkaku Islands. The China National Offshore Oil Corporation (CNOOC) and Japan's Teikoko Oil Company were picked to negotiate the potential joint projects in the East China Sea in 1985, but no projects have materialized.[14]

China began exploration activities in the East China Sea in the 1980s, discovering the Pinghu oil and natural gas field in 1983. The Pinghu field became fully operational in 1998. China was also successful in drilling in the East China Sea's Chunxiao area, starting in 1995. Despite Japan's protests, the Chunxiao project went into production in 2005.[15]

CNOOC stated it had 12.3 million barrels of proved reserves of petroleum and other liquids and 1.2 Tcf of proved natural gas reserves in the East China Sea at the end of 2023.[16]

CNOOC produced about 5,200 b/d of petroleum and other liquids and 58 billion cubic feet (Bcf) of natural gas from the East Cina Sea in 2023, according to CNOOC. Although production of petroleum and other liquids in the sea decreased 12% from the previous year, 2023's natural gas production increased over 90% from 2022.[17]

Territorial Claims

The Senkaku Islands, which China calls the Diaoyu Islands, consist of five uninhabited islets (small islands)—Uotsuri Island, Kitakojima Island, Minamikojima Island, Kuba Island, Taisho Islan— and three barren rocks—Okinokitaiwa, Okinominamiiwa, and Tobise. Uotsuri, the largest island, covers only 1.4 square miles. The islands sit approximately 120 nautical miles southwest of Okinawa, Japan, and are situated on a continental shelf. The Okinawa trough to the south separates them from the nearby Ryukyu Islands.

Japan assumed control of Taiwan and the Senkaku Islands in 1895. After World War II, the United States administered the islands as the result of the 1951 Treaty of Peace with Japan. The islands generated little attention during this time, and U.S. oil companies conducted only minimal exploration in the area. In 1969, a report by the United Nations Committee for Coordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas (CCOP) indicated potential hydrocarbon deposits in the waters around the Senkaku Islands, reigniting interest in the area. The United States and Japan signed the Okinawa Reversion Agreement in 1971, which returned the Senkaku Islands and Okinawa to Japanese administration. China and Taiwan both protested treaty.[18]

The Japanese government began to lease the islands from their private Japanese owners in 2002, sparking protest from China. The Japanese government officially announced a deal to purchase the islands in September 2012, prompting a wave of protests throughout China.[19]

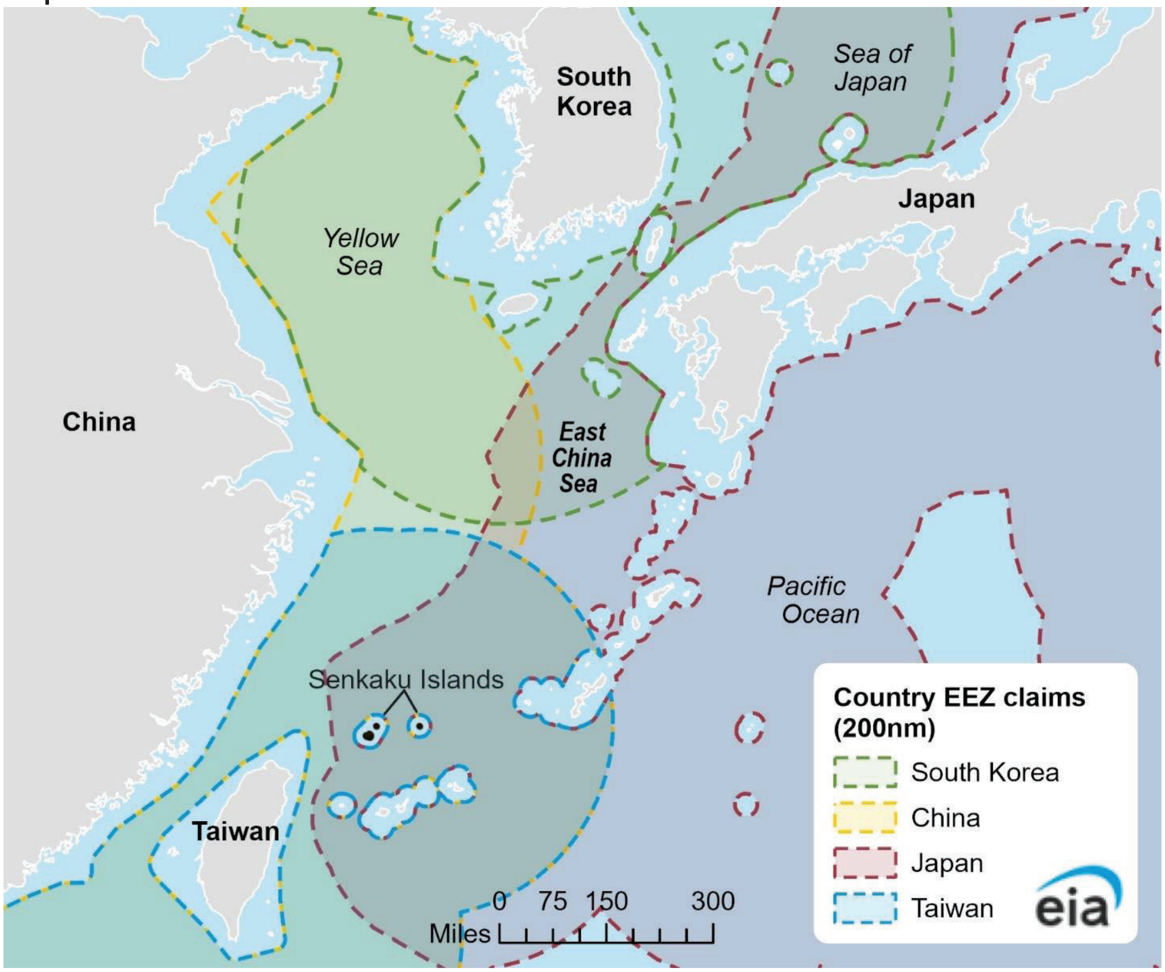
Under Article 121 (3) of the Law of the Sea Convention, "Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone [EEZ] or continental shelf." Japan has claimed that the disputed islands are not "rocks" in this sense and so generate an EEZ and continental shelf.

Disputed Maritime Boundaries

In the East China Sea, the EEZs of China, South Korea, and Japan overlap. South Korea and China define their boundaries based on the natural extension of the continental shelf, which extends beyond 200 nautical miles of South Korea's and China's territorial sea. Both countries have made submissions to the Commission on the Limits of the Continental Shelf.

Japan uses a different approach than China to define its EEZ. Because the sea between the two countries is only 360 nautical miles, Japan applies a median line (a line drawn equidistant between both countries' uncontested EEZs) to determine its boundary.

Map 3. Estimate East China Sea exclusive economic zones



Data source: U.S. Energy Information Administration, Marine Regions, and World Bank
Note: The zones are meant as an estimation to show potential overlapping and are not authoritative.

Regional Conflicts and Mediation Efforts—Timeline

- 1995—Chinese companies discovered the Chunxiao oil and natural gas field near the Okinawa trough on China's side of the EEZ based on Japan's median line claim. Japan claims China shouldn't develop the field due to its location.[20]
- 2003—Japan leases three of the Senkaku Islands from their private owner. China and Taiwan protest the move by stating the contract is invalid. [21]
- 2005—China's Chunxiao project starts production despite protests from Japan. [22]
- 2008—China and Japan approve a Joint Development Agreement in the East China Sea after years of maritime disputes in the area. The agreement includes the exploration of four fields in disputed waters.[23]

- 2009—China decides to unilaterally develop the Tianwaitian natural gas field in the East China Sea. Japan protests the development by stating the field is near a disputed area of the East China Sea and should be under negotiation.[24]
- 2010—Chinese vessels collide with a Japanese Coast Guard vessel by the Senkaku Islands. Japan arrests the crew of the fishing vessels, causing China to protest the arrests, initiate an unofficial embargo on rare earth minerals, and arrest four Japanese businessmen.[25]
- 2012—Japan purchases the Senkaku Islands from a private landowner causing widespread protests in China in over 85 cities.
- 2012—China announces territorial baselines around the Senkaku Islands and declares itself administrator of the islands in response to Japan purchasing them.[26]
- 2013—China creates the East China Sea Air Defense Identification Zone, which requires non-commercial aircraft to submit flight plans before entering the area that encompasses much of the East China Sea and the Senkaku Islands.[27]
- 2014—China and Japan reached a four-point agreement to improve diplomatic relations. Part of the agreement established a crisis management mechanism to prevent conflict and conflict escalation in the East China Sea.[28]
- 2018—A Panamanian-flagged tanker (Iranian-owned) carrying one million barrels of condensate collided with a Hong Kong flagged ship carrying grain 160 nautical miles from Shanghai in the East China Sea. The tanker exploded, killing all 32 crew members and creating the largest condensate spill on record.[29]
- 2018—China and Japan created a hotline, as part of the Maritime and Aerial Communication Mechanism (MACM), to prevent accidents in the sea and air and agreed to hold regular meetings to maintain communications.[30]
- 2023—Chinese Coast Guard vessels entering into the contiguous waters around the Senkaku Islands, which Japan has territorial sovereignty over, is the highest on record (1,127 vessels), according to Japan's Ministry of Foreign Affairs. This record includes a continuous 134-day presence.[31]

Global Trade

In 2023, 76 million b/d of petroleum and petroleum product was shipped globally via maritime transport. Approximately 27 million b/d (35%) of those shipments traversed the East China Sea. Most of the maritime trade through the East China Sea passes through the South China Sea and Sea of Japan.[32]

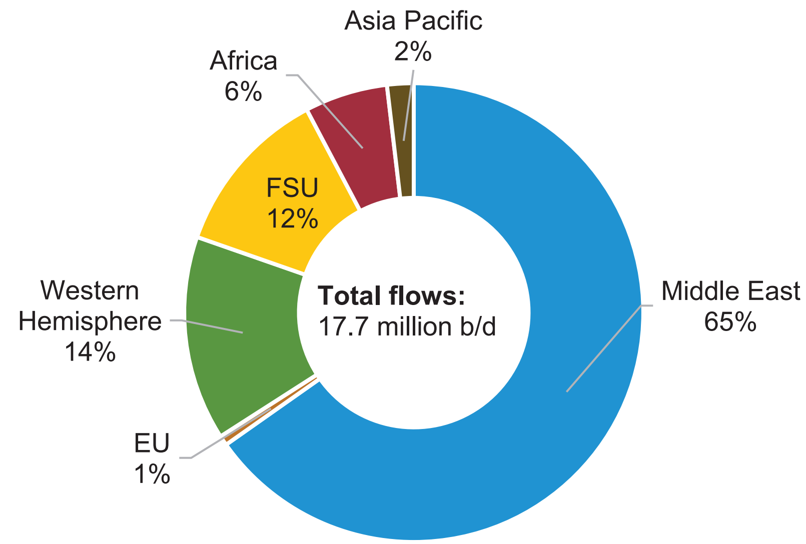
Over 95% of the petroleum and petroleum product shipments that go through the East China Sea are destined for the Asia Pacific region. The top three destinations are China (53%, 14.2 million b/d), South Korea (19%, 5.1 million b/d), and Japan (13%, 3.5 million b/d). The United States (1%, 0.4 million b/d) is the only country outside of the region that falls within the top 10 destinations.[33]

Crude oil and condensate trade

Approximately 17.7 million b/d of crude oil and condensate passed through the East China Sea in 2023, which was 43% of global oil maritime shipments. Most of these shipments went to China (61%), followed by South Korea (19%) and Japan (16%). China was the top importer of oil globally in 2023. South Korea and Japan, both lacking in petroleum resources, were the world's fourth and fifth highest importers.[34]

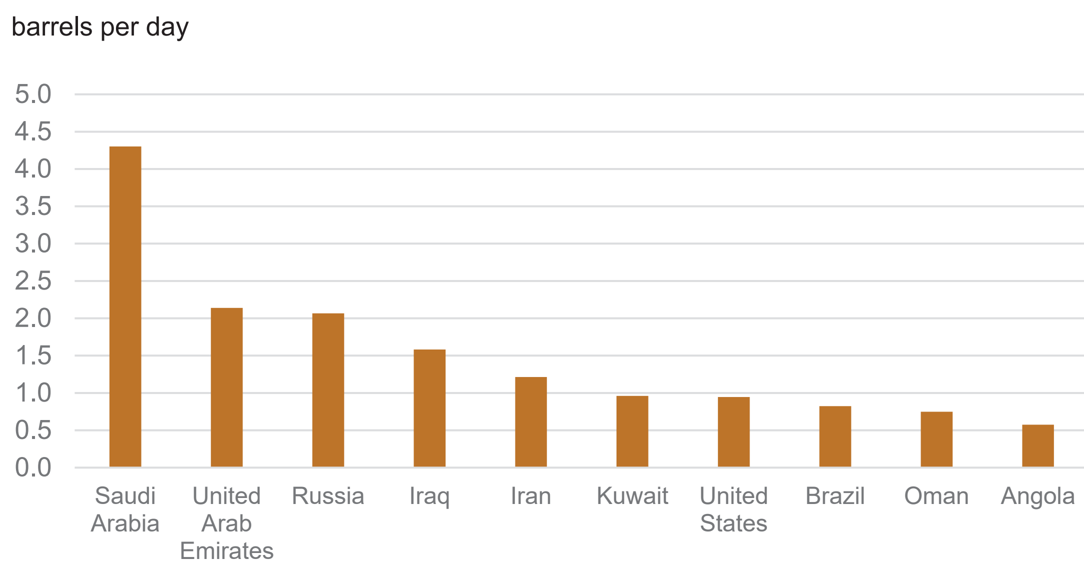
Most of the crude oil and condensate shipments that passed through the East China Sea in 2023 originated in the Middle East (65%) (Figure 1). Saudi Arabia (24%) was the top source of crude oil and condensate exports, followed by the United Arab Emirates (12%), Russia (11%), Iraq (9%), and Iran (7%). The United States (5%), Brazil (5%), and Angola (3%) were only countries not in the Middle East in the top 10 sources (Figure 2).[35]

Figure 1. Share of crude oil and condensate flows in the East China Sea by origin region, 2023



Data source: Vortexa
Note: EU=European Union, FSU=Former Soviet Union, b/d=barrels per day

Figure 2. Top 10 origins of crude oil and condensate in the East China Sea, 2023



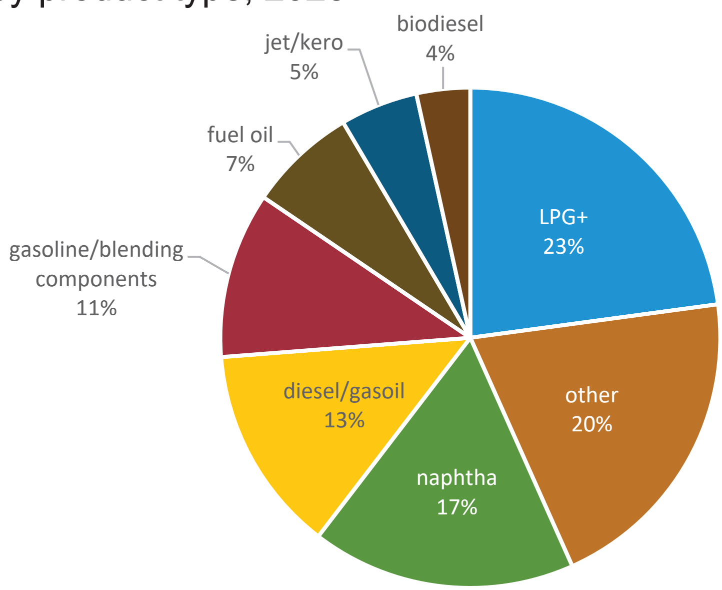
Data source: Vortexa

Petroleum product trade

In 2023, close to 9 million b/d of petroleum products, nearly one-third of global petroleum products trade, went through the East China Sea. China (38%), South Korea (19%), Japan (8%), and Singapore (6%) were the top importers of petroleum products that went through the East China Sea.[36]

Liquefied petroleum gas (LPG) represents 23% of the petroleum products that went through the East China Sea in 2023, followed by naphtha (17%), diesel (13%), and gasoline (11%) (Figure 3). China was the top importer of LPG globally in 2023 (1.4 million b/d), mainly because of its petrochemical sector and growing propane dehydrogenation capacity.[37] Japan (0.4 million b/d) and South Korea (0.3 million b/d) were the third- and fourth-highest importers, respectively. South Korea (first), Japan (second), and China (fourth) were also in the top five importers of naphtha.[38]

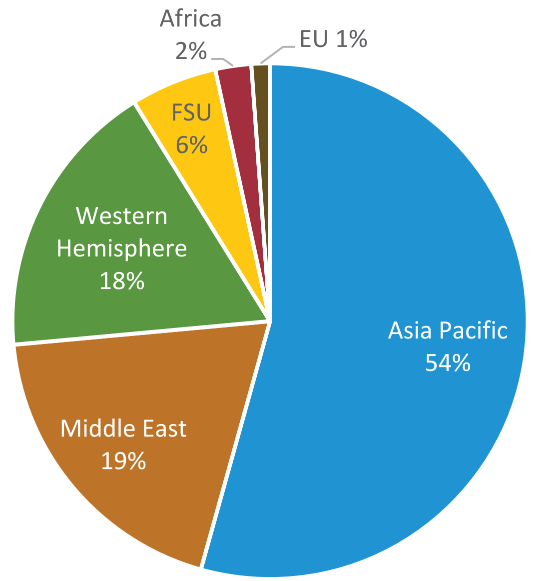
Figure 3. Share of petroluem product flows in the East China Sea by product type, 2023



Data source: Vortexa

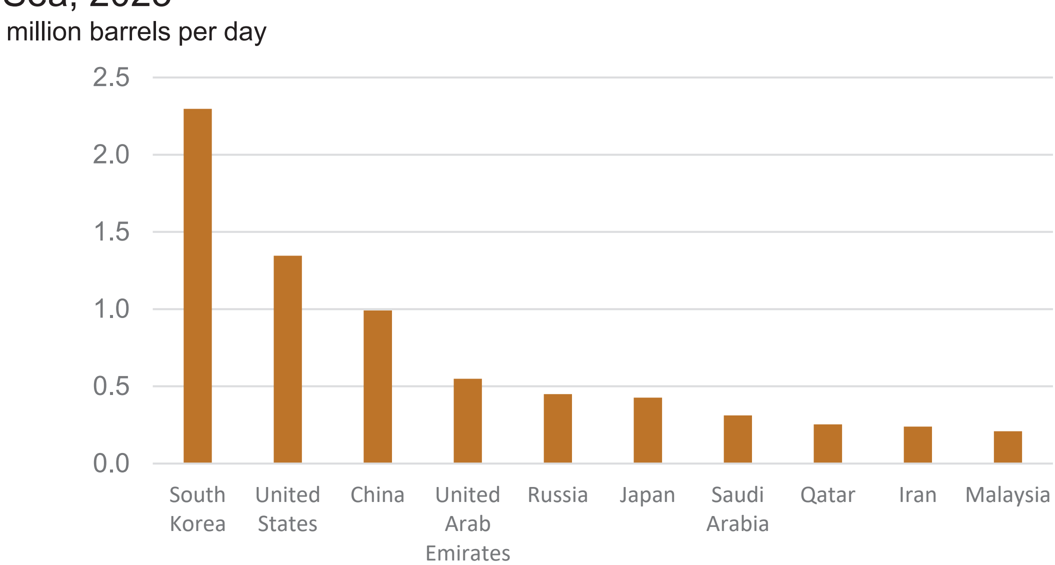
The Asia Pacific region was responsible for 54% of petroleum product maritime shipments in the East China Sea in 2023 (Figure 4). Although the western hemisphere produced 18% of the petroleum products that passed through the East China Sea, the United States (1.3 million b/d) was responsible for most of those petroleum products (Figure 5)[39] in 2023.[40]

Figure 4. Share of petroleum product flows in the East China Sea by origin region, 2023



Data source: Vortexa
Note: EU=European Union, FSU=Former Soviet Union

Figure 5. Top 10 orgins of petroleum product in the East China Sea, 2023



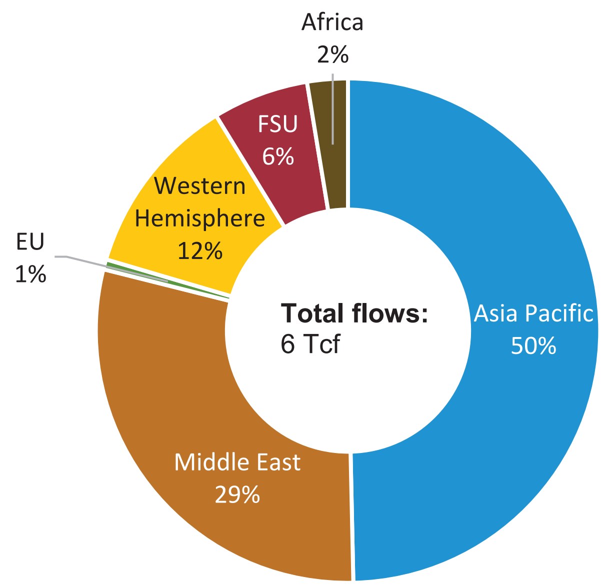
Data source: Vortexa

Liquefied natural gas trade

In 2023, 6.0 Tcf of LNG passed through the East China Sea, which was over 31% of global LNG trade. China was the destination for most of the LNG (2.3 Tcf) that went through the East China Sea, followed closely by South Korea (2.1 Tcf) and Japan (1.2 Tcf). China, Japan, and South Korea were also the three top importers of LNG in the world in 2023.[41]

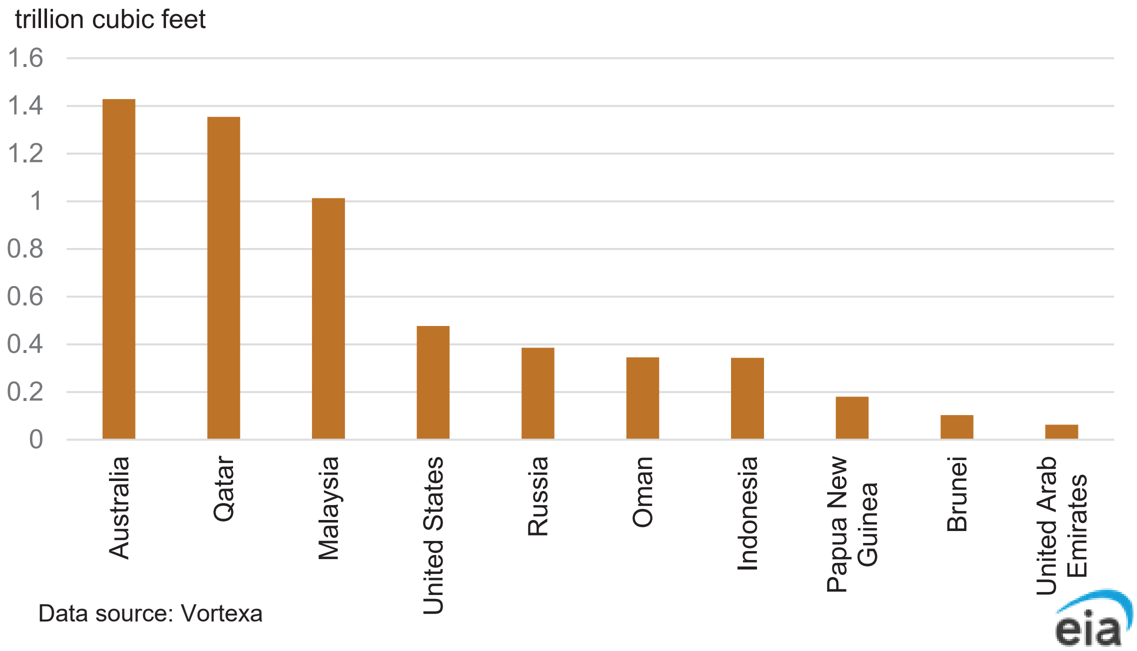
The Asia Pacific region and Middle East were responsible for 79% of LNG exports that went through the South China Sea in 2023 (Figure 6). Australia, Qatar, and Malaysia were the sources for 64% of LNG that entered the East China Sea (Figure 7). Australia (second), Qatar (third), and Malaysia (fifth) are in the top five highest exporters of LNG in the world.[42]

Figure 6. Share of LNG flows in the East China Sea by region, 2023



Data source: Vortexa
Note: FSU=Former Soviet Union, EU=European Union, Tcf=trillion cubic feet

Figure 7. Top 10 origings of LNG flows in the East China Sea, 2023



Data source: Vortexa

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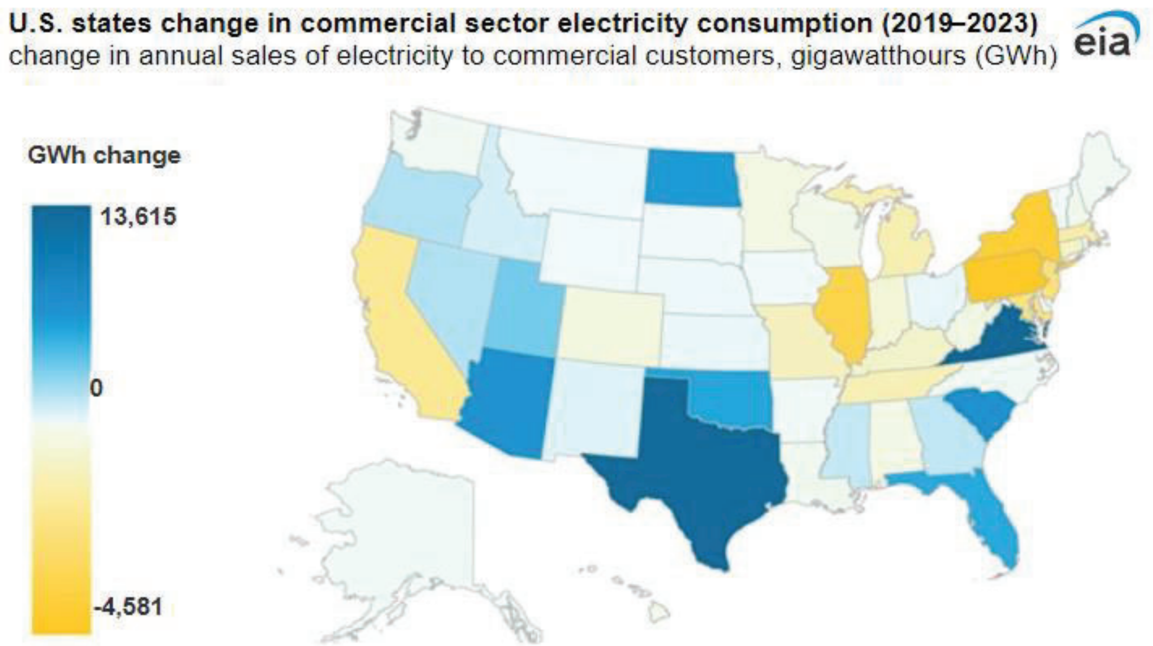
JUNE 28, 2024

Commercial electricity demand grew fastest in states with rapid computing facility growth



Data source: U.S. Energy Information Administration, *Electricity Data Browser*

Consumption of electricity in the U.S. commercial sector has recovered from pandemic levels, with annual U.S. sales of electricity to commercial customers in 2023 totaling 14 billion kilowatthours (BkWh), or 1%, more than in 2019. However, the growth in commercial demand for electricity is concentrated in a handful of states experiencing rapid development of large-scale computing facilities such as data centers. Electricity demand has grown the most in Virginia, which added 14 BkWh, and Texas, which added 13 BkWh. Based on our expectation that regional electricity demand will grow, we revised our forecasts upward for commercial electricity demand through 2025 in our June *Short-Term Energy Outlook* (STEO).

Commercial electricity demand in the 10 states with the most electricity demand growth increased by a combined 42 BkWh between 2019 and 2023, representing growth of 10% in those states over that four-year period. By contrast, demand in the forty other states decreased by 28 BkWh over the same period, a 3% decline. Although growth in the top 10 states has been fairly consistent over time, commercial electricity consumption declined between 2022 and 2023 in a few because of mild summer weather.

Electricity demand has grown the most in Virginia, largely driven by Dominion Energy Virginia, the main electricity utility in the state. Virginia has become a major hub for data centers, with 94 new facilities connected since 2019 given the access to a densely packed fiber backbone and to four subsea fiber cables.

Data source: U.S. Energy Information Administration, *Electricity Data Browser*

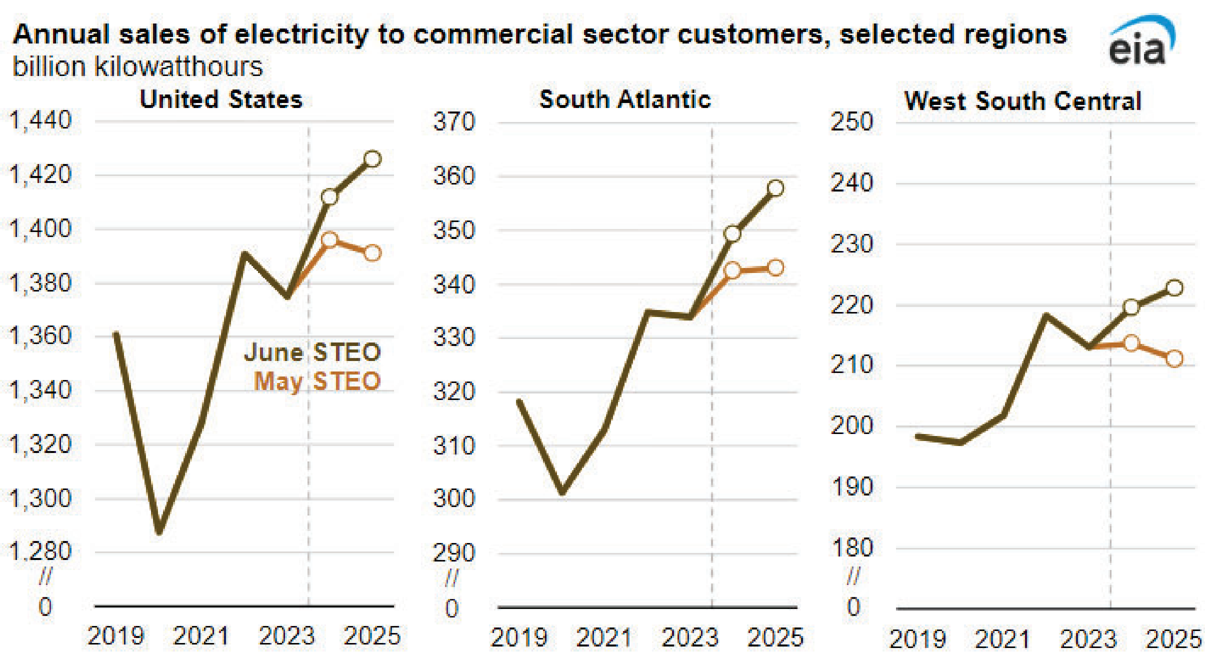
Electricity demand also grew substantially in Texas, where relatively low costs for electricity and land have attracted a high concentration of data centers and cryptocurrency mining operations. North Dakota stands out with the fastest relative growth at 37% (up 2.6 BkWh) between 2019 and 2023, attributed to the establishment of large computing facilities in the state. In addition, western states such as Arizona and Utah have shown robust growth in commercial electricity demand, further contributing to the overall increase in the top 10 states.

In contrast, demand for electricity by the commercial sector in some large states such as New York, Illinois, and California has been flat or has declined compared with 2019.

We provide monthly forecasts of retail sales of electricity by sector for the nine census divisions in our *Short-Term Energy Outlook*. After reviewing information and projections from utilities and grid operators in the areas of the country with rapid data center development, we revised our forecasts upward for commercial electricity demand through 2025.

We made our largest revisions to the forecast in the South Atlantic and West South Central census divisions, which together account for 40% of U.S. commercial electricity demand. We now expect that commercial consumption in the South Atlantic will increase by 5% in 2024 and 2% in 2025 and in West South Central by 3% this year and 1% next year. Other regions with strong growth in sales of electricity to the commercial sector include the West North Central and Mountain census divisions (both with forecast annual growth averaging 3% in 2024 and 2025).

Nationally, we expect U.S. sales of electricity to the commercial sector will grow by 3% in 2024 and by 1% in 2025. Data center developments are evolving rapidly, and we plan to re-evaluate our upcoming forecasts as we receive more information.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* https://www.ft.com/content/052fc091-3720-4d8d-9493-2a16d100220c?s=09

‘We don’t see a pathway’ to coal phaseout, says US utility

FirstEnergy withdrew its 2030 target to exit coal earlier this year, citing increasing power demand driven by artificial intelligence © Getty Images

Amanda Chu 5 HOURS AGO

Good morning and welcome back to Energy Source, coming to you from New York.

While the US is off celebrating independence from Britain, our colleagues across the pond are covering the general election, where Labour is set for a landslide victory. The party has put energy at the centre of its campaign, pledging to cut carbon emissions from electricity generation to net zero by 2030 and create a state-owned energy company.

In today’s Energy Source, we sit down with the chief executive of FirstEnergy. The US investor-owned utility sees no pathway to phase out coal amid growing demand for more around-the-clock power fuelled by data centres for artificial intelligence and new manufacturing.

Our second item dives into a new report from the Clean Air Task Force that casts doubt on green hydrogen’s ability to decarbonise the power sector. Data Drill looks at how the global liquefied natural gas market is set for a glut.

Thanks for reading,

Amanda

‘We’re just honest’: FirstEnergy CEO on coal plant retirement delays

Fast-growing power demand driven by artificial intelligence and the deterioration of the US grid are narrowing the pathway for decarbonisation, warns FirstEnergy, one of the largest US investor-owned utilities.

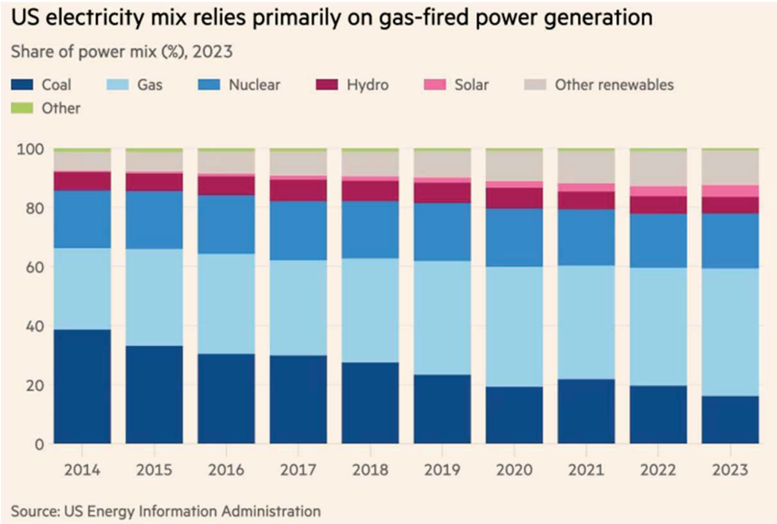
“When we were looking at emissions reduction, it was based on running our coal-fired power plants less at the end of the decade,” Brian Tierney, chief executive of FirstEnergy, told Energy Source. “We don’t see a pathway for that now.”

The Ohio-based utility withdrew its 2030 target to exit coal earlier this year, keeping its two West Virginia plants running until 2035 and 2040, citing increasing power demand, reduced generation capacity and state politics.

“The things that are bumping up against each other are people’s growing demand and desire for reliability, what’s affordable for most customers, and then what’s sustainable. It’s easier to make two of those three things congruent with one another. It’s harder to get all three solved at the same time,” Tierney said.

“That’s why we had to withdraw our interim goal. Some people think we were bad people for doing that. I think . . . we’re just honest,” he added.

The comments from FirstEnergy come amid a series of retirement delays for coal plants as the scramble to meet soaring power demand from data centres for AI puts decarbonisation plans on the backburner. On Monday, Google reported its emissions jumped nearly 50 per cent over the past five years due to data centre expansion, putting its 2030 net zero target in doubt.



FirstEnergy serves five states in the mid-Atlantic and is part of the PJM Interconnection, a power market that includes northern Virginia, the world's largest data centre hub. Electricity demand in the PJM region is one of the fastest-growing in the country, with the operator this year more than tripling its growth forecast for the next decade.

Natural gas made up 43 per cent of US power generation last year, while wind and solar contributed 14 per cent, according to the Energy Information Administration. Coal-fired generation, which makes up 16 per cent of the electricity mix, has declined rapidly over the past decade as plants were retired and gas became the more competitive option.

The Biden administration has set a target of creating a carbon-free power sector by 2035. The 2040 retirement date from FirstEnergy runs against new rules from the US Environmental Protection Agency, which require coal plants to be retired by 2039 or install expensive carbon capture systems. The rule has been challenged by multiple Republican attorneys-general, utilities and trade groups who argue the technology to capture emissions is premature and will raise prices for consumers.

Report casts doubt on clean hydrogen's role in power sector

Clean hydrogen faces "limited prospects" in its ability to decarbonise the grid and could exacerbate the struggle to meet growing power demand, warns the Clean Air Task Force in a new report shared exclusively with Energy Source.

The environmental non-profit found that while burning clean hydrogen in power plants is technically feasible, it is highly inefficient and is double the cost of other low-carbon alternatives for around-the-clock power.

The report's authors looked at the cost of production for blue hydrogen, produced using gas and capturing its emissions, and green hydrogen, which splits water using electricity. CATF estimates that green hydrogen burns three times more power than it returns to the grid, draining the already limited pool of low-carbon sources needed by everyday consumers of energy. Blue hydrogen, meanwhile, has a highly variable emissions profile.

"[Green hydrogen] generally increases overall electricity demand and cannibalises clean electricity that could be used for another application," said Kasparas Spokas, who co-authored the report with Ghassan Wakim. "People need to be cautious about this strategy to decarbonise the power sector."

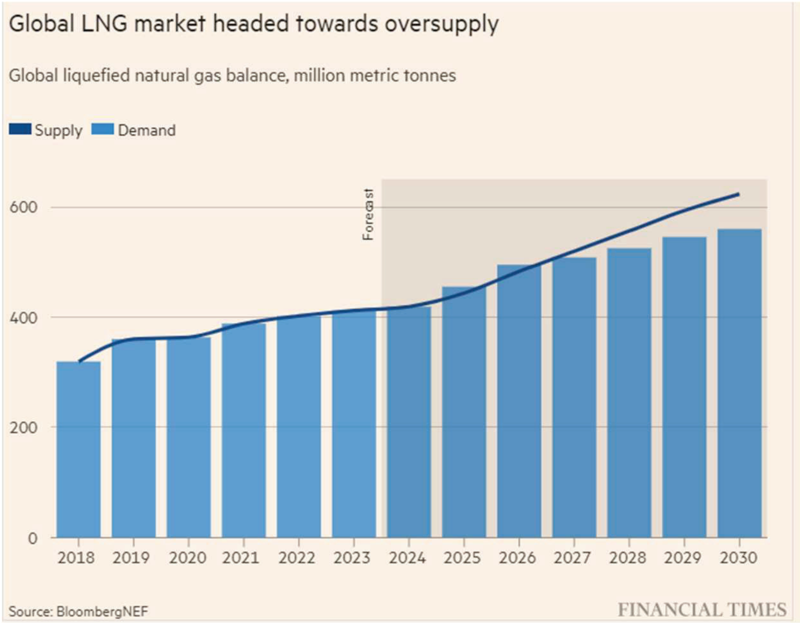
The report comes as the hype surrounding clean hydrogen simmers down as projects struggle to secure financing due to languishing demand and uncertain regulations. BloombergNEF, for example, estimates only 6 per cent of US clean hydrogen projects have secured binding supply agreements.

Data Drill

The global liquefied natural gas market is heading towards oversupply, says BloombergNEF in a new outlook released on Tuesday.

The research firm expects global demand for the chilled fuel to reach 560mn tonnes by 2030. That is about 11 per cent lower than expected supply, according to BNEF, which cautioned that project delays and further Russian sanctions could tighten the market.

The outlook comes as a wave of new LNG terminals are expected to come online before the end of the decade, with the US and Qatar leading capacity additions. On Monday, a Donald Trump-appointed Louisiana district court judge struck down President Joe Biden's pause on LNG project approvals, putting the permitting freeze up in the air.



Energy Source is written and edited by Jamie Smyth, Myles McCormick, Amanda Chu, Tom Wilson and Malcolm Moore, with support from the FT's global team of reporters. Reach us at energy.source@ft.com and follow us on X at @FTEnergy. Catch up on past editions of the newsletter here.

https://gov.texas.gov/news/post/governor-abbott-lt-governor-patrick-joint-statement-on-texas-energy-fund

Governor Abbott, Lt. Governor Patrick Joint Statement On Texas Energy Fund

July 1, 2024 | Austin, Texas | Press Release

Governor Greg Abbott and Lieutenant Governor Dan Patrick today issued the following statement concerning the future of the Texas Energy Fund:

"In recent testimony before the Senate Business and Commerce committee, ERCOT CEO Pablo Vegas testified that Texas may need 150,000 megawatts of power to power our grid by 2030. That is only six years away. Currently, Texas typically has approximately 85,000 megawatts of power available counting wind, solar, coal, nuclear, and natural gas. If the new estimate is correct, the updated numbers provided by Mr. Vegas call for an immediate review of all policies concerning the grid.

Last November, voters overwhelmingly approved Senate Joint Resolution 93, which created the Texas Energy Fund, providing for a $5 billion low-interest loan program to incentivize the building of more dispatchable natural gas plants. Texas has already received notice of intent to apply for $39 billion in loans, making the program nearly eight times oversubscribed. With the new projections for 2030, we will seek to expand the program to $10 billion to build more new plants as soon as possible. The average plant will take three to four years to complete, and new transmission lines will take three to six years to complete. Texas is currently the fastest state to approve and build new plants and transmission lines because of our low regulations and pro-business policies, but we must move quickly."

https://www.kvue.com/article/news/local/texas/texas-ercot-power-demand-prediction-double-2030/269-7aab5a42-043c-421e-93d0-21ba4a7dbc1d

Texas power grid operator predicts power demand will nearly double by 2030

That updated forecast, given to state lawmakers, shows significantly higher numbers than previously predicted.

Author: Adam Bennett Published: 6:42 PM CDT June 12, 2024 Updated: 7:04 PM CDT June 12, 2024

AUSTIN, Texas — Energy officials told state lawmakers on Wednesday that power demand in Texas is growing even faster than expected.

The Electric Reliability Council of Texas (ERCOT), which operates the state's power grid, is now forecasting power demand to nearly double by 2030.

During a public hearing before the Texas Senate Business & Commerce committee, Lori Cobos with the Public Utility Commission of Texas (PUC) said ERCOT expects power demand to increase to 150 gigawatts by 2030, up from 85 gigawatts currently.

That updated projection is 40 gigawatts higher than what was previously forecasted. Cobos said roughly 60% of the new demand is from Bitcoin mining and data centers, including those run by artificial intelligence (AI). Cobos attributed the rest to hydrogen production facilities, along with the expansion and electrification of existing industries, including oil and gas.

Cobos said Texas has the nation's fastest-growing economy, the world's eighth-largest economy and a current population of 30 million that's expected to reach 50 million people by 2050.

The new projection caught several members of the Texas Senate off guard, with State Sen. Charles Schwertner, a Republican from Georgetown and the committee's chairman, questioning why lawmakers were just now hearing it.

Woody Rickerson, senior vice president and chief operating officer of ERCOT, responded by saying previous forecasts used a different, more conservative methodology.

While Schwertner and some colleagues had questions about the accuracy of this new prediction, members of both parties said the new information means a new approach is needed moving forward.

"It [has] huge policy implications, and every assumption we've made in the last four years is now called into question once again," State Sen. Nathan Johnson, a Democrat from Dallas, said. "All of them."

"AI's just come on the scene, but who knows what's next, even after that, that will consume even more?" State Sen. Donna Campbell, a Republican from New Braunfels, asked. "Can we just say, 'No, you can't come'?"

Lt. Gov. Dan Patrick responded to ERCOT's new projection in a social media post on X, the platform previously known as Twitter, writing that the state needs to take a close look at crypto mining and data centers. Patrick said the two industries "produce very few jobs compared to the incredible demands they place on our grid."

In late May, Patrick reported that 81 companies had applied for low-interest loans from the state to build new dispatchable power plants, which would add 41 more gigawatts to the grid.

Matt Boms, the executive director of Texas Advanced Energy Business Alliance, testified during the hearing on the importance of distributed energy resources, such as rooftop solar and smart meters, for grid reliability.

"From our perspective, you can't solve this problem without working on the demand side of the solution," Boms told KVUE during an interview following his testimony. "How do we tackle energy efficiency, demand response and distributed energy resources in Texas, in a state that really needs every megawatt that it can get?"

Boms wants to see new transmission built to more effectively move cleaner energy.

State lawmakers won't be able to pass new bills until the next legislative session, which begins in January.

Adam Bennet

BN 07/01 03:00 *AMAZON LOOKING TO CONNECT NUCLEAR PLANTS TO DATA CENTERS: WSJ
BN 07/01 03:00 *AWS NEARING DEAL WITH CONSTELLATION ENERGY: WSJ
BN 07/01 03:01 *AWS NEARS DEAL WITH CONSTELLATION ENERGY ON POWER SUPPLY: WSJ

Amazon Is Among Tech Giants Looking to Connect Nuclear Plants to Data Centers, Sources Say -- WSJ
2024-07-01 03:00:00.145 GMT

By Jennifer Hiller and Sebastian Herrera

(Wall Street Journal) -- Tech companies scouring the country for electricity supplies have zeroed in on a key target: America's nuclear-power plants.

The owners of roughly a third of U.S. nuclear-power plants are in talks with tech companies to provide electricity to new data centers needed to meet the demands of an artificial-intelligence boom.

Among them, Amazon Web Services is nearing a deal for electricity supplied directly from a nuclear plant on the East Coast with Constellation Energy, the largest owner of U.S. nuclear-power plants, according to people familiar with the matter. In a separate deal in March, the Amazon.com subsidiary purchased a nuclear-powered data center in Pennsylvania for $650 million.

The discussions have the potential to remove stable power generation from the grid while reliability concerns are rising across much of the U.S. and new kinds of electricity users -- including AI, manufacturing and transportation -- are significantly increasing the demand for electricity in pockets of the country.

Nuclear-powered data centers would match the grid's highest-reliability workhorse with a wealthy customer that wants 24-7 carbon-free power, likely speeding the addition of data centers needed in the global AI race.

But instead of adding new green energy to meet their soaring power needs, tech companies would be effectively diverting existing electricity resources. That could raise prices for other customers and hold back emission-cutting goals.

Even if tech companies were to offset nuclear-power deals by funding the addition of renewable energy, experts say the likely result is more reliance on natural gas to replace diverted nuclear power. Natural gas-fired plants produce carbon emissions but, unlike renewables, can provide round-the-clock power and are cheaper and more practical to build than new nuclear plants.

The nuclear-tech marriage is fueling tensions over economic development, grid reliability, cost and climate goals in states including Connecticut, Maryland, New Jersey and Pennsylvania.

Amazon's deal in Pennsylvania set off alarm bells for Patrick Cicero, the state's consumer advocate. Cicero said he is concerned about cost and reliability if "massive consumers of energy kind of get first dibs." It is unclear if the state currently has the regulatory authority to intervene in such deals, he said.

"Never before could anyone say to a nuclear-power plant, we'll take all the energy you can give us," said Cicero.

"To supplement our wind- and solar-energy projects, which depend on weather conditions to generate energy, we're also exploring new innovations and technologies, and investing in other sources of clean, carbon-free energy," an Amazon spokeswoman said.

A new arrangement

The data center that Amazon purchased in Pennsylvania can receive up to 960 megawatts of electricity, enough to power hundreds of thousands of homes. The acquisition accelerated interest in so-called behind-the-meter deals, in which a large customer receives power directly from a plant.

The relatively new arrangements mean data centers can be built years faster because little to no new grid infrastructure is needed. Data centers could also avoid transmission and distribution charges that make up a large share of utility bills.

The new interest in nuclear power is part of a reversal of fortune for companies that own power plants in competitive power markets. That business has been difficult for two decades following overbuilding in the 1990s. Nuclear plants struggled to compete with wind, solar and natural gas, prompting a wave of closures.

But tech companies willing to pay a premium for nearly uninterrupted, carbon-free power could make good on climate-change pledges while powering AI.

Shares of Vistra, the largest competitive power generator in the U.S., have more than doubled this year. The company has been in talks for behind-the-meter deals at both nuclear and gas plants.

"In this case, the customer has come to us and come to many in the industry and said 'I need as much power as you can make available,'" said Vistra Chief Executive Jim Burke.

Constellation Energy, which owns 14 U.S. nuclear-power plants and produces more than a fifth of the nation's nuclear power, has seen its shares rise more than 70% this year.

Constellation's president and CEO, Joseph Dominguez, said there are still many places, including a swath from Pennsylvania to Illinois, with an oversupply of power. That leaves room for data centers, he said.

Contracts with data centers willing to pay a premium would cover the cost of re-licensing, he said, extending plant life another 20 years and supporting investments that could boost nuclear-power output.

"If we don't have those things, we're going to lose the nukes again," Dominguez said. "We're going to go back to where we were."

Lots of talks, and controversy

It is too early to know just how much power data centers will need. Estimates range from around 4% of power consumed last year in the U.S. to something between 4.6% and 9% by 2030, according to the Electric Power Research Institute.

In Connecticut, state Sen. Norm Needleman never envisioned taking existing power off the grid when he supported economic incentives for data centers a few years ago. Then a developer proposed connecting a data center to the Millstone nuclear plant.

"If we lose a carbon-free resource, what are we going to replace it with?" asked Needleman, whose bill to require a study of such projects didn't pass this year.

Daniel O'Keefe, commissioner for Connecticut's Department of Economic and Community Development, said the proposal could work if it is done in a thoughtful way. Neighboring states are adding data centers, with needed grid improvements shared by all New England customers, so Connecticut ought to receive some economic benefits, he said.

"Our constituents are paying for these data centers regardless of whether they're inside Connecticut," O'Keefe said.

In New Jersey, Public Service Enterprise Group CEO Ralph LaRossa has said the company has been in talks with data centers, including for direct power sales, which could support New Jersey's economic-development efforts to create an AI hub.

About 40% of the state's power comes from nuclear power, including plants owned by PSEG.

New Jersey customers have spent about $300 million a year during the past six years to help keep its plants operating, plus hundreds of millions before that, said Brian Lipman, director for the New Jersey Division of Rate Counsel.

"What happened to that investment?" asked Lipman.

New Jersey is also targeting 100% clean-energy generation by 2035, which Lipman said would be impossible without nuclear power. PSEG declined to comment.

Energy needs

Many of the negotiations are happening within the PJM Interconnection, the regional transmission organization and electricity market serving Washington, D.C., and 13 states from Virginia to Illinois. It said it would work with both plant and transmission owners, and conduct analyses to avoid reliability issues and other problems.

Last week, utilities American Electric Power and Exelon requested a hearing at the Federal Energy Regulatory Commission about Amazon's deal in Pennsylvania, arguing that as much as $140 million in costs could shift to other customers and that the data center "should not be allowed to operate as a free rider," benefiting from a transmission system others pay for.

Talen Energy, which built the data center and operates the nuclear plant, called the request a "misguided attempt to stifle this innovation."

It is unclear whether and how much data centers located at nuclear plants would need to depend on grid power. Nuclear plants are far more reliable than other kinds of power generation but have outages, too.

Before Amazon purchased the Pennsylvania data center, a Talen nuclear reactor had an outage last fall and the data-center campus had to pull power from the grid, according to people familiar with the incident. The need for grid power was unexpected, and additional system protections have been put in place since then to avoid a repeat, the people said.

Talen and grid operator PJM declined to comment on the incident.

Write to Jennifer Hiller at jennifer.hiller@wsj.com and Sebastian Herrera at sebastian.herrera@wsj.com

(END) Dow Jones Newswires

https://www.argusmedia.com/en/news-and-insights/latest-market-news/2583172-japan-mulls-seeking-more-gas-fired-capacity-in-auction

Japan mulls seeking more gas-fired capacity in auction

- **Market: Electricity, Natural gas**
- **01/07/24**

Japan is considering further adding to gas-fired power generation capacity through its long-term zero emissions power capacity auction, given forecasts of rising electricity demand with the rapid adoption of artificial intelligence.

A working group under the trade and industry ministry Meti has proposed to look for an additional 4GW of gas-fired capacity over two fiscal years from April 2024-March 2026 via a clean power auction. This came after awarded gas-fired capacity reached 5.76GW in the first auction held in January, with the auction seeking about 6GW over three years.

The second auction — which Tokyo plans to hold in January 2025 — could seek 2.24GW, including the remaining 0.24GW in the first auction, for 2024-25 and another 2GW for 2025-26 in a third auction, the working group suggested. It has also proposed to extend the period within which awarded gas-fired projects have to start operations to eight years from the previous six years, given current resource shortages at plant manufacturers.

Japan has launched the auction system to spur investment in clean power sources by securing funding in advance to drive the country's decarbonisation towards 2050. This generally targets clean power sources — such as renewables, nuclear, storage battery, biomass, hydrogen and ammonia. But the scheme also applies to new power plants burning regasified LNG as an immediate measure to ensure stable power supplies, subject to a gradual switch from gas to cleaner energy sources.

These measures will not necessarily lead to increased demand for LNG, as Japanese import demand for the fuel would further come under pressure from expanded use of renewables and nuclear power. But the power sector will have to secure enough capacity to meet peak demand, especially with power consumption by data centres and semiconductor producers expected to continue to increase.

Japan's peak power demand in 2033-34 is forecast at 161GW, up from an estimated 159GW in 2024-25, as the country's digital push will more than offset the impact of falling population and further energy saving efforts, according to the nationwide transmission system operator Organisation for Cross-regional Co-ordination of Transmission Operator.

By Motoko Hasegawa

https://www.reuters.com/business/energy/germany-gets-informal-eus-go-ahead-support-gas-fired-power-sources-say-2024-06-07/?taid=66632fafb543f00001119448&utm_campaign=trueAnthem:+Trending+Content&utm_medium=trueAnthem&utm_source=twitter

Germany gets informal EU go-ahead to support gas-fired power, sources say

By Markus Wacket
June 7, 20245:00 AM MDTUpdated 7 hours ago

BERLIN, June 7 (Reuters) - Germany won the European Union's informal approval to pay billions of euros to gas powered plants to be able to stabilise the grid when unsteady renewable energy supplies fall short, people familiar with the negotiations told Reuters on Friday.

An agreement in principle was reached with the EU's competition authorities for state support to utilities for the 10 gigawatt (GW) scheme but some details for an official approval are to be hammered out over the next few weeks, government and company sources said.

They added that the German government secured an agreement to a set of terms that will change over time as the long-term scheme, which is known as the National Power Station Strategy, evolves.

Berlin expects to receive an EU document outlining the informal agreement on Friday, the sources said.

Germany is transitioning to renewables, having switched off nuclear power and seeking to phase out coal-powered electricity, but wants to give state support for natural-gas powered plants that underpin the grid during demand peaks and lows in unsteady supply from wind and solar power.

The power stations need to be able to also run on green hydrogen but the transition to the new fuel will likely be between 2035 and 2040, the government has said.

The German economy ministry did not confirm an agreement, and said that very good progress had been made in EU talks.

The EU Commission said it was in close and constructive discussions with German authorities but would not further comment on details or timing.

The state plans to tender contracts for utilities, such as RWE (RWEG.DE), opens new tab, EnBW (EBKG.DE), opens new tab and Uniper (UN0k.DE), opens new tab, to build and run the plants. Contracts will be based on financial rewards for standing by in what is known as a capacity market.

The reverse auctions will be designed to award contracts to companies agreeing to the lowest subsidies.

German Economy Minister Robert Habeck said on Thursday he was nearing an agreement after drawn-out negotiations with the EU.

Sticking points included uncertainty over when the plants will switch from natural gas to hydrogen, he added. The nation's Power Station Strategy was unveiled in February.

Reporting by Markus Wacket in Berlin; additional reporting by Foo Yun Chee in Brussels; writing by Ludwig Burger; editing by Andrey Sychev and David Evans

https://www.wsj.com/finance/commodities-futures/energy-electricity-natural-gas-traders-hedge-funds-de7ab2d1?mod=Searchresults_pos1&page=1

The Next Big Power Play on Wall Street

Hedge funds are fighting hard to win top traders of electricity and natural gas. But some question whether outsize profits of recent years can be repeated.

By Anna Hirtenstein Follow and Caitlin McCabe Follow

July 7, 2024 5:30 am ET

3

(8 min)

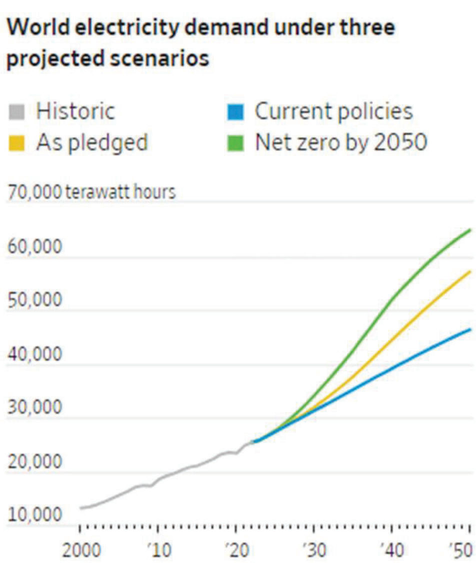
There is a new force on Wall Street: power traders.

Hedge funds are piling into power, drawn by volatile electricity and natural-gas prices that could remain turbulent. They are offering incentives like big sign-on bonuses, large profit-share deals and company cars with drivers to lure traders from utilities, banks and rival investmen\t shops.

“There is a spotlight that is now shining on us today, more than any time before,” said Juan Penelas, co-founder of e360 Power, a Texas-based hedge-fund firm with a focus on electricity trading. Assets under management have roughly doubled since the start of 2022, to about $470 million.

Electricity is the busiest desk at HC Group, a London-based headhunting firm that focuses on commodities. Over the past year, the firm has helped financial firms with more hires in power than in oil, an executive at the company said.

Behind the boom are two trends: the rise of energy-intensive artificial intelligence and of electrification due to the energy transition. The International Energy Agency projects that AI’s energy usage will rise 10-fold over the next two years.



Note: TWh=terawatt-hour. Announced-pledges scenario assumes states hit energy and climate targets fully and on time. In net-zero scenario, global warming is limited to 1.5°C.
Source: International Energy Agency

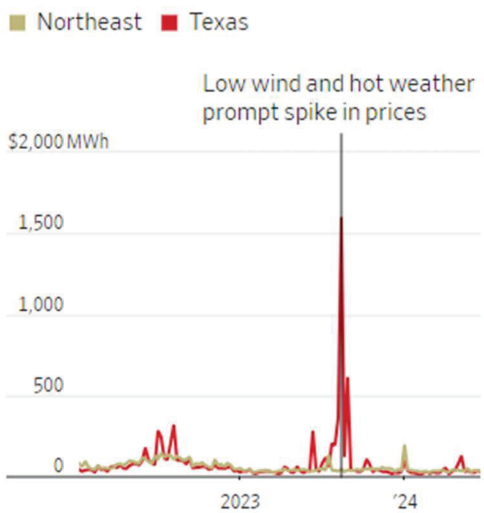
Global trading volumes for electricity futures jumped by 35% between 2019 and 2023, data from a McKinsey study showed. Some regions have seen much bigger increases, with Nordic volumes surging 14-fold and those in the U.K. tripling.

Some huge hedge funds have taken note, according to people familiar with the matter, including some of the world's largest so-called multimanager firms, which use specialized teams to spread bets across a range of markets.

Citadel, which manages $63 billion, was an early mover and recently increased the size of its team. Millennium Management and Balyasny Asset Management have also built up their desks, snapping up traders and analysts from a range of players in the market, including utilities.

Bobby Jain, formerly co-chief investment officer at Millennium, launched a hedge-fund firm this month after securing $5.3 billion in commitments. Jain Global has hired more than 10 portfolio managers for commodities, which will be a key asset class. Within commodities, power and gas will be the biggest initial focus, people familiar with the matter say.

U.S. benchmark power prices, weekly



Note: day-ahead prices.
Source: Argus

Power is one of the most volatile commodities. To get a sense of just how much it fluctuates, consider Brent, the global benchmark for crude oil. It has traded between roughly $73 and $95 a barrel over the past 12 months. If it traded like power, though, the price could have swung between negative levels and $850 a barrel, according to McKinsey.

The volatility and complexity of power markets present trading opportunities and risks. Over the years, companies as varied as JPMorgan and Électricité de France, or EDF, have run into difficulty trading power, while Enron blew up in part because of it. Wrong-way bets can quickly rack up huge losses, and regulators are eager to avert spikes in energy bills for households and businesses.

Over the years, the balance of power in the market has shifted, reducing the role of investment banks.

More than a decade ago, numerous big banks such as Barclays and Deutsche Bank ran trading desks that bought and sold energy. But tighter regulatory scrutiny and higher capital requirements led many to reduce their market presence.

"Many banks can't afford to be in this business anymore. The hurdles are lower for hedge funds," said Anthony Gordon, a former head of energy at Och-Ziff Capital Management. He is now a partner at Avaio Capital, a private-equity firm that invests in energy infrastructure.

Compared with the more highly regulated banking and utilities industries, hedge funds offer traders the appeal of looser guardrails, in some cases, and bigger paydays. Top power traders typically take home between 12%

and 30% of the profit they make for their funds, headhunters and traders say, roughly in line with the kinds of profit shares that some large hedge-fund firms pay more broadly to portfolio managers.

The firms are also drawing on talent from industry players.

Alex Watson, a natural-gas trader at French utility EDF, made huge returns when gas prices skyrocketed due to disruptions to Russian supply. His bet on differences between European and U.K. prices netted the utility millions, according to people familiar with the trade. Watson was hired by BlueCrest Capital Management, a private investment firm founded by billionaire Mike Platt, last year.

Benchmark Western European power prices, weekly

Note: day-ahead prices. MWh= megawatt-hour.
Source: Argus

Portfolio managers can make tens or even hundreds of millions of dollars in profit in a good year, according to the executive at HC Group.

Freepoint Commodities, a Connecticut-based hedge-fund manager with a focus on energy, is offering some new portfolio managers 50% of the profit they generate in their first year, according to a person familiar with these terms. Its power team is bigger than for any other commodity, this person added.

Top traders are also being offered million-dollar signing bonuses and sweeteners like company cars with drivers to join these funds, headhunters and traders say. Once they arrive, they are presented with a challenge: Make the same kind of money as they did before. This might not be possible, according to rival traders and commodities executives.

“Power and gas markets went crazy in ’22 and ’23 because of the Ukraine invasion. If you were on the right side of trades, you made crazy returns pretty much by accident. Some people made a hundred times what they usually make,” an executive at the commodity-trading firm Vitol said. “This year, markets are calmer, so far at least. It’s next to impossible to make the same kind of money without some kind of freak event.”

While Russia’s invasion of Ukraine created exceptional dislocations, many in the market believe a cocktail of surging energy demand, decades-old grid infrastructure and the continued build-out of clean energy could mean more freak events, or at least more extreme volatility.

More than 1,200 coal-fired units have shut down in the U.S. and Europe since 2000, according to Global Energy Monitor. This has made electricity systems more vulnerable to extreme weather, as coal is a stable source of energy, albeit highly polluting. The Group of Seven countries have pledged to close all their coal plants by 2035.

One popular strategy is to buy power cheaply early in the morning when demand is low and sell it during periods of peak demand, like in the later afternoon. Changes in weather can cause dramatic price swings in areas with a lot of renewables. An unexpected storm in the middle of the day can reduce the energy generated by solar farms, driving up prices.

Write to Anna Hirtenstein at anna.hirtenstein@wsj.com and Caitlin McCabe at caitlin.mccabe@wsj.com

https://www.fb.org/market-intel/record-high-july-4th-cookout-costs-inflation-hits-the-backyard

> MARKET INTEL | JUN 26, 2024

Record-High July 4th Cookout Costs: Inflation Hits the Backyard

Bernt Nelson Economist berntn@fb.org
Samantha Ayoub Economics Intern

Americans will be gathering on the Fourth of July for a day of fireworks, food, parades and more. But as you celebrate with your friends and family this Independence Day, your cookout bill will be a bit higher. Volunteers from across the United States contributed to this year's American Farm Bureau Fourth of July market basket survey to determine the average cost of summer cookout staples. The survey pulls prices for a complete, homemade cookout consisting of cheeseburgers, chicken breasts, pork chops, potato chips, pork and beans, fresh strawberries, homemade potato salad, fresh-squeezed lemonade, chocolate chip cookies and ice cream. With plenty of options to feed a hungry crowd, a group of 10 this year can expect to pay $71.22 for their celebration, up 5% from last year and up 30% from five years ago. Nationally, this means we are surpassing $7 per person for the first time, with the total meal coming to $7.12 a person. Only two dishes decreased in price while everything else on your table rose, on average. Your grocery bill may be a shock, but it is in line with the inflation that has roiled the economy – including the farm economy – over the last several years.

On the Grill

Meat will put the biggest dent in your grocery budget. Ground beef, pork chops and chicken breast account for 50% of the total cookout cost, as we see changes in the pork and beef industries having a big impact on supermarket prices.

This year, 2 pounds of ground beef will cost an average of $12.77, up more than $1, or 11%, from last year. While there are higher numbers of fed cattle in the supply chain this spring compared to 2023, the overall cattle inventory is the smallest it has been in 73 years and beef in cold storage is setting record lows for recent years. As we head into the heart of the summer, fewer cattle are being placed on feed, but more are heading to the grocery store shelves. Fewer cattle also mean there won't be as much beef available to replace our shrinking supplies in cold storage. Although short-run supply boosts from available cold storage and near-record cattle weights should keep beef prices from skyrocketing, high summer demand for beef and improved drought and forage conditions across the country have given farmers and ranchers a reason to retain breeding animals; when this happens, there will be fewer cattle on feed for beef supplies, further supporting higher beef prices. With the discontinuation of NASS' July cattle inventory survey, the beef industry may have a more difficult time judging the available cattle supplies.

California's Proposition 12 bans in-state meat sales from animals whose production didn't meet California's animal welfare standards, regardless of where they were raised. This is the first year it has been in full effect, and many have anxiously awaited its impact on pork prices. Unsurprisingly, our pork chops rose 8% nationally, up over $1 from last year, to $15.49. Pork chop prices in California were even higher, at $19.91.

Increased broiler production will save your wallet from some of these other protein price increases as 2 pounds of chicken breast will cost you an average of $7.83, a 4% decrease since 2023 and down over 13% from the record high in 2022. Outbreaks of highly pathogenic avian influenza (HPAI) in 2022 sent poultry and egg prices skyrocketing. While the virus still affects some flocks - and now dairy herds - producers have been strengthening biosecurity measures to help poultry flocks recover and stop the spread in dairy. Farmers have increased hatchings and bird weights to mitigate losses and keep prices affordable.

The Fixins

Some say a good cookout is truly made by the sides, but your favorite side dish recipes might see the most drastic price differences from Independence Day 2023.

It's not just ground beef prices driving the cost of cheeseburgers up. One package of hamburger buns will cost you $2.41, 7% more than 2023. Ending stocks of wheat are at an eight-year low, but increased production should pull wheat and wheat-product prices down as we finish the harvest season. Wheat genetics are notoriously complex and breeding improvements don't rely on the use of hybrids that seed companies can patent and profit from, most wheat strains and shortages in research to develop new wheat varieties make it a difficult crop to adapt to supply challenges. The U.S. is falling behind other countries in public sector ag research with spending falling by a third from 2002 to 2019. It's important to prioritize ag research to help keep America a top world provider of agricultural products.

Slow-to-negative milk production growth in recent months has increased the all-milk price, leading the prices for the dairy items up. American cheese slices were relatively stable, only up 1% to $3.57 this year versus $3.53 in 2023. However, a half-gallon of ice cream will add $5.65 to your grocery bill, up 7% from last year.

Lemon production is estimated to fall over 16% this year, due to a citrus greening disease outbreak in California, where most U.S. lemons are produced, in late 2023. In addition to disease effects on citrus trees, regulatory quarantines in the area to mitigate its spread have increased costs to producers. These supply effects have raised lemon prices 13% on average from last year to $3.20 for 1.5 pounds. Sugar prices increased by 11% due to lower global production and increased high-tier tariff imports from Mexico. Made by combining 1.5 pounds of lemons with 1 pound of sugar, fresh-squeezed lemonade had the most drastic price increase on the Fourth of July table at $4.19 total, 12% higher than last year.

The second price decrease in this year's survey, after chicken, is potato salad, down 4% from last year. The recipe is balancing out higher egg prices with lower potato prices. Two pounds of potatoes will cost an average of $1.53, 17% less than last year, recovering from record-high prices due to weather-related production decreases in recent years. Egg prices are lower than the all-time high in 2022 caused by initial HPAI outbreaks; but egg layer inventories are still under pressure from HPAI, so egg prices are likely to remain above historical averages.

Pork and beans, potato chips, chocolate chip cookies, and strawberries round out our shoppers' Independence Day tables. Pork and beans are up 2% from 2023 but are still down from 2022. The quantity of chocolate chip cookies our shoppers are asked to price is also down from the record in 2022 but is 2% higher than last year. Strawberries and potato chips are both higher than the last two years. Two pints of strawberries cost $4.61 on average, less than its high in 2021. Labor shortages and wage increases across the supply chain are just one factor increasing food costs, and strawberries are a labor-intensive crop that are likely sensitive to this rising input cost. A large bag of chips costs $4.90 on average, up 8% from last year. Many of our shoppers reported sales on potato chips in their grocery store runs. So, don't give up hope on summer sales as many retailers place your favorite cookout items on sale to encourage purchases of summertime classics.

Coast to Coast

Depending on where you live, your grocery prices may differ from these national averages. In the majority of the country, you will still pay less than $7 per person. Those in the Northeast will feed a hungry crowd of 10 for the low of $63.54. Southerners and Midwesterners will spend an average of $68.33 and $68.26, respectively. Unfortunately for those in the Western U.S., your grocery bill will be nearly $1 per person higher than the national average - $80.88 for a party of 10.

Inflation is an Issue Across the Supply Chain

The increases in the cost of our cookout items reflect a number of broader economic factors. General inflation has been highly disruptive to the whole economy, leaving behind many whose incomes haven't kept pace. Rising supply costs and global uncertainties have created new challenges for farmers and everyone in the food supply chain. While food price increases slowed in 2023 after skyrocketing in 2022, the our cookout cost has increased 30% in just five years. Consumers nationwide still view inflation and high food prices as ongoing problems. When adjusted for inflation, our survey total is 5% lower than the previous record year of 2022; but inflation reduces the purchasing power of your dollar over time, making it a problem for consumers and producers alike.

In important ways, Americans still have access to the most affordable food system in the world. The average American spends 6.7% of their total expenditures on food and non-alcoholic beverages, the lowest of any country in the world. Nevertheless, for many, the nutrition programs in the farm bill are critical support.

Despite rising prices in grocery stores, farm finances remain a concern for producers across the U.S. Farm income dropped 17% in 2023 and is expected to decrease another 25% this year. At the same time, production expenses have reached record highs in recent years. Interest rate hikes, which the Federal Reserve uses to rein in inflation, raised farm interest expenditures by 43% from 2022 to 2023. These expenditures are the highest since the 1980s when the U.S. was also plagued by extreme inflation. Farmers and ranchers face high capital costs to operate, and high interest rates not only increase credit costs, but also limit access. Combined with weather uncertainty and volatile commodity prices, farmers and ranchers are vulnerable to significant impacts to their businesses' bottom line. Higher food prices do not equal higher income for farmers; less than 15 cents of every dollar spent on food goes to the farm once you take into account processing, transportation and marketing.

How the Farm Bill can Help

The farm bill is crucial to providing risk management tools such as crop insurance, marketing or operating loans, and commodity programs. Global challenges have affected consumers and producers alike, and the latest farm bill does not reflect the unique challenges that have developed in recent years. High inflation has made many commodity reference prices too low, undermining the effectiveness of the farm price safety net. Research funding within the bill ensures the industry is advancing innovation that increases productivity, but is tied to fixed dollar amounts. Despite the remarkable effectiveness of our food system, for many the nutrition programs in the farm bill are critical support. The 2018 farm bill has already been extended a year, making our farm programs six years old. That extension expires in September, so it is vital to pass a new farm bill that modernizes these important programs to provide stability for farmers and ranchers while continuing food security for our nation and world.

Conclusion

Our volunteer shoppers had their most expensive Fourth of July grocery bill in the history of the survey this year. However, when adjusted for the high inflation rates plaguing the United States in recent years, the real value of their Independence Day party has not surpassed the previous record set in 2022. Though faced with disease outbreaks, inventory shortages and operating challenges, farmers and ranchers have adapted to increased demand across the world for U.S. products, providing safe, affordable food for your Independence Day celebration and every other day, showcasing the resilience of the American food system. Congress must prioritize the passage of a new farm bill that effectively supports farmers in their work to provide sustainable food, fiber and fuel for the globe. So, as you fix your plate this Fourth of July, don't just thank the cook, thank the farmers and ranchers who work tirelessly to provide the food on your plate.

Dan Tsubouchi @Energy_Tidbits · 1h

Note 👇 @CBSNews reports Hamas says inaccurate they dopped a key demand.

Wasn't done on purpose, but already people were running with what Hamas says is inaccurate ie. earlier one of the Dem speakers on @DanaBashCNN @CNNSOTU

#OOTT

From cbsnews.com

774

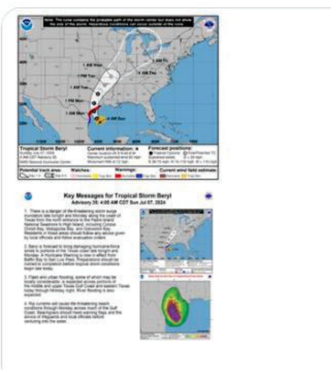
Dan Tsubouchi @Energy_Tidbits · 5h

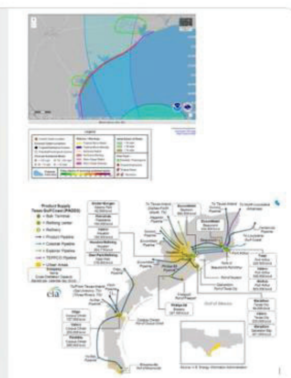
Beryl expected to be Category 1 hurricane when it hits Texas Gulf Coast with expected impact incl major #Oil #LNG refineries, loading terminals, etc from Corpus Christi to Houston.

Hopefully it is fast moving at 12 mph so flooding will be minimized.

Stay safe!

#OOTT





2 2 7 2K

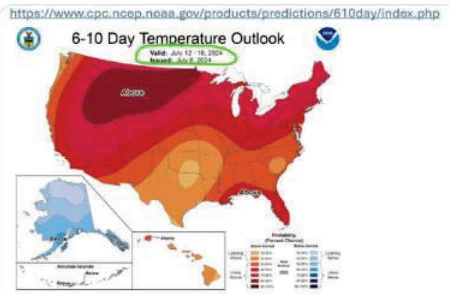
SAF

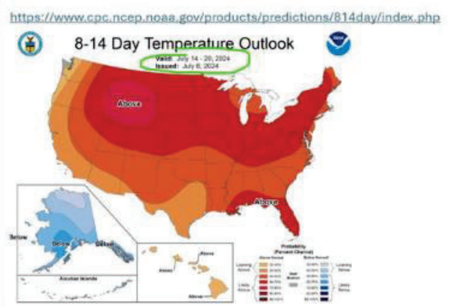
Dan Tsubouchi @Energy_Tidbits · 18h

Continued hot weather across the Lower 48 expected for next couple weeks per @NOAA's today 6-10 & 8-14 day temperature outlook covering July 12-20.

Imagine where HH would be if it wasn't hot!

#OOTT





5 12 2.2K

Dan Tsubouchi @Energy_Tidbits · 21h

Supreme leader gives advice to new Iran President, reformist Pezeshkian.

"***recommend President-elect Pezeshkian*** *trust in God the Most Merciful and look forward to long and bright horizons, and in* ***the continuation of the path of Martyr Raeisi....***"

Raeisi was a hardliner!

#OOTT

https://en.mehrnews.com/news/217349/Leader-hails-nation-for-brilliant-job-greets-Pezeshkian

Jul 6, 2024, 2:18 PM

Leader hails nation for turnout, greets Pezeshkian

TEHRAN, Jul. 06 (MNA) – Leader of the Islamic Revolution Ayatollah Sayyed Ali Khamenei has hailed the Iranian people's turnout in the Friday presidential election, urging the president-elect to continue the path of late President Ebrahim Raeisi.
"This great move in confronting the artificial force of boycotting the elections, which the enemies of the Iranian nation had launched to induce despair and deadlock, is a brilliant and unforgettable work," the Leader said in a message on Saturday.

"All the honorable candidates and all those who worked day and night for weeks for the victory of each of them share in its honor and reward," he added.

Ayatollah Khamenei said the Iranian nation's ability to prepare for a presidential race within a short constitutional time limit after the "great tragedy of the loss of Martyr President" Ebrahim Raeisi and hold "free and transparent elections on two consecutive Fridays" to choose the president from among several candidates with the majority of votes is a blessing from God.

"The respected electoral officials fulfilled their duties with the necessary speed and full trust, and the dear people came to the arena with a sense of responsibility and created a warm and passionate scene and filled the ballot boxes in two rounds with more than 55 million votes," the Leader said.

"Now that the Iranian nation has elected its president, I congratulate the nation and the president-elect and all those working in this sensitive juncture, especially the enthusiastic youths at the election headquarters of the candidates, and recommend everyone to cooperate and think for the progress and increasing honor of the country," he added.

He further stressed the continuation of the path laid by the late President Ebrahim Raeisi.

"I also recommend President-elect Pezeshkian trust in God the Most Merciful and look forward to long and bright horizons, and in the continuation of the path of Martyr Raeisi. He should employ the most of the ample capacities and potentials of the country, especially the young, revolutionary and faithful human resources, for the comfort of the people and the progress of the country," Ayatollah Khamenei added.

He again expressed gratitude to the armed forces for preserving the security of the country during the elections and all other officials and government apparatuses who played a part in holding the transparent votes.

MNA

News ID 2173

Dan Tsubouchi @Energy_Tidbits · Jul 6

#JCPOA

"we asked what is the alternative of JCPOA?" "we have to solve the sanctions problem", "they blocked the way, and the result is the pain that people suffered" Iran ...

1 3 2.9K

SAF

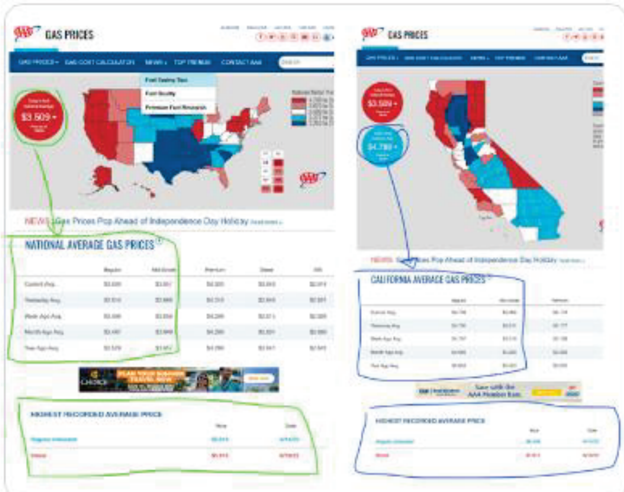
Dan Tsubouchi @Energy_Tidbits · 23h ···

Basically flat US national average gasoline prices this week.

AAA National average prices +$0.01 WoW to $3.51 on July 6, down $0.02 MoM and down $0.02YoY.

California at $4.79 on July 6, down $0.01 WoW, down $0.19 MoM & down $0.05 YoY.

Thx @AAAnews
#OOTT



1 2 7 1.3K

SAF

Dan Tsubouchi @Energy_Tidbits · Jul 6 ···

Daily Europe air traffic -3.3% below pre-Covid

7-day moving average as of:
Jul 4: -3.3% below pre-Covid
Jun 27: -2.9%
Jun 20: -2.5%
Jun 13: -2.6%
Jun 6: -3.2%
May 30: -0.8%
May 23: -1.9%...
Show more

2 2 11 1.6K

SAF

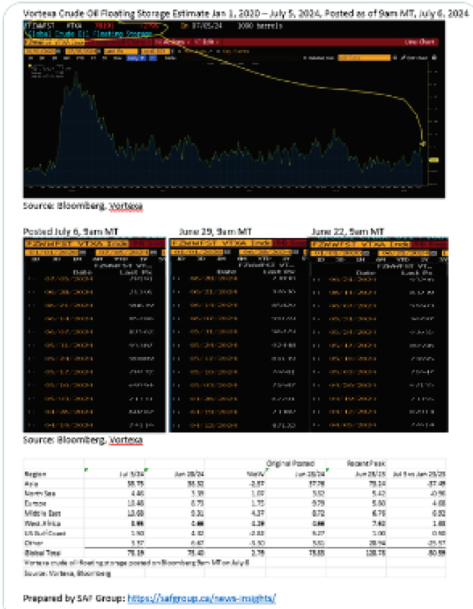
Dan Tsubouchi @Energy_Tidbits · Jul 6

Vortexa #oil floating storage est +2.79 mmb WoW to 78.19 mmb at Jul 5.

Better that last 2 wks below 80 mmb.

BUT last 7 wks ave 87.04 mmb incl 3 +90 mmb recent wks, which were 1st such wks since Aug 2023 when Saudi Jul 2023 extra cuts kicked in.

Thx @vortexa @business
#OOTT



1 · 3 · 12 · 2.6K

SAF

Dan Tsubouchi @Energy_Tidbits · Jul 6

#JCPOA

"we asked what is the alternative of JCPOA?" "we have to solve the sanctions problem", "they blocked the way, and the result is the pain that people suffered" Iran new President @drpezeshkian 👇 06/24 posts.

Will Biden see reformist Pezeshkian as an opportunity to
Show more

1 · 3 · 8 · 5.3K

SAF Dan Tsubouchi @Energy_Tidbits · Jul 5

Waha #NatGas prices continue negative.

Remember Permian #Oil wells produce oil + associated NGLs + #NatGas.

May not impact big Permian players oil drilling plans but expected to cause small Permian players to cut back on Permian oil drilling plans. 👇 @DallasFed.

#OOTT

1 12 3.4K

SAF Dan Tsubouchi @Energy_Tidbits · Jul 5

321 crack +$1.02 WoW to $25.38 on Jul 5.

WTI was +$1.62 WoW to $83.16

Good week for #Oil with big EIA oil inventory draw & geopolitical risks ie. Israel/Hezbollah

321 cracks at $25.38 should keep oil flowing to refineries with summer peak just started.

...

Show more

4 13 1.9K

Dan Tsubouchi @Energy_Tidbits · 25m

More Renewables = More #NatGas Electricity generation

Japan is latest to look at more #NatGas power generation to ensure stable power supplies & capacity to meet increasing peak demand with data centers.

See 👇 Jun 7 for Germany's move.

Thx @ArgusMedia Motoko Hasegawa
#OOTT

https://www.argusmedia.com/en/news-and-insights/latest-market-news/2583172-japan-mulls-seeking-more-gas-fired-capacity-in-auction

Japan mulls seeking more gas-fired capacity in auction

- **Market: Electricity, Natural gas**
- **01/07/24**

Japan is considering further adding to gas-fired power generation capacity through its long-term zero emissions power capacity auction, given forecasts of rising electricity demand with the rapid adoption of artificial intelligence.

A working group under the trade and industry ministry Meti has proposed to look for an additional 4GW of gas-fired capacity over two fiscal years from April 2024-March 2026 via a clean power auction. This came after awarded gas-fired capacity reached 5.76GW in the first auction held in January, with the auction seeking about 6GW over three years.

The second auction — which Tokyo plans to hold in January 2025 — could seek 2.24GW, including the remaining 0.24GW in the first auction, for 2024-25 and another 2GW for 2025-26 in a third auction, the working group suggested. It has also proposed to extend the period within which awarded gas-fired projects have to start operations to eight years from the previous six years, given current resource shortages at plant manufacturers.

Japan has launched the auction system to spur investment in clean power sources by securing funding in advance to drive the country's decarbonisation towards 2050. This generally targets clean power sources — such as renewables, nuclear, storage battery, biomass, hydrogen and ammonia. But the scheme also applies to new power plants burning regasified LNG as an immediate measure to ensure stable power supplies, subject to a gradual switch from gas to cleaner energy sources.

These measures will not necessarily lead to increased demand for LNG, as Japanese import demand for the fuel would further come under pressure from expanded use of renewables and nuclear power. But the power sector will have to secure enough capacity to meet peak demand, especially with power consumption by data centres and semiconductor producers expected to continue to increase.

Japan's peak power demand in 2033-34 is forecast at 161GW, up from an estimated 159GW in 2024-25, as the country's digital push will more than offset the impact of falling population and further energy saving efforts, according to the nationwide transmission system operator Organisation for Cross-regional Co-ordination of Transmission Operator.

By Motoko Hasegawa

Dan Tsubouchi @Energy_Tidbits · Jun 7

More Renewables = More Natural Gas Electricity Generation

Germany to support utilities to add #NatGas powered generation to stabilize the grid when renewables fall ...

1 · 2 · 2 · 984

Dan Tsubouchi @Energy_Tidbits · 4h

Less Russian #Oil for export as Russia restarts refineries hit by drones

Restarts at 240,000 bd Tuapse refinery on Black Sea & 340,000 b/d NORSI refinery in central Russia.

Black Sea loadings expected down ~220,000 b/d in July vs June.

Thx @Reuters
#OOTT

https://www.reuters.com/markets/commodities/rosneft-lukoil-cut-oil-exports-black-seas-novo-sources-say-2024-07-04/

Exclusive: Rosneft, Lukoil to cut oil exports from Black Sea's Novo, sources say

By Reuters
July 4, 20249:36 AM MDTUpdated a day ago

MOSCOW, July 4 (Reuters) - Russia's oil producers Rosneft (ROSN.MM), opens new tab and Lukoil (LKOH.MM), opens new tab will sharply cut oil exports from the Black Sea port of Novorossiisk in July, two sources familiar with a loading plan said, as the companies resumed operations at their refineries.

Combined Novorossiisk oil loadings by Rosneft and Lukoil in July will fall by some 220,000 barrels per day (bpd) compared to last month, Reuters calculations based on market data showed.

Last week Russian government decided to continue with unrestricted gasoline exports in July, extending the waiver for a partial ban on overseas fuel sales, as Russia's domestic oil plants produce enough oil products to meet peak seasonal demand despite a spate of Ukrainian drone attacks on refineries.

Rosneft oil exports from Novorossiisk are set to fall to 0.62 million metric tons in July from 1.06 million tons in June, while its Tuapse refinery is set to resume crude runs this month.

Lukoil's exports from the port will fall to 0.19 million tons in July from 0.58 million tons last month, sources said.

Lukoil restarted a key piece of equipment for oil processing, the CDU-6 crude distillation unit, at its NORSI refinery, Russia's fourth-largest, following a drone attack in March.

Rosneft and Lukoil did not reply to Reuters requests for comments.

Novorossiisk total oil loadings in July were set at 1.8 million tons, down from 2.9 million tons in June.

Russia's overall oil exports and transit from its western ports in July are expected to decline from June amid higher refinery runs and Moscow's pledge to stick to OPEC+ output cuts.

Reporting by Reuters; editing by David Evans

1 · 2 · 10 · 1.3K

Dan Tsubouchi @Energy_Tidbits · 8h

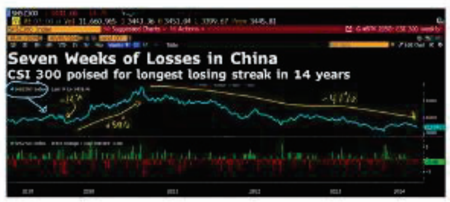
No wonder Chinese consumers are on sidelines.

Stocks & home prices keep going down.

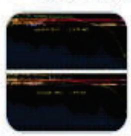
Extended @business graph to pre-Covid & added CSI 300 price.

CSI 300 stocks keep going lower, now -41% vs post Covid wkly peak Feb 12/21.

👇 06/16/24 tweet home values keep going lower....
Show more



Dan Tsubouchi @Energy_Tidbits · Jun 16



Continued big negative to getting Chinese back to spending - their home values keep going down.

May was worst month for China home owners for ~10 yrs. ...

1 2 4 1.8K

Dan Tsubouchi @Energy_Tidbits · 10h

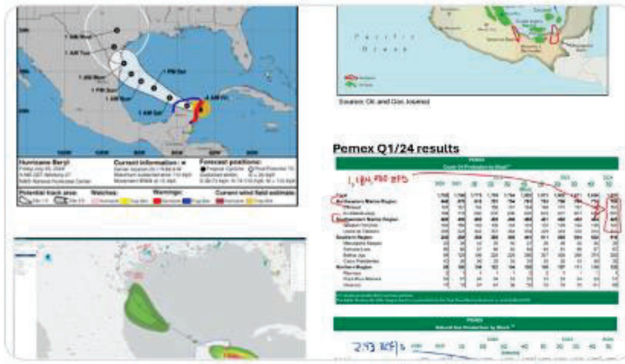
Hurricane Beryl about to hit Yucatan as Cat 1.

Re-emerge as Tropical Storm over Pemex offshore #Oil #NatGas fields.

Strengthens to Cat 1 as it reaches Gulf Coast #Oil #LNG #NatGas hubs in Corpus Christi & Houston.

Hope everyone in Yucatan & Texas Gulf Coast stay safe.

#OOTT



1 1 12 2.1K

Dan Tsubouchi @Energy_Tidbits · 42m

*"**We're just honest**"* FirstEnergy CEO on why don't see a pathway to phaseout of coal generation.

Can't meet "*... people's growing demand and desire for reliability, what's affordable for most customers, **AND** then what's sustainable"* if get rid of 24/7 coal.

Thx @amandalanchu

Show more

4 617

Dan Tsubouchi @Energy_Tidbits · 4h

Looks like it was a denial and not careful wording.

seeing OPEC plugged in analyst @Amena__Bakr saying there is no Aramco interest in any of the Santos LNG assets. x.com/Amena__Bakr/st...

#OOTT

> **Dan Tsubouchi** @Energy_Tidbits · 5h
>
> Non-denial denial?
>
> Inaccurate" isn't the same as "incorrect"
>
> Aramco says @SStapczynski 👇 report is "inaccurate". ...
>
> Show more

TWT 07/04 12:19 TRANSLATION: Asharq Business East Economy: #Urgent #Saudi_Aramco to "Al Sharq": Reports about
BN 07/04 12:19 *ARAMCO SAYS REPORTS ON BID TO SANTOS ARE INACCURATE: ASHARQ

Aramco Says Reports on Bid to Santos Are 'Inaccurate': Asharq
2024-07-04 12:20:52.978 GMT
By Kateryna Kadabashy
(Bloomberg) -- Aramco says reports on its bid to Santos are "inaccurate," Saudi Asharq news reports, citing a response from the company on the reported offer.
* NOTE: Aramco, Adnoc Said to Consider Bids for Gas Producer Santos

To view the source of this information click here

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To view this story in Bloomberg click here:
[illegible]

BN 07/03 23:27 Aramco, Adnoc Said to Consider Bids for Gas Producer Santos (1)

Aramco, Adnoc Said to Consider Bids for Gas Producer Santos (4)
2024-07-04 08:50:10.214 GMT
By Stephen Stapczynski and Dinesh Nair
(Bloomberg) -- Saudi Aramco and Abu Dhabi National Oil Co. have been separately studying potential bids for Santos Ltd., people with knowledge of the matter said, becoming the latest companies to show an interest in the Australian producer's liquefied natural gas assets.
The stock rose as much as 6.5% in Thursday trading, hitting the highest level in more than two years. They were up 4.2% at the close in Sydney, valuing Santos at A$26 billion ($17.4 billion). The company's languishing share price has led to several failed takeover attempts in recent years and spurred calls for it to break up its businesses.
State-owned Aramco and Adnoc have been conducting preliminary evaluations of Santos as a possible acquisition target, the people said, asking not to be identified because the information is private. The Middle Eastern energy giants are investing billions of dollars in natural gas, which is seen as an important bridge fuel in the energy transition, especially in Asia.
Aramco agreed last year to buy a minority stake in MidOcean Energy LLC, an arm of investment firm EIG Global Energy Partners that has interests in a number of LNG projects, for about $500 million.
Deliberations are ongoing, and the suitors haven't decided whether to proceed with any proposals, the people said. Aramco could opt to team up with a partner if it moves ahead, some of the people said. Representatives for Aramco, Adnoc and Santos declined to comment.
In 2018, Santos rejected multiple offers from US-based Harbour Energy Ltd., while preliminary talks with Woodside Energy Group Ltd. broke down earlier this year. Some investors have urged the company to split its coveted LNG assets from oil operations in Alaska and its domestic gas business in Australia to cash in on higher valuations.
"Santos has been shopping itself for awhile," said Saul Kavonic, an energy analyst at Sydney-based MST Marquee. "But once they look under the surface at Santos they see too many problems at the legacy onshore Australian assets and walk away."
Chief Executive Officer Kevin Gallagher, who transformed Santos into Australia's second-largest oil and gas producer, has been under pressure to boost the performance of a stock that has lagged peers and to crank up shareholder returns. An activist investor last year slammed the company for committing too much capital for growth.
Investors are frustrated and there is no succession plan in place for the CEO, who is coming toward the end of his tenure, Kavonic said. That could create a period of added vulnerability for the much-circled target.
However, the Australian company's portfolio could be a better fit for European oil majors or MidOcean Energy, he said.
"I would be pleasantly surprised if there was an approach," said Matthew Haupt, a portfolio manager at Wilson Asset Management, which holds Santos shares. "Santos is an attractive target for other parties, so it's in play, but not sure it's the Middle East players."

--With assistance from Michelle F. Davis, Matthew Martin, Georgina McKay and Paul-Alain Hunt.

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[illegible]

1 · 1.5K

Dan Tsubouchi @Energy_Tidbits · Jul 4

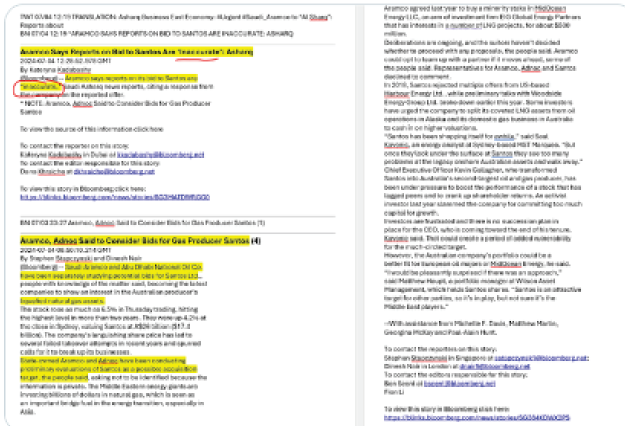
Non-denial denial?

Inaccurate" isn't the same as "incorrect"

Aramco says @SStapczynski 👇 report is "inaccurate".

Is it Aramco has interests in some of the LNG "assets" but doesn't want to do a takeover? or what isn't accurate?

#OOTT #NatGas



Aramco Says Reports on Bid to Santos Are "Inaccurate": Asharq

Aramco, Adnoc Said to Consider Bids for Gas Producer Santos (4)

> **Stephen Stapczynski** @SStapczynski · Jul 3
>
> Aramco and Adnoc look to accelerate investments into LNG 🇸🇦🇦🇪🚢
>
> ⚠️ The companies have been separately studying potential bids for Santos, which has LNG plants in Australia & PNG...

3 · 3 · 5 · 4.9K

SAF

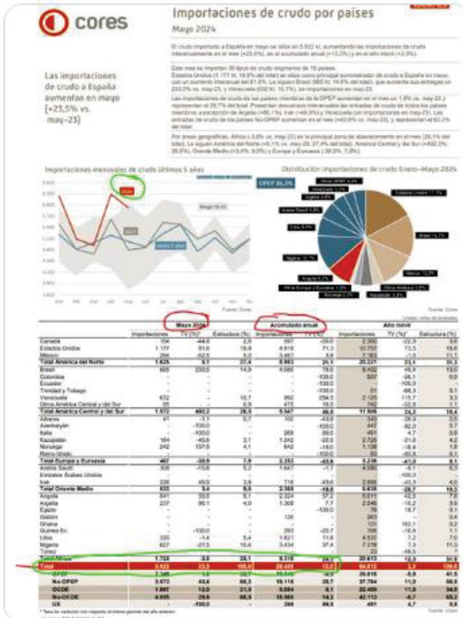
Dan Tsubouchi @Energy_Tidbits · 4h

Spain #Oil imports up big YoY

May 2024: +23.5% YoY to 1.40 mmb/d

YTD May 31 2024: +12.0% YoY to 1.38 mmb/d.

#OOTT



2 · 5 · 918

SAF

Dan Tsubouchi @Energy_Tidbits · 4h

No sign of Peak Oil Demand in Spain!

Gasoline: highest seasonally since 2007

Road Diesel: highest for May since 009

Jet fuel: highest for time of since since at least 1996.

Fuel oil: highest since 2019

...

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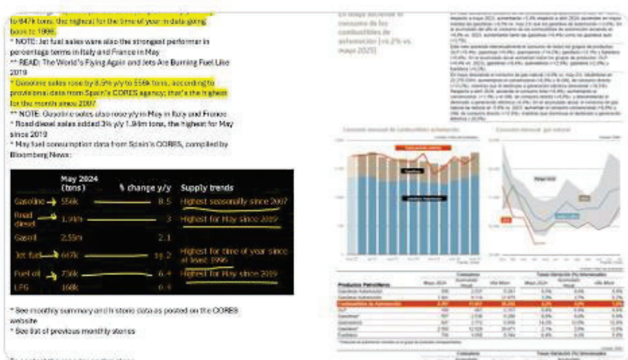


to 847k tons, the highest for the time of year in data going back to 1996.

* NOTE: Jet fuel sales were also the strongest performer in percentage terms in Italy and France in May

** READ: The World's Flying Again and Jets Are Burning Fuel Like 2019

* Gasoline sales rose by 8.5% y/y to 556k tons, according to provisional data from Spain's CORES agency; that's the highest for the month since 2007

** NOTE: Gasoline sales also rose y/y in May in Italy and France

* Road diesel sales added 3% y/y 1.94m tons, the highest for May since 2019

* May fuel consumption data from Spain's CORES, compiled by Bloomberg News:

	May 2024 (tons)	% change y/y	Supply trends
Gasoline	556k	8.5	Highest seasonally since 2007
Road diesel	1.94m	3	Highest for May since 2019
Gasoil	2.55m	2.1	
Jet fuel	847k	18.2	Highest for time of year since at least 1996
Fuel oil	756k	6.4	Highest for May since 2019
LPG	168k	0.4	

* See monthly summary and historic data as posted on the CORES website

* See list of previous monthly stories

To contact the reporter on this story:

7 · 5 · 16 · 1.3K

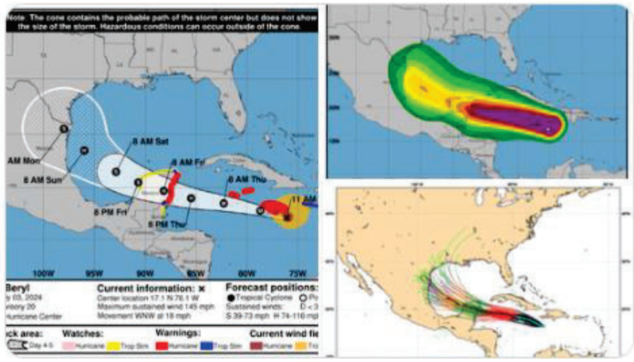
Dan Tsubouchi @Energy_Tidbits · 6h

Reminder hurricane paths are unpredictable once you get out past 24 hrs.

@ECMWF spaghetti map and @NHC_Atlantic warn the wide range of potential landing areas along Gulf Coast.

hope our friends in Jamaica, Cayman Islands & Yucatan Peninsula can all stay safe!

#OOTT #NatGas



1 6 1.7K

Dan Tsubouchi @Energy_Tidbits · 8h

For those not near their laptop, @EIAgov just released #Oil #Gasoline #Distillates inventory as of June 28 at 8:30am MT. Table below compares EIA data vs
@business expectations and vs @APIenergy yesterday. Prior to release, WTI was $83.20. #OOTT

Oil/Products Inventory June 28: EIA, Bloomberg Survey Expectations, API

(million barrels)	EIA	Expectations	API
Oil	-12.16	-0.55	-9.20
Gasoline	-2.21	-0.39	2.50
Distillates	-1.54	-0.15	-0.70
	-15.91	-1.09	-7.40

Note: Oil is commercial. So excludes a +0.4 mmb build in SPR for the June 28 week
Note: Included in the oil data, Cushing had a 0.35 mmb build for June 28 week
Source EIA, Bloomberg
Prepared by SAF Group https://safgroup.ca/news-insights/

6 30 3.3K

Dan Tsubouchi @Energy_Tidbits · 3h
June saw most Houthis attacks in 2024. 👇 @alexlongley1

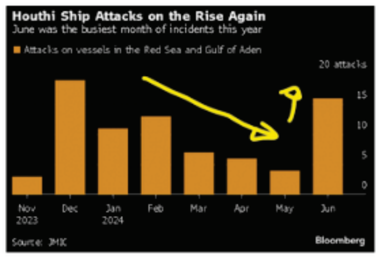
Prior to, it was looking like the big increase in US/UK attacks on Houthis missile & radar sites was working ie. less missile sites = Houthi attacks down.

Houthis aren't going away for now.

#OOTT

number of attacks on commercial ships so far in 2024 in June, fresh proof that the group's threat to trade intensified in recent weeks.

There were 16 confirmed attacks on ships in June, according to figures published by the naval forces operating in the region. That's the most for any single month in 2024, and was only eclipsed in December when more vessels were still sailing through the region. Separate figures published by the Washington Institute show a similar trend.



Attacks by the Houthis ramped up in June, having shown signs of diminishing in the preceding months. The incidents included the second confirmed sinking of a vessel, as well as the first successful attack with a seaborne drone. The attacks are helping to contribute to the second-largest increase in a gauge of global sea transport on record as vessels sail thousands of miles extra around Africa.

Tracking the exact number of incidents can be tricky as different agencies use different definitions for attacks. Some may also go unreported.

To contact the reporter on this story:
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To contact the editor responsible for this story:

1 · 1 · 897

Dan Tsubouchi @Energy_Tidbits · 4h
Huge task even in energy friendly Texas.

Texas may need to **increase power supply by 43% in only 5 years** says @GovAbbott

@AdamBennettKVUE adds that **~60% of the growth is AI data centers + bitcoin** mining.

#NatGas #Coal **is ~80% of Aug 2024 est resource.** @ERCOT_ISO

...
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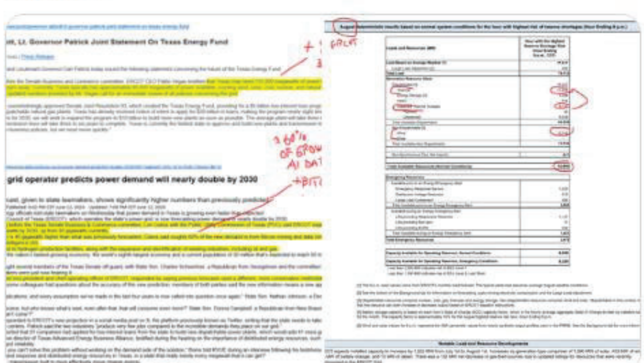


9 · 13 · 2.8K

Dan Tsubouchi @Energy_Tidbits · 10h

"*driven by politics not economic considerations*"

Same concept applies to why Net Zero aspirations weren't executable plans so are leading to higher for longer energy costs.

"*let's not forget geopolitics .... We see more and more trade barriers because policies on trade are not*

Show more

2 4 1.9K

Dan Tsubouchi @Energy_Tidbits · 11h

Need a warm winter in Ukraine

"I worry ...energy sector in Ukraine. 70% of the electricity generating capacity has been destroyed. So here we are stepping in ...to rebuild distributed generation capacity so Ukraine can make it through the winter". @BJavorcik to @flacqua

#OOTT

1 3 2 2.2K

Dan Tsubouchi @Energy_Tidbits · 14h

Think google translate meant to say Iran's oil minister says Iran doesn't give big discounts on oil price to China rather the discount is less than the fingers on one hand ie. low single digits.

He also said they export to 17 countries incl in EU>

#OOTT

Oil Minister's Response to a Candidate's False Claim About Iran's Oil Discount

The Oil Minister said: "Today, we also export oil to Europe, we export oil to 17 countries in the world, and with the railroad that has been laid in oil exports, any government that comes to power in the United States, there will be no problem for Iran's oil exports."

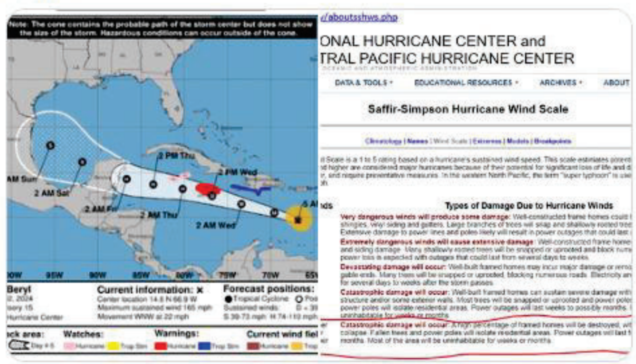
1 · 1 · 1K

Dan Tsubouchi @Energy_Tidbits · 15h

Hurricane Beryl now a Category 5, projected path at Jamaica.

Anyone who has been in a Tropical Storm or Hurricane knows it is scary. Hopefully the fact that Beryl is fast moving at 22 mph will at least keep flooding to a minimum.

#OOTT



Dan Tsubouchi @Energy_Tidbits · 23h

Hurricane Beryl impact on WTI.

WTI +$1.84 to $83.38 vs Brent only +$0.19 to $86.60 today.

...

3 · 5 · 13 · 3.3K

Dan Tsubouchi @Energy_Tidbits · 16h

Interest rates response to Thurs debate.

US 2/10 year yield spread - "*US curve inversion eases as Trump's lead over Biden widens*" graph just now on @daniburgz @ManusCranny

#OOTT

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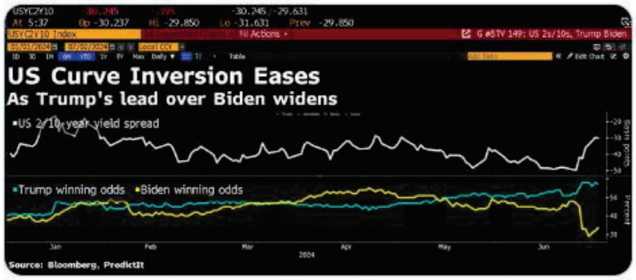


1 2 5 1K

Dan Tsubouchi @Energy_Tidbits · 23h

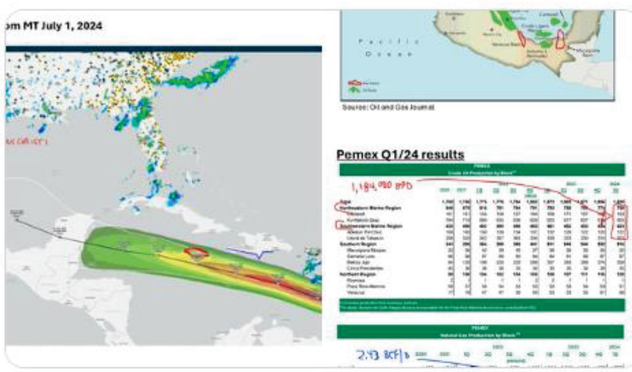
Hurricane Beryl impact on WTI.

WTI +$1.84 to $83.38 vs Brent only +$0.19 to $86.60 today.

Beryl projected to re-emerge after Yucatan Peninsula as tropical storm strength right at major Pemex offshore #Oil #NatGas fields.

Not clear if turns north to Corpus Christi.

#OOTT



1 3 8 6.4K

SAF

Dan Tsubouchi @Energy_Tidbits · Jul 1

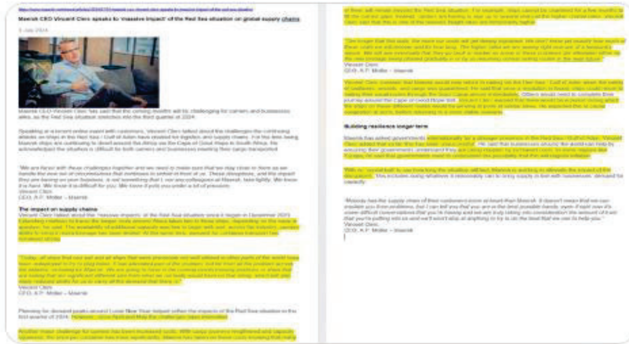
Maersk CEO.

No "*crystal ball*" how long Red Sea diversion will last.

"*The longer that this lasts, the more our costs will get deeply ingrained.*"

In some regions like Europe, he said that governments need to understand the possibility that this will reignite inflation

#OOTT



1 · 3 · 7 · 1.6K

SAF

Dan Tsubouchi @Energy_Tidbits · Jul 1

Lot to unpack here.

"*Our grid can't handle what we have today. Are we going to build 20% more power plants to handle all these AI data centers? Or are the companies going to start to create their own power centers? What do we feel as a society when a private company operates a*

Show more

***"Our grid can't handle what we have today. Are we going to build 20% more power plants to handle all these AI data centers? Or are the companies going to start to create their own power centers?* Ford CEO Farley**

SAF Group created transcript of comments by Ford CEO Jim Farley with CNBC's Julia Boorstin at the Aspen Ideas Festival on June 28, 2024. https://www.nbcnews.com/video/ford-ceo-jim-farley-discusses-the-rapid-evolution-of-electric-vehicles-213910597904

Items in "italics" are SAF Group created transcript.

At 26:14 min mark, Farley "*The other part of AI that we have to think about as a society is what are we going to do with all the data centers that process all this data. Our grid can't handle what we have today. Are we going to build 20% more power plants to handle all these AI data centers? Or are the companies going to start to create their own power centers? What do we feel as a society when a private company operates a private power plant? Can the electrons in the batteries of these vehicles be used to offset some of the future power train, power plant build-out requirements. I think so. Normally our customers charge at night, late at night. And I think the grid will hopefully get more intelligent where they will charge at 2 or 3 in the morning where the electrons are cheapest. And then they're going to have a lot of electrons when there's peak. And will we be able to sell those electrons back to the grid to reduce the requirement. I think we're going to have to struggle with problems like that with this AI explosion.*"

Prepared by SAF Group https://safgroup.ca/news-insights/

SAF **Dan Tsubouchi** @Energy_Tidbits · Jul 1

Game Changer!

Smart move by Amazon IF can directly get 100% of clean **24/7** power from Constellation's nuclear power plant for AI data center.

...

2 · 1 · 4 · 4.5K

Dan Tsubouchi @Energy_Tidbits · Jul 1

"*Do you think it's misguided to really focus so much just on a total* #EV *model?*" asks CNBC Julia Boorstin. "*Yes. Yes*" replies Ford CEO Farley.

"*Right now, it's all about choice. And regulators need to get their hear around that*"

Great @JBoorstin @jimfarley98 discussion.

#OOTT

***"Do you think it's misguided to really focus so much just on a total EV model?"* asks CNBC Julia Boorstin. "*Yes. Yes"* replies Ford CEO Farley.**

SAF Group created transcript of comments by Ford CEO Jim Farley with CNBC's Julia Boorstin at the Aspen Ideas Festival on June 28, 2024. https://www.nbcnews.com/video/ford-ceo-jim-farley-discusses-the-rapid-evolution-of-electric-vehicles-213910597904

Items in "italics" are SAF Group created transcript.

At 8:50 min mark, Farley "*I guess my point is that we are in the 1st or 2nd inning of a 9-inning game. And right now, it's about choice. And regulators need to get their head around that. They can't just be betting on all electric. They need to understand the customers will make this transition based on their duty cycle, based on the way they drive, based on the number of vehicles they have in their household. And, the transition is going to happen.*" Boorstin "*But do you think it's misguided to really focus so much just on a total EV model?*" Farley "*Yes. Yes. But I think it's equally misguided to portray EVs as something a total solution or the wrong solution.*"

Prepared by SAF Group https://safgroup.ca/news-insights/

4 · 4 · 10 · 3.9K

Dan Tsubouchi @Energy_Tidbits · Jul 1

Game Changer!

Smart move by Amazon IF can directly get 100% of clean **24/7** power from Constellation's nuclear power plant for AI data center.

ie. get the **24/7** power before it goes into grid baseload power.

What else but #NatGas #Coal **if** grid needs to replace **24/7** baseload

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> **The Wall Street Journal** @WSJ · Jun 30
>
> Exclusive: Tech companies scouring the country for electricity supplies have zeroed in on a key target: America's nuclear-power plants. on.wsj.com/3Wfawad on.wsj.com/3Wfawad

1 · 2 · 6.6K

Dan Tsubouchi @Energy_Tidbits · Jun 30

Note Hurricane Beryl is expected to be lose strength over Yucatan Peninsula but be Tropical Storm strength when it re-emerges in the GoM on Friday night.

Should gain strength when it gets back into GOM.

Too early to tell if it then moves north to Texas Gulf Coast.

#OOTT

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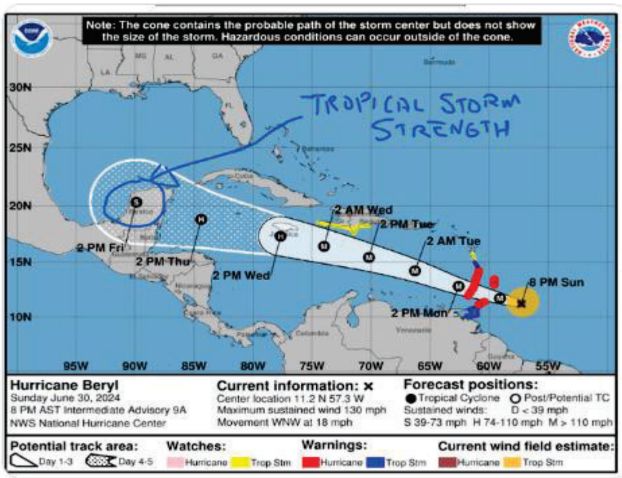

2 · 4 · 1.9K

Dan Tsubouchi @Energy_Tidbits · Jun 30

8th straight mth of expansion for China smaller & export oriented firms.

China Caixin Manufacturing PMI

Jun 51.8 vs Est 51.58
May 51.7
Apr 51.4
Mar 51.1
Feb 50.9
Jan 50.8...

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Dan Tsubouchi @Energy_Tidbits · Jun 29

2nd mth of contraction after 2 mths of expansion.

China official National Bureau of Statistics Manufacturing PMI out.

...

2 · 6 · 3.2K