Energy Tidbits

EU Aug BEV Sales -43.9% YoY, EU Auto Industry Calls for Urgent Action as Demand for BEVs Declines

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https://weather.com/forecast/national/news/2024-09-18-fall-early-winter-outlook-2024-us-temperatures?cm_ven=dnt_social_twitter

Fall-Early Winter Outlook: Widespread Warmth Through November, Then A Colder December For Some

By weather.com meteorologists
2 days ago
End Of 2024 Temperature Outlook

One of the warmest Octobers on record could leak into the rest of the year, but there may be some cooler pockets of the country ahead for a wintry escape. Here's a closer look at our exclusive outlook for the final three months of the year.

At a Glance

- September's warmth is expected to continue into October and November in much of the U.S.
- However, December could skew colder than usual in parts of the northern U.S.
- A potential La Niña is one factor behind this forecast.

Fall warmth will be widespread across much of the United States but a chillier pattern could arrive by December, according to an outlook released Thursday by The Weather Company and Atmospheric G2.

Summer lag into fall: Above-average temperatures are expected from the Southwest to the Plains, Midwest and Northeast over the rest of 2024.

The only exception may be in the Northwest, including Washington, parts of Oregon, northern Idaho and far northwest Montana, where temperatures over the last three months may run slightly below average.

Let's examine each of the next three months in more detail.

October heat: While our outlook has trended a tad cooler, this still may not be your kind of October if you're looking for crisp, cool air to check out an apple orchard.

New England, most of the Great Lakes and Southwest are expected to have a much warmer-than-usual October. Much of the Mississippi Valley and Plains are also expected to have a warmer-than-usual month.

The only exception to this may be the Pacific Northwest, where October may skew slightly cooler, and the Southeast, where October warmth may be muted due to tropical activity.

"It is rather difficult these days to forecast any sort of widespread below-normal temperatures in a seasonal forecast," wrote Todd Crawford, Vice President of Meteorology at Atmospheric G2 in the outlook.

"It still seems like years since we've had a month cooler than (the) 30-year average," Crawford also wrote.

November still mild: While we may think of November as a chilly month, that may not be the case as often this year.

An expansive swath from the Southwest to the Northern Plains is expected to be much warmer than average, while above-average warmth is generally forecast from the Great Basin to Texas to the western Great Lakes.

Parts of the Southeast, including Florida, may be the only area of the country that may skew a tad cooler than usual in November, just as the Sunshine State's "dry season" arrives.

December change: We may finally see a break in the overall warmth by December, at least for some.

Much of the northern tier of the U.S., from the Northwest to the Northern Plains and upper Midwest, may skew a bit colder than average in December.

That may be due, in part, to a weak La Niña expected to develop this fall. According to AG2's Todd Crawford, Decembers during previous weak La Niñas tended to be colder than average in the northern U.S., particularly in the Northern Plains.

That said, much of the nation's South is still expected to be milder than usual in December, with at least some of that mild air also expected in the Northeast.

Matterhorn Express Pipeline Overview

The Matterhorn Express Pipeline is an approximately 580-mile intrastate pipeline designed to transport up to 2.5 billion cubic feet per day of natural gas from the Permian Basin to the Katy area near Houston, Texas. As natural gas production in the Permian Basin continues to grow, the Matterhorn Express Pipeline will provide critical takeaway capacity moving product to market for end use and play a significant role enhancing our nation's energy security, reducing energy costs, and minimizing emissions related to flaring.

Economic Benefits[1]

- Designed to deliver energy for up to 2 million homes
- Through the completion of construction, contribute an estimated $75 million in taxes to state and local governments
- Once fully operational, contribute an estimated $35 million in taxes to state and local governments annually
- Employ more than 3,500 skilled workers during the construction phase of the project
- Create 50 permanent jobs in Texas once completed

Our Commitment to Landowners

The Matterhorn Express Pipeline is committed to being good neighbors and incorporating feedback from all relevant stakeholders into both the proposed route and the project's overall design.

[1] Words such as "anticipated," "expected," "targeted," "projected," "estimated," and similar expressions are intended to identify forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside the control of the Company, which could cause results to differ materially from those expected by management of the Company.

Media Release

Wednesday, 18 September 2024

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WOODSIDE AND JERA SIGN AGREEMENT FOR LONG-TERM LNG SUPPLY

Woodside has signed a sale and purchase agreement (SPA) with JERA for the long-term supply of liquefied natural gas (LNG) to Japan.

Under the SPA, Woodside will supply approximately 0.4 million tonnes (six cargoes) of LNG per year over 10 years on a delivered basis, commencing in April 2026.

LNG delivered to JERA under the SPA will be sourced from volumes across Woodside's global portfolio.

The execution follows the announcement in February whereby Woodside reached agreement for the sale to JERA of a 15.1% non-operating participating interest in the Scarborough Joint Venture.

Woodside Executive Vice President and Chief Commercial Officer Mark Abbotsford said the execution of the SPA strengthened the commitment to explore business opportunities alongside JERA.

"This LNG offtake agreement is Woodside's first long-term sale to JERA from our global portfolio and delivers on one of the core elements of our strategic relationship outlined earlier this year.

"We understand the demand from our customers in the Asian region for reliable energy. LNG continues to be an important energy source for Japan, one which can support the country's efforts to decarbonise."

Woodside expects the Scarborough equity sale to JERA to be completed before the end of 2024.

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https://www.botas.gov.tr/Icerik/botas-totalenergies-signs-lo/1016

BOTAŞ - TotalEnergies Signs Long Term LNG Agreement

Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ) has taken another significant step in line with its long-term supply plans and strategic goals by signing a 10-year agreement with TotalEnergies for the supply of 16 LNG cargoes (approximately 1.6 billion cubic meters) per year, starting from 2027.

With the participation of the Minister of Energy and Natural Resources Alparslan BAYRAKTAR, the signing ceremony of the agreement, which was registered with the signatures of Abdulvahit FİDAN, Chairman of the Board of Directors and General Manager of BOTAŞ, and Gregory JOFFROY, Senior Vice President of TotalEnergies LNG, was held in Houston, USA during the Gastech Conference, where representatives from the energy sector meet.

The LNG supply agreement signed with TotalEnergies will increase portfolio diversity and flexibility, and BOTAŞ will gain new competencies in the field of LNG transportation as it will receive LNG from the loading port by ships.

It will also strengthen BOTAŞ's position in the global market through the enhanced operational and commercial capabilities.

In line with Türkiye's vision of becoming an energy hub, BOTAŞ has demonstrated its growing presence in the sector through recent infrastructure investments it has made, increased technical capacities it has reached and commercial agreements it has signed. With the new agreements to be signed in the upcoming period, BOTAŞ will continue to change the energy landscape of the region as well as Türkiye.

Date: 18/9/2024

https://www.uniper.energy/news/uniper-and-conocophillips-extend-long-term-gas-supply-partnership-in-northwest-europe

Düsseldorf, 19 September 2024

Uniper and ConocoPhillips extend long-term gas supply partnership in Northwest Europe

- Supply of up to 10 billion cubic meters of natural gas over the next 10 years in key Northwest European markets
- Significant contribution to energy supply security in Germany and Europe
- Diversification of Uniper's gas portfolio further strengthened

From left to right: Hans Kirsch, Head of Structured Products and Options Trading, Carsten Poppinga, CCO Uniper, Khoa Dao, CCO ConocoPhillips, Danielle Stoves, Head of Business Development & LNG Integration

Uniper and ConocoPhillips have extended their long-term gas partnership for the supply of up to 10 billion cubic meters of natural gas over the next 10 years. Under the agreement, ConocoPhillips will supply natural gas to Uniper in Northwest Europe while leveraging its existing piped gas and growing LNG positions. ConocoPhillips and Uniper have had a decades long trusted and strong energy partnership. The extension of this relationship continues the long-standing, successful cooperation between the partners that serves as a cornerstone of the long-term, reliable energy supply security of Germany and of Europe.

“

We are excited to announce this significant deal, which is not only a great success for Uniper but also of central importance to energy security. This deal aims to enable us to sustainably strengthen the supply of gas in Germany and Europe on a long-term basis. This partnership is also a testament to our trustful cooperation. We are looking forward to further strengthen it and thereby create new opportunities.

Carsten Poppinga, CCO Uniper

Our strong partnership with Uniper dates back many years, and we are pleased to extend our relationship for the next decade. This agreement will further advance our growing LNG portfolio marketing efforts and help to ensure placement of vital gas supply into Europe.

Khoa Dao, CCO ConocoPhillips

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Uniper supplies municipal utilities and industrial customers with a strong gas portfolio, which includes pipeline gas and LNG, LNG regasification bookings and gas storage. Uniper continues to diversify the portfolio to enhance the security of gas supply in Europe while gradually decarbonizing it by adding green gases such as hydrogen and biomethane.

About Uniper

Düsseldorf-based Uniper is an international energy company with activities in more than 40 countries. The company and its roughly 7,000 employees make an important contribution to supply security in Europe, particularly in its core markets of Germany, the United Kingdom, Sweden, and the Netherlands.

Uniper's operations encompass power generation in Europe, global energy trading, and a broad gas portfolio. Uniper procures gas—including liquefied natural gas (LNG)—and other energy sources on global markets. The company owns and operates gas storage facilities with a total capacity of more than 7 billion cubic meters.

Uniper intends to be completely carbon-neutral by 2040. Uniper aims for its installed power generating capacity to be more than 80% zero-carbon by 2030. To achieve this, the company is transforming its power plants and facilities and investing in flexible, dispatchable power generating units. Uniper is already one of Europe's largest operators of hydropower plants and is helping further expand solar and wind power, which are essential for a more sustainable and secure future. The company is progressively expanding its gas portfolio to include green gases like hydrogen and biomethane and aims to convert to these gases over the long term.

Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonization journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

Highlights for the month

- Indigenous crude oil and condensate production during August 2024 was 2.4 MMT. OIL registered a production of 0.3 MMT, ONGC registered a production of 1.6 MMT whereas PSC/RSC registered production of 0.5 MMT during August 2024.There is a de-growth of 2.9 % in crude oil and condensate production during August 2024 as compared with the corresponding period of the previous year.
- Total Crude oil processed during August 2024 was 21.5 MMT which is 1.9% lower than August 2023, where PSU/JV refiners processed 14.4 MMT and private refiners processed 7.2 MMT of crude oil. Total indigenous crude oil processed was 1.9 MMT and total Imported crude oil processed was 19.6 MMT by all Indian refineries (PSU+JV+PVT). There was a growth of 1 % in total crude oil processed in April-August FY 2024 – 25 as compared to same period of FY 2023 – 24.
- Crude oil imports increased by 6.4% and 3.3% during August 2024 and April-August FY 2024-25 respectively as compared to the corresponding period of the previous year. As compared to net import bill for Oil & Gas for Aug 2023 of $ 9.0 billion, the net import bill for Oil & Gas for Aug 2024 was $ 11.4 billion. Out of which, crude oil imports constitutes $ 11.6 billion, LNG imports $1.2 billion and the exports were $ 3.4 billion during Aug 2024.
- The price of Brent Crude averaged $80.91/bbl during Aug 2024 as against $85.31/bbl during July 2024 and $86.22/bbl during Aug 2023. The Indian basket crude price averaged $78.27/bbl during Aug 2024 as against $84.15/bbl during July 2024 and $86.43 /bbl during Aug 2023.
- Production of petroleum products was 22.7 MMT during August 2024 which is 1 % lower than August 2023. Out of 22.7 MMT, 22.4 MMT was from refinery production & 0.3 MMT was from fractionator. There was a growth of 1.8 % in production of petroleum products in April-August FY 2024 – 25 as compared to same period of FY 2023 – 24. Out of total POL production, in August 2024, share of major products including HSD is 40.3 %, MS 17.6 %, Naphtha 6.5 %, ATF 6.3 %, Pet Coke 5.5 %, LPG 4.6%, and rest is shared by Bitumen, FO/LSHS, LDO, Lubes & others.
- POL products imports decreased by 1.4% and increased by 8.6% during August 2024 and April-August FY 2024-25 respectively as compared to the corresponding period of the previous year. Increase in POL products imports during April-August FY 2024-25 were mainly due to increase in imports of liquified petroleum gas (LPG), petcoke and lubes/LOBS etc.

- Exports of POL products decreased by 13.7% and 2.8% during August 2024 and April-August FY 2024-25 respectively as compared to the corresponding period of the previous year. Decrease in POL products exports during April-August FY 2024-25 were mainly on account of decrease in exports of High-Speed Diesel (HSD), Vacuum Gas Oil (VGO) and Motor Spirit (MS) etc.
- The consumption of petroleum products during April-Aug 2024, with a volume of 99.2 MMT, reported a growth of 3.3 % compared to the volume of 96.0 MMT during the same period of the previous year. This growth was led by 22.3% growth in lubes, 10.3% growth in ATF, 8.1% growth in MS, 6.8% in LPG,2.4% in Petcoke and 1.4% in HSD consumption besides growth in Naphtha and FO/LSHS during the period. The Consumption of petroleum products for the month of Aug-2024 recorded a de-growth of 2.6% with a volume of 18.3 MMT compared to the same period of the previous year.
- Ethanol blending in Petrol was 15.8% during Aug'24 and cumulative ethanol blending during November 2023- August 2024 was 13.6%. As on 01.09.2024, 16,059 PSU outlets out of 82,617 total PSU Retail Outlets are dispensing E20 Ethanol Blended MS.
- Total Natural Gas Consumption (including internal consumption) for the month of August 2024 was 5792 MMSCM which was 1% lower than the corresponding month of the previous year. The cumulative consumption of 30003 MMSCM for the current financial year till August 2024 was higher by 18.4 % compared with the corresponding period of the previous year.
- Gross production of natural gas for the month of August 2024 (P) was 3048 MMSCM which was lower by 3.7% compared with the corresponding month of the previous year. The cumulative gross production of natural gas of 15183 MMSCM for the current financial year till August 2024 was higher by 2.2 % compared with the corresponding period of the previous year.
- Prorated LNG import for the month of August 2024 (P) was 2794 MMSCM which was 2.4% higher than the corresponding month of the previous year. The prorated cumulative import of 15064 (P) MMSCM for the current financial year till August 2024 is higher by 17.4 % compared with the corresponding period of the previous year.

1. Selected indicators of the Indian economy

	Economic indicators	Unit/ Base	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	Population (basis RGI projections)	Billion	1.309	1.337	1.351	1.365	1.377	1.388
2	GDP at constant (2011-12 Prices)	Growth %	6.5 2nd RE	4.0 1st RE	-6.6 1st RE	9.1 1st RE	7.2 PE	7.6 (E)
3	Agricultural Production (Food grains)	MMT	285.2	297.5	310.7	315.7 4th AE	330.5 3rd AE	328.9 3rd AE
		Growth %	0.1	4.3	4.5	1.6	4.7	-0.5
4	Gross Fiscal Deficit (as percent of GDP)	%	3.4	4.6	9.5 RE	6.7 RE	6.4 RE	5.9 RE

	Economic indicators	Unit/ Base	2022-23	2023-24	August		April-August	
					2023-24	2024-25(P)	2023-24	2024-25 (P)
5	Index of Industrial Production (Base: 2011-12)	Growth %	5.2	5.9	6.2	4.8* QE	5.1#	5.2#
6	Imports^	$ Billion	714.2	677.2	53.5	57.5	213.5	229.7
7	Exports^	$ Billion	451.0	437.1	34.5	34.0	138.4	144.1
8	Trade Balance	$ Billion	-263.2	-240.1	-19.0	-23.5	-75.1	-85.6
9	Foreign Exchange Reserves @	$ Billion	578.4	645.6	598.9	684.0	-	-

Population projection by RGI is taken as on 1st July for the year. IIP is for the month of *Jul'24 and #April-Jul'23 and Apr-Jul'24; @ 2022-23 as on March 31, 2023,2023-24 as on March 29,2024, Aug 2023 as on Aug 25, 2023 and Aug, 2024 as on Aug 30, 2024; ^Imports & Exports are for Merchandise for the month of July 2023 & July 2024 and Apr-July 2023 and Apr-July 2024.; E: Estimates; PE: Provisional Estimates; AE-Advanced Estimates; RE-Revised Estimates; QE-Quick Estimates.

Source: Registrar General India, Ministry of Commerce & Industry, Ministry of Statistics and Programme Implementation, Ministry of Agriculture & Farmer's Welfare, Ministry of Finance, Reserve Bank of India

2. Crude oil, LNG and petroleum products at a glance

	Details	Unit/ Base	2022-23 (P)	2023-24 (P)	August		April-August	
					2023-24 (P)	2024-25 (P)	2023-24 (P)	2024-25 (P)
1	Crude oil production in India#	MMT	29.2	29.4	2.5	2.4	12.3	12.1
2	Consumption of petroleum products*	MMT	223.0	234.3	18.8	18.3	96.0	99.2
3	Production of petroleum products	MMT	266.5	276.1	22.9	22.7	115.1	117.2
4	Gross natural gas production	MMSCM	34,450	36,438	3,166	3,048	14,852	15,183
5	Natural gas consumption	MMSCM	59,969	67,512	5,841	5,792	25,332	30,003
6	Imports & exports:							
	Crude oil imports	MMT	232.7	233.1	18.7	19.9	98.4	101.6
		$ Billion	157.5	132.8	10.9	11.6	52.8	60.6
	Petroleum products (POL) imports*	MMT	44.6	48.7	4.4	4.3	19.3	21.0
		$ Billion	26.9	23.0	1.9	2.1	8.6	10.0
	Gross petroleum imports (Crude + POL)	MMT	277.3	281.8	23.1	24.2	117.7	122.6
		$ Billion	184.4	155.9	12.9	13.6	61.5	70.6
	Petroleum products (POL) export	MMT	61.0	62.4	5.8	5.0	25.9	25.2
		$ Billion	57.3	47.7	4.9	3.4	19.4	18.1
	LNG imports*	MMSCM	26,304	31,795	2,729	2,794	12,832	15,064
		$ Billion	17.1	13.3	1.1	1.2	5.4	6.1
	Net oil & gas imports	$ Billion	144.2	121.5	9.0	11.4	47.5	58.6
7	Petroleum imports as percentage of India's gross imports (in value terms)^^	%	25.8	23.0	6.0	5.9	23.0	24.6
8	Petroleum exports as percentage of India's gross exports (in value terms)^^	%	12.7	10.9	14.3	9.9	11.2	10.0
9	Import dependency of crude oil (on POL consumption basis)	%	87.4	87.8	88.0	88.2	87.8	88.1

#Includes condensate; *Private direct imports are prorated for the period Jul'24 to Aug'24 for POL. LNG Imports figure from DGCIS are prorated for Jul'24 to Aug'24 .Total may not tally due to rounding off. ^^ Import and Exports for Aug'24 are prorated.

3. Indigenous crude oil production (Million Metric Tonnes)

Details	2022-23 (P)	2023-24 (P)	August			April-August		
			2023-24 (P)	2024-25 Target*	2024-25 (P)	2023-24 (P)	2024-25 Target*	2024-25 (P)
ONGC	18.4	18.1	1.5	1.7	1.5	7.6	8.2	7.4
Oil India Limited (OIL)	3.2	3.3	0.3	0.3	0.3	1.4	1.5	1.5
Private / Joint Ventures (JVs)	6.2	5.7	0.5	0.6	0.4	2.5	3.1	2.3
Total Crude Oil	**27.8**	**27.2**	**2.3**	**2.6**	**2.2**	**11.5**	**12.8**	**11.2**
ONGC condensate	1.0	1.1	0.1	0.0	0.1	0.5	0.0	0.4
PSC condensate	0.3	1.1	0.1	0.0	0.1	0.4	0.0	0.5
Total condensate	**1.4**	**2.2**	**0.2**	**0.0**	**0.2**	**0.8**	**0.0**	**0.9**
Total (Crude + Condensate) (MMT)	**29.2**	**29.4**	**2.5**	**2.6**	**2.4**	**12.3**	**12.8**	**12.1**
Total (Crude + Condensate) (Million Bbl/Day)	0.59	0.59	0.59	0.62	0.57	0.59	0.61	0.58

*Provisional targets inclusive of condensate.

4. Domestic and overseas oil & gas production (by Indian Companies)

Details	2022-23 (P)	2023-24 (P)	August		April-August	
			2023-24 (P)	2024-25 (P)	2023-24 (P)	2024-25 (P)
Total domestic production (MMTOE)	63.6	65.8	5.7	5.5	27.2	27.3
Overseas production (MMTOE)	19.5	19.9	1.7	1.8	8.3	8.4

Source: ONGC Videsh, GAIL, OIL , IOCL, HPCL & BPRL

5. High Sulphur (HS) & Low Sulphur (LS) crude oil processing (MMT)

Details		2022-23 (P)	2023-24 (P)	August		April-August	
				2023-24 (P)	2024-25 (P)	2023-24 (P)	2024-25 (P)
1	High Sulphur crude	197.9	205.2	16.9	16.6	85.0	87.0
2	Low Sulphur crude	57.4	56.3	5.0	4.9	24.5	24.0
Total crude processed (MMT)		**255.2**	**261.5**	**21.9**	**21.5**	**109.5**	**110.9**
Total crude processed (Million Bbl/Day)		5.13	5.25	5.17	5.09	5.25	5.32

6. Quantity and value of crude oil imports			
Year	**Quantity (MMT)**	**$ Million**	**Rs. Crore**
2021-22	212.4	120675	9,01,262
2022-23	232.7	157531	12,60,372
2023-24 (P)	233.1	132838	11,00,589
April-August 2024-25(P)	101.6	60593	5,06,680

7. Self-sufficiency in petroleum products (Million Metric Tonnes)							
Particulars		**2022-23 (P)**	**2023-24(P)**	**August**		**April-August**	
				2023-24 (P)	**2024-25 (P)**	**2023-24 (P)**	**2024-25 (P)**
1	Indigenous crude oil processing	26.5	26.9	2.1	2.0	10.9	11.0
2	Products from indigenous crude (93.3% of crude oil processed)	24.7	25.1	2.0	1.9	10.2	10.3
3	Products from fractionators (Including LPG and Gas)	3.5	3.5	0.3	0.3	1.5	1.5
4	Total production from indigenous crude & condensate **(2 + 3)**	28.2	28.6	2.3	2.2	11.7	11.8
5	Total domestic consumption	223.0	234.3	18.8	18.3	96.0	99.2
% Self-sufficiency (4 / 5)		**12.6%**	**12.2%**	**12.0%**	**11.8%**	**12.2%**	**11.9%**

8. Refineries: Installed capacity and crude oil processing (MMTPA / MMT)

Sl. no.	Refinery	Installed capacity (01.04.2024) MMTPA	Crude oil processing (MMT)							
			2022-23 (P)	2023-24 (P)	August			April-August		
					2023-24 (P)	2024-25 (Target)	2024-25 (P)	2023-24 (P)	2024-25 (Target)	2024-25 (P)
1	Barauni (1964)	6.0	6.8	6.6	0.6	0.5	0.6	2.8	2.5	2.8
2	Koyali (1965)	13.7	15.6	15.2	1.3	1.3	1.3	6.3	6.3	6.6
3	Haldia (1975)	8.0	8.5	8.1	0.7	0.4	0.3	3.5	2.6	3.0
4	Mathura (1982)	8.0	9.6	9.2	0.7	0.4	0.6	3.6	3.7	3.8
5	Panipat (1998)	15.0	13.8	14.3	1.2	1.3	1.2	6.2	5.9	6.2
6	Guwahati (1962)	1.2	1.1	1.0	0.1	0.1	0.1	0.5	0.5	0.5
7	Digboi (1901)	0.65	0.7	0.7	0.0	0.1	0.1	0.3	0.3	0.3
8	Bongaigaon(1979)	2.70	2.8	3.0	0.3	0.2	0.2	1.3	1.0	1.0
9	Paradip (2016)	15.0	13.6	15.2	1.4	1.4	1.2	6.6	6.8	5.3
	IOCL-TOTAL	**70.3**	**72.4**	**73.3**	**6.3**	**5.8**	**5.6**	**31.1**	**29.6**	**29.6**
10	Manali (1969)	10.5	11.3	11.6	1.0	0.5	0.7	4.7	3.8	4.4
11	CBR (1993)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	CPCL-TOTAL	**10.5**	**11.3**	**11.6**	**1.0**	**0.5**	**0.7**	**4.7**	**3.8**	**4.4**
12	Mumbai (1955)	12.0	14.5	15.1	1.4	1.2	1.4	6.7	6.0	6.5
13	Kochi (1966)	15.5	16.0	17.3	1.3	1.3	1.4	7.1	6.6	7.4
14	Bina (2011)	7.8	7.8	7.1	0.5	0.3	0.5	2.4	2.6	3.2
	BPCL-TOTAL	**35.3**	**38.4**	**39.5**	**3.2**	**2.9**	**3.3**	**16.1**	**15.1**	**17.1**
15	Numaligarh (1999)	3.0	3.1	2.5	0.26	0.3	0.2	0.6	1.2	1.2

Sl. no.	Refinery	Installed capacity (01.04.2024) MMTPA	Crude oil processing (MMT)							
			2022-23 (P)	2023-24 (P)	August			April-August		
					2023-24 (P)	2024-25 (Target)	2024-25 (P)	2023-24 (P)	2024-25 (Target)	2024-25 (P)
16	Tatipaka (2001)	0.07	0.07	0.07	0.000	0.005	0.000	0.00	0.02	0.02
17	MRPL-Mangalore (1996)	15.0	17.1	16.5	1.1	1.5	1.5	6.9	7.4	7.4
	ONGC-TOTAL	**15.1**	**17.2**	**16.6**	**1.1**	**1.5**	**1.5**	**6.9**	**7.4**	**7.4**
18	Mumbai (1954)	9.5	9.8	9.6	0.8	0.8	0.7	4.1	3.6	3.8
19	Visakh (1957)	13.7	9.3	12.7	1.1	1.0	1.3	5.2	4.9	6.1
20	HMEL-Bathinda (2012)	11.3	12.7	12.6	1.1	0.9	1.1	5.4	4.6	5.5
	HPCL- TOTAL	**34.5**	**31.8**	**35.0**	**3.0**	**2.7**	**3.1**	**14.7**	**13.2**	**15.4**
21	RIL-Jamnagar (DTA) (1999)	33.0	34.4	34.4	2.9	3.2	2.9	14.4	15.0	14.6
22	RIL-Jamnagar (SEZ) (2008)	35.2	27.9	28.3	2.5	4.0	2.5	12.6	20.4	12.8
23	NEL-Vadinar (2006)	20.0	18.7	20.3	1.8	1.7	1.8	8.7	8.2	8.5
All India (MMT)		**256.8**	**255.2**	**261.5**	**22.0**	**22.5**	**21.5**	**109.8**	**113.8**	**110.9**
All India (Million Bbl/Day)		**5.02**	**5.13**	**5.24**	**5.21**	**5.32**	**5.09**	**5.26**	**5.45**	**5.32**

Note: Provisional Targets; Some sub-totals/ totals may not add up due to rounding off at individual levels. The Inputs to Refinery includes both Crude Oil and Other Inputs (OI), however Other Inputs (OI) do not form part of the above data.

9. Major crude oil and product pipeline network (as on 01.09.2024)

Details		ONGC	OIL	Cairn	HMEL	IOCL	BPCL	HPCL	Others*	Total
Crude Oil	Length (KM)	1,284	1,193	688	1,017	5,822	937			**10,941**
	Cap (MMTPA)	60.6	9.0	10.7	11.3	53.8	7.8			**153.1**
Products	Length (KM)		654			12,807	2,600	5,133	2,399	**23,593**
	Cap (MMTPA)		1.7			70.6	22.6	35.2	10.2	**140.3**

***Others include GAIL and Petronet India. HPCL and BPCL lubes pipeline included in products pipeline data**

11. Production and consumption of petroleum products (Million Metric Tonnes)

Products	2022-23 (P)		2023-24 (P)		Aug-23 (P)		Aug-24 (P)		Apr-Aug'23 (P)		Apr-Aug'24 (P)	
	Prod	Cons	Prod	Cons	Prod	Cons	Prod	Cons	Prod	Cons	Prod	Cons
LPG	12.8	28.5	12.8	29.7	1.0	2.5	1.0	2.6	5.4	11.6	5.3	12.4
MS	42.8	35.0	45.1	37.2	3.8	3.1	4.0	3.4	18.9	15.5	19.4	16.7
NAPHTHA	17.0	12.2	18.3	13.8	1.6	1.2	1.5	1.2	7.7	5.6	7.9	5.6
ATF	15.0	7.4	17.1	8.2	1.5	0.7	1.4	0.7	7.1	3.3	7.3	3.7
SKO	0.9	0.5	1.0	0.5	0.1	0.05	0.10	0.03	0.43	0.22	0.4	0.17
HSD	113.8	85.9	115.9	89.6	9.5	6.7	9.1	6.5	48.3	37.5	48.6	38.0
LDO	0.6	0.7	0.7	0.8	0.08	0.1	0.05	0.1	0.3	0.3	0.2	0.3
LUBES	1.3	3.7	1.4	4.1	0.1	0.3	0.1	0.4	0.6	1.7	0.5	2.0
FO/LSHS	10.4	7.0	10.3	6.5	0.7	0.5	1.0	0.5	3.4	2.8	4.8	2.8
BITUMEN	4.9	8.0	5.2	8.8	0.3	0.5	0.2	0.4	2.1	3.5	2.1	3.4
PET COKE	15.4	18.3	15.1	20.3	1.2	1.8	1.2	1.6	6.4	8.2	6.2	8.4
OTHERS	31.5	15.8	33.3	14.7	3.0	1.5	2.9	0.9	14.7	5.9	14.4	5.7
ALL INDIA	**266.5**	**223.0**	**276.1**	**234.3**	**22.9**	**18.8**	**22.7**	**18.3**	**115.1**	**96.0**	**117.2**	**99.2**
Growth (%)	**4.8%**	**10.6%**	**3.6%**	**5.0%**	**9.5%**	**8.0%**	**-1.0%**	**-2.6%**	**3.7%**	**6.0%**	**1.8%**	**3.3%**

15. LPG consumption (Thousand Metric Tonne)

LPG category	2021-22	2022-23	August 2023-24	August 2024-25(P)	August Growth (%)	April-August 2023-24	April-August 2024-25 (P)	April-August Growth (%)
1. PSU Sales :								
LPG-Packed Domestic	25,501.6	25,381.5	2,108.2	2,344.7	11.2%	10,221.7	11,002.8	7.6%
LPG-Packed Non-Domestic	2,238.8	2,606.0	257.7	235.8	-8.5%	1,116.1	1,064.8	-4.6%
LPG-Bulk	390.9	408.9	86.0	57.1	-33.6%	206.5	223.0	8.0%
Auto LPG	122.0	106.7	8.6	6.7	-22.0%	39.8	31.4	-21.0%
Sub-Total (PSU Sales)	28,253.3	28,503.1	**2,460.6**	**2,644.4**	**7.5%**	**11,584.1**	**12,322.0**	**6.4%**
2. Direct Private Imports*	0.1	0.1	0.00	4.68	#DIV/0!	0.04	51.51	134006.5%
Total (1+2)	28,253.4	28,503.2	**2,460.6**	**2,649.1**	**7.7%**	**11,584.1**	**12,373.5**	**6.8%**

*Jul'24-Aug'24 import data from DGCIS data is prorated.

16. LPG marketing at a glance

Particulars (As on 1st of April)	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	01.09.24 (P)
LPG Active Domestic Customers	(Lakh)			1486	1663	1988	2243	2654	2787	2895	3053	3140	3242	3276.9
	Growth				11.9%	19.6%	12.8%	18.3%	5.0%	3.9%	5.5%	2.9%	3.2%	4.0%
LPG Coverage (Estimated)	(Percent)			56.2	61.9	72.8	80.9	94.3	97.5	99.8	-	-	-	-
	Growth				10.1%	17.6%	11.1%	16.5%	3.4%	2.3%	-	-	-	-
PMUY Beneficiaries	(Lakh)					200.3	356	719	802	800	899.0	958.6	1032.7	1033
	Growth						77.7%	101.9%	11.5%	-0.2%	12.2%	6.6%	7.7%	7.8%
LPG Distributors	(No.)	12610	13896	15930	17916	18786	20146	23737	24670	25083	25269	25386	25481	25512
	Growth	9.8%	10.2%	14.6%	12.5%	4.9%	7.2%	17.8%	3.9%	1.7%	0.7%	0.5%	0.4%	0.4%
Auto LPG Dispensing Stations	(No.)	667	678	681	676	675	672	661	657	651	601	526	468	448
	Growth	2.3%	1.6%	0.4%	-0.7%	-0.1%	-0.4%	-1.6%	-0.6%	-0.9%	-8.5%	-12.5%	-11.0%	-9.7%
Bottling Plants	(No.)	185	187	187	188	189	190	192	196	200	202	208	210	211
	Growth	0.5%	1.1%	0.0%	0.5%	0.5%	0.5%	1.1%	2.1%	2.0%	1.0%	4.5%	1.0%	1.4%

Source: PSU OMCs (IOCL,BPCL and HPCL)

1.Growth rates as on 01.09.2024 are with respect to figs as on 01.09.2023. Growth rates as on 1 April of any year are with respect to figs as on 1 April of previous year.

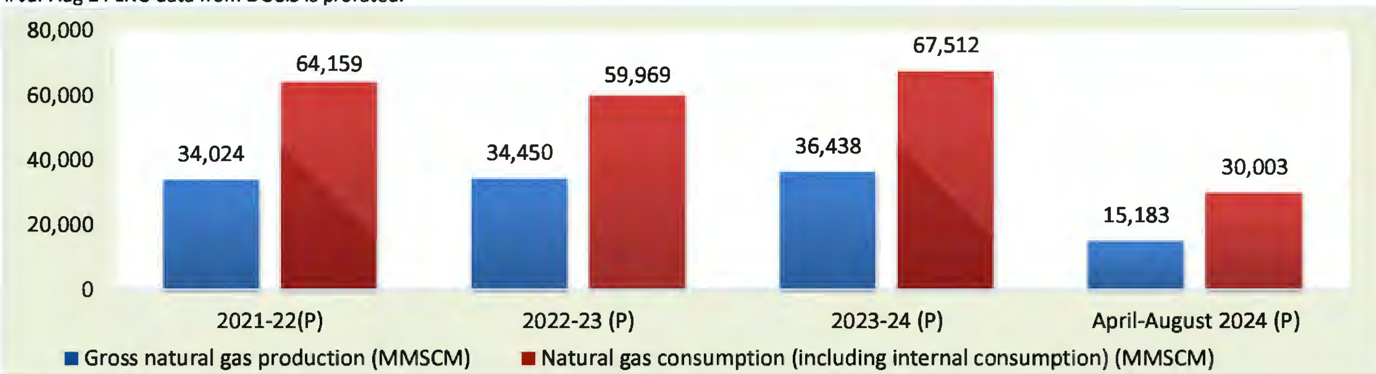
2. The LPG coverage is calculated by PSU OMCs based upon the active LPG domestic connections and the estimated number of households. The number of households has been projected by PSU OMCs based on 2011 census data. Factors like increasing nuclearization of families, migration of individuals/ families due to urbanization and reduction in average size of households etc. impact the growth of number of households. Due to these factors, the estimated no. of households through projection of 2011 census data may slightly differ from the actual no. of households in a State/UT. Further, this methodology does not include PNG (domestic) connections.

18. Natural gas at a glance

(MMSCM)

Details	2022-23	2023-24	August			April-August		
			2023-24 (P)	2024-25 (Target)	2024-25 (P)	2023-24 (P)	2024-25 (Target)	2024-25 (P)
(a) Gross production	34,450	36,438	3,166	3,299	3,048	14,852	16,254	15,183
- ONGC	19,969	19,316	1,650	1,661	1,572	8,173	8,209	7,843
- Oil India Limited (OIL)	3,041	3,090	265	334	270	1,261	1,606	1,322
- Private / Joint Ventures (JVs)	11,440	14,032	1,250	1,305	1,206	5,419	6,438	6,018
(b) Net production (excluding flare gas and loss)	33,664	35,717	3,111		2,999	12,500		14,940
(c) LNG import#	26,304	31,795	2,729		2,794	12,832		15,064
(d) Total consumption including internal consumption (b+c)	59,969	67,512	5,841		5,792	25,332		30,003
(e) Total consumption **(in BCM)**	60.0	67.5	5.8		5.8	25.3		30.0
(f) Import dependency based on consumption (%), {c/d*100}	43.9	47.1	46.7		48.2	50.7		50.2

Jul-Aug'24 LNG data from DGCIS is prorated.



19. Coal Bed Methane (CBM) gas development in India

Prognosticated CBM resources		91.8	TCF
Established CBM resources		10.4	TCF
CBM Resources (33 Blocks)		62.8	TCF
Total available coal bearing areas (India)		32760	Sq. KM
Total available coal bearing areas with MoPNG/DGH		12254*	Sq. KM
Area awarded		21,177**	Sq. KM
Blocks awarded*		39	Nos.
Exploration initiated (Area considered if any boreholes were drilled in the awarded block)		11008	Sq. KM
Production of CBM gas	April-August 2024 (P)	300.19	MMSCM
Production of CBM gas	August 2024 (P)	61.06	MMSCM

*ST CBM Block awarded & relinquished twice- in CBM Round II and Round IV -Area considered if any boreholes were drilled in the awarded block. **MoPNG awarded 04 new CBM Blocks (Area 3862 sq. km) under Special CBM Bid Round 2021 in September 2022. ***Area considered if any boreholes were drilled in the awarded block.

19a. Status of Compressed Bio Gas (CBG) projects under SATAT (as on 01.09.2024) (Provisional)

Particulars	Units	IOCL	HPCL	BPCL	GAIL#	IGL	Total
No. of CBG plants commissioned and initiated sale of CBG	No. of plants	34*	8	11	18	6	75*
Start of CBG sale from retail outlet(s)	Nos.	96	65	74	1	0	236
Sale of CBG in 2022-23	Tons	5,822	77	6	5322		11,227
Sale of CBG in 2023-24	Tons	6500	102	309	12813		19724
Sale of CBG in 2024-25 (up to August 2024)	Tons	3237	178	784	10678		14877
Sale of CBG in CGD network	GA Nos.				44		44

Sale of CBG sourced under CBG-CGD synchronization scheme by GAIL through its own marketing channels as well as other CGDs/OMCs..*2 LOI holders of IndianOil are supplying CBG produced at their plants to two other OGMCs and hence they are counted only once in cumulative CBG plants commissioned on industry basis.

20. Common Carrier Natural Gas pipeline network as on 31.03.2024

Nature of pipeline		GAIL	GSPL	PIL	IOCL	AGCL	RGPL	GGL	DFPCL	ONGC	GIGL	GITL	Others*	Total
Operational	Length	10,983	2,722	1,483	143	107	304	73	42	24				15,881
	Capacity	233.2	43.0	85.0	20.0	2.4	3.5	5.1	0.7	6.0				-
Partially commissioned#	Length	4,933			1,080						1,302	364		7,679
	Capacity	0.0												-
Total operational length		**15,916**	**2,722**	**1,483**	**1,223**	**107**	**304**	**73**	**42**	**24**	**1,302**	**364**	**0**	**23,560**
Under construction	Length	2,605	100		65						0	220	2,640	5,630
	Capacity	26.3	3.0		1.0						0.0	36.0	42.0	-
Total length		**18,521**	**2,822**	**1,483**	**1,288**	**107**	**304**	**73**	**42**	**24**	**1,302**	**584**	**2,640**	**29,190**

Source: PNGRB; Length in KMs ; Authorized Capacity in MMSCMD (Arithmetic sum taken for each entity -capacity may vary from pipeline to pipeline); *Others-APGDC, , IGGL, IMC,GTIL,HPPL Consortium of H-Energy. Total authorized Natural Gas pipelines including Tie-in connectivity, dedicated & STPL is 33,347 Kms (P) however total operational and Under Construction Pipeline length is 35,217 Kms (P)

21. Existing LNG terminals

Location	Promoters	Capacity as on 01.09.2024 (MMTPA)	% Capacity utilisation (April- July 2024)
Dahej	Petronet LNG Ltd (PLL)	17.5	106.8
Hazira	Shell Energy India Pvt. Ltd.	5.2	50.0
Dabhol	Konkan LNG Limited*	5	40.8
Kochi	Petronet LNG Ltd (PLL)	5	22.5
Ennore	Indian Oil LNG Pvt Ltd	5	25.2
Mundra	GSPC LNG Limited	5	31.7
Dhamra	Adani Total Private Limited	5	27.9
Total Capacity		**47.7**	

* To increase to 5 MMTPA with breakwater. Only HP stream of capacity of 2.9 MMTPA is commissioned

22. Status of PNG connections and CNG stations across India (Nos.) as on 31.07.2024(P)				
State/UT (State/UTs are clubbed based on the GAs authorised by PNGRB)	CNG Stations	PNG connections		
		Domestic	Commercial	Industrial
Andhra Pradesh	194	275,659	511	51
Andhra Pradesh, Karnataka & Tamil Nadu	44	10,544	10	7
Assam	23	63,131	1,398	467
Bihar	145	177,265	142	17
Bihar & Jharkhand	15	9,020	7	0
Bihar & Uttar Pradesh	26	11,500	0	0
Chandigarh (UT), Haryana, Punjab & Himachal Pradesh	30	27,805	180	52
Chhattisgarh	22	3,499	0	0
Dadra & Nagar Haveli (UT)	6	12,546	57	65
Daman & Diu (UT)	5	5,293	87	57
Daman and Diu & Gujarat	15	7,721	28	0
Goa	12	15,184	39	47
Gujarat	1,009	3,373,048	23,767	5,807
Haryana	445	416,259	1,213	2,598
Haryana & Himachal Pradesh	10	54	1	0
Haryana & Punjab	27	1,749	0	0
Himachal Pradesh	13	8,029	31	2
Jharkhand	103	138,883	39	8
Karnataka	394	456,444	611	373
Kerala	145	93,145	84	28
Kerala & Puducherry	14	5,228	0	0
Madhya Pradesh	312	246,034	502	543
Madhya Pradesh and Chhattisgrah	9	0	0	0
Madhya Pradesh and Rajasthan	35	1,073	0	0
Madhya Pradesh and Uttar Pradesh	20	0	0	3
Maharashtra	925	3,525,489	8,571	1,509
Maharashtra & Gujarat	72	194,712	11	37
Maharashtra and Madhya Pradesh	16	0	0	0
National Capital Territory of Delhi (UT)	493	1,595,860	4,226	1,937

State/UT (State/UTs are clubbed based on the GA's authorised by PNGRB)	CNG Stations	PNG connections		
		Domestic	Commercial	Industrial
Odisha	112	125,804	16	1
Puducherry	2	0	0	0
Puducherry & Tamil Nadu	8	404	2	0
Punjab	219	92,246	689	314
Punjab & Rajasthan	19	5,278	0	0
Rajasthan	328	338,376	284	1,740
Tamil Nadu	321	35,405	20	24
Telangana	191	213,952	128	130
Telangana and Karnataka	9	124	0	1
Tripura	19	63,066	508	62
UT of Jammu and Kashmir	1	0	0	0
Uttar Pradesh	1,001	1,664,351	2,862	3,552
Uttar Pradesh	28	7,913	21	8
Uttar Pradesh & Rajasthan	47	24,054	61	349
Uttar Pradesh and Uttrakhand	29	16,249	0	0
Uttarakhand	36	74,282	104	119
West Bengal	135	34,619	5	1
Grand Total	**7,084**	**13,371,297**	**46,215**	**19,909**

Note: 1. All the GAs where PNG connections/CNG Stations have been established are considered as Operational, 2. Under normal conditions. Operation of any particular GA commences within around one year of authorization. 3. State/UTs wherever clubbed are based on the GAs authorised by PNGRB.

23. Domestic Natural Gas price and Gas price ceiling (GCV basis)

Period	Domestic Natural Gas price in US$/MMBTU	Gas price ceiling in US$/MMBTU
October 2018 - March 2019	3.36	7.67
April 2019 - September 2019	3.69	9.32
October 2019 - March 2020	3.23	8.43
April 2020 - September 2020	2.39	5.61
October 2020 - March 2021	1.79	4.06
April 2021 - September 2021	1.79	3.62
October 2021 - March 2022	2.90	6.13
April 2022 - September 2022	6.10	9.92
October 2022 - March 2023	8.57	12.46
1 April 2023 - 7 April 2023	9.16	12.12

Period	Domestic Gas calculated price in US$/MMBTU	Domestic Gas ceiling price for ONGC/OIL in US$/MMBTU	Period	HP-HT Gas price ceiling in US$/MMBTU
8 April 2023- 30 April 2023	7.92	6.50	April 2023-September 2023	12.12
1 May 2023 - 31May 2023	8.27	6.50		
1 June 2023 - 30 June 2023	7.58	6.50		
1 July 2023 - 31 July 2023	7.48	6.50		
1 Aug 2023 - 31 Aug 2023	7.85	6.50		
1 Sept 2023 - 30 Sept 2023	8.60	6.50		
1 Oct 2023 - 31 Oct 2023	9.20	6.50	October'2023 - March 2024	9.96
1 Nov 2023 - 30 Nov2023	9.12	6.50		
1 Dec 2023 - 31 Dec 2023	8.47	6.50		
1 Jan 2024 - 31 Jan 2024	7.82	6.50		
1 Feb 2024- 29 Feb 2024	7.85	6.50		
1 Mar 2024- 31 Mar 2024	8.17	6.50		
1 April 2024 - 30 April 2024	8.38	6.50	April 2024-September 2024	9.87
1 May 2024 - 31 May 2024	8.90	6.50		
1 June 2024 - 30 June 2024	8.44	6.50		
1 July 2024 - 31 July 2024	8.24	6.50		
1 Aug 2024 - 31 Aug 2024	8.51	6.50		
1 Sept 2024-30 Sept 2024	7.85	6.50		

Natural Gas prices are on GCV basis

24. CNG/PNG prices

City	CNG (Rs/Kg)	PNG (Rs/SCM)	Source
Delhi	75.09	48.59	IGL website (12.09.2024)
Mumbai	75.00	48.00	MGL website (12.09.2024)

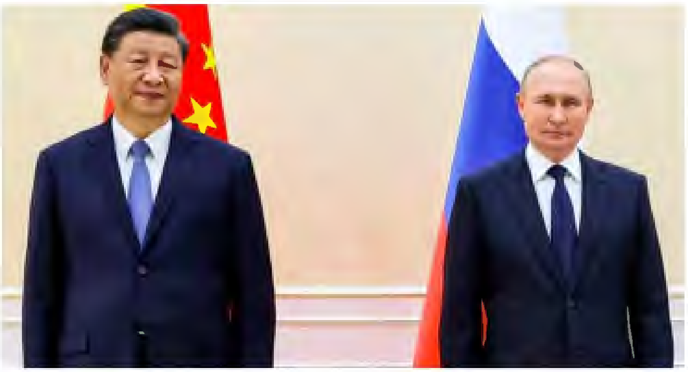
Indian Natural Gas Spot Price for Physical Delivery

IGX Price Index Month	Avg. Price		Volume (MMSCM)	Source
	INR/MMBtu	$/MMBtu		
`August 2024	1064	12.70	76.70	As per IGX website:

*Prices are weighted average prices|$1=INR 83.89| 1 MMBtu=25.2 SCM (Data Excluding Ceiling Price Gas) https://www.ft.com/content/f7a34e3e-bce9-4db9-ac49-a092f382c526

Russia-China gas pipeline deal stalls over Beijing's price demands

Power of Siberia 2 project would offer lifeline to exporter Gazprom as Moscow's dependence on its neighbour grows



A deal on the pipeline was one of Russian President Vladimir Putin's top requests for Chinese leader Xi Jinping when they met last month, according to people familiar with the issue © Alexandr Demyanchuk/Sputnik/Pool/AP

Max Seddon in Riga, Anastasia Stognei in Tbilisi, Henry Foy in Brussels and Joe Leahy in Beijing YESTERDAY

Russia's attempts to conclude a major gas pipeline deal with China have run aground over what Moscow sees as Beijing's unreasonable demands on price and supply levels, according to three people familiar with the matter.

Beijing's tough stance on the Power of Siberia 2 pipeline underscores how Russia's invasion of Ukraine has left President Vladimir Putin increasingly dependent on Chinese leader Xi Jinping for economic support.

The people familiar with the matter said China had asked to pay close to Russia's heavily subsidised domestic prices and would only commit to buying a small fraction of the pipeline's planned annual capacity of 50bn cubic metres of gas.

Approval for the pipeline would transform the dire fortunes of Gazprom, Russia's state gas export monopoly, by linking the Chinese market to gasfields in western Russia that once supplied Europe.

Gazprom suffered a loss of Rbs629bn ($6.9bn) last year, its biggest in at least a quarter of a century, amid plummeting gas sales to Europe, which has had greater success than expected in diversifying away from Russian energy.

While Russia has insisted it is confident of agreement on Power of Siberia 2 "in the near future", two of the people said the impasse was the reason Alexei Miller, Gazprom's chief executive, had not joined Putin on the Russian leader's state visit to Beijing last month.

Miller, who was instead on a trip to Iran, would have been essential for any serious negotiations with China and his absence was "highly symbolic", said Tatiana Mitrova, a research fellow at Columbia University's Center on Global Energy Policy.

A deal on the pipeline was one of three main requests Putin made to Xi when they met, according to the people familiar with the matter, along with more Chinese bank activity in Russia and for China to snub a peace conference being organised by Ukraine this month.

China announced on Friday it would skip Ukraine's summit in Switzerland. Two of the people said Beijing and Moscow were discussing ringfencing one or more banks that would finance trade in components for Russia's defence industry — all but certainly incurring US sanctions that would cut any such bank out of the broader global financial system.

An agreement on the pipeline, however, remains distant, while the proposed co-operation with Chinese banks remains at a far smaller scale than Russia had requested, the people added.

Dmitry Peskov, Putin's spokesman, said Russia and China were still in talks on the pipeline.

"It's totally normal for each side to defend their own interests. Negotiations will continue, because the leaders of both countries have the political will for it, and commercial issues will continue to be worked out, and we have no doubt all the necessary agreements will be made," Peskov told reporters on Monday.

"As far as aspects of ongoing commercial negotiations go, they are, of course, not public," Peskov added. Gazprom declined to comment.

Asked about the gas talks, the Chinese foreign ministry said only that "the presidents of China and Russia agreed to look for areas where our interests converge . . . and enable each other's success".

China would "work with Russia to deliver on important common understandings reached between our two leaders and deepen our all-round cooperation [for] mutual benefit", the ministry said.

Russia's failure to secure the deal underscores how the war in Ukraine has made China the senior partner in the countries' relationship, according to Alexander Gabuev, director of the Carnegie Russia Eurasia Center in Berlin.

"China could need Russian gas strategically as a secure source of supply not based on maritime routes that would be affected in case of a maritime conflict around Taiwan or the South China Sea," Gabuev said. "But to make that worthwhile, China really needs a very cheap price and flexible obligations."

China's demand for imported gas is expected to reach about 250 bcm by 2030, up from less than 170 bcm in 2023, according to a paper published by Columbia's CGEP in May.

That paper said the 2030 level of demand could still be largely or entirely met through existing contracts for pipeline supply and for liquefied natural gas. However, by 2040, the gap between China's import demand and existing commitments would reach 150 bcm, it said.

Russia's lack of an alternative overland route for its gas exports means Gazprom would probably have to accept China's conditions, Gabuev said.

"China believes time's on its side. It has room to wait to squeeze the best conditions out of the Russians and wait for attention on the China-Russia relationship to move elsewhere," he said. "The pipeline can be built rather quickly, since the gasfields are already developed. Ultimately the Russians don't have any other option to market this gas."

Before the war in Ukraine, Gazprom relied on selling gas to Europe at high prices in order to subsidise Russia's domestic market.

China already pays Russia less for gas than to its other suppliers, with an average price of $4.4 per million British thermal units, compared with $10 for Myanmar and $5 for Uzbekistan, the CGEP researchers calculated from 2019-21 customs data.

During the same years Russia exported gas to Europe at about $10 per million Btu, according to data published by the Russian central bank.

Gazprom's exports to Europe fell to 22 bcm in 2023 from an average 230 bcm a year in the decade before the full-scale invasion of Ukraine. These are likely to dwindle further once a trans-shipment agreement with Ukraine expires at the end of this year.

Failure to agree increased supplies to China would be a hefty further blow. An unreleased report by a major Russian bank, seen by the Financial Times, recently excluded Power of Siberia 2 from its baseline forecast for Gazprom. That reduced the company's expected profit for 2029 — when the bank expected the project to launch — by almost 15 per cent.

China did not immediately respond to a request for comment.

This article has been amended since initial publication to reflect that the Ukraine peace summit is taking place at the Bürgenstock resort in Switzerland, not Geneva

Preface

The Norwegian Offshore Directorate's primary objective is to contribute to the greatest possible values for society from the oil and gas activities through efficient and prudent resource management, where due consideration is given to health, the environment, safety, as well as other users of the ocean.

The Norwegian Petroleum Directorate has had responsibility of all of this for more than 50 years. Today's world is vastly different from where we started out. When we changed our name to the Norwegian Offshore Directorate on 1 January 2024 it was, in part, a reflection of the new endeavours and challenges we have taken on, not least those related to CO2 storage and seabed minerals.

Let's focus on the future. The vast resources we still have on the NCS will help supply the energy the world needs in the years to come. In fact, Norwegian oil and gas can be a key factor in addressing very real challenges, such as secure and stable energy for Europe. At the same time, interesting new concepts such as seabed minerals and CO2 storage could possibly be developed into profitable new industries, creating enormous value and bringing important contributions to the energy transition.

A long-term perspective is one of the essential building blocks in our resource management. This report illustrates opportunities, and outlines what's needed to make sure our shared resources continue to generate value for the broader society. We need to be aware of the significant uncertainty linked to long-term value creation and ongoing development. These are broad considerations in every sense of the word – the geopolitical situation, climate policy in the EU and worldwide, developments in the oil and gas markets and in more concrete terms, evolving technology and overall costs.

Keeping all of this in mind, our long-term assessments need to reflect this uncertainty, while standing up to scrutiny in a rapidly changing world.

Our guiding objective is to promote good choices as we stake out a course to create more value in the future. We hope this report can facilitate better dialogue, increase understanding of both challenges and opportunities on the NCS, and can thereby unlock the best path forward. Working together, for the benefit of all.

Kjersti Dahle
Director technology, analyses and coexistence

It is with great sadness that we note the passing of two of our colleagues over the past year, Dag Helliksen and Kirsti Veggeland. We want to honour their legacy by dedicating this report to them.

Summary

However, realisation of these resources requires an ambitious path that will need careful consideration and hard work. Forecasts point to an expected decline in overall production on the NCS after 2025. Smart exploration and robust investments will be needed to curb this decline. If investments falter, the stage will be set for a rapid dismantling of our petroleum sector.

Extraction of seabed minerals, CO2 storage and offshore wind could become profitable new industries; assuming they prove themselves cost-effective, and that they can stand up to competition with alternatives. These new industries are also well-suited to reinforce and benefit from already established value chains and the many lessons already learnt.

Oil and gas going forward to 2050

The Norwegian Offshore Directorate seeks to provide data and analyses to support decision making for developing the NCS. The preparation and development of alternative scenarios for total oil and gas production up to 2050 is a key part of these efforts. All three scenarios presented here do indeed indicate production decline, but with very different trajectories.

What this production decline entails will ultimately come down to a number of factors including how much exploration is undertaken and how quickly, as well as the pace of technological progress and development. It's worth noting that this generally accepted production decline is in line with the objectives of the Paris Agreement.

In the basic scenario multiple discoveries are made and brought on stream, accompanied by investments aimed at increasing recovery from existing fields. Despite this, resource growth will not be sufficient to offset the overall gradual decline, due to diminishing production from the major, mature fields.

In contrast, the high scenario will mean vigorous exploration, many discoveries, rapid technological development and eager investors willing to take a chance on the NCS, bolster production and thus help mitigate shrinking government revenues up to 2050.

Finally, a look at the low scenario reveals sluggish exploration activity and investment, thus leading to rapid dismantling of the petroleum sector and the inevitable significant drop in revenue for the government.

Substantial resources still in the ground

The NCS still contains large undiscovered oil and gas resources. To secure our objective to maximise the value of the resources on the shelf, the resources first need to be found. Finding these resources will mean more exploration, both in more frontier areas and close to the extensive infrastructure already in place.

There are interesting opportunities when it comes to undiscovered resources, both in familiar and less-explored areas. More extensive and detailed information, better data coverage, new work methods and pioneering technology open the door for fresh approaches in exploration, which could result in more profitable discoveries in the time ahead.

The ability to consistently incorporate new learning and the will to seek new knowledge and develop new technology are also important contributors that can enable us to unlock the values in challenging reservoirs, and also in smaller discoveries. And development of advanced methods to improve recovery from existing fields represent a very significant upside potential.

Profitable exploration

There is no question that exploration is a profitable activity. The Norwegian Offshore Directorate conducted an analysis of exploration activity over the past 20 years which confirmed that exploration for oil and gas on the NCS helps deliver incredible value for the broader community.

In concrete terms, we're talking about more than 2000 billion Norwegian kroner (net present value). In fact, discoveries have generated value amounting to more than three times the costs devoted to exploration during this period.

Discoveries that have resulted in actual production have already offset total costs for all exploration investments in this period. The current track record shows a respectable 50 of 190 discoveries achieving development and production. That leaves around three-quarters of the discovered resources still waiting. The investments already made will continue to generate revenue as more discoveries come on stream.

Another takeaway from the analysis is that, while larger discoveries contribute most to value creation, a combination of many small discoveries can also deliver very substantial value across the board.

Robust activity

A large number of PDOs (plans for development and operation) were submitted to the Ministry of Energy in 2022, all of which secured approval during the course of 2023. The spike in PDO submissions can mainly be attributed to the temporary changes in petroleum taxation introduced in 2020.

These changes have helped facilitate more developments, paving the way for a swifter path from planning to production. The Directorate's analysis confirms that this has had a substantial positive impact on value creation.

Increased gas export capacity from the Barents Sea

The Norwegian Offshore Directorate's projections indicate that nearly two-thirds of all undiscovered resources are in the Barents Sea. The challenge here is that, without a firmer commitment to increase gas export capacity, these gas resources and values could remain locked in the subsurface for quite some time.

Designing and building more extensive infrastructure in and around this area is a prerequisite for developing oil and gas resources already proven. An increase in gas export capacity would also mean incentives for further gas exploration. There are a number of existing opportunities in the Barents Sea worthy of more detailed study.

Foundation for long-term production

What are Norway's advantages? Vast remaining resources, well-developed infrastructure, low operating costs and stable, practical overall framework conditions. This tried and tested model suggests that Norway has what it takes to continue in its role as a competitive producer and exporter of oil and gas for the foreseeable future.

But there's more. Huge volumes of CO_2 resulting from power generation and industrial activity in Norway and Europe can be stored in the subsurface on the NCS. This presents a range of opportunities which are generating substantial interest and activity.

The Norwegian Offshore Directorate has also mapped significant mineral resources on the seabed which could contribute to the global supply of critical minerals. The first licensing round is expected to open in 2024. Time will tell whether this could prove to be an important new industry that can create value for Norway as a whole.

Background

In this chapter:

The Norwegian continental shelf (NCS) has supplied Europe with oil and natural gas for more than 50 years. The efforts invested on the NCS have brought secure and stable energy to Europe, while simultaneously providing Norway with vast revenues. Norway is currently the largest producer of oil and gas in Europe.

Uncertain global landscape

The global population, as well as business and industry, need energy to function and to reach the UN's Sustainable Development Goals(1). Uninterrupted access to sufficient energy at acceptable prices is a prerequisite for sustainable economic progress and social welfare development. Procuring enough energy for a growing global population poses however a significant challenge.

With the exception of brief periods during economic crises, global energy consumption has increased year-on-year. Particularly rapid energy consumption spikes have been observed in important regions of the global economy during periods of high economic growth. Whereas developing countries are especially vulnerable in terms of underlying energy needs. Their growing populations need energy to meet basic needs and achieve their desire for a better life and higher standard of living.

Significant and rapid emission cuts, in line with the goals of the Paris Agreement, will require an energy transition involving extensive changes in global energy supply. Among other things, this includes energy efficiency measures, more development of renewable energy alongside new low-emission solutions such as carbon capture and storage (CCS). The energy and climate challenges the world is facing will need a range of simultaneous solutions.

Coal, oil and gas dominate the current, complex global energy system. This dependence leads to substantial greenhouse gas emissions, which have serious and irreversible consequences.

These energy sources have consistently accounted for around 80 per cent of the overall energy supply. More prevalent use of new energy sources has made significant additional contributions to existing sources, a factor which has been crucial in addressing rising energy needs. Furthermore, there is still extensive use of traditional biomass, with the associated challenges this brings for many low-income countries.

It will be challenging to implement the necessary transition of global energy systems quickly and the pace is uncertain. An energy system that is consistent with the goals of the Paris Agreement will however be entirely different from the system in place today. Renewable energy will be an important part of the solution, but as of today, it is difficult to predict which combination of technologies and solutions will prevail and succeed. Particularly when other societal considerations are also taken into account. The uncertainty surrounding future developments has therefore a direct impact on the need for the different energy sources.

Both commercial and political reasons have led various business sectors in the West to limit their investments in fossil energy, which to a lesser extent, are also being seen in other parts of the world. Many western countries have introduced measures to improve their energy security in the wake of Russia's invasion of Ukraine. At the same time, several major oil companies have tweaked their business strategies to reflect a more balanced split between oil and gas activities on one side and renewable energy on the other.

While European gas prices so far in 2024 remain far lower than the record prices in 2022 and the last half of 2021, prices are still high in a historical and global perspective. In Europe, the lapse of Russian gas deliveries has led to a significant increase in imports of liquefied natural gas (LNG). LNG represents a link, both physically and in terms of price, between the gas markets in Asia, Europe and the US.

The global balance and competition in the LNG market is one of the most important drivers behind the evolution of European gas prices. Developing countries that import LNG are most vulnerable to the impact of high gas prices, but even in Europe, this is a challenging price level for households, businesses and energy-intensive industry.

The world needs oil and gas

Oil and gas accounted for about 55 per cent of total global primary energy consumption in 2023(2). According to the International Energy Agency (IEA) and other analyst communities, there will still be a need for oil and gas in 2050, see figure 3.1.

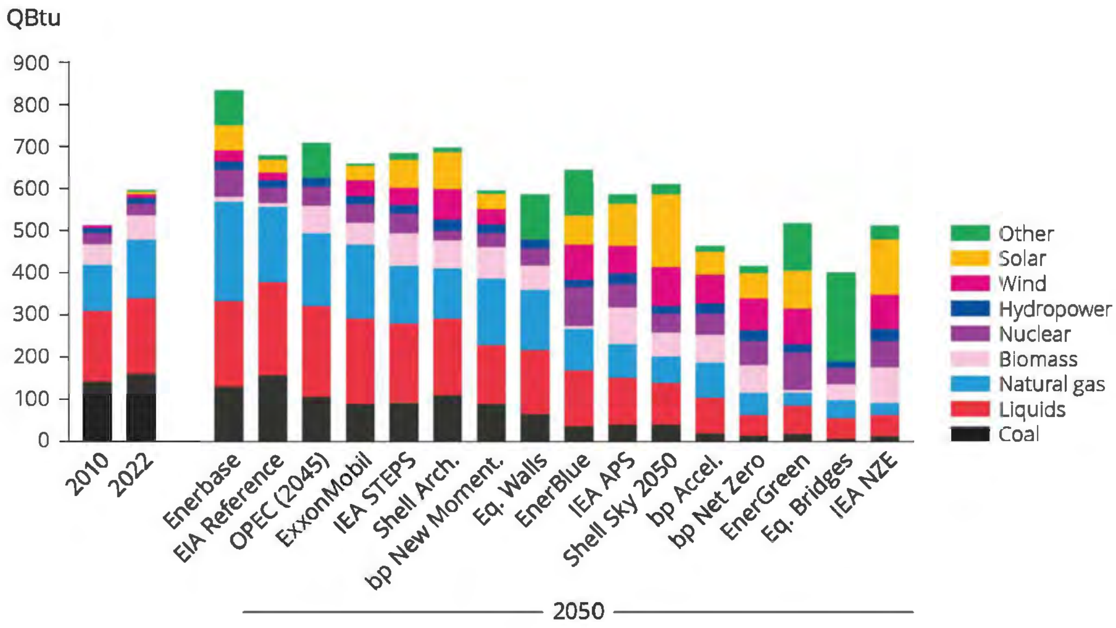


Figure 3.1 Global primary energy demand in 2050, different energy forecasts and scenarios. Source: Resources for the Future, 2024; British thermal units – Btu.

This figure was prepared by the US-based independent research foundation Resources for the Future (RFF)(3). Each year, RFF compares various selected long-term energy forecasts and scenarios in an effort to identify primary trends in global energy consumption and production. In most scenarios, global demand for primary energy will either grow modestly or decline toward 2050. This will be the case despite the substantial expected increase in global population. The main reason for this is a global economy that is becoming more energy efficient.

Six of the scenarios show increased demand for oil/liquids leading up to 2050, while demand for natural gas rises in eight, which is half of the scenarios. Consumption will remain high after 2050, despite a decline in demand for fossil energy. This will be the case even in normative scenarios where global warming is limited to 1.5 degrees Celsius.

As production from current oil and gas fields is subject to natural decline, considerable investments in new capacity will be needed in order to meet future demand. In relative terms however, the industry(4) expends less capital on new investments than on dividend and share buybacks, see figure 3.2.

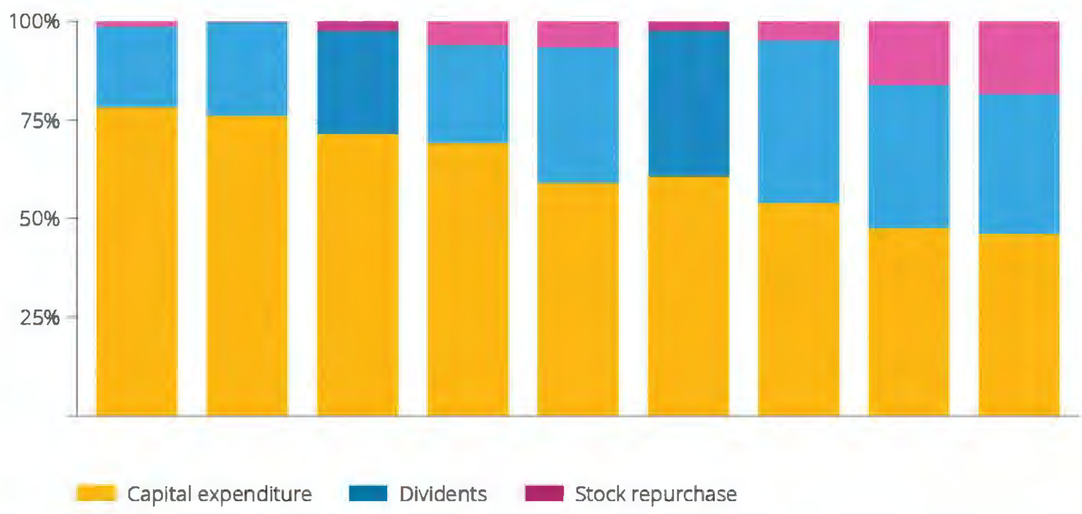


Figure 3.2 Expenditure on investments in exploration and recovery, dividend and share buybacks for the 30 largest oil and gas companies, 2015–2023 (Source: IEA 2024).

Companies will likely lean towards investing capital in oil and gas resources they find most profitable, which generally means oil and gas resources with low costs and low emissions per produced unit. These are often called 'advantaged' resources(5). The companies are therefore expected to seek out such advantaged resources, rather than investing in existing discoveries and fields challenged by high costs and emissions. Heavy oil and shale oil are examples of more challenged resources.

A study conducted by Wood Mackenzie(6) shows that there are few advantaged oil and gas resources available globally to meet future demand. Yet, these resources are plentiful on the NCS.

The Norwegian continental shelf is competitive

Nearly all oil and gas produced on the NCS is exported to Europe. This helps ensure a safe and stable energy supply for Europe.

The removal of Russian gas following the invasion of Ukraine laid bare the importance of stable gas deliveries from Norway to the rest of Europe. In 2022, Norway increased its gas exports by about 8 per cent or 9 billion scm (standard cubic metres). Deliveries from Norwegian fields have helped cover a higher share of Europe's gas needs than before. The volume supplied by Norway now corresponds to about 30 per cent of the EU's and UK's total gas consumption.

Without deliveries of these Norwegian resources, Europe would have a greater need to purchase LNG on the global market. This in return, would lead to a tighter global market, and would also have a greater impact on developing countries in Asia that need to import gas. Without deliveries from Norway, European gas and energy prices could be even higher.

Access to energy have increasingly become part of national security policies. Norwegian presence in the high north and Norway's protection of critical societal functions such as gas infrastructure, will likely only become more important moving forward.

In spite of somewhat higher exploration and development costs compared with other petroleum provinces, the NCS is well-positioned to remain a competitive producer and exporter of oil and gas.

The relatively higher costs are caused in part by the fact that activities take place far out at sea and under challenging weather conditions. Substantial remaining resources, well-developed infrastructure, low operating expenses and stable framework conditions make the NCS an attractive investment opportunity, see figure 3.3(7).

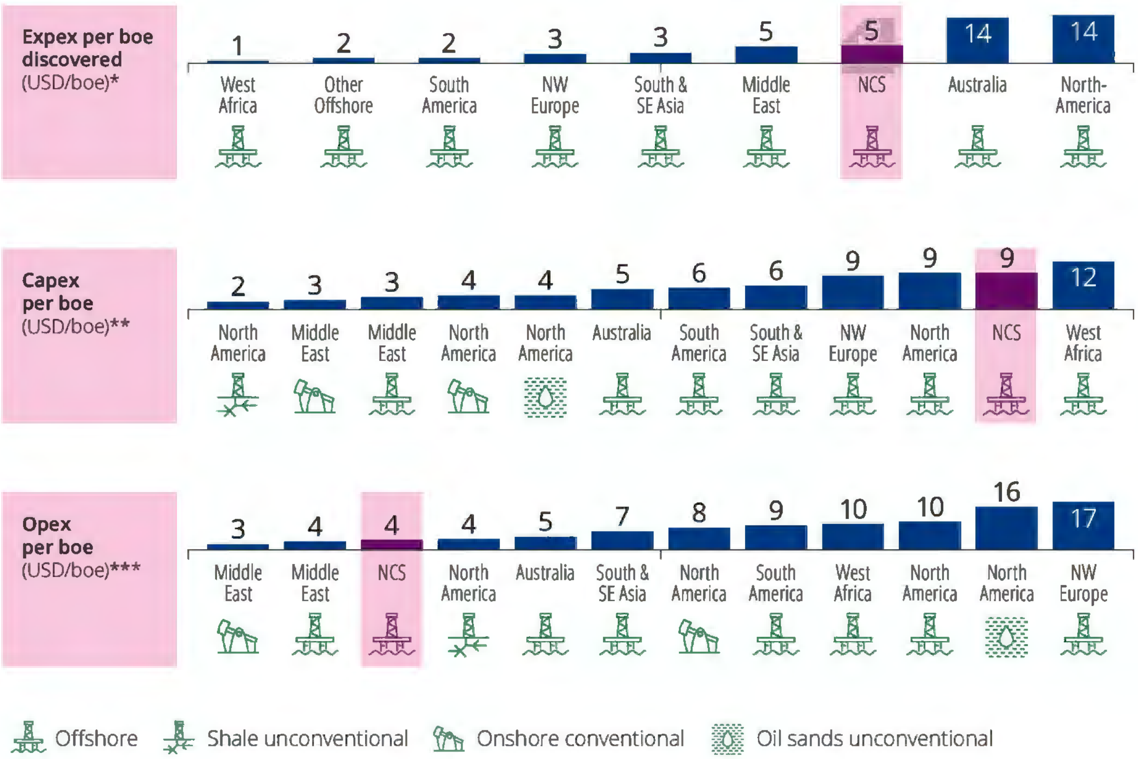


Figure 3.3 Unit costs for exploration, development and operations on the Norwegian shelf compared with other petroleum provinces in 2021.
***Exploration expenses per barrel; offshore only. Only includes commercial discoveries where public information is available. Average of 2019 and 2020.**
****Greenfield capital expenditures related to sanctioned oil and gas fields in current year. Volume-weighted average of 2019 and 2020.**
*****Operating expenses do not include transport costs and tax. Only includes opex associated with the production of hydrocarbons in addition to sales, general and administrative expenses (Source: OG21 2021).**

The NCS has very low greenhouse gas emissions per produced unit compared with other petroleum provinces, see figure 3.4(8).

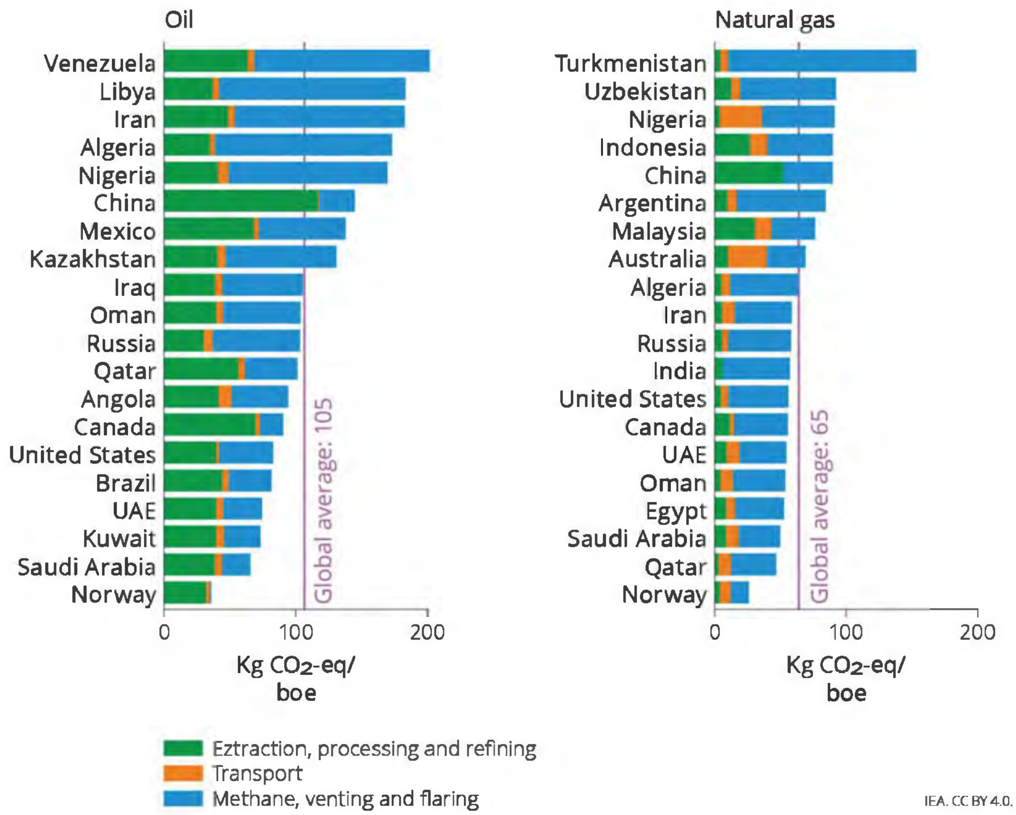


Figure 3.4 Comparison of average emission intensity in kg CO2 equivalent/bbls of oil equivalent in 2022 for the largest oil and gas producers (Source: IEA 2023b).

Need for considerable investments moving forward

Petroleum investments increased sharply in 2023 after declining for three years straight, see figure 3.5. Investments in field developments were the main contributor to the increase, while the rise in exploration was more moderate.

The increase in 2023 must be viewed in context with high petroleum prices and the temporary changes in the petroleum tax rules that were implemented in connection with the oil price plunge in the spring of 2020. This ensured that plans for development and operation (PDOs) for as many as 13 new field developments were submitted in 2022. Several investment decisions were also made for further development of operating fields and improved recovery on existing fields.

The high number of field developments will contribute to stable activity levels moving forward. In a longer perspective, the decline in remaining resources is eventually expected to lead to lower investments in oil and gas production.

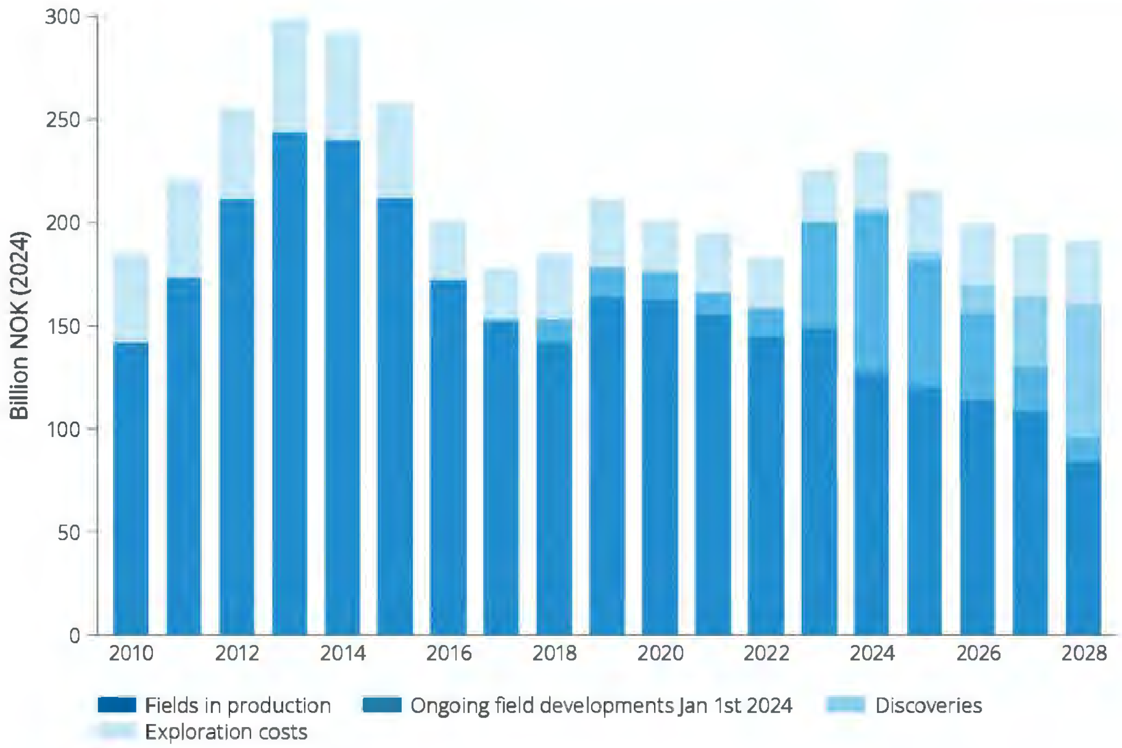


Figure 3.5 Historical petroleum investments and projections for future petroleum investments on the NCS.

Petroleum production on the NCS increased slightly in 2023 in relation to 2022, but has been on plateau more or less since 2021. It is below its highest level in 2010. At the same time, gas production declined somewhat from record-high levels in 2022. The production of petroleum has increased each year starting in 2020 (Figure 3.6) and is expected to increase further in 2024 and 2025. The Norwegian Offshore Directorate projects that the level in 2025 will be the highest since 2006.

Production from existing fields will presumably decline after 2025, and production and exports from the NCS will gradually start to fall if no action is taken.

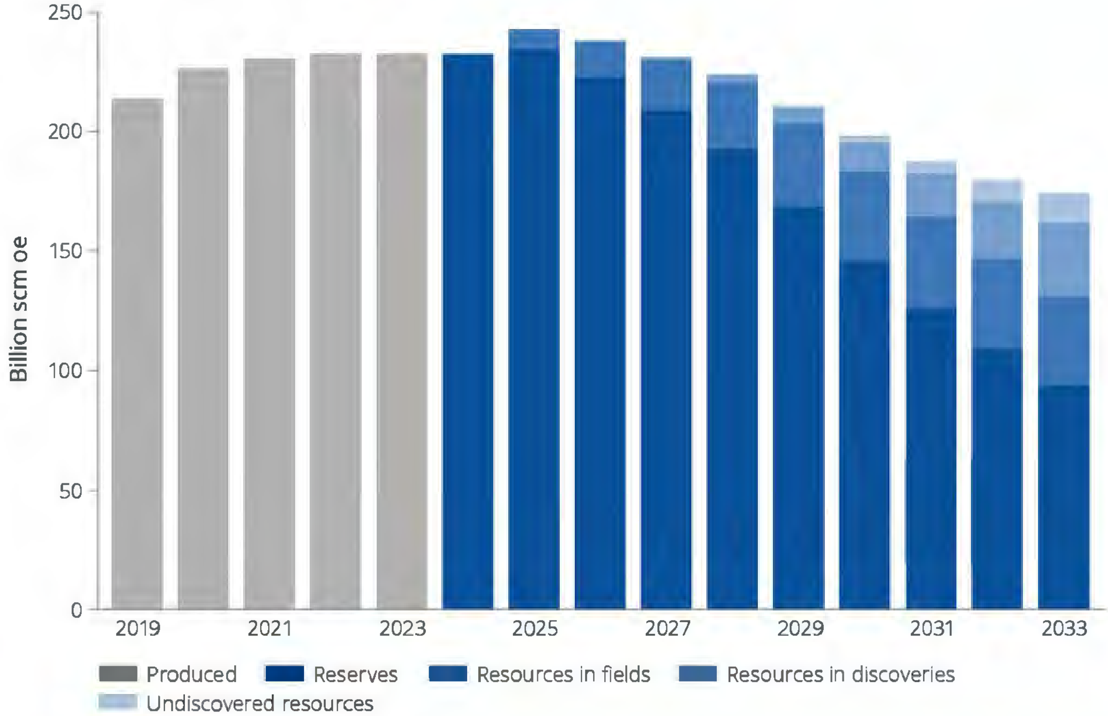


Figure 3.6 Production history and forecasts by resource class (Resource Accounts as of 31 December 2023(7) RNB 2024).

In order to slow the decline in production, the companies will need to make more and larger discoveries and complete additional projects for improved recovery. The Norwegian Offshore Directorate's assessments indicate that In 2033, about one-half of total production will be from projects that have not been approved as of June 2024 (see resource classification below).

Resource classification

The Norwegian Offshore Directorate's resource classification system is used for petroleum reserves and resources on the NCS (figure). This system is structured in such a way that the authorities receive the most uniform possible reporting from licensees as input to the Directorate's annual updating of the resource accounts.

"Resources" is a collective term for all oil and gas that can be recovered. They are classified in the Norwegian Offshore Directorate's resource classification system according to their level of maturity, with regard to how far they have come in the planning process from discovery to production.

Developed in 1996, the classification system was revised in 2001 and 2016. Changes in 2016 primarily involved language improvements, including new designations for certain resource classes. The classification relates to the total recoverable quantities of petroleum.

The system is divided into three classes: reserves, contingent resources and undiscovered resources. All recoverable petroleum quantities are called resources, and reserves are a special category of these. Reserves are the petroleum quantities covered by a production decision. Contingent resources cover both recoverable quantities which have been discovered but are not yet subject to a production decision, and projects to improve recovery from the fields.

The classification utilises the letters "F" (first) and "A" (additional) respectively to distinguish between the development of discoveries and deposits, and measures to improve recovery from a deposit. Undiscovered resources are petroleum quantities which could be proven through exploration and recovered. The quantities produced, sold and delivered form aggregate historical production(8).

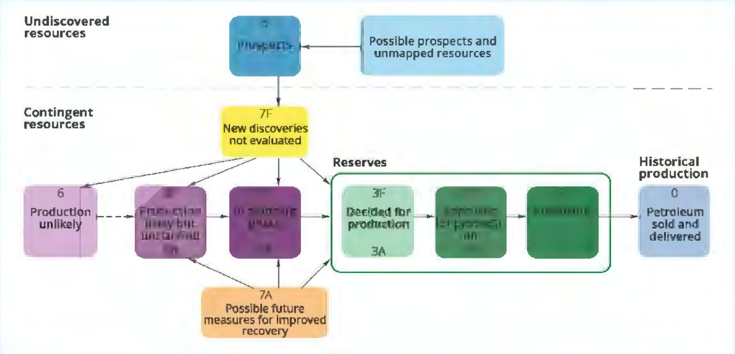


Figure The Norwegian Offshore Directorate's resource classification system 2016.

New industries on the shelf

The need to reduce CO_2 emissions means that multiple facilities will be needed to capture and store CO_2 (CCS). CCS involves capturing CO_2 from power generation and industry and transporting and storing it safely in geological formations deep underground. There are several suitable formations on the NCS.

The energy transition will also lead to an increased need for renewable energy, which is dependent on multiple minerals and metals. Some of which can be found on the NCS.

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Russian Oil Earnings Slide as Waning Prices Counter Higher Flows

The value of Russia's crude exports has plunged by almost 30% since the end of June

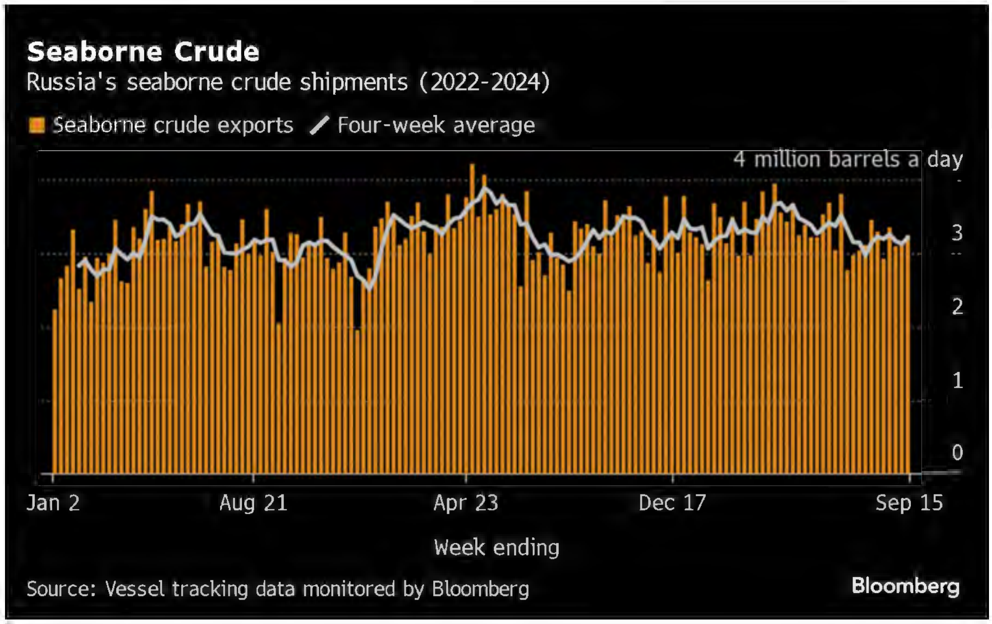
By Julian Lee

(Bloomberg) -- A further slump in weekly average oil prices more than offset a small increase in flows from Russian ports, intensifying pressure on Moscow as it grapples with a weakening global market.

Four-week average crude volumes rose to 3.21 million barrels a day in the week to Sept. 15, up by 80,000 barrels a day compared with the previous period. Weekly flows, which are more volatile, also increased, rising by about 110,000 barrels a day.

But the price of Russia's flagship Urals crude fell for a second week, dropping by more than $3 a barrel. That took the weekly average back below the $60-a-barrel threshold that the Group of Seven nations sought to impose on the Kremlin as punishment for the 2022 invasion of Ukraine. Falling prices and lower volumes have combined to drive down the value of Russia's crude exports by almost 30% since the end of June.

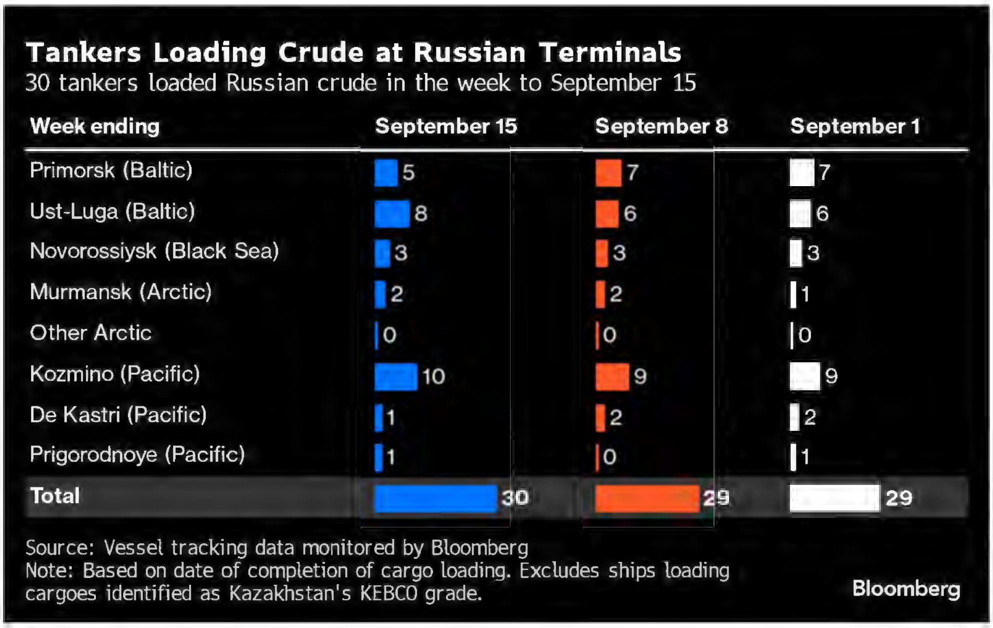
Slowing economic growth in China — Russia's biggest market — is pressuring the price of oil. Bearish forces are likely to weigh on global prices again after the US Federal Reserve's meeting on Wednesday, with even a 50-basis-point cut in interest rates unlikely to support the market for long.



Refinery runs began to pick up in the week to Sept. 15. The Gazprom Neft-owned Moscow Oil Refinery resumed operations on Tuesday at a crude distillation unit that had been halted following a drone attack on Sept. 1. However, nationwide processing rates during the first 11 days of the month were about 164,000 barrels a day below the average level for most of August.

Crude Shipments

A total of 30 tankers loaded 22.72 million barrels of Russian crude in the week to Sept. 15, vessel-tracking data and port-agent reports show. The volume was up from 21.99 million barrels on 29 ships the previous week.



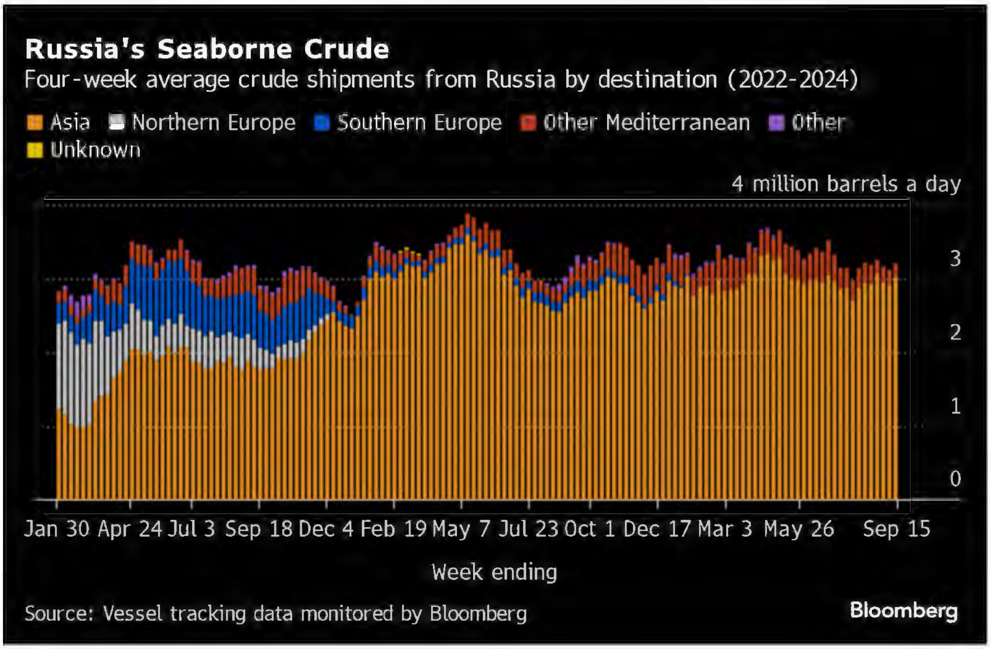
It means Russia's seaborne daily crude flows in the week to Sept. 15 rose by about 110,000 barrels to 3.25 million.

The less volatile four-week average also rose, increasing by 80,000 barrels a day to 3.21 million from 3.13 million the previous week. Apart from one week when they dipped below 3 million barrels a day, shipments using this measure have ranged between 3.13 million and 3.25 million barrels a day since the beginning of July.

Crude shipments so far this year are about 50,000 barrels a day below the average for the whole of 2023.

A four-day gap in the loading program for Primorsk, which showed no cargoes due to complete loading between Sept. 10 and 14, suggests that port or pipeline work halted shipments from the terminal for much of the week.

No cargoes of Kazakhstan's KEBCO crude were loaded during the week.



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 November, after a planned easing of some output cuts was delayed by two months.

Moscow has also pledged to make deeper output cuts in October and November this year, then between March and September of 2025, to compensate for pumping above its OPEC+ quota earlier this year.

Russian data show the nation got very close to meeting its OPEC+ crude-output target last month, following a push from the group to improve adherence to its supply deal.

Export Value

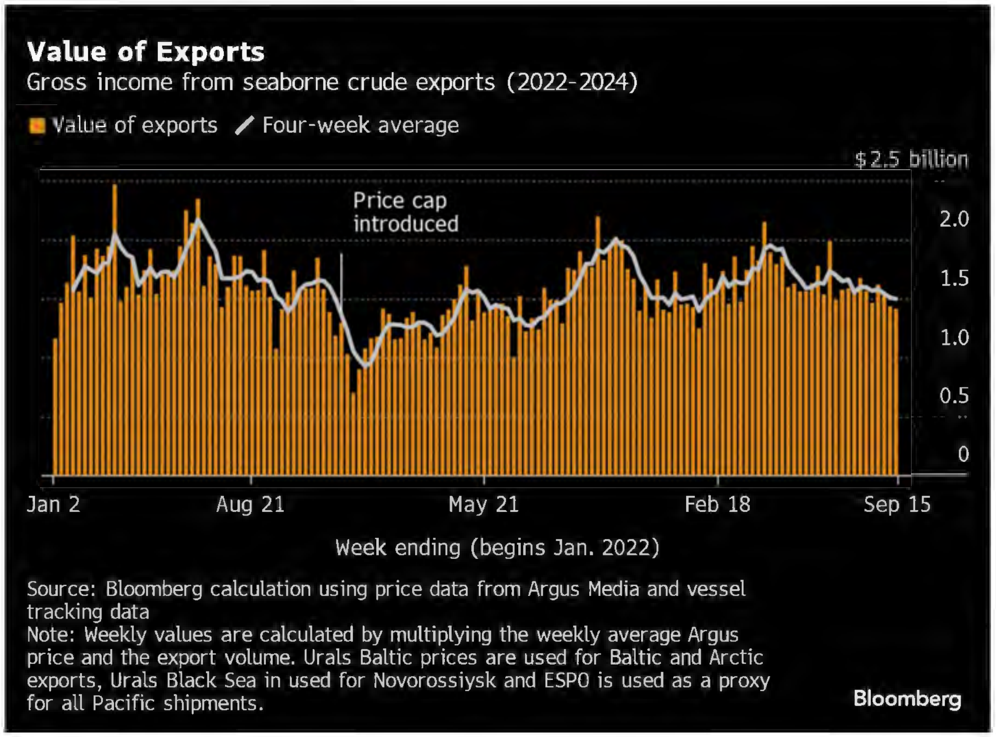
The gross value of Russia's crude exports fell to $1.42 billion in the seven days to Sept. 15, from $1.44 billion in the period to Sept. 8. The small increase in weekly flows was more than offset by another drop in prices for Russia's major crude streams.

Export values at Baltic ports were down week-on-week by about $3.40 a barrel, while shipments from the Black Sea fell by about $3.30 a barrel. Prices for key Pacific grade ESPO held up better, losing about $2.70 compared with the previous week. Delivered prices in India were also down, falling by about $3.40 a barrel, all according to numbers from Argus Media.

Urals crude shipped from Russia's Baltic ports traded at an average $59.46 last week, Argus Media data showed. Prices for shipments from the Black Sea were only about 35 cents higher.

Four-week average income remained at its lowest since February, edging lower to about $1.5 billion a week. The four-week average peak of $2.17 billion a week was reached in the period to June 19, 2022.

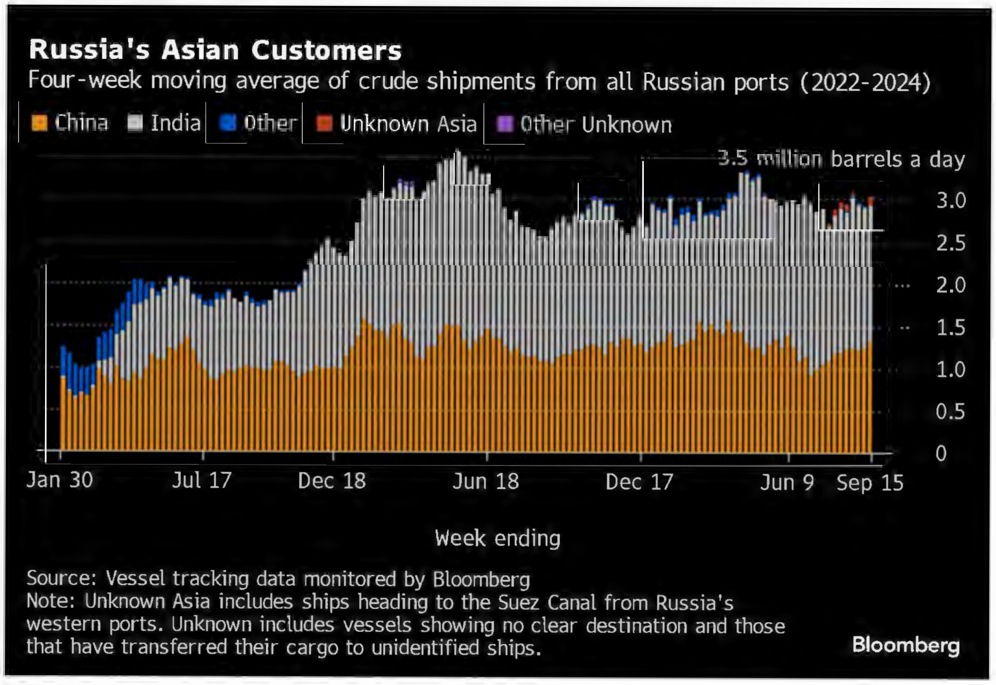
During the first four weeks after the Group of Seven nations' price cap on Russian crude exports came into effect in early December 2022, the value of seaborne flows fell to a low of $930 million a week, but soon recovered.



Flows by Destination

- ### Asia

Observed shipments to Russia's Asian customers, including those showing no final destination, rose to 3.03 million barrels a day in the four weeks to Sept. 15. That's about 7% below the average level seen in April.



About 1.33 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 1.6 million barrels a day, down from a revised 1.64 million for the period to Sept. 8.

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 100,000 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.

Russia's oil flows continue to be complicated by the Greek navy carrying out exercises in an area that's become associated with the transfer of Russian crude. These naval drills have been extended again and are now due to run until mid-November – more than six months after they first started. As a result, recent cargo switches have moved to the waters off Egypt's Port Said, the Gulf of Oman off the port of Sohar and, most recently, at the Omani port of Duqm.

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

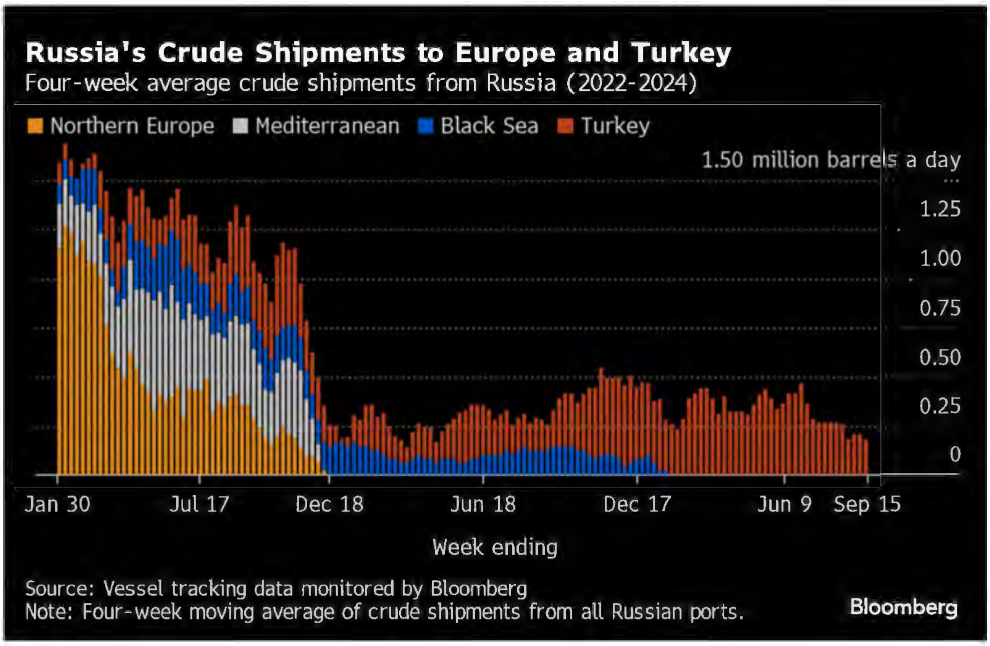
4 weeks ending	China	India	Other	Unknown Asia	Other Unknown	Total
August 11, 2024	1.19	1.69	0.00	0.07	0.00	2.96
August 18, 2024	1.23	1.60	0.03	0.07	0.00	2.93
August 25, 2024	1.24	1.77	0.03	0.04	0.00	3.07
September 1, 2024	1.23	1.71	0.03	0.00	0.00	2.96
September 8, 2024	1.25	1.64	0.03	0.00	0.00	2.92
September 15, 2024	1.33	1.60	0.00	0.10	0.00	3.03

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 Sept. 15 edged lower to about 180,000 barrels a day.



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, Sept. 24.

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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Crown Prince: No ties with Israel without establishing Palestine State

Shoura Council speaker and members take oath of office
September 18, 2024

Crown Prince and Prime Minister Mohammed bin Salman addressing the Shoura Council in Riyadh on Wednesday.

Saudi Gazette report

RIYADH — Crown Prince and Prime Minister Mohammed bin Salman reaffirmed that Saudi Arabia will not establish diplomatic relations with Israel without the establishment of an independent Palestinian state with East Jerusalem as its capital.

He announced this while inaugurating, on behalf of Custodian of the Two Holy Mosques King Salman, the activities of the first year of the ninth session of the Shoura Council in Riyadh on Wednesday. Shoura Council Speaker Sheikh Abdullah Al-Sheikh and members of the Council, who were appointed to the ninth session of the Council recently by a royal order, took the oath of office before the Crown Prince.

Delivering the annual address of the King at the Shoura Council, the Crown Prince outlined salient features of the domestic and foreign policies of Saudi Arabia. He reiterated that the Palestinian issue is at the forefront of Saudi Arabia's concerns. "We renew the Kingdom's rejection and strong condemnation of the crimes of the Israeli occupation authority against the Palestinian people, ignoring international and humanitarian law in a new and bitter chapter of suffering. The Kingdom will not stop its tireless work towards the establishment of an independent Palestinian state with East Jerusalem as its capital, and we affirm that the Kingdom will not establish diplomatic relations with Israel without that," he said while extending thanks to the countries that recognized the Palestinian state, saying that this is an embodiment of international legitimacy. He urged the rest of the countries to recognize Palestine.

During the speech, the Crown Prince highlighted the remarkable progress and achievements made by Saudi Arabia on the domestic front. "As we are on the threshold of a new session of the Shoura Council, we emphasize the importance of the Council's role in improving the performance of state institutions, and its effective role in developing and modernizing systems, in addition to its oversight tasks and continuous follow-up of the implementation of approved strategies and plans. Since the launch of the Kingdom's Vision 2030, the citizen has been our focus, as he is its pillar and goal, and any achievement made through its comprehensive umbrella of various paths is an elevation for the homeland, a benefit for the citizen, and immunity for future generations from fluctuations and changes," he said.

"We meet you today after we have completed parts of this journey with steady steps and continuous work, in which we are proud of achieving many targets at the national and international levels, and the Kingdom has advanced degrees in international indicators and classifications. We are moving forward with optimism and confidence in continuing the journey to achieve our targets, according to a comprehensive and integrated approach based on careful review and prioritization," he said.

The Crown Prince said that Saudi Arabia has achieved many remarkable accomplishments during this great journey, and among the examples of these non-oil activities in the Kingdom, saying that it recorded its highest contribution to the real GDP at 50 percent last year, which enhanced the sustainability and comprehensiveness of growth and achieved high quality in economic diversification. The Public Investment Fund continues its role in achieving its goals to be a driving force for investment, and unemployment among citizens, both male and female, recorded its lowest historical level in the first quarter of 2024, reaching 7.6 percent after its rate was 12.8 percent in 2017.

The Crown Prince noted that the percentage of home ownership for citizens increased from 47 percent in 2016 to more than 63 percent. In the field of tourism, achievements preceded the target date, as the National Tourism Strategy, launched in 2019, set a target of 100 million tourists in 2030, and this target was exceeded and reached 109 million tourists in 2023, and the Kingdom achieved the 16th rank among the most competitive countries. "With the exploration of natural resources, the Kingdom has become one of the largest natural resource stores in the world, and your country has also achieved an advanced position in the field of renewable energy, and has become one of the most active in it regionally and internationally," he said.

"Today, as a result of its achievements and vision, the Kingdom enjoys global confidence that has made it one of the first destinations for global centers and major companies, most notably the opening of the regional center of the International Monetary Fund, and centers for various international activities in sports, investment, and culture, and a gateway for cultural communication, which contributed to its selection to host Expo 2030, and today it is preparing to organize the World Cup in 2034."

"We are proud of the achievements of our citizens in the fields of innovation and science, and we pay great attention to education to be of a quality that enhances knowledge and innovation, and we work to build generations that enjoy scientific excellence and high skills, and have every opportunity to obtain a high-quality education." The Crown Prince reiterated that Saudi Arabia is keen on protecting its distinct identities and sublime values. "We affirm that while we proceed on the paths of modernization and diversity, we are keen to protect our identity and values, which are an extension of the journey of our grandfathers and fathers, and are our insightful image in the entire world.

Outlining the Kingdom's foreign policy, the Crown Prince said that Saudi Arabia is keen to cooperate with all active countries in the international community. "We are convinced that what protects humanity and preserves its civilizational values is the joint pursuit of a better future based on fruitful cooperation between countries and peoples, respecting the independence and values of countries, adopting the principle of good neighborliness, non-interference in their internal affairs, and avoiding resorting to force in resolving disputes. The Kingdom also seeks to enhance regional and international security and peace by making efforts to reach political solutions to crises in Yemen, Sudan, Libya and other countries as well as supporting solutions to international crises such as the Russian-Ukrainian crisis," he added.

In his speech Shoura Council Speaker Al-Sheikh briefed on the major achievements made by the Council during its eighth session. He also highlighted the remarkable growth and progress Saudi Arabia is witnessing in all spheres of life.

https://www.straitstimes.com/asia/se-asia/malaysia-rebuffs-us-on-iran-oil-sales-says-it-recognises-only-un-sanctions

Malaysia rebuffs US on Iran oil sales, says it recognises only UN sanctions

Zunaira Saieed Malaysia Correspondent

UPDATED MAY 09, 2024, 11:51 PM

KUALA LUMPUR – Malaysia will recognise sanctions imposed by the United Nations only and not by individual countries, said Home Minister Saifuddin Nasution Ismail on May 9, following claims by a top US official that Iran has relied on Malaysian service providers to sell US-sanctioned oil in the region.

"I emphasised that we will only recognise sanctions if they are imposed by the United Nations Security Council.

"The delegation from the US respected our stance," Datuk Seri Saifuddin told reporters following a meeting with the US Treasury Department's top sanctions official Brian Nelson, who was visiting Kuala Lumpur.

Washington has imposed sanctions on Iran and its proxies, including on the sale of Iranian oil, aimed at choking money flows that it claimed were being used to foment instability in the Middle East.

Mr Nelson, speaking to the local media after the meeting, said of the Washington claims against Malaysian service providers: "I would only say we have seen and we've promulgated some sort of guidance to the (Malaysian) marine sector about the type of services that they are engaging in.

"These are ship-to-ship transfers, particularly at night, which we see from time to time.

"They are really designed to obfuscate the origin of the commodity, in this case, Iranian oil," he told Malaysiakini.

Mr Nelson had said that the capacity of Iran to move its oil depended on parties such as port administrators and tugboat operators.

"Typical markers that we see are like when they turn off their location device and when they're trying to obscure the name of the ship, or they falsify or forge critical documents about the commodities that were issued," he added.

A recent Reuters report cited an unnamed senior US Treasury official as saying that there has been an uptick in money moving to Iran and its proxies, including Hamas, through the Malaysian financial system.

In the meeting with Mr Nelson, Mr Saifuddin said he underlined Malaysia's commitment to combating terrorism financing, with a clear strategic plan to tackle illicit financing activities and money laundering.

The minister also acknowledged concerns raised by US officials over possible money laundering activities involving certain individuals and organisations in Malaysia with purported ties to Iran and its proxies like Hamas, and said these needed verification.

Malaysian government spokesman Fahmi Fadzil, speaking to reporters on May 8, said the country would comply with UN sanctions, but not necessarily with those imposed by individual countries.

"We want to assert that Malaysia, as a sovereign nation, we comply with UN sanctions," Mr Fahmi told reporters.

"But when it comes to unilaterally applied sanctions, then I think we have to assess this situation."

Commenting on the issue, economics professor Geoffrey Williams at the Malaysia University of Science and Technology said: “Malaysian businesses can do business with anyone unless there are UN sanctions regulations to stop it, but the US cannot stop Malaysian companies doing business with others.

“However, if Malaysian companies are involved in activities that the US does not like, then the Americans can stop doing business with them,” he said.

Malaysian Prime Minister Anwar Ibrahim has been vocal in his support for Hamas amid the ongoing war in Gaza, even at the risk of US sanctions against those who support the group that Washington has deemed a terrorist organisation.

Meanwhile, Mr Nelson, who earlier visited Singapore, had said that sanctions imposed in 2023 against four Malaysian firms accused of helping Iran’s drone production have been impactful, while also highlighting the issue of the illicit sale of Iranian oil in the region.

“Malaysia clearly doesn’t want its financial institutions and its shipping industry to be abused by rogue nations and outside actors. We don’t want that because of the central importance of Malaysia, both as a trading nation and as a financial centre, and given America’s significant business presence here,” Mr Nelson, who is the US Treasury Department’s undersecretary for terrorism and financial intelligence, told reporters on May 9.

Mr Halmie Azrie Abdul Halim, a senior analyst at political risk consultancy Vriens and Partners, said the US delegation trip to Malaysia is an “intimidation tactic” because of Datuk Seri Anwar’s pro-Palestine stance.

Still, the “US would also not want to lose the support of Malaysia, which is one of its key Asean partners, as the country will assume the role of Asean chair next year”, he said.

Malaysia is among the US’ top 20 trading partners, with bilateral trade between the two nations amounting to US$78.3 billion (S$106 billion) in 2022.

https://ina.iq/eng/34753-prime-minister-the-end-date-Prime Minister Mohammed Shia Al-Sudani of-the-coalitions-mission-in-iraq-will-be-announced-soon.html

Prime Minister: The End Date of the Coalition's Mission in Iraq Will Be Announced Soon

- Today, 11:22

Baghdad – INA

Prime Minister Mohammed Shia Al-Sudani confirmed on Tuesday, that the announcement of the end date for the International Coalition's mission in Iraq will be made soon, noting that Iraq has transitioned from a phase of wars to one of stability.

In an exclusive interview with Bloomberg TV, followed by the Iraqi News Agency (INA), the Prime Minister said: "We will announce the end date of the International Coalition's mission in Iraq during our participation in the international conference against ISIS," explaining that "the conclusion of the coalition's mission in Iraq is part of the government's program".

He clarified that "the justifications for the presence of the International Coalition have ended, and there is no need for a coalition of 86 countries," adding that "based on this view and assessment, we initiated a frank dialogue with the International Coalition, which involved many discussions".

He continued: "Iraq respects the choices of the American people and we will deal with any administration that gains the confidence. It's of interest to us to activate the strategic framework agreement and building a relationship based on the principles outlined in that agreement".

He added: "I discussed the International Coalition issue with the U.S. president in Washington, and in August of last year, we formed a bilateral committee between military commanders to initiate the dialogue."
He pointed out that "the committee reached understandings on arranging the withdrawal of the International Coalition, and it was expected that the results would be presented and announced. However, out of our keenness not to mix things or create misunderstandings about the end of the coalitions' mission, it was decided to postpone the announcement until the participation in the international coalition conference against ISIS".

He also pointed out that "the understanding of our relationship with the United States and Iran is based on shared interests and mutual respect, and Iran has supported the political process and contributed to the defeat of ISIS".

He added that "Iraq is the only country that enjoys distinguished bilateral relations with both Iran and the United States, and through this relationship, we seek to help bringing opinions closer".

He further explained: "We do not want the actions of other countries to impact the situation in Iraq and the region; this is our strategy in terms of our bilateral and regional ties."

He emphasized: "Iraq today is not what it was in 2014. We defeated ISIS through sacrifices and the stance of the Iraqi people, as well as support from the international community and our friends. ISIS no longer poses a threat to the state. Iraq has shifted from a phase of wars to one of stability. The presence of ISIS members hiding in caves and deserts does not rise to the level of threatening stability and security".

He clarified that "the end of the International Coalition's mission does not mean the end of its relationship with Iraq." He confirmed, "We are engaged in discussions with the International Coalition countries to build sustainable security relationships and economic and cultural ties".

In a related context, the Prime Minister affirmed that "Iraq is an important country within OPEC, and we coordinate with our partners in OPEC+, especially with the Kingdom of Saudi Arabia, to adhere to the quotas."

He noted that "Iraq is committed to the voluntary reduction of oil exports to maintain prices and protect the interests of producers and consumers".

He continued: "Iraq committed to compensating for the slight increase in oil production," noting that "Iraq has begun reducing domestic production and exports in the oil market".

He stressed that "oil exports were halted through the Ceyhan port following the decision of the International Court of Arbitration in Paris," explaining that "there is a legal issue related to the decisions of the Federal Court regarding oil in the Kurdistan Region and the budget law".

He clarified that "the budget law set the average production cost at $8 per barrel, while the average production cost under the contracts with companies in the Kurdistan Region is $26 per barrel".

He confirmed that "Iraq is facing two options: either amend the contracts with the oil companies contracted with the Kurdistan Region or amend the budget law."

He pointed out that "the oil companies contracted with the Kurdistan Region refused to amend the production cost contracts".

He continued: "Iraq is keen to resolve the issue related to exports through the Ceyhan port, and talks are ongoing with the Kurdistan Region and the oil companies to reach a solution within the legal framework."

He expected that "a solution will be reached by the end of this year".

Iraq PM Says Cost Dispute Delays Restart of Key Oil Pipeline
2024-09-17 04:00:00.6 GMT
By Joumanna Bercetche
(Bloomberg) -- The restart of a key Iraqi oil pipeline
that's been shut for over a year is being held up by

disagreements over costs, the nation's prime minister said, a setback that's inadvertently helping the country get closer to its OPEC production limit.

Baghdad hasn't been able to agree how much to pay international oil companies operating in the country's north for their production. The federal administration's budget allows it to pay $8 for every barrel of oil produced, while contracts with the Kurdistan Regional Government give the firms $26, Iraqi Prime Minister Mohammed Shia Al-Sudani said. The impasse has hit output from the region and delayed the pipeline's resumption.

"We have to look at how to balance those issues," he said in an interview with Bloomberg TV in Baghdad on Sunday. "Do we look at the budget to see what we can do or we try and look at the prices?"

The closure of the pipeline that can transport almost half a million barrels a day of oil from Kurdistan to the Turkish coast is resulting in billions of dollars of lost revenue. Yet restarting it would pose a dilemma for Iraq, which has failed to adhere to its OPEC+ output limit amid pressing financial needs, but has repeatedly said it will compensate for overproducing.

The failure to meet the limits has been a point of contention with OPEC+ de facto leader Saudi Arabia.

"We are committed to abide by the OPEC decisions and to preserve the price of oil in order to balance the interest of the users and the producers," Al-Sudani said.

Pipeline Problems

Turkey halted the pipeline in March last year after an arbitration court ordered it to pay Iraq $1.5 billion in compensation for transporting oil through the link without Baghdad's approval. Ankara, which claimed the pipe was shut because it needed repairs after two massive earthquakes in February, said in October that it was ready for operations and it was up to Iraq to resume flows.

But financial and legal issues emerged, such as remunerating companies for costs. International firms have said they also want their past dues — including $1 billion for oil produced between September 2022 and March 2023 — cleared.

With exports shut, the companies have been producing some crude and selling it locally. Iraqi officials have previously said this output caused problems for complying with quotas set by the Organization of Petroleum Exporting Countries.

Iraq has a production limit of 4 million barrels a day, but produced 4.32 million a day last month, according to data compiled by Bloomberg. The country, along with some others in OPEC+, will gradually raise these limits starting in December.

Al-Sudani is keen to increase production in the long-term after years of war and internal strife hit Iraq's industry and oil output. BP Plc in August signed an initial agreement to help

boost output from the Kirkuk region. Iraq has also been
rehabilitating and upgrading damaged refineries to help cut fuel imports.
“Because of wars and siege over the last four decades, Iraq
was late in really using the wealth that we have in terms of gas
and oil properly,” the prime minister said. “And now we’re
looking at how we can really exploit what we have in terms of
new wealth and also to see how can use them effectively.”

Diversifying the Economy

But he said oil’s drop in London to around $72 a barrel —
near the lowest levels since 2021 — emphasized the need to
diversify the economy. Iraq is OPEC’s biggest oil producer after
Saudi Arabia and derives the vast bulk of its revenue from
exporting the commodity. It needs prices far above where they
are now to balance its budget.
Click here to watch more of the interview with Al-Sudani.
The International Monetary Fund has long said the country
needs to develop its private sector and that economic progress
is held back by its huge public-sector wage bill, with
successive governments doing little to check high pay rises.
Al-Sudani said his administration was looking to invest
around 40% of petroleum revenues in Iraq to boost the non-oil
sector. He added that a planned trade corridor stretching from
Iraq’s southern Basra province to Turkey and then on to Europe
was “a dream” for his country. He’s looking to Gulf states to
help fund what’s meant to be a $17 billion project.

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https://unsmil.unmissions.org/dsrsg-kourys-remarks-un-security-council-20-august-2024

20 Aug2024

DSRSG Koury's remarks to the UN Security Council - 20 August 2024

Mr. President, (Ambassador Michael Imran Kanu, Sierra Leone),

Over the past two months, the situation in Libya has deteriorated quite rapidly in terms of political, economic and security stability. Unilateral acts by Libyan political military and security actors have increased tension, further entrenched institutional and political divisions and complicated efforts for a negotiated solution. Let me share some of the recent incidents.

On 9 August, the Libyan National Army moved unilaterally toward southwestern parts of Libya sparking Western forces and groups to mobilize and assert their readiness to respond to any attack. While the LNA later clarified its purpose in moving these forces was to secure the southwestern border, this move generated tensions in the West and raised concerns with Libya's neighbour Algeria. These types of unilateral security moves are not confined only to movements of East-West forces but also occur among Western forces and armed groups.

On 23 July, forces affiliated to the GNU moved westward, sparking mobilization by the LNA and among armed groups in that area.

On 9 August, heavy armed clashes broke out in Tajoura, east of Tripoli, between two armed groups resulting in fatalities, injuries to civilians and destruction of property. Local mediation efforts defused the situation.

Mister President,

Unilateral actions by political and security figures are also undermining stability in other ways.

Unilateral attempts to unseat the Central Bank Governor are met with countervailing attempts to maintain him. Attempts to unseat Prime Minister Dbeibah and his Government are met with attempts to maintain them.

On 14 August, tensions escalated and armed groups mobilized in Souk Al Jumma, Tripoli, over reports of some armed movements seeking to take control over the Central Bank. The situation was diffused in the early morning of 15 August.

On 7 August, in a highly close contest - a potentially one vote difference - the results of the vote of President of the High Council of State remain contested and voting for the seats of Vice Presidents and Rapporteur are suspended. The political contest over whether to oppose or maintain Prime Minister and the Government of National Unity have also contributed significantly to the stalemate in the High Council of State. I urge the High Council of State to quickly resolve this issue as it risks further undermining its unity and legitimacy.

On 13 August, some members of the House of Representatives met in Benghazi and voted to end the mandate of the Government of National Unity and the Presidency Council and to transfer the role of Supreme Commander of the Armed Forces to the Speaker of the House of Representatives. These members also endorsed the HoR-designated government in the East as the only legitimate executive. Western leaders rejected these actions.

In response to these and other unilateral actions, UNSMIL reaffirmed to all political leaders and institutions their commitments and obligations under the Libyan Political Agreement and its amendments, in line with all relevant Security Council resolutions, particularly resolution 2702 (2023).

Mr. President, esteemed members of the Security Council,

Unilateral actions in relation to the economic sphere are also causing the problem of instability. Following months of efforts to develop a unified budget with the participation of east, western and southern representatives, on 10 July the House of Representatives adopted a supplementary budget allocation submitted unilaterally by the HoR-designated government. This was denounced by leaders in the West. Moreover, efforts to change the Central Bank Governor continue. The Presidential Council issued a decision to have a new governor and form a Board of Directors over the last couple of days. And this has been rejected by the House of Representatives. These efforts are fueled by perceptions that the CBL Governor is not acting in a manner that is transparent and with far governance to east and west. Unrelated, but nonetheless important, is a unilateral decision to close the Sharara oil field, under the control of the LNA forces, causing the National Oil Corporation to declare force majeure on 7 August.

Mr. President,

In the midst of this, UNSMIL, along with member states have been actively working to de-escalate the situation. In my interactions with key leaders and public statements I have urged Libyan leaders to refrain from unilateral actions, which will only further exacerbate the situation, and have urged dialogue and a commitment to a political process to move ahead in the interests of the Libyan people. I have conveyed the same messages in my bilateral meetings with Libyan stakeholders. As a first step, UNSMIL is working to help facilitate an overall de-escalation and is proposing talks to develop a set of confidence building measures between all parties to bring an end to unilateral actions and create a more conducive environment for resuming the political process. Among other things, these types of measures would be aimed at ending unilateral actions, commitment to that, and restoring confidence in the Central Bank, ensuring that moves by military and security actors are coordinated so as to prevent mobilization and remove fears by others.

Going further, as a follow on, the success of the political process will require good faith efforts by political and security leaders and actors, an engaged broader public, and a coordinated approach in support of Libyan talks by the international community. The international community's support for Libyan led efforts is indispensable. I will continue to work towards this through engaging the diplomatic community in Libya and coordinating messaging and in capitals abroad in preparation for convening phase two of the political talks.

Last month I launched visits to some regional capitals, to discuss a coordinated approach in support of Libyan and UN facilitated efforts. My interlocutors expressed their commitment to support UNSMIL as it prepares the groundwork for launching these larger political talks. Alongside the holding of political talks in relation to a unified government and the holding of elections in line with current Libyan laws, UNSMIL will continue reinvigorating the economic, security and international humanitarian law and human rights working groups. These are critical issues which need to be progressed alongside the political track and elections. UNSMIL is also working with the Presidency Council and our partners of the African Union, to reactivate the national reconciliation process and the holding of the conference under the auspices of the Presidency Council and this year.

Mr. President,

Against this difficult context, ordinary Libyans are trying to move ahead including with democratic inclusive processes. We are seeing a revived engagement of political parties, trade unions, civil society and independent figures and others to coordinate and pro-actively advance constructive ideas for shaping the political process. The Mission is continuing extensive engagement with Libyans including political parties, women, youth, cultural and linguistic components, academics and others to ensure that they have a say on the future of their country.

Local elections are in fact moving forward on a very positive note. The High National Election Commission, with the Support of UNSMIL, is undertaking the necessary steps. Voter registration was completed for the 60 councils whose mandates expired or due to expire by the end of 2024. Around 210,000 Libyans registered to vote. On 18 August distribution of voter cards and registration of candidates started. The elections are expected to take place in mid-October 2024. Unfortunately, female turnout remains relatively low, constituting only 30 per cent of the registered voters. I am also concerned there will be low participation of women as candidates

The increased number of reserved seats for women for the municipal council elections is a significant step to increase the representation of women in the local government; however more proactive measures are needed as women face many hurdles, including intimidation, online violence, verbal attacks and other obstacles to discourage them from registering as candidates. HNEC, with support from the UN family, is helping to promote the participation of women candidates through a variety of means. Libyan women are also advocating for the establishment of a national committee, representing women throughout Libya, to develop a strategy supporting women's empowerment across all sectors and I urge relevant authorities to facilitate this.

Mr. President,

Moving further south, extremist organizations maintain access and presence in Libya by leveraging their connections with local and transnational organized crime. The growing transnational organized crime and extremist organizations interconnections in Libya are particularly concerning. Weapons have reportedly been coming into Libya, in violation of the arms embargo.

Regarding human rights and respect for rule of law, UNSMIL is working with all stakeholders across Libya, governmental and civil society, to provide technical assistance to strengthen national capacities to advance human rights and the rule of law. In this regard, we have recently enhanced cooperation with the Libyan National Army and reactivated capacity building plans.

I welcome the recent release of some individuals who were arbitrarily detained in the West and the East, including some children. UNSMIL is also engaging with the LNA and authorities to review cases of individuals who remain arbitrarily detained.

However, the challenges are immense, ongoing restrictions on civic space, continued arbitrary detentions, including of women and children, abductions, enforced disappearances, torture, deaths in custody and coerced "confessions", continue to be reported across Libya. UNSMIL will continue to call for the immediate and unconditional release of all those arbitrarily detained, and for transparent and independent investigations into such cases.

On humanitarian developments, on 16 August, flooding occurred in southwestern Libya, primarily in Ghat, displacing an estimated 5,800 individuals. In coordination with the government, the UN Country Team has dispatched humanitarian supplies and continues to do so.

Since the outbreak of fighting in Sudan in 2023, the number of Sudanese refugees in Libya has risen to 97,000 as of 11 August. With most arriving in Kufrah where they face challenging conditions. Full access to refugees is essential to provide effective and increased humanitarian assistance in coordination with local authorities. The UN Response Plan for Sudanese Refugees in Libya is only 21 per cent funded.

Mr. President, Members of the Council

In closing, the status quo is not sustainable. In the absence of renewed political talks leading to a unified government and elections – you see where this is heading - greater political financial and security instability, entrenched political and territorial divisions, and greater domestic and regional instability.

Libyans are frustrated with the status quo and the toll it is taking on their daily lives. People struggle to withdraw money from the banks and to meet their daily needs. Many express fear now about war once again erupting or about clashes between heavily armed groups. They also express fear too share their views freely without threats. Youth do not see a future, except to try to leave. This is not acceptable.

UNSMIL is now focusing its good offices on 1. helping de-escalate tensions, 2. preserving stability and fostering confidence building measures among key stakeholders, and 3. in preparation for convening Libyan led political talks. Advancing the political process, while maintaining stability, is the key priority for UNSMIL. I count on your support to take this forward

Thank you

09/19/2024 04:16:16 [BN] Bloomberg News

OIL DEMAND MONITOR: Specter of Surplus, Run Cuts Weigh on Market

Supply gains to outpace demand growth in 2025, analysts warn
Forecasting agencies remain divided on outlook for consumption

By John Deane and Julian Lee

(Bloomberg) -- The US Federal Reserve's interest rate cut may help to buttress the oil markets in the short-term, but a bearish mood persists, bolstered by expectations that 2025 will see a significant global surplus.

Market balances for the first half of next year in particular look weak, with supplies outstripping demand, analysts have cautioned.

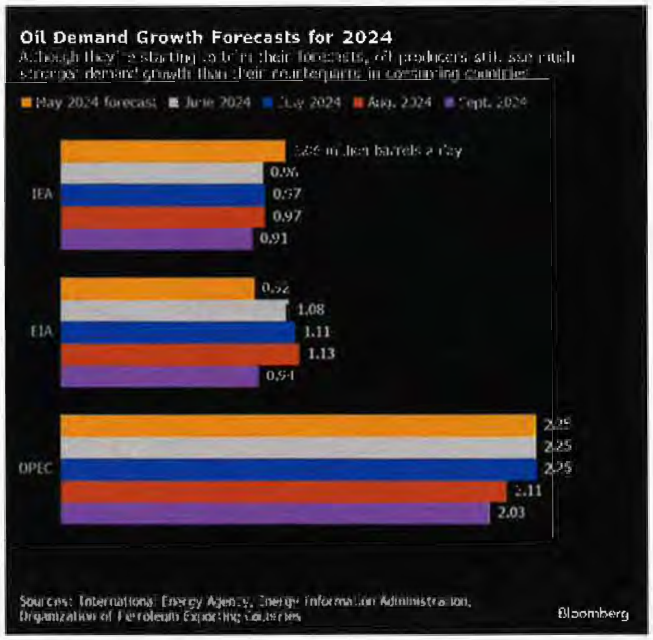
"We have got closer to what looks like a high-conviction surplus for next year," Citigroup Inc.'s Max Layton told Bloomberg Television last week. "The market has just simply got closer to D-Day." Forecasts suggest a heavy oversupply across the next five quarters, Macquarie Group Ltd. said.

In another signal of tepid demand, major refiners in Spain and Italy are cutting how much crude they process.

Read More: Weaker Outlook for China and European Refining Adds to Oil Woes

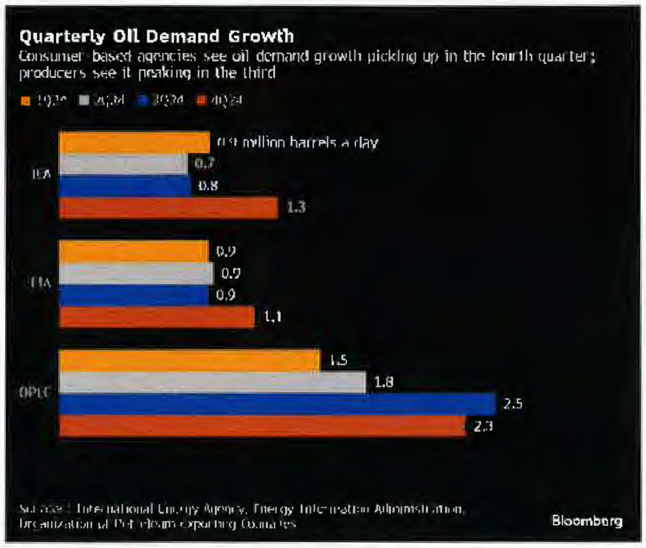
Meanwhile, the major forecasting agencies continue to hold widely divergent views on the demand outlook.

While the International Energy Agency and the US Energy Information Administration see demand growth this year below one million barrels a day, the Organization of the Petroleum Exporting Countries forecasts an increase of more than twice that size.



Though the producer group has begun to trim its forecasts, it cut year-on-year growth by only 220,000 barrels a day over the past two months, with its annual average figure remaining above 2 million.

Those reductions were concentrated in the first half of the year, beginning to look more like the views of the IEA and the EIA. It's also starting to trim growth figures for the second quarter, though for now incremental demand in the second half of the year is still seen at close to 2.5 million barrels a day.



For 2025, the producer group forecasts "robust" global demand growth of about 1.7 million barrels a day. The IEA sees growth at about 950,000, compared with output growth of 2.1 million, assuming extra curbs by OPEC+ are maintained. The EIA pegs production growth at 2.4 million next year, against demand expansion of 1.5 million.

OPEC remains sanguine about the prospects for China, whereas in its latest monthly report the IEA higlighted how the Asian nation's demand growth is slumping.

Forecasting just 180,000 barrels a day of new consumption this year, the IEA said that in addition to economic headwinds facing the country, surging electric vehicle sales are reducing road fuel usage while a "vast" high-speed rail network will restrict growth in air travel.

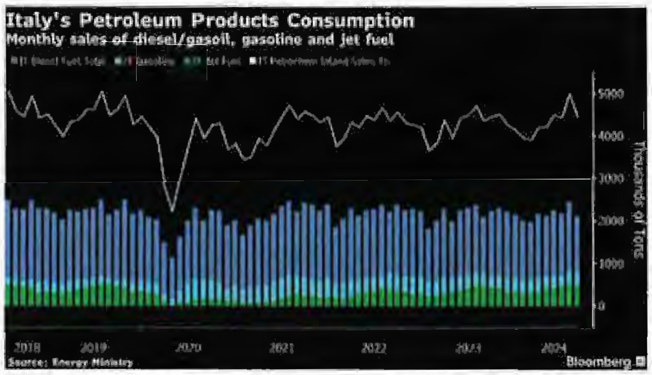
The IEA saw wider weakness, noting that US gasoline use declined year-on-year in five out of the first six months of 2024. It warned that structural headwinds and "anaemic" economic growth could leave advanced economies' oil use almost two million barrels a day below pre-pandemic levels.

Toril Bosoni, head of the IEA's oil market division, discusses the agency's latest monthly market report on Bloomberg Television.

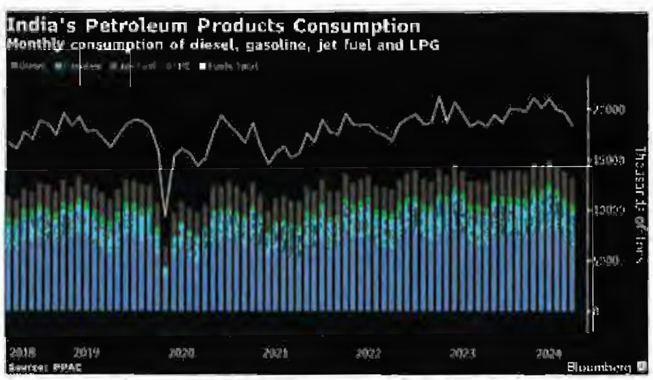
DEMAND BY COUNTRY:

Demand Measure	Location	% vs 2023	%vs 2022	% vs 2021	% vs 2020	% vs 2019	% m/m	Freq	Latest Date	Latest Value	Source
Gasoline product supplied	US	+4.4	+5.5	-1.3	+3.5	-1.8	-4.5	w	Sept. 13	8.78m b/d	EIA
Distillates product supplied	US	-8.8	+11	+0.1	+35	-1.6	+6.2	w	Sept. 13	3.8m b/d	EIA
Jet fuel product supplied	US	+7.2	+40	+26	+83	-8.8	-1	w	Sept. 13	1.74m b/d	EIA
Total oil products supplied	US	-5.4	+4.5	-0.6	+16	-2.4	-3.1	w	Sept. 13	19.79m b/d	EIA
Car use	UK	+1	+3.2	+2.1	+8.9	-2	unch.	m	Sept. 9	98	DfT
Heavy goods vehicle use	UK	+0.9	+2.9	-0.9	+3.8	+8	+2.9	m	Sept. 9	108	DfT
All motor vehicle use index	UK	+2	+5.1	+4	+11	+4	+1	m	Sept. 9	104	DfT
Diesel sales	India	-12					-4	m	Sept. 1-15	2.4m tons	Bblg
Gasoline sales	India	-5.1					unch.	m	Sept. 1-15	1.23m tons	Bblg
Jet fuel sales	India	+1.1					-1.1	m	Sept. 1-15	304k tons	Bblg
LPG sales	India	-2.9					+3.3	m	Sept. 1-15	1.32m tons	Bblg
Road fuel sales	France	-0.8						m	August	4.03m m3	UFIP

Gasoline sales	France	+6.7						m	August	n/a	UFIP
Road diesel sales	France	-4.3						m	August	n/a	UFIP
Jet fuel sales	France	+8.5						m	August	831k m3	UFIP
All petroleum products	France	+3.3						m	August	4.75m tons	UFIP
Gasoline deliveries	Spain	+12						m	August	728k m3	Exolum
Diesel (and heating oil) deliveries	Spain	+13						m	August	2,355k m3	Exolum
Jet fuel deliveries	Spain	+9.7						m	August	793k m3	Exolum
Total oil products deliveries	Spain	+12						m	August	3,875k m3	Exolum
All vehicles traffic	Italy	unch.					-5	m	August	n/a	Anas
Heavy vehicle traffic	Italy	-3					-23	m	August	n/a	Anas
% change y/y in toll roads kms traveled	France	+4.8						m	August	n/a	Mundys
As above	Italy	-0.7						m	August	n/a	Mundys
As above	Spain	+4.6						m	August	n/a	Mundys
As above	Brazil	+5.8						m	August	n/a	Mundys
As above	Chile	+0.9						m	August	n/a	Mundys
As above	Mexico	+5.7						m	August	n/a	Mundys



- READ: Italy's Jet Fuel Sales Hit Two-Decade Seasonal High in August
  - Click here for data



- READ: India's August Oil Products Consumption Falls 2.6% Y/y
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More:

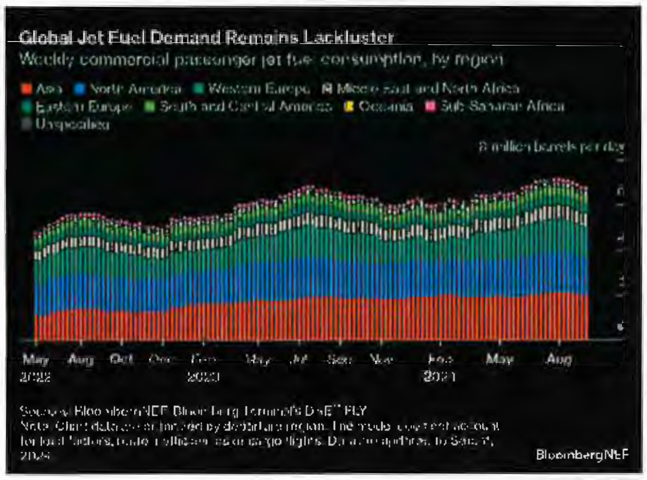
- Click here for a story on Germany's oil products sales in June; here for data
- Click here for data on Portuguese fuels consumption; story on August
- Click here for more on sources

AIR TRAVEL:

Measure	Location	vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	m/m	w/w	Freq	Latest Data	Latest Value	Source
			changes shown as %									
All flights	Worldwide	+1.3	+13	+20	+52	+13	-6.7	-1.8	d	Sept. 16	233,433	Flightradar24
Commercial flights	Worldwide	+3	+30	+41	+91	+9	-3.7	-3.5	d	Sept. 16	132,038	Flightradar24
Seat capacity per month	Worldwide	+4.3	+21	+48	+104	+2		-0.5	w	Sept. 16 week	116.6m	OAG
Air traffic (flights)	Europe					-3.2	-1.1	-0.5	d	Sept. 16	34,271	Eurocontrol
Airport passenger throughput (7-day avg)	US	+1	+10	+44	+244	+4	-10	-1	w	Sept. 15	2.35m	TSA

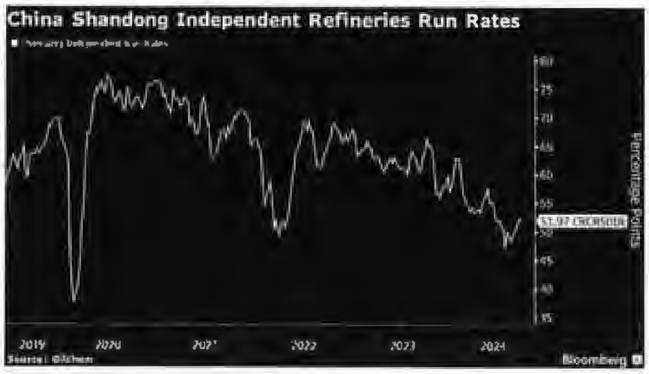
- Click here for story on Heathrow Airport's August passenger data; click here for data

- READ: Aviation Indicators Weekly: Seasonal Weakness Digs In



REFINERIES:

Measure	Location	vs 2023	vs 2022	vs 2021	vs 2019	m/m chg	Latest as of Date	Latest Value	Source
				Changes are in ppt unless noted					
Crude intake	US	+1.1	+0.7	+15	-1.4	-1.3	Sept. 13	16.48m b/d	EIA
Utilization	US	+0.2	-1.5	+10	+0.9	-0.2	Sept. 13	92.1	EIA
Utilization	US Gulf	unch.	-4.8	+19	unch.	+0.1	Sept. 13	92.1	EIA
Utilization	US East	-3	-4.1	+0.4	+20	+2	Sept. 13	87	EIA
Utilization	US Midwest	+4.5	+0.1	-0.7	-2	-1.7	Sept. 13	94.9	EIA
Note: Changes in percentages for crude intake; refinery utilization changes shown in percentage points.									



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Germany Seeks Delays to EU Hydrogen Rules That Stiffle Market
2024-09-20 12:48:10.250 GMT
By Ewa Krukowska
(Bloomberg) -- Germany has urged the European Union to delay some rules on renewable hydrogen that boost costs for producers and hinder a sector that the bloc views as crucial to meeting its ambitious climate neutrality goal.
In a letter this week to EU Energy Commissioner Kadri Simson, German Economy Minister Robert Habeck called for a seven-year delay of the temporal correlation criteria that requires evidence of a match between renewables output on the grid and hydrogen production.
He also said the EU should extend phasing in its additionality norms until 2035, the letter seen by Bloomberg stated. Additionality is the requirement that hydrogen producers ensure their demand for power is matched by new low-carbon power generation or renewable power plants.
Read more: Europe Spending Billions on Green Hydrogen Is a Risky Gamble
While the measures earlier had German support, "reality has shown that these requirements were still too high and are slowing down the ramp-up of the projects for the production of renewable hydrogen in Germany and many other member states," Habeck wrote. "Many companies have told me that the requirements often don't allow for the economic realization of electrolysis projects in Germany."
A spokesperson for the German Economy Ministry said the country was committed to EU regulations to facilitate and speed up procedures to produce renewable hydrogen. However, an extension of the bloc's transitional period would help the nascent industry gather pace.
A delay of the criteria would make it easier for companies to bear the high project costs and to produce the hydrogen urgently needed by the European industry, according to Germany.
Such a change would also retroactively impact the criteria for the purchase of electricity to produce so-called blue hydrogen under another regulation that is still being negotiated by member states.
Without the adjustment, the economic production of hydrogen in the EU would be jeopardized, Habeck's letter said.
Hydrogen Europe, the industry's association in Brussels, said in a statement that the complexity and strictness of EU rules hampers the development of necessary technologies.
"A strong and unshackled hydrogen market starts by providing competitive renewable hydrogen to hard-to-decarbonise sectors," it said. "And it will yield positive results for all of Europe in the areas of energy security, decarbonisation, and economic competitiveness."

--With assistance from Eva Brendel.

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Executive summary

I The EU is committed to becoming climate neutral by 2050, meaning that all sectors that emit greenhouse gases are called on to decarbonise. The Commission saw renewable hydrogen as one way to decarbonise hard-to-electrify industries in particular. It published an EU Hydrogen Strategy in mid-2020 and updated it with its REPowerEU plan in 2022. The Commission also set the course for creating a renewable hydrogen market in the EU through setting targets for hydrogen production and import. It also recognised that low-carbon hydrogen could play a role in the transition towards climate neutrality.

II For the 2021-2027 period, total EU funding for hydrogen-related projects is currently estimated at €18.8 billion. This financial support is allocated through multiple programmes. Two major funding sources are the Recovery and Resilience Facility and the Innovation Fund.

III We decided to carry out an audit on how effective the Commission has been in creating the right conditions for the emerging renewable and low-carbon hydrogen markets, given the significant implications of this transition for the future of key EU industries. To this end, we assessed whether the EU is on track for achieving its targets and whether it has adopted the necessary legal acts to effectively provide timely support for the hydrogen market. We also assessed whether the EU has a comprehensive set of funding programmes to allow the hydrogen value chain to develop across the EU. Lastly, we assessed whether the Commission has appropriately coordinated market creation between its own services, with member states and with industry.

IV Overall, we conclude that the Commission was partially successful in creating the necessary conditions for the emerging hydrogen market and the hydrogen value chain in the EU. We are calling for a reality check now as nearly 4 years have passed since the publication of the Hydrogen Strategy and first lessons can be drawn.

V The Commission did not undertake robust analyses before setting the EU's renewable hydrogen **production and import targets**. These were not broken down into binding targets for member states and not all member states set their own targets. When they did so, these national targets were not necessarily aligned with the Commission's targets. In fact, the EU targets turned out to be overly ambitious: based on the available information from member states and industry, the EU is unlikely to meet them by 2030. The Commission did not set any EU targets for low-carbon hydrogen.

VI The renewable hydrogen **legal framework** is now mostly complete, while for low-carbon hydrogen some acts still need to be proposed and adopted. However, the renewable hydrogen production rules, which are key for market development, were set by a directive and supplemented by a delegated act without prior assessment of their impact (for example on production cost). Agreeing on the renewable hydrogen rules took time and many investment decisions were deferred during this period. In 2023, the EU adopted measures to increase the cost competitiveness of renewable and low-carbon hydrogen, but the effect of these measures will not be immediate and certain aspects were not included.

VII Work on standardisation and certification is still required. Progress in market development will depend on several factors, including whether member states will (i) meet the demand targets which in turn depends on progress made by industry, and (ii) manage to reduce permitting timelines for renewable hydrogen and renewable energy projects.

VIII Investment needs are huge, but the Commission does not have a complete overview of these **needs or the public funding** available. Industry is faced by a set of different EU funding programmes with different rules, making it difficult to determine the best-suited programme for a given project. There is still no guarantee that the EU's hydrogen production potential can be fully harnessed. So far, those member states with a high share of hard-to-decarbonise industry are more advanced in terms of planned projects (either at an advanced or in the feasibility study stage).

IX The Commission took steps to **coordinate** the ramp-up of the hydrogen value chain, but has not yet used the existing fora to discuss important strategic issues, such as how best to move forwards without creating new strategic dependencies.

X We recommend that the Commission:

(1) following a reality check, make strategic choices on the way ahead without creating new strategic dependencies;

(2) set out an EU roadmap and monitor progress;

(3) obtain reliable national funding data and assess the appropriateness of EU funding arrangements accordingly;

(4) monitor the permitting process in the member states;

(5) take a clear decision on support and coordination actions with and for the hydrogen industry.

Conclusions and recommendations

120 With the publication of the Hydrogen Strategy for the EU, for the first time the Commission had a central role to play in creating a new market. Our overall conclusion is that the Commission was partially successful in creating the necessary conditions for this market. While the Commission took a number of positive steps, challenges remain all along the hydrogen value chain.

121 With its 2020 Hydrogen Strategy and the 2022 REPowerEU plan, the Commission set targets at EU level for renewable hydrogen production and for importing renewable hydrogen. Both documents are Commission communications, and as such are therefore non-binding. There was less focus on low-carbon hydrogen at the time: although it was mentioned, no targets were set (see paragraph ***24***).

122 We found that the renewable hydrogen targets were not clearly defined. Moreover, they were driven by political will rather than being based on robust analyses. In addition, at the time of writing, it is unlikely that these targets for 2030 can be achieved (see paragraphs ***25***-***30*** and ***38***-***45***).

123 It is not mandatory for member states to prepare hydrogen strategies, but they did have to provide updated national energy and climate plans by mid-2023 (final versions have to be submitted by mid-2024), including reporting on measures to achieve the non-binding EU targets. The Commission reviewed the draft national plans and issued recommendations to member states. However, it did not ask them to set targets in line with the EU's targets. The Commission did not establish a coordination process with member states to ensure a certain degree of alignment. In fact, member states did not necessarily align their targets and measures with those of the EU. They are not all moving at the same speed or with the same level of ambition. In late 2023, the Commission president announced that the Commission will assess how member states plan to implement the national hydrogen commitments to provide a clear roadmap towards 2030 in each member state (see paragraphs ***31***-***37***).

124 Within a relatively short period of time, the Commission has proposed most of the legal acts to regulate the hydrogen market. An act defining the methodology for assessing greenhouse gas emissions savings for low-carbon hydrogen is still outstanding. Work on standardisation and certification is still required (see paragraphs ***47***-***50***).

125 Industry representatives indicated to us that they had deferred investment decisions until the rules for producing renewable hydrogen (Delegated Act) were published in June 2023. Once published, these rules delivered the much needed legal certainty. However, the Commission had not yet assessed the impact of these rules on either the cost or the timing for rolling out renewable hydrogen. The Commission is now required to carry out such an assessment before mid-2028. In fact, several public studies show that the temporal correlation (hourly correlation) rule increases the production cost for renewable hydrogen, thereby reducing its competitiveness compared to fossil-based hydrogen (see paragraphs ***42*** and ***61***).

126 On the positive side, we found the following.

- Targets for the use of renewable hydrogen in industry and transport as introduced by several EU legal acts boost demand (see paragraphs ***28*** and ***63***).
- The Commission asked member states to address the slowness of domestic permitting processes in their national energy and climate plans and took several legislative measures requiring member states to accelerate the process (see paragraphs ***64***-***66***).

127 The timelines established in the various legal acts relating to the permitting process varied. The Commission has not yet established a plan to monitor member states' implementation of permitting process reforms (see paragraphs ***66***-***68***).

128 The speed and degree of implementation of the legal requirements relating to demand targets and permitting depend on the member states. For example, some member states consider that certain demand targets are unrealistic and very difficult to achieve. Apart from lengthy and time-consuming infringement proceedings, the Commission has no means to ensure that member states adhere to these targets or requirements (see paragraphs ***63*** and ***68***).

129 The Commission estimated the amount of investment that would be needed to create a market for renewable hydrogen, but did not consider all parts of the hydrogen value chain. Our analysis showed that the demand side was not properly considered and that the Commission's estimates across different documents were not consistent (see paragraphs ***80***-***82***).

130 The Commission does not have complete data on allocated or planned national public funding for renewable hydrogen. For the 2021-2027 period, total EU funding for hydrogen-related projects is currently estimated at €18.8 billion, mostly funded by the

Recovery and Resilience Facility. EU funding is available for the supply and demand side of the hydrogen value chain. On the demand side, the Commission has not yet developed the key scheme announced in its Hydrogen Strategy, namely "Carbon Contracts for Difference". Regarding the innovative Hydrogen Bank, there is still no clarity in terms of the budget that will be available beyond 2024 (see paragraphs ***83-86***, ***91-97*** and ***106***).

131 EU funding is scattered over several programmes with different funding rules. This makes it difficult for hydrogen project developers to determine which programme is best suited to their project. The Commission has developed a webpage to provide information on various EU funding programmes, but at the time of our audit this webpage was not yet fully operational. In late 2023, the Commission president announced that the Commission would relaunch a one-stop shop solution to guide project developers on EU funding (see paragraphs ***83-90***).

132 In the years to come, large amounts of investments will be required all along the hydrogen value chain, the bulk of which will have to be provided by the private sector. In an emerging market like hydrogen, there is a case to incentivise and support industry in making these investments, be it through national and EU public funding or through public authorities that build the essential infrastructure.

- The Commission amended certain state aid rules to ease the provision of state aid and support the green transition. However, long approval times for state aid, which was the case for some notifications, can negatively affect projects' planned costs and start dates (see paragraphs ***69-77***).

- Furthermore, even when the Commission allows state aid to be provided, it does not mean that member states actually have to deliver it (see paragraphs ***76*** and ***103***).

- Member states set their own priorities on how to use some of the most important EU funding sources for hydrogen, namely the Recovery and Resilience Facility and cohesion policy funding. Given their specific situation and the importance they attach to renewable hydrogen, some member states use the Facility significantly more than others (see paragraphs ***93-94***, ***101-102*** and ***104***).

- While the eastern and central EU member states (plus Portugal and Greece) can use the Modernisation Fund, so far only two member states have put multi-technology grant schemes in place, which can include hydrogen projects (see paragraph ***104***).

133 So far, planned projects (at an advanced and in the feasibility study stage) for renewable hydrogen (production and networks) have been concentrated in a limited number of member states, in particular those where hard-to-decarbonise industries are primarily located. The same applies to the bulk of the EU funding allocated. However, not all of the member states which are currently more advanced with regard to renewable hydrogen have sufficient potential for renewable energy production and consequently renewable hydrogen production. As yet, there is therefore no guarantee that available public funding allows the EU to (i) fully harness member states' hydrogen production potential and (ii) transport hydrogen across the EU (see paragraphs ***98***-***106***).

134 The Commission took steps to coordinate the ramp-up of the hydrogen value chain, but coordination within the Commission and between the Commission and member states does not yet ensure that all parties are moving in the same direction. Numerous Commission directorates-general are responsible for specific aspects of the hydrogen value chain and pursue objectives which are not always aligned. The Commission has not yet used the existing fora to discuss key strategic issues on the future of the hydrogen value chain in the EU with member states. Moreover, the Commission did not provide guidance or support to member states about how to establish their national hydrogen strategies. With regard to coordination with industry, the Commission set up the European Clean Hydrogen Alliance, but after a promising start, momentum slowed (see paragraphs ***107***-***119***).

Recommendation 1 – Following a reality check, make strategic choices on the way ahead without creating new strategic dependencies

In close collaboration with the member states, the Commission should decide on the strategic way forward towards decarbonisation without altering the competitive situation of key EU industries, which could potentially result in further deindustrialisation. In particular, the Commission should

(a) update its Hydrogen Strategy based on a careful assessment of the following aspects:

   (i) how to calibrate market incentives for renewable and low-carbon hydrogen production and use, taking recent legislative changes into account,

   (ii) how to prioritise scarce EU funding (e.g. focusing on which parts of the value chain),

   (iii) the geopolitical implications of EU production compared to imports from non-EU countries (i.e. which industries does the EU want to keep and at what price),

(b) update the renewable hydrogen production and import targets set by the REPowerEU plan so that they are ambitious but realistic. In so doing, it should consider regional and industrial sector specificities and the role of low-carbon hydrogen.

Target implementation date: end-2025

Recommendation 2 – Set out an EU roadmap and monitor progress

In close collaboration with the member states, the Commission should

(a) set out and publish an EU roadmap for the development of a hydrogen value chain towards 2030 and beyond, based on its assessment of the national energy and climate plans and its updated Hydrogen Strategy,

(b) monitor the EU's and member states' progress in achieving binding and non-binding targets by means of a scoreboard.

Target implementation date: mid-2026

Recommendation 3 – Obtain reliable national funding data and assess the appropriateness of EU funding arrangements accordingly

The Commission should do the following.

(a) Work in close cooperation with member states and if necessary, propose reporting obligations to obtain information on investment plans and on planned and actual national public funding for the market ramp-up – at least for the industries to be identified under Recommendation 1. It should report on this overview, for example in the reports on the state of the Energy Union. The overview should cover all parts of the hydrogen value chain.

(b) Assess whether the current EU funding arrangements are appropriate for the future development of the hydrogen value chain across the EU.

Target implementation date: end-2025

Recommendation 4 – Monitor permitting processes in the member states

The Commission should monitor permitting processes in the member states and check whether they adhere to the timelines set in various legal acts, potentially including this aspect in the European Semester process.

Target implementation date: end-2025 (or later if the relevant legal acts set deadlines for transposing the legislation into national law that are after the end of 2025)

Recommendation 5 – Take a clear decision on support and coordination actions with and for the hydrogen industry

The Commission should do the following.

(a) Create a one-stop shop solution for stakeholders under the European Hydrogen Bank and guide hydrogen project developers on available EU funding.

(b) Decide on the future of the Clean Hydrogen Alliance in terms of its scope and number of roundtables and adopt a clear and time-bound mandate for its future work.

Target implementation date: mid-2025

This report was adopted by Chamber II, headed by Mrs Annemie Turtelboom, Member of the Court of Auditors, in Luxembourg at its meeting of 5 June 2024.

For the Court of Auditors

Tony Murphy
President

Annexes

Annex I – Support for renewable hydrogen in the United States

The US adopted two legal acts which are particularly relevant to renewable hydrogen:

— the Bipartisan Infrastructure Law (2021) includes $9.5 billion for clean hydrogen initiatives, of which $8 billion is for regional clean hydrogen hubs and $1 billion is for a clean hydrogen electrolysis programme;

— the Inflation Reduction Act (2022) provides for a hydrogen production and investment tax credit.

The Inflation Reduction Act provides the following relating to hydrogen production.

— A tax credit[60] for the production of clean hydrogen, which is uncapped and available for 10 years from the moment a production facility comes into operation, but construction must start before 1 January 2033.

— Technology-neutral support, which is based on carbon intensity, meaning that the higher the carbon intensity, the lower the support. The highest carbon intensity for which support can be obtained is 4 kilogrammes (kg) of CO_2 equivalent per kilogramme of hydrogen. The amount of support ranges from $0.6 to $3 per kg of hydrogen produced. According to a study[61] by the *Institut der deutschen Wirtschaft*, the defined carbon intensity is such that (i) hydrogen produced using the current electricity mix in the grid is not within the carbon intensity range for which support can be obtained, and (ii) the highest support is currently only possible by operating using exclusively renewable electricity.

— A tax credit for carbon oxide sequestration[62].

— Local content requirements: a 10 % increase in the tax credit is possible where an electrolyser is manufactured with US materials.

[60] See Article 45V of the Internal Revenue Code.

[61] Küper, Malte, 2023, *Wasserstoff im Inflation Reduction Act. Was ist drin für Deutschland und die EU?*, IW-Kurzbericht, Nr. 8, Köln.

[62] See Article 45Q of the Internal Revenue Code.

Annex II – Renewable Energy Directive (RED III): targets

The Directive sets targets for the use of renewable fuels of non-biological origin (RFNBOs) (including renewable hydrogen) in industry and in the transport sector, as shown in the following table.

2030 and 2035 targets

Sector	Targets
Overall	Increase the share of renewable energy in the EU's overall energy consumption to 42.5 % by 2030, with an additional 2.5 % indicative top-up so that the 45 % target can be achieved.
Industry	Industry will need to annually increase its use of renewable energy by 1.6 %. 42 % of the hydrogen used in industry should come from RFNBOs by 2030 and 60 % from this source by 2035. Member states will be able to discount the RFNBOs' contribution for industrial use by 20 % if: o the member state's national contribution to the binding overall EU target tallies with their expected contribution; o the share of hydrogen from fossil fuels consumed in the member state does not exceed 23 % in 2030 and 20 % in 2035.
Transport	Member states will have the possibility to choose between: o a binding target of a 14.5 % cut in greenhouse gas intensity from transport by using renewables (by 2030); or o a binding share of at least 29 % from renewables in the transport sector's final energy consumption (by 2030). The new rules establish a binding combined sub-target of 5.5 % for advanced biofuels (generally derived from non-food-based feedstocks) and RFNBOs (mostly renewable hydrogen and hydrogen-based synthetic fuels) in the share of renewable energies supplied to the transport sector. Within this target, there is a minimum requirement of 1 % from RFNBOs in the share of renewable energy supplied to the transport sector in 2030.

Source: EU legal acts.

https://group.mercedes-benz.com/investors/reports-news/ad-hoc/adhoc-release-427712.html

Mercedes-Benz Group AG adjusts full-year guidance for the year 2024 based on current market outlook

Mercedes-Benz Group AG / Key word(s): Change in Forecast
Mercedes-Benz Group AG adjusts full-year guidance for the year 2024 based on current market outlook

19-Sep-2024 / 21:09 CET/CEST
Disclosure of an inside information acc. to Article 17 MAR of the Regulation (EU) No 596/2014, transmitted by EQS News - a service of EQS Group AG.
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Mercedes-Benz Group AG adjusts full-year guidance for the year 2024 based on current market outlook

Stuttgart, Germany - As a result of recent developments, Mercedes-Benz Group AG today adjusted its earnings outlook for the year 2024 for Mercedes-Benz Cars and Mercedes-Benz Group.

This was triggered by a further deterioration of the macroeconomic environment, mainly in China. GDP growth in China lost further momentum amid weaker consumption as well as the continued downturn in the real estate sector. This affected the overall sales volume in China including sales in the Top-End segment. Overall, the sales mix in the second half of 2024 is expected to remain unchanged versus the first half, and therefore weaker than originally expected.

Additionally, the second half of 2024 is expected to be impacted by various valuation adjustments. Furthermore, the dynamic pricing environment is expected to continue.

Therefore, Mercedes-Benz Group has updated its full-year outlook:

- Mercedes-Benz Cars now expects the adjusted Return on Sales to be between 7.5% and 8.5% (previously: 10% to 11%). This implies an expected adjusted Return on Sales of around 6% for the second half of the year. The valuation adjustments are expected to have an impact of around 1 percentage point in the second half of this year.
- Mercedes-Benz Vans' expected adjusted Return on Sales (14% to 15%) and Mercedes-Benz Mobility's expected adjusted Return on Equity (8.5% to 9.5%) remain unchanged.
- Mercedes-Benz Group's EBIT is now expected to be significantly below the prior year level (previously: slightly below the prior-year level).
- Free cash flow of the industrial business for the Mercedes-Benz Group is now expected to be significantly below the prior-year level (previously: slightly below the prior-year level).

EBIT, adjusted Return on Sales, adjusted Return on Equity and free cash flow of the industrial business are defined on pages 41 and 59 of the Mercedes-Benz Group Annual Report 2023.

Q2

Mercedes-Benz Cars - Unit Sales by Product Categories and Share of Electrified Models

(in units)	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q2 : Q2 Change	Q1 - Q2 2023	Q1 - Q2 2024	YTD : YTD Change
Wholesales (including smart)	515,746	510,564	514,258	462,978	496,712	-3.7%	1,019,229	959,690	-5.8%
Top-End	84,792	69,900	81,804	66,554	70,339	-17.0%	176,564	136,893	-22.5%
Share in % of volume	16.4	13.7	15.9	14.4	14.2	.	17.3	14.3	.
Core	276,808	290,154	281,578	267,662	290,015	+4.8%	525,191	557,677	+6.2%
Share in % of volume	53.7	56.8	54.8	57.8	58.4	.	51.5	58.1	.
Entry (incl. smart)	154,146	150,510	150,876	128,762	136,358	-11.5%	317,474	265,120	-16.5%
Share in % of volume	29.9	29.5	29.3	27.8	27.4	.	31.2	27.6	.
thereof									
electric vehicles (xEV)	95,910	102,292	112,043	90,177	89,963	-6.2%	187,608	180,140	-4.0%
BEV	61,211	61,621	66,197	47,521	45,843	-25.1%	112,850	93,364	-17.3%
PHEV	34,699	40,671	45,846	42,656	44,120	+27.2%	74,758	86,776	+16.1%
xEV share in % of volume	18.6	20.0	21.8	19.5	18.1	.	18.4	18.8	.

DRIVING MOBILITY FOR EUROPE

https://www.acea.auto/press-release/european-auto-industry-calls-for-urgent-action-as-demand-for-evs-declines/

European auto industry calls for urgent action as demand for EVs declines

19 September 2024

Brussels, 19 September 2024 – A continuous trend of shrinking market share for battery electric cars in the EU sends an extremely worrying signal to industry and policymakers. European auto manufacturers, united in ACEA, therefore call on the EU institutions to come forward with urgent relief measures before new CO2 targets for cars and vans come into effect in 2025. Additionally, we urge the European Commission to bring forward the CO2 regulation reviews for light-duty and heavy-duty vehicles, currently scheduled for 2026 and 2027 respectively, to 2025.

The European auto industry supports the Paris Agreement and the EU's 2050 transport decarbonisation targets and has invested billions in electrification to bring vehicles to market. Today, vehicle technology and the availability of zero-emission vehicles are not bottlenecks. We are playing our part in this transition, but unfortunately, the other necessary elements for this systemic shift are not in place. An aggravating factor is the rapid erosion of the EU's competitiveness, as confirmed in the Draghi report.

The latest EU car registration data released by ACEA today once again confirms the electric car market is now on a continual downward trajectory.

As stated by the ACEA Board:

We are missing crucial conditions to reach the necessary boost in production and adoption of zero-emission vehicles: charging and hydrogen refilling infrastructure, as well as a competitive manufacturing environment, affordable green energy, purchase and tax incentives, and a secure supply of raw materials, hydrogen and batteries. Economic growth, consumer acceptance, and trust in infrastructure have not developed sufficiently either.

As a result, the zero-emission transition is highly challenging, with concerns about meeting the 2025 CO2 emission reduction targets for cars and vans on the rise. The current rules do not account for the profound shift in the geopolitical and economic climate over the past yearsand the law's inherent inability to adjust for real-world developments further erodes the competitiveness of the sector.

This raises the daunting prospect of either multi-billion-euro fines, which could otherwise be invested in the zero-emission transition, or unnecessary production cuts, job losses, and a weakened European supply and value chain at a time when we face fierce competition from other automaking regions.

The industry cannot afford to wait for the review of the CO2 regulations in 2026 and 2027, we need urgent and meaningful action now to reverse the downward trend, restore EU industry competitiveness and reduce strategic vulnerabilities. For heavy-duty vehicles, an earlier review will also be absolutely critical to ensure vital conditions like infrastructure for trucks and buses are scaled up in time.

We stand ready to discuss a package of short-term relief for the 2025 CO2 targets for cars and vans, as well as a fast-track, comprehensive, and robust review of the CO2 Regulations for both cars and trucks, plus targeted secondary legislation, to get the zero-emission transition firmly on track and secure Europe's industrial future.

European auto manufacturers, united in ACEA, call on the EU institutions to come forward with urgent relief measures before new CO2 targets for cars and vans come into effect in 2025.

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Notes for editors

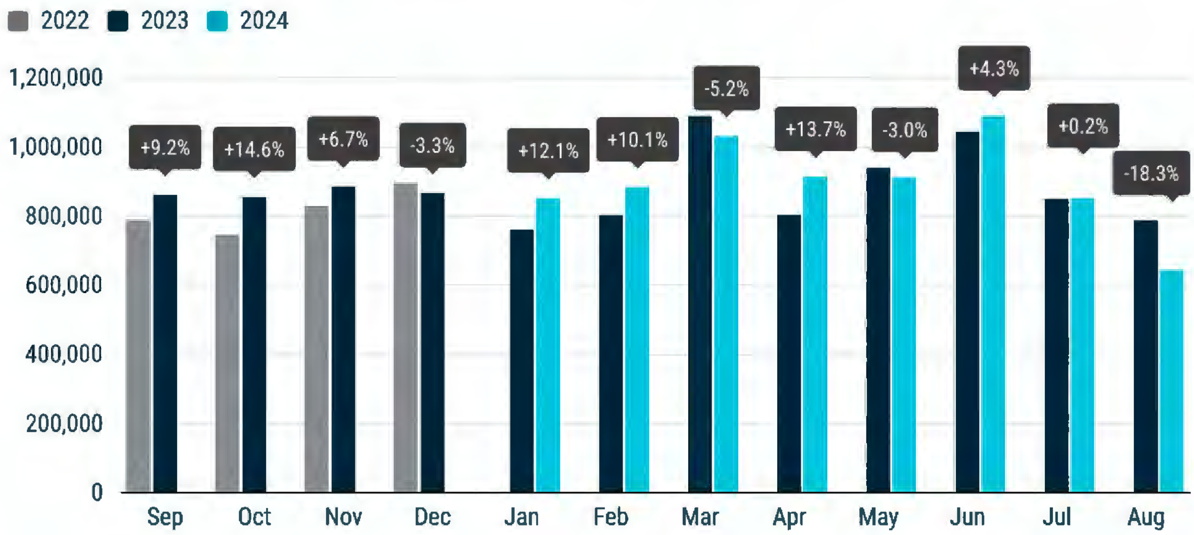
- EU car sales are still around 18% lower than pre-pandemic levels in 2019
- Year-to-date EU battery-electric sales volumes have dropped 8,4% in an already shrinking market
- Year-to-date EU battery-electric market share has dropped from 13.9% last year to 12.6% this year
- The market decline is affecting many brands, including and beyond ACEA members, across the board (ACEA August car registration data)
- Only 16% of European non-EV owners are considering that their next vehicle purchase will be an EV, down from 18% in 2021 (McKinsey, 2024)
- In parallel, almost 20% of the current BEV owners said to be likely or very likely to switch back to combustion engine vehicles (McKinsey, 2024)
- EU needs 8 times more charging points per year by 2030 to meet CO2 targets– ACEA report Charging ahead: accelerating the rollout of EU electric vehicle charging infrastructure
- Electric cars: Tax benefits and incentives – ACEA report (2024)

About ACEA

NEW CAR REGISTRATIONS, EUROPEAN UNION

EMBARGOED PRESS RELEASE
6.00 CEST (4.00 GMT), 19 September 2024

New car registrations: -18.3% in August 2024; BEV market share down by almost one third



In **August 2024**, new EU car registrations saw a sharp decrease (-18.3%) with negative results across the region's four major markets: double-digit losses were witnessed in Germany (-27.8%), France (-24.3%), and Italy (-13.4%), with the Spanish market declining by 6.5%.

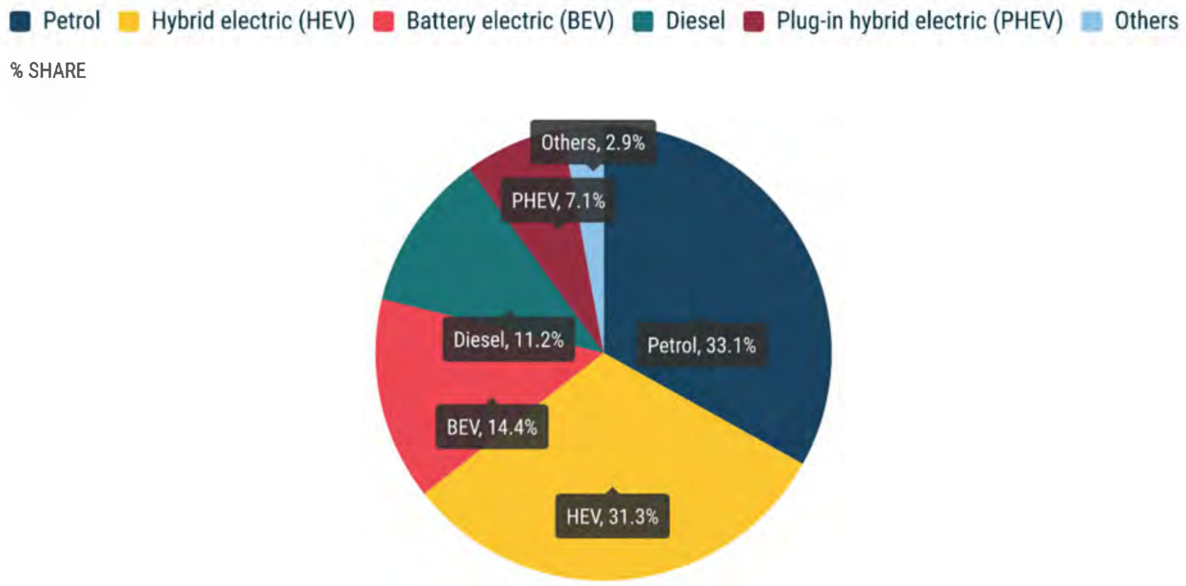
Eight months into 2024, new car registrations increased by 1.4%, almost reaching 7.2 million units. Spain (+4.5%) and Italy (+3.8%) showed positive but modest performance. On the other hand, the French and the German markets saw their results stagnate (-0.5% and -0.3% respectively).

NEW EU CAR REGISTRATIONS BY POWER SOURCE

In **August**, battery-electric cars accounted for 14.4% of the EU car market, down from 21% the previous year. This represents the fourth consecutive month of decline this year, contrasting sharply with the almost consistent month-on-month increases last year. Plug-in

Data source: the European Automobile Manufacturers' Association (ACEA), based on aggregated data provided by national automobile associations, ACEA members and S&P Global Mobility.

hybrid car registrations were also marked by a sizeable 22.3% decline. The combined share of petrol and diesel cars also dropped slightly to 44.3%, down from 45.1%.



Electric cars

In **August 2024**, registrations of battery-electric (BEV) cars dropped by 43.9% to 92,627 units (compared to 165,204 the same period last year), with their total market share slipping to 14.4% from 21% a year before. This was driven by the spectacular drop in the two biggest markets for BEV cars: Germany (-68.8%) and France (-33.1%). From January to August, 902,011 new battery-electric cars were registered, representing 12.6% of the market.

Plug-in hybrid car registrations saw a decrease (-22.3%) last month, with declines recorded in all their major markets. In August, plug-in hybrids accounted for 7.1% of the total car market, down from 7.4% last year, with 45,590 units sold.

Hybrid-electric vehicles are the only vehicle type that saw growth in August, with car registrations rising by 6.6% to 201,552 units. Three of the four largest markets for this segment recorded gains: Spain (+12.6%), France (+12.5%), and Italy (+2.5%), while Germany (-0.1%) remained stable. The hybrid-electric market share reached 31.3%, up from 24% in August 2023.

Petrol and diesel cars

In **August 2024**, petrol car sales dropped by 17.1%, all four key markets recording significant declines: France (-36.6%), Italy (-18.8%), Spain (-17.4%), and Germany (-7.4%). Petrol cars now represent 33.1% of the market, down from 32.6% in August last year.

The diesel car market saw a decline of 26.4%, resulting in a 11.2% share of the market last August. Double-digit decreases were observed in almost all European markets.

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NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

MONTHLY

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC[1]			OTHERS[2]			PETROL			DIESEL			TOTAL		
	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23	August 2024	August 2023	% change 24/23
Austria	3,100	3,945	-21.4	1,111	1,442	-23.0	4,744	4,036	+17.5	0	1	-100.0	5,735	5,545	+3.4	2,425	3,821	-36.5	17,115	18,790	-8.9
Belgium	10,027	9,241	+8.5	3,723	8,639	-56.9	2,510	2,562	-2.0	195	151	+29.1	11,533	13,647	-15.5	1,345	2,558	-47.4	29,333	36,798	-20.3
Bulgaria	94	151	-37.7	46	50	-8.0	90	81	+11.1	0	11	-100.0	2,128	2,678	-20.5	580	446	+30.0	2,938	3,417	-14.0
Croatia	204	147	+38.8	82	48	+70.8	969	888	+9.1	71	134	-47.0	1,470	1,545	-4.9	545	740	-26.4	3,341	3,502	-4.6
Cyprus	77	41	+87.8	36	26	+38.5	280	246	+13.8	0	0		408	407	+0.2	11	16	-31.3	812	736	+10.3
Czechia	779	595	+30.9	348	509	-31.6	3,915	3,815	+2.6	374	254	+47.2	7,911	9,883	-20.0	3,757	3,662	+2.6	17,084	18,718	-8.7
Denmark	7,050	4,772	+47.7	438	1,236	-64.6	1,760	2,023	-13.0	0	0		3,085	4,807	-35.8	521	713	-26.9	12,854	13,551	-5.1
Estonia	104	124	-16.1	110	52	+111.5	775	772	+0.4	8	3	166.7	449	621	-27.7	235	196	+19.9	1,681	1,768	-4.9
Finland	1,893	2,812	-32.7	1,341	1,768	-24.2	1,860	1,797	+3.5	6	31	-80.6	1,157	1,030	+12.3	291	385	-24.4	6,548	7,823	-16.3
France	13,143	19,657	-33.1	6,164	9,527	-35.3	30,559	27,166	+12.5	3,149	4,290	-26.6	27,093	42,743	-36.6	5,869	10,216	-42.6	85,977	113,599	-24.3
Germany	27,024	86,649	-68.8	13,565	14,552	-6.8	55,779	55,844	-0.1	973	1,106	-12.0	70,007	75,598	-7.4	29,974	39,668	-24.4	197,322	273,417	-27.8
Greece	514	403	+27.5	484	636	-23.9	3,948	3,684	+7.2	211	229	-7.9	2,648	4,071	-35.0	344	1,345	-74.4	8,149	10,368	-21.4
Hungary	518	476	+8.8	737	512	+43.9	3,818	3,813	+0.1	18	26	-30.8	2,065	3,087	-33.1	955	1,041	-8.3	8,111	8,955	-9.4
Ireland	1,256	1,782	-29.5	689	1,020	-32.5	1,925	1,273	+51.2	0	0		1,772	2,055	-13.8	1,902	2,131	-10.7	7,544	8,261	-8.7
Italy	2,399	4,059	-40.9	2,592	3,290	-21.2	27,943	27,272	+2.5	7,289	7,911	-7.9	19,533	24,053	-18.8	9,405	13,244	-29.0	69,161	79,829	-13.4
Latvia	114	151	-24.5	57	23	+147.8	476	528	-9.8	23	19	+21.1	507	652	-22.2	231	262	-11.8	1,408	1,635	-13.9
Lithuania	105	151	-30.5	113	79	+43.0	1,009	889	+13.5	54	27	+100.0	518	799	-35.2	299	307	-2.6	2,098	2,252	-6.8
Luxembourg	873	924	-5.5	250	347	-28.0	729	666	+9.5	0	0		762	1,005	-24.2	297	472	-37.1	2,911	3,414	-14.7
Malta	150	125	+20.0	33	75	-56.0	109	114	-4.4	0	0		314	258	+21.7	13	15	-13.3	619	587	+5.5
Netherlands	9,418	9,147	+3.0	3,869	3,495	+10.7	8,274	6,819	+21.3	171	185	-7.6	5,630	7,786	-27.7	261	290	-10.0	27,623	27,722	-0.4
Poland	979	1,235	-20.7	866	872	-0.7	17,091	15,705	+8.8	1,087	805	+35.0	14,065	14,429	-2.5	2,983	3,131	-4.7	37,071	36,177	+2.5
Portugal	2,484	3,068	-19.0	1,816	2,191	-17.1	2,287	1,692	+35.2	976	752	+29.8	3,292	3,883	-15.2	967	1,464	-33.9	11,822	13,050	-9.4
Romania	494	1,608	-69.3	-	-		4,670	4,106	+13.7	1,035	1,450	-28.6	2,894	4,237	-31.7	879	1,490	-41.0	9,972	12,891	-22.6
Slovakia	159	189	-15.9	156	280	-44.3	2,018	2,098	-3.8	129	145	-11.0	3,649	3,420	+6.7	996	1,355	-26.5	7,107	7,487	-5.1
Slovenia	183	385	-52.5	91	73	+24.7	432	449	-3.8	192	30	+540.0	2,130	1,751	+21.6	650	552	+17.8	3,678	3,240	+13.5
Spain	2,696	3,583	-24.8	3,010	3,362	-10.5	21,261	18,885	+12.6	2,442	1,584	+54.2	18,050	21,864	-17.4	4,863	6,676	-27.2	52,322	55,954	-6.5
Sweden	6,790	9,784	-30.6	3,863	4,556	-15.2	2,321	1,891	+22.7	231	543	-57.5	4,252	5,285	-19.5	1,579	1,812	-12.9	19,036	23,871	-20.3
EUROPEAN UNION	**92,627**	**165,204**	**-43.9**	**45,590**	**58,660**	**-22.3**	**201,552**	**189,114**	**+6.6**	**18,634**	**19,687**	**-5.3**	**213,057**	**257,139**	**-17.1**	**72,177**	**98,008**	**-26.4**	**643,637**	**787,812**	**-18.3**
Iceland	192	700	-72.6	92	121	-24.0	98	130	-24.6	0	0		37	81	-54.3	45	133	-66.2	464	1,165	-60.2
Norway	10,480	9,250	+13.3	161	724	-77.8	249	675	-63.1	0	0		59	122	-51.6	165	312	-47.1	11,114	11,083	+0.3
Switzerland	3,421	4,289	-20.2	1,231	1,715	-28.2	5,604	5,165	+8.5	0	1	-100.0	4,261	6,038	-29.4	1,410	1,769	-20.3	15,927	18,977	-16.1
EFTA	**14,093**	**14,239**	**-1.0**	**1,484**	**2,560**	**-42.0**	**5,951**	**5,970**	**-0.3**	**0**	**1**	**-100.0**	**4,357**	**6,241**	**-30.2**	**1,620**	**2,214**	**-26.8**	**27,505**	**31,225**	**-11.9**
United Kingdom	19,113	17,243	+10.8	5,786	6,601	-12.3	29,076	23,410	+24.2	0	0		27,894	34,756	-19.7	2,706	3,647	-25.8	84,575	85,657	-1.3
EU + EFTA + UK	**125,833**	**196,686**	**-36.0**	**52,860**	**67,821**	**-22.1**	**236,579**	**218,494**	**+8.3**	**18,634**	**19,688**	**-5.4**	**245,308**	**298,136**	**-17.7**	**76,503**	**103,869**	**-26.3**	**755,717**	**904,694**	**-16.5**

1 Includes full and mild hybrids
2 Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

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NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

YEAR TO DATE

	BATTERY ELECTRIC			PLUG-IN HYBRID			HYBRID ELECTRIC[1]			OTHERS[2]			PETROL			DIESEL			TOTAL		
	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23	Jan-Aug 2024	Jan-Aug 2023	% change 24/23
Austria	28,211	30,638	-7.9	11,212	11,554	-3.0	41,063	33,914	+21.1	13	15	-13.3	58,518	54,068	+8.2	32,112	32,857	-2.3	171,129	163,046	+5.0
Belgium	84,137	59,550	+41.3	53,492	68,009	-21.3	29,498	24,994	+18.0	2,439	2,708	-9.9	138,271	148,622	-7.0	17,055	32,059	-46.8	324,892	335,942	-3.3
Bulgaria	1,012	1,162	-12.9	334	204	+63.7	635	453	+40.2	52	46	+13.0	22,903	18,505	+23.8	4,947	4,030	+22.8	29,883	24,400	+22.5
Croatia	1,264	1,197	+5.6	933	617	+51.2	12,155	9,233	+31.6	921	1,168	-21.1	23,673	22,110	+7.1	9,605	9,042	+6.2	48,551	43,367	+12.0
Cyprus	652	458	+42.4	441	303	+45.5	4,788	3,617	+32.4	0	0		4,807	5,341	-10.0	275	344	-20.1	10,963	10,063	+8.9
Czechia	5,763	4,070	+41.6	3,399	3,413	-0.4	32,814	26,080	+25.8	3,150	2,659	+18.5	74,120	79,121	-6.3	34,509	35,011	-1.4	153,755	150,354	+2.3
Denmark	51,945	34,440	+50.8	4,647	11,583	-59.9	20,213	20,612	-1.9	0	1	-100.0	29,498	37,139	-20.6	4,430	5,324	-16.8	110,733	109,099	+1.5
Estonia	875	887	-1.4	594	371	+60.1	6,091	6,018	+1.2	124	46	+169.6	3,861	6,419	-39.9	2,157	1,980	+8.9	13,702	15,721	-12.8
Finland	13,802	19,815	-30.3	10,107	12,232	-17.4	16,763	16,232	+3.3	141	356	-60.4	7,492	9,549	-21.5	2,594	2,911	-10.9	50,899	61,095	-16.7
France	188,575	174,443	+8.1	89,023	100,747	-11.6	359,536	265,156	+35.6	43,815	46,278	-5.3	358,217	429,095	-16.5	87,734	116,602	-24.8	1,126,900	1,132,321	-0.5
Germany	241,911	355,575	-32.0	117,925	107,962	+9.2	484,804	433,060	+11.9	10,163	10,633	-4.4	703,990	671,407	+4.9	348,433	334,927	+4.0	1,907,226	1,913,564	-0.3
Greece	4,737	4,188	+13.1	5,329	4,941	+7.9	40,055	27,931	+43.4	1,528	2,491	-38.7	38,464	40,520	-5.1	8,261	13,038	-36.6	98,374	93,109	+5.7
Hungary	5,753	3,749	+53.5	4,080	3,809	+7.1	36,345	29,116	+24.8	110	435	-74.7	24,144	27,661	-12.7	9,544	9,121	+4.6	79,976	73,891	+8.2
Ireland	15,122	20,266	-25.4	11,096	9,298	+19.3	24,871	23,495	+5.9	0	0		35,195	34,737	+1.3	25,856	25,403	+1.8	112,140	113,199	-0.9
Italy	35,785	40,820	-12.3	41,799	47,204	-11.5	421,013	366,665	+14.8	102,896	95,640	+7.6	325,638	295,009	+10.4	153,595	195,647	-21.5	1,080,726	1,040,985	+3.8
Latvia	805	1,279	-37.1	364	247	+47.4	4,052	3,922	+3.3	243	246	-1.2	4,257	5,739	-25.8	1,806	2,196	-17.8	11,527	13,629	-15.4
Lithuania	1,115	1,347	-17.2	926	691	+34.0	8,888	7,243	+22.7	363	299	+21.4	5,908	7,351	-19.6	2,388	2,427	-1.6	19,588	19,358	+1.2
Luxembourg	8,565	7,114	+20.4	2,629	3,287	-20.0	6,920	6,421	+7.8	0	0		9,982	11,793	-15.4	4,201	5,507	-23.7	32,297	34,122	-5.3
Malta	1,598	829	+92.8	371	712	-47.9	1,010	1,159	-12.9	0	1	-100.0	2,139	2,036	+5.1	239	443	-46.0	5,357	5,180	+3.4
Netherlands	77,990	74,627	+4.5	35,588	34,472	+3.2	73,656	60,152	+22.4	1,516	1,383	+9.6	57,000	83,321	-31.6	2,898	2,968	-2.4	248,648	256,923	-3.2
Poland	10,991	10,885	+1.0	9,257	8,699	+6.4	164,715	118,041	+39.5	9,543	8,150	+17.1	131,722	135,055	-2.5	30,942	30,409	+1.8	357,170	311,239	+14.8
Portugal	25,015	22,839	+9.5	18,394	16,906	+8.8	23,319	21,048	+10.8	10,230	6,623	+54.5	53,170	54,397	-2.3	12,661	17,466	-27.5	142,789	139,279	+2.5
Romania	6,877	9,682	-29.0	-	-		39,388	28,254	+39.4	10,822	12,824	-15.6	34,883	36,617	-4.7	14,564	11,258	+29.4	106,534	98,635	+8.0
Slovakia	1,565	1,438	+8.8	1,395	1,874	-25.6	18,031	16,149	+11.7	1,182	1,281	-7.7	28,761	29,573	-2.7	10,037	10,630	-5.6	60,971	60,945	+0.04
Slovenia	1,977	2,825	-30.0	747	803	-7.0	3,786	4,952	-23.5	504	392	+28.6	22,549	19,255	+17.1	6,981	6,099	+14.5	36,544	34,326	+6.5
Spain	31,665	30,881	+2.5	38,168	40,189	-5.0	246,963	197,089	+25.3	20,714	15,515	+33.5	265,552	275,294	-3.5	68,489	83,612	-18.1	671,551	642,580	+4.5
Sweden	54,304	68,714	-21.0	39,016	37,570	+3.8	17,102	14,887	+14.9	4,223	4,347	-2.9	39,743	40,342	-1.5	13,279	15,968	-16.8	167,667	181,828	-7.8
EUROPEAN UNION	**902,011**	**983,718**	**-8.3**	**501,266**	**527,697**	**-5.0**	**2,138,474**	**1,765,893**	**+21.1**	**224,692**	**213,537**	**+5.2**	**2,504,457**	**2,580,076**	**-2.9**	**909,592**	**1,007,279**	**-9.7**	**7,180,492**	**7,078,200**	**+1.4**
Iceland	1,398	5,062	-72.4	1,328	1,341	-1.0	1,814	2,581	-29.7	0	2	-100.0	1,467	1,536	-4.5	1,644	2,179	-24.6	7,651	12,701	-39.8
Norway	68,431	70,673	-3.2	2,418	6,025	-59.9	5,262	5,242	+0.4	9	2	+350.0	737	1,071	-31.2	1,971	2,142	-8.0	78,828	85,155	-7.4
Switzerland	28,242	31,102	-9.2	13,414	14,125	-5.0	50,483	44,004	+14.7	15	62	-75.8	47,913	56,420	-15.1	15,508	15,615	-0.7	155,575	161,328	-3.6
EFTA	**98,071**	**106,837**	**-8.2**	**17,160**	**21,491**	**-20.2**	**57,559**	**51,827**	**+11.1**	**24**	**66**	**-63.6**	**50,117**	**59,027**	**-15.1**	**19,123**	**19,936**	**-4.1**	**242,054**	**259,184**	**-6.6**
United Kingdom	213,544	193,221	+10.5	100,457	80,458	+24.9	434,698	368,346	+18.0	0	0		453,937	490,483	-7.5	36,219	46,790	-22.6	1,238,855	1,179,298	+5.1
EU + EFTA + UK	**1,213,626**	**1,283,776**	**-5.5**	**618,883**	**629,646**	**-1.7**	**2,630,731**	**2,186,066**	**+20.3**	**224,716**	**213,603**	**+5.2**	**3,008,511**	**3,129,586**	**-3.9**	**964,934**	**1,074,005**	**-10.2**	**8,661,401**	**8,516,682**	**+1.7**

[1] Includes full and mild hybrids
[2] Includes fuel-cell electric vehicles, natural gas vehicles, LPG, E85/ethanol, and other fuels

NEW CAR REGISTRATIONS BY MANUFACTURER

EUROPEAN UNION (EU)

	AUGUST					JANUARY-AUGUST				
	% share[1]		Units		% change	% share[1]		Units		% change
	2024	2023	2024	2023	24/23	2024	2023	2024	2023	24/23
Volkswagen Group	**27.8**	**26.7**	**179,041**	**210,078**	**-14.8**	**26.4**	**26.4**	**1,895,390**	**1,865,118**	**+1.6**
Volkswagen	11.2	11.2	71,841	88,494	-18.8	10.8	11.1	777,225	783,628	-0.8
Skoda	6.9	5.6	44,424	44,346	+0.2	5.9	5.5	427,180	386,006	+10.7
Audi	5.3	5.5	34,241	43,279	-20.9	4.9	5.5	351,229	386,013	-9.0
Seat	2.1	1.8	13,590	14,208	-4.3	2.2	2.1	160,159	148,641	+7.7
Cupra	1.7	1.9	10,730	14,854	-27.8	1.7	1.5	120,603	107,865	+11.8
Porsche	0.6	0.6	3,865	4,480	-13.7	0.8	0.7	54,612	48,270	+13.1
Others[2]	0.1	0.1	350	417	-16.1	0.1	0.1	4,382	4,695	-6.7
Stellantis	**14.4**	**16.7**	**92,667**	**131,477**	**-29.5**	**17.5**	**18.3**	**1,254,421**	**1,295,335**	**-3.2**
Peugeot	5.0	4.9	32,052	38,300	-16.3	5.3	5.7	383,876	401,999	-4.51
Citroen	2.1	3.1	13,793	24,287	-43.2	3.4	3.2	243,850	226,776	+7.5
Opel/Vauxhall	3.5	3.5	22,344	27,644	-19.2	3.3	3.4	236,446	243,152	-2.8
Fiat[3]	2.0	3.2	12,604	24,862	-49.3	3.1	3.5	221,712	244,229	-9.2
Jeep	1.0	1.0	6,667	7,880	-15.4	1.1	1.1	82,515	79,172	+4.2
Lancia/Chrysler	0.2	0.3	1,376	2,499	-44.9	0.4	0.4	29,060	29,796	-2.5
Alfa Romeo	0.3	0.3	1,710	2,365	-27.7	0.4	0.5	28,159	31,900	-11.7
DS	0.3	0.4	1,850	3,240	-42.9	0.4	0.5	25,244	32,972	-23.4
Others[4]	0.0	0.1	271	400	-32.3	0.0	0.1	3,559	5,339	-33.3
Renault Group	**10.0**	**9.5**	**64,392**	**74,765**	**-13.9**	**10.7**	**10.9**	**770,196**	**770,266**	**-0.0**
Renault	5.0	4.8	32,227	38,195	-15.6	5.7	5.9	406,003	416,420	-2.5
Dacia	5.0	4.6	32,041	36,388	-11.9	5.0	5.0	361,630	351,746	+2.8
Alpine	0.0	0.0	124	182	-31.9	0.0	0.0	2,563	2,100	+22.0
Hyundai Group	**8.8**	**8.4**	**56,450**	**65,987**	**-14.5**	**8.0**	**8.5**	**575,181**	**601,217**	**-4.3**
Hyundai	4.4	4.3	28,121	34,233	-17.9	4.1	4.1	293,504	291,317	+0.8
Kia	4.4	4.0	28,329	31,754	-10.8	3.9	4.4	281,677	309,900	-9.1
Toyota Group	**8.5**	**7.2**	**54,539**	**56,984**	**-4.3**	**8.0**	**6.9**	**571,574**	**484,931**	**+17.9**
Toyota	7.8	6.8	50,404	53,689	-6.1	7.5	6.5	535,214	457,731	+16.9
Lexus	0.6	0.4	4,135	3,295	+25.5	0.5	0.4	36,360	27,200	+33.7
BMW Group	**7.3**	**7.1**	**46,963**	**55,672**	**-15.6**	**6.5**	**6.6**	**466,473**	**467,995**	**-0.3**
BMW	6.3	5.8	40,659	45,500	-10.6	5.7	5.4	406,620	379,812	+7.1
Mini	1.0	1.3	6,304	10,172	-38.0	0.8	1.2	59,853	88,183	-32.1
Mercedes-Benz	**5.8**	**5.4**	**37,464**	**42,899**	**-12.7**	**5.1**	**5.3**	**365,023**	**376,677**	**-3.1**
Mercedes	5.8	5.0	37,428	39,367	-4.9	4.9	5.1	354,103	358,739	-1.3
Smart	0.0	0.4	36	3,532	-99.0	0.2	0.3	10,920	17,938	-39.1
Ford	**3.2**	**3.3**	**20,532**	**25,925**	**-20.8**	**2.9**	**3.5**	**210,351**	**249,775**	**-15.8**
Volvo Cars	**2.5**	**1.6**	**16,113**	**12,533**	**+28.6**	**2.7**	**2.0**	**192,365**	**139,565**	**+37.8**
Tesla	**2.4**	**3.5**	**15,534**	**27,341**	**-43.2**	**2.1**	**2.5**	**152,607**	**179,363**	**-14.9**
Nissan	**1.3**	**1.7**	**8,641**	**13,437**	**-35.7**	**1.9**	**1.8**	**139,789**	**129,089**	**+8.3**
Suzuki	**1.6**	**1.5**	**10,436**	**11,594**	**-10.0**	**1.7**	**1.4**	**121,922**	**99,364**	**+22.7**
SAIC Motor	**1.3**	**1.5**	**8,308**	**11,461**	**-27.5**	**1.4**	**1.2**	**102,924**	**87,136**	**+18.1**
Mazda	**1.3**	**1.3**	**8,308**	**10,347**	**-19.7**	**1.3**	**1.3**	**93,714**	**95,422**	**-1.8**
Jaguar Land Rover Group	**0.6**	**0.7**	**4,099**	**5,621**	**-27.1**	**0.6**	**0.7**	**43,961**	**46,244**	**-4.9**
Land Rover	0.6	0.6	3,836	4,833	-20.6	0.6	0.6	39,755	39,246	+1.3
Jaguar	0.0	0.1	263	788	-66.6	0.1	0.1	4,206	6,998	-39.9
Mitsubishi	**0.5**	**0.4**	**2,964**	**3,013**	**-1.6**	**0.6**	**0.4**	**42,219**	**24,790**	**+70.3**
Honda	**0.4**	**0.3**	**2,696**	**2,738**	**-1.5**	**0.4**	**0.3**	**27,237**	**18,845**	**+44.5**

[1] ACEA estimation based on total by market
[2] Bentley, Bugatti, Lamborghini, and MAN
[3] Includes Abarth
[4] Dodge, Maserati, and RAM

NEW CAR REGISTRATIONS BY MANUFACTURER

EU + EFTA + UK

	AUGUST					JANUARY-AUGUST				
	% share[1]		Units		% change	% share[1]		Units		% change
	2024	2023	2024	2023	24/23	2024	2023	2024	2023	24/23
Volkswagen Group	**27.7**	**26.7**	**209,089**	**241,257**	**-13.3**	**26.0**	**26.1**	**2,253,034**	**2,226,904**	**+1.2**
Volkswagen	10.9	11.1	82,295	100,275	-17.9	10.5	10.8	907,645	915,845	-0.9
Skoda	6.7	5.6	50,588	50,363	+0.4	5.7	5.3	491,341	449,586	+9.3
Audi	5.6	5.7	42,274	51,278	-17.6	5.2	5.7	446,464	488,193	-8.5
Seat	2.1	1.8	16,222	16,275	-0.3	2.2	2.0	190,027	172,584	+10.1
Cupra	1.7	1.8	12,506	16,634	-24.8	1.6	1.5	142,083	127,124	+11.8
Porsche	0.6	0.7	4,778	5,921	-19.3	0.8	0.8	69,602	67,129	+3.7
Others[2]	0.1	0.1	426	511	-16.6	0.1	0.1	5,872	6,443	-8.9
Stellantis	**13.7**	**16.1**	**103,612**	**145,348**	**-28.7**	**16.2**	**17.0**	**1,401,967**	**1,449,515**	**-3.3**
Peugeot	4.8	4.7	35,974	42,075	-14.5	5.0	5.2	430,939	444,831	-3.1
Opel/Vauxhall	3.4	3.7	25,908	33,773	-23.3	3.4	3.6	293,375	309,659	-5.3
Citroen	2.1	2.9	15,517	26,367	-41.1	3.1	2.9	265,295	248,393	+6.8
Fiat[3]	1.8	2.9	13,556	26,168	-48.2	2.7	3.0	234,595	258,575	-9.3
Jeep	1.0	0.9	7,202	8,104	-11.1	1.0	1.0	88,522	82,716	+7.0
Alfa Romeo	0.2	0.3	1,826	2,548	-28.3	0.3	0.4	29,773	33,927	-12.2
Lancia/Chrysler	0.2	0.3	1,377	2,499	-44.9	0.3	0.3	29,061	29,802	-2.5
DS	0.3	0.4	1,941	3,357	-42.2	0.3	0.4	26,223	35,206	-25.5
Others[4]	0.0	0.1	311	457	-31.9	0.0	0.1	4,184	6,406	-34.7
Renault Group	**9.3**	**8.8**	**69,913**	**79,373**	**-11.9**	**9.7**	**9.7**	**837,665**	**822,861**	**+1.8**
Renault	4.7	4.5	35,703	40,955	-12.8	5.2	5.2	447,536	444,589	+0.7
Dacia	4.5	4.2	34,068	38,210	-10.8	4.5	4.4	387,228	375,875	+3.0
Alpine	0.0	0.0	142	208	-31.7	0.0	0.0	2,901	2,397	+21.0
Hyundai Group	**8.9**	**8.5**	**66,901**	**76,585**	**-12.6**	**8.4**	**8.8**	**724,725**	**748,509**	**-3.2**
Kia	4.5	4.1	33,850	37,104	-8.8	4.2	4.6	362,834	390,960	-7.2
Hyundai	4.4	4.4	33,051	39,481	-16.3	4.2	4.2	361,891	357,549	+1.2
Toyota Group	**8.1**	**7.1**	**61,324**	**64,667**	**-5.2**	**7.7**	**6.9**	**664,875**	**585,197**	**+13.6**
Toyota	7.5	6.7	56,475	60,460	-6.6	7.1	6.4	617,374	548,025	+12.7
Lexus	0.6	0.5	4,849	4,207	+15.3	0.5	0.4	47,501	37,172	+27.8
BMW Group	**7.3**	**7.1**	**54,994**	**64,455**	**-14.7**	**6.9**	**6.8**	**596,623**	**581,575**	**+2.6**
BMW	6.3	5.8	47,521	52,563	-9.6	5.9	5.4	509,390	463,059	+10.0
Mini	1.0	1.3	7,473	11,892	-37.2	1.0	1.4	87,233	118,516	-26.4
Mercedes-Benz	**5.8**	**5.3**	**43,544**	**48,220**	**-9.7**	**5.1**	**5.2**	**441,804**	**446,467**	**-1.0**
Mercedes	5.8	4.9	43,508	44,631	-2.5	5.0	5.0	430,367	428,066	+0.5
Smart	0.0	0.4	36	3,589	-99.0	0.1	0.2	11,437	18,401	-37.8
Ford	**3.5**	**3.8**	**26,289**	**34,340**	**-23.4**	**3.3**	**4.1**	**284,982**	**348,036**	**-18.1**
Volvo Cars	**2.8**	**1.7**	**20,891**	**15,283**	**+36.7**	**2.8**	**2.1**	**245,858**	**181,096**	**+35.8**
Nissan	**1.6**	**1.8**	**12,148**	**16,666**	**-27.1**	**2.4**	**2.2**	**210,985**	**188,362**	**+12.0**
Tesla	**2.9**	**3.8**	**21,701**	**34,145**	**-36.4**	**2.3**	**2.8**	**201,042**	**238,887**	**-15.8**
SAIC Motor	**1.5**	**1.7**	**11,333**	**15,191**	**-25.4**	**1.9**	**1.6**	**161,059**	**138,408**	**+16.4**
Suzuki	**1.6**	**1.5**	**12,242**	**13,713**	**-10.7**	**1.7**	**1.4**	**143,069**	**119,379**	**+19.8**
Mazda	**1.3**	**1.3**	**9,817**	**11,980**	**-18.1**	**1.3**	**1.4**	**114,987**	**118,826**	**-3.2**
Jaguar Land Rover Group	**1.0**	**0.8**	**7,198**	**7,444**	**-3.3**	**1.2**	**1.1**	**102,498**	**93,360**	**+9.8**
Land Rover	0.8	0.7	6,275	6,284	-0.1	1.0	0.9	85,800	77,939	+10.1
Jaguar	0.1	0.1	923	1,160	-20.4	0.2	0.2	16,698	15,421	+8.3
Honda	**0.6**	**0.4**	**4,602**	**3,817**	**+20.6**	**0.6**	**0.4**	**51,979**	**37,369**	**+39.1**
Mitsubishi	**0.4**	**0.3**	**3,139**	**3,160**	**-0.7**	**0.5**	**0.3**	**44,028**	**26,100**	**+68.7**

[1] ACEA estimation based on total by market
[2] Bentley, Bugatti, Lamborghini, and MAN
[3] Includes Abarth
[4] Dodge, Maserati, and RAM

https://investors.vertumotors.com/news/the-daily-telegraph-petrol-cars-rationed-to-meet-eco-targets/

The Daily Telegraph: Petrol cars 'rationed to meet eco targets'

03/09/2024 16:32

The Daily Telegraph: Petrol cars 'rationed to meet eco targets'

The Daily Telegraph, Tuesday 3rd September 2024: Petrol cars ‘rationed to meet eco targets’

Warning comes as consumer demand for expensive electric cars continues to wane.

Car makers are rationing sales of petrol and hybrid vehicles in Britain to avoid hefty net zero fines, according to one of the country’s biggest dealership chains.

Robert Forrester, chief executive of Vertu Motors, said manufacturers were delaying deliveries of cars until next year amid fears they will otherwise breach quotas set for them by the Government.

This means someone ordering a car today at some dealerships will not receive it until February, he said.

At the same time, Mr Forrester warned manufacturers and dealers were grappling with a glut of more expensive electric vehicles (EVs) that are “not easily finding homes”.

He said: “In some franchises there’s a restriction on supply of petrol cars and hybrid cars, which is actually where the demand is.

“It’s almost as if we can’t supply the cars that people want, but we’ve got plenty of the cars that maybe they don’t want.

“They [manufacturers] are trying to avoid the fines. So they’re constraining the ability for us to supply petrol cars in order to try and keep to the government targets.”

The chief executive blamed the zero emission vehicle (ZEV) mandate, which requires at least 22pc of cars sold by manufacturers to be electric from this year.

This target will gradually rise each year before reaching 80pc in 2030, with manufacturers made to pay £15,000 for every petrol car that exceeds their quota – unless they have so-called carbon credits to spend. But the scheme has prompted stark warnings from bosses at major brands, such as Vauxhall owner Stellantis and Ford, which have said they cannot sacrifice profits by selling EVs at large discounts indefinitely. Instead, they have previously warned they may be forced to restrict petrol car supplies to artificially boost their ZEV mandate performance.

The warning from Vertu is the first confirmation that carmakers have now begun doing so.

Mr Forrester added that although some people might cheer falling electric car prices, supporters of the ZEV mandate in its current form were “economic buffoons, because car manufacturers are being forced to discount EVs to such an extent that they’re making losses… and that is not a good thing for business”.

He said: “What the Government’s actually doing is constraining the new car market, which has a big impact on VAT receipts for them, and creates a business environment in the UK where manufacturers may question whether they want to make cars here.

“As Carlos Tavares [chief executive of Stellantis] has said, why should they sell cars at a loss because of UK government policy?

“The new car market is no longer a market, unfortunately. It’s a state-imposed supply chain.”

His comments came as Vertu said it expected lower first half profits as demand for new cars and more expensive electric vehicles remained under pressure. The group, which has 192 showrooms and after-sales sites across the UK, said new car sales by volume fell 5.8pc in the five months to July 31.

By contrast, Vertu says there is strong demand for used cars with September expected to be a particularly busy month.

Mr Forrester’s warning comes after the Society for Motor Manufacturers and Traders (SMMT), which represents car makers, slashed its forecast for electric car sales this year amid the ongoing slowdown in demand.

The group now predicts electric vehicles (EVs) will account for 18.5pc of the new car market in 2024, down from an earlier prediction of 19.8pc.

EV registrations surged higher in July but sales to private consumers continued to slump.

Mike Hawes, chief executive of the SMMT, said the weakening demand for EVs among private consumers – despite heavy discounting by car makers – remained the industry’s “overriding concern”.

Securing US Elections from Nation-State Adversaries

Written Testimony of Brad Smith
Vice Chair and President, Microsoft Corporation

U.S. Senate Select Committee on Intelligence

September 18, 2024

Chairman Warner, Vice Chairman Rubio, Members of the Committee, I appreciate the opportunity to join you and other technology leaders today to discuss the timely and critical issue of protecting US elections from nation-state interference.

Today we are 48 days away from the general election; in some states like Pennsylvania, voters have already begun casting ballots, and three days from now all 50 states will send ballots to military and overseas voters. The election is here, and our adversaries have wasted no time in attempting to interfere. Earlier this week, Microsoft's Threat Analysis Center (MTAC) reported efforts by our adversaries to interfere in our elections leveraging both old and new tactics. Earlier this month the United States Government sanctioned[1] Russian actors for their attempts to influence the election.[2]

The threats to our democracy from abroad are sophisticated and persistent. We must stand together as a tech community, as leaders, and as a nation to protect the integrity of our elections. We pursue this work guided by two key principles:

1. We must uphold the foundational principle of free expression for our citizens.
2. We must protect the American electorate from foreign nation-state cyber interference.

Our adversaries target our democracy in part because they fear the open and free expression it promotes and the success it has brought our country.

<u>Current State of Nation-State Interference</u>

Among Microsoft's vast team of security professionals, dozens are part of Microsoft's Threat Analysis Center (MTAC), a team whose mission is to detect, assess, and disrupt cyber influence threats to Microsoft, its customers, and democracies worldwide. Part of MTAC's mission is protecting elections from nation-state adversaries who seek to use online operations to distort the information going to voters, change the outcome of an election, or interfere in electoral processes.

As MTAC has observed and reported, foreign adversaries are using cyber influence operations to target both political parties in the 2024 U.S. presidential election. In the last two years, Microsoft has detected and analyzed cyber-attacks and cyber-enabled influence operations stemming from Russia, Iran, and China, many of which pertain to elections and elections infrastructure.

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[1] Treasury Takes Action as Part of a U.S. Government Response to Russia's Foreign Malign Influence Operations | U.S. Department of the Treasury

[2] Office of Public Affairs | Justice Department Disrupts Covert Russian Government-Sponsored Foreign Malign Influence Operation Targeting Audiences in the United States and Elsewhere | United States Department of Justice

This follows similar activity Microsoft has observed in several other countries that recently have held national elections. This includes the 2023 elections in the Netherlands and Slovakia and, in 2024, the Taiwanese, EU, UK and French elections (as well as the 2024 Paris Summer Olympics). Since the beginning of this year, we have been working directly with elected government officials and often with the public to combat these threats. We have used our findings to better understand adversarial behavior and intentions leading into the upcoming 2024 U.S. election, including with respect to nation states' malicious employment of generative AI, of which we have detected and analyzed many such instances.

Today, we see Iran, Russia, and China using cyber operations to target the U.S. election in November. Iranian operations have targeted candidates of both parties but are inclined to denigrate former President Trump's campaign, which indicates a preference for a Harris victory. Russian operations, meanwhile, are inclined to denigrate Vice President Harris's campaign, indicating a preference for a Trump victory. China, for its part, has aimed to collect intelligence and to stoke discord, while to date not showing a clear preference for a specific candidate.

Let me share more about the details in what we have detected so far this year:

Iran

So far in 2024, Iranian election interference mirrors what we observed from Iran in 2020 in tempo, timing, and targets. As we reported in an August 8 report,[3] an Iranian actor we track as Sefid Flood, known for impersonating social and political activist groups, started in March to lay the groundwork for U.S. election cyber-enabled operations. Additionally, Iranian-linked covert propaganda sites and social media networks began and have continued to aim to amplify divisions among Americans across ethnic and religious lines.

In June 2024, Microsoft observed an Iranian actor tracked as Mint Sandstorm compromised a personal account linked to a U.S. political operative. Mint Sandstorm used this access to the political operative's account to conduct a spear phishing attack on a staff member at a U.S. presidential campaign. Microsoft products automatically detected and blocked this phishing email. Microsoft took additional steps to notify the political operative and the campaign of this activity. Last month, Microsoft detected that Mint Sandstorm compromised additional personal accounts belonging to individuals linked to a U.S. presidential candidate. Microsoft quickly took action to notify these users and assist them in securing their accounts. We expect the pace and persistence of Iran's cyberattacks and social media provocations will quicken as Election Day approaches in November.

Iran has a history of targeting voters in U.S. swing states. In 2020, an IRGC-directed group, Cotton Sandstorm, posed as the right-wing "Proud Boys" to stoke discord in the U.S. over purportedly fake votes. Using a Proud Boys-named email, Cotton Sandstorm sent emails to Florida residents warning them to "vote for Trump or else!"[1] Cotton Sandstorm's cyber activity ahead of the operation included scanning of at least one government organization in Florida.

In 2022, ahead of the midterm elections, Microsoft detected Mint Sandstorm targeting county-level government organizations in a few states, a pair of which were tightly contested states in 2020. Similarly, in 2024, we've observed another group operating on the IRGC's behalf, Peach Sandstorm, successfully access an account at a county government in a tightly contested swing state.

[3] Iran Targeting 2024 US Election - Microsoft On the Issues

We do not know if the IRGC's targeting of swing states in 2022 or 2024 was election related; in fact, Peach Sandstorm's targeting was part of a large-scale password spray operation. That said, Iran appears to have demonstrated an interest in U.S. swing states for potential follow-on operations similar to the one ahead of the 2020 elections that sought to sow discord on our electoral process.

Russia

Russian threat actors, the most notable adversary in previous U.S. election cycles, currently are spoofing reputable media outlets and distributing staged videos to spread the Kremlin's preferred messages to U.S. voters online. In some cases, these campaigns gain a significant number of views and sizeable reach among U.S. and international audiences.

For example, in early May, Microsoft observed a Russia-affiliated influence actor we track as Storm-1516 disseminate a staged video that claimed to show Ukrainian soldiers burning an effigy of former President Trump. The fake video received some international press, which inaccurately covered the video as genuinely originating from Ukraine. The video was reposted across social media and received several million impressions.

Later, after Vice President Harris joined the presidential race, our team saw Storm-1516 pivot its campaigns. In a second video staged in a Storm-1516 operation in late August, several people who are depicted as Harris supporters are shown assaulting an alleged supporter of former President Trump. This video received at least five million impressions. In a third staged video released earlier this month, Storm-1516 falsely claimed that Harris was involved in a hit-and-run incident. This video similarly gained significant engagement, the original video reportedly receiving more than two million views in the week following its release.[4]

We also anticipate that Russian cyber proxies, which disrupted U.S. election websites during the 2022 midterms,[5] may seek to use similar tactics on Election Day in November 2024. In addition to the Russian cyber proxy "RaHDit," which the U.S. State Department recently revealed as led by Russian intelligence,[6] Microsoft tracks nearly a dozen Russian cyber proxies that regularly use rudimentary cyberattacks to stoke fear in election and government security on social media.

In our August 9 elections report, we revealed a Russian actor that we track as Volga Flood (also known as Rybar) and their efforts to infiltrate U.S. audiences by posing as local activists.[7] Volga Flood created multiple social media accounts called "TexasvsUSA." The accounts post inflammatory content about immigration at the Southern border and call for mobilization and violence. This month, we've seen Volga Flood shift its focus to the Harris-Walz campaign, posting two deceptively edited videos of Vice President Harris on social media.

Volga Flood is publicly positioned as an anonymous military blogger covering the war in Ukraine. In reality, however, Volga Flood is a media enterprise employing dozens of people and headed by EU-sanctioned Russian national Mikhail Zvinchuk. Volga Flood's media enterprise is divided across multiple teams that include monitoring, regional analytics, illustration, video, foreign languages,

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[4] https://uk.news.yahoo.com/russia-spread-fake-rumour-kamala-153333198.html

[5] https://www.usatoday.com/story/news/politics/elections/2022/11/08/2022-midterm-websites-mississippi-hit-cyber-attack/8308615001/

[6] https://www.state.gov/u-s-department-of-state-takes-actions-to-counter-russian-influence-and-interference-in-u-s-elections

[7] https://cdn-dynmedia-1.microsoft.com/is/content/microsoftcorp/microsoft/final/en-us/microsoft-brand/documents/5bc57431-a7a9-49ad-944d-b93b7d35d0fc.pdf

and geospatial mapping—all to fulfill its mission statement of waging information warfare on behalf of the Kremlin. Volga Flood publishes analyses through dozens of social media brands and establishes and runs covert social media accounts.

Two additional Russian actors MTAC tracks have largely focused on European audiences but at times shift to U.S. electoral influence. Since March 2022, we have seen the Russian threat actor we track as Ruza Flood, known internationally as "Doppelganger," attempt to undermine U.S. politics. Ruza Flood receives significant resourcing and direction from the Russian Presidential Administration.[8] The U.S. Justice Department, in its September 4 announcements, revealed Ruza Flood's efforts to influence the U.S. citizenry through projects like the "Good Old USA Project," "The Guerilla Media Campaign," and the "U.S. Social Media Influencers Network Project."[9]

Finally, Storm-1679, a Russian influence actor previously focused on malign influence operations targeting the 2024 Paris Olympic Games, has recently shifted its focus to the U.S. presidential election.[10] Storm-1679 routinely creates videos masquerading as reputable news services or impersonating international intelligence agencies, including France's DGSI and the U.S.'s CIA. Storm-1679 recently pivoted to creating videos sowing conspiracies about Vice President Harris, which the actor distributes across a range of social media platforms.

Microsoft's current tracking of current Russian influence operations targeting elections extends beyond the U.S. presidential election. We are also seeing efforts to influence the upcoming Moldovan presidential election and EU referendum on October 20, 2024. In Moldova, a longstanding target of Russian strategic influence campaigns, we currently observe pro-Kremlin proxy activity aimed at achieving Moscow's goal of destabilizing democratic institutions and undermining pro-EU sentiment. We and others expect Russia will leverage an array of techniques in Moldova: political influence, electoral interference, cyberattacks, sabotage, and cyber-enabled influence campaigns that promote pro-Kremlin political parties and denigrate the current Moldovan leadership.

Microsoft is working in collaboration with the Moldovan government and others to assist in identifying and defending against Russian cyber and influence operations seeking to influence the outcome of these two elections.

China

Chinese actors' election efforts are more extensive in 2024 than in previous U.S. election cycles. We observe Chinese influence actors spreading politically charged content over covert social media networks, pretending to be U.S. voters and polling Americans on divisive social issues. Chinese actors have also posed as student protestors online, seeking to stoke division over conflict in the Middle East. These fake accounts—masquerading largely as U.S. conservative voters but also a handful of progressive personas as well—frequently ask their followers whether they agree with a political topic or political candidate. This tactic may be for reconnaissance purposes to better understand how Americans view nuanced political issues.

This messaging style may also be part of a broader engagement strategy: Over the past year, these China-linked personas have conducted more tailored audience engagement than observed

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[8] https://www.justice.gov/opa/media/1366261/dl

[9] https://www.justice.gov/opa/pr/justice-department-disrupts-covert-russian-government-sponsored-foreign-malign-influence

[10] https://blogs.microsoft.com/on-the-issues/2024/06/02/russia-cyber-bots-disinformation-2024-paris-olympics/

previously, replying to comments, tagging politicians and political commentators, and creating online groups with likeminded voters. Their content strategy has shifted as well. Rather than producing original infographics and memes that largely failed to resonate with U.S. voters in the past cycle, these personas are creating simple short-form videos taken and edited from mainstream news media. Clips denigrating the Biden administration have successfully reached hundreds of thousands of views.

In July 2024, Microsoft responded to a cyberattack on an organization supporting the upcoming U.S. presidential election. Microsoft worked to remediate and secure the organization's infrastructure. Subsequent investigation and analysis has attributed this attack to a state affiliated actor based in China.

These examples, as well as others, underscore the ways in which Iranian, Russian, and Chinese influence actors may seek in the next two months to use social divisions and digital technology to further divide Americans and sow discord ahead of this November's election. We also need to be vigilant in combatting the risk that nation-state adversaries will seek to conduct cyberattacks directly on key American entities that play critical roles in these elections. More information on these actors can be found in our most recent MTAC report.

Deceptive use of synthetic media (deepfakes)

AI is a tool among many tools that adversaries may opt to leverage as part of a broader cyber influence campaign. As we have navigated through the numerous global elections this year, the emergence of AI as a means for interference has presented itself so far this year as less impactful than many had feared. We recognize, however, that determined and advanced actors will continue to explore new tactics and techniques to target democratic countries, which will include additional and improved use of AI over time.

Though we have not, to date, seen impactful use of AI to influence or interfere in the U.S. election cycle, we do not know what is planned for the coming 48 days, and therefore we will continue to be vigilant in our protections and mitigations, against threats both traditional and novel.

As a leading technology company heavily invested in AI, we recognize our important responsibility to implement proactive measures to counter these risks. This includes developing robust frameworks for detecting and responding to deceptive AI election content, enhancing transparency within AI applications, and fostering international collaboration to protect the democratic process. The future of our elections depends on our collective ability to utilize AI responsibly and ethically.

In response to these challenges, we have taken significant steps, including joining together with twenty-seven of the world's largest technology companies this year to sign the Tech Accord to Combat Deceptive Use of AI in 2024 Elections.[11] This accord addresses abusive AI-generated content through eight specific commitments, categorized into three pillars: Addressing Deepfake Creation, Detecting and Responding to Deepfakes, and Transparency and Resilience. It represents one of the important steps the tech sector has taken this year to protect our elections, and we appreciate the encouragement and support of this Committee to be more proactive, including through Chairman Warner's presence and voice at the launch of this accord at the Munich Security Conference in February.

[11] AI Elections accord - A Tech accord to Combat Deceptive Use of AI in 2024 Elections

Here are some updates on how Microsoft is directly responding to these threats and upholding our joint commitments:

Addressing Deepfake Creation

We recognize that companies whose products are used to create AI generated content have a responsibility to ensure images and videos generated from their systems include indicators of their origin. One way to accomplish this is through content provenance, enabled by an open standard created by the Coalition for Content Provenance and Authenticity (C2PA).[12] Microsoft is a founding member of C2PA and has leveraged this standard ("content credentials") across several of our products, ensuring that AI generated content is marked and readable.

Specifically, Microsoft has added content credentials to all images created with our most popular consumer facing AI image generation tools, including Bing Image Creator, Microsoft Designer, Copilot, and in our enterprise API image generation tools via Azure OpenAI. We recently started testing a content credentials display in Word. When images with content credentials are inserted into Word documents, future viewers will be able to right click and see the credits and author information of these images. In addition, C2PA tagged content is starting to be automatically labeled on LinkedIn.[13] The first place you'll see the content credentials icon is on the LinkedIn feed, and we'll work to expand our coverage to additional surfaces.

As important as it is to mark content as AI generated, a healthy information ecosystem relies on other indicators of authenticity as well. This is why in April we announced[14] the creation of a pilot program that allows political campaigns in the U.S. and the EU, as well as elections authorities and select news media organizations globally, to access a tool that enables them to easily apply content provenance standards to their own authentic images and videos.

We also joined forces with fellow Tech Accord signatory, TruePic[15] to release an app that simplifies the process for participants in the pilot. This app has now launched for both Android and Apple devices and can be used by those enrolled in Content Credentials program.

Detecting and Responding to Deepfakes

Microsoft is harnessing the data science and technical capabilities of our AI for Good Lab and MTAC teams to better assess whether abusive content—including that created and disseminated by foreign actors—is synthetic or not. Microsoft's AI for Good lab has developed and is using detection models (image, video) to assess whether media was generated or manipulated by AI. The model is trained on approximately 200,000 examples of AI and real content. The Lab continues to invest in creating sample datasets representing the latest generative AI technology. When appropriate, we call on the expertise of Microsoft's Digital Crimes Unit to operationalize the early detection of AI-powered criminal activity and respond fittingly, including through the filing of affirmative civil actions to disrupt and deter that activity and through threat intelligence programs and data sharing with customers and governments.

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12 Overview - C2PA
13 (1) LinkedIn Adopts C2PA Standard | LinkedIn
14 Expanding our Content Integrity tools to support global elections - Microsoft On the Issues
15 Truepic's Secure Camera Enhances Microsoft's Content Integrity Tools - Truepic

To build on the work of our AI for Good lab, in April we announced[16] that we were joining up with AI researcher, Oren Etzioni[17] and his new non-profit, True Media.[18] True Media provides governments, civil society and journalists with access to free tools that enable them to check whether an image or video was AI generated and/or manipulated. Microsoft's contribution includes providing True Media with access to Microsoft classifiers, tools, personnel, and data. These contributions will enable True Media to train AI detection models, share relevant data, evaluate and refine new detection models as well as provide feedback on quality and classification methodologies.

We are also empowering candidates, campaigns and election authorities to help us detect and respond to deceptive AI that is targeting elections. In February we launched the Microsoft-2024 Elections site[19] where candidates in a national or federal election can directly report deceptive AI election content on Microsoft consumer services. This reporting tool allows for 24/7 reporting by impacted election entities who have been targeted by deceptive AI found on Microsoft platforms.

Transparency and Resilience

In advance of the EU elections this summer, we kicked off a global effort to engage campaigns and elections authorities. This enabled us to deepen understanding of the possible risks of deceptive AI in elections and empower those campaigns and election officials to speak directly to their voters about these risks and the steps they can take to build resilience and increase confidence in the election. So far this year we have conducted more than 150 training sessions for political stakeholders in 23 countries, reaching more than 4,700 participants. This included training and public educations sessions at the Republican and Democratic National Conventions, as well as with state party chairpersons for both major political parties in the United States.

Building on this training, Microsoft also ran public awareness campaigns in the EU ahead of the EU Parliamentary elections,[20] as well as in France[21] and the UK[22] ahead of their national elections. We are now pursuing similar work in the United States ahead of the November general election. This campaign, which is entitled "Check, Recheck, Vote," educates voters of the possible risks posed by deepfakes and empowers them to take steps to identify trusted sources of election information, look for indicators of trust like content provenance, and pause before they link to or share election content. This includes our 'Real or Not?' Quiz, developed by our AI for Good lab to expose users to the challenges of detecting a possible deepfake. So far, individuals from 177 countries have taken the quiz.

Overall, our public awareness campaigns outside the United States have reached more than 350 million people, driving almost three million engagements worldwide. Our U.S. Public Awareness campaign[23] has just begun and already has reached over six million people with over 30,000 engagements.

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[16] TrueMedia.org to Enhance Deepfake Detection Capabilities · TrueMedia
[17] An A.I. Researcher Takes On Election Deepfakes - The New York Times (nytimes.com)
[18] TrueMedia.org
[19] Microsoft-2024 Elections
[20] Addressing the deepfake challenge ahead of the European elections - EU Policy Blog (microsoft.com)
[21] Microsoft s'engage dans la préservation de la sincérité des élections législatives en France – News Centre
[22] Combating the deceptive use of AI in elections (microsoft.com)
[23] Combating the deceptive use of AI in US elections (microsoft.com)

In May, we announced a series of societal resilience grants in partnership with OpenAI.[24] Grants delivered from the partnership have equipped several organizations, including Older Adults Technology Services (OATS) from AARP, International Institute for Democracy and Electoral Assistance (International IDEA), C2PA, and Partnership on AI (PAI) to deliver AI education and trainings that illuminate the potential of AI while also teaching how to use AI safely and mitigate against the harms of deceptive AI-content.

Protecting Campaign and Election Infrastructure

Since the 2016 election, adversaries have regularly targeted essential systems that support elections and campaigns in the U.S. to advance their cyber enabled influence operations. As mentioned earlier, recent Iranian hacking incidents involved attempts by these actors to provide stolen or allegedly stolen material to the media to propagate narratives of dissent and distrust. This underscores why we continue to invest in efforts that focus on safeguarding the critical infrastructure that underpins our elections.

Our efforts include several initiatives designed to support election officials and political organizations. First, we offer AccountGuard, a no-cost cybersecurity service available to our cloud email customers in 35 countries. This service provides advanced threat detection and notifications against nation-state adversaries for high-risk customers, including those involved in elections. AccountGuard extends beyond commercial customers to individuals at election organizations, their affiliates, and immediate family members who may use personal Microsoft accounts for email. We have observed that sophisticated adversaries often target both professional and personal accounts, amplifying the need for comprehensive protection. More than 5.4 million mailboxes of high-risk users are now protected by AccountGuard globally.

Additionally, our Election Security Advisors program provides federal political campaigns and state election departments with expert security consultation. This includes proactive security assessments or forensic investigations in the event of a cyber incident. Our goal is to ensure that these entities have the necessary support to maintain the integrity of their operations.

For critical election-adjacent systems, such as voter registration databases and voter information portals, we provide our Azure for Election service. This service provides proactive security reviews, resilience assessments, and load analysis. During the election week, we offer our highest tier of reactive support to address any security or availability issues that may arise. Since offering this service from 2018 to today, we have assisted more than half of U.S. states, including many counties and cities, in reviewing their election IT infrastructure.

In preparation for the election this November, we are also establishing a situation room staffed by our team to provide constant management and triage of any election-sensitive issues and maintain real-time communications with other situations rooms across our industry partners. This ensures that any incidents receive the highest level of priority and executive support.

While we continue to provide robust security services, we recognize that collaboration is essential. Public-private partnerships are crucial in strengthening the entire ecosystem. Our Democracy Forward team actively participates in tabletop cybersecurity training exercises with U.S. election officials at both national and state/county levels.

[24] Microsoft and OpenAI launch Societal Resilience Fund - Microsoft On the Issues

Microsoft remains steadfast in its commitment to supporting the security and integrity of democratic processes. Through our comprehensive programs and collaborative efforts, we aim to protect democracy from the evolving threats posed by nation-state actors.

Policy Recommendations

Finally, we find ourselves at a moment in history when anyone with access to the Internet can use AI tools to create a highly realistic piece of synthetic media that can be used to deceive: a voice clone of a family member, a deepfake image of a political candidate, or even a doctored government document. AI has made manipulating media significantly easier, quicker, more accessible, and requiring little skill. As swiftly as AI technology has become a tool, it has become a weapon.

I want to acknowledge and thank this Committee for its longstanding leadership on these important issues. We particularly commend the efforts reflected in section 511 of the SSCI FY 25 Intelligence Authorization Act (IAA), which focuses on protecting technological measures designed to verify the authenticity and provenance of machine-manipulated media. These protections are essential as technology companies strive to provide users with reliable information about the origins of AI generated content.

We are also encouraged and supportive of the recent agreement by the Federal Election Commission (FEC)[25] applying existing restrictions regarding fraudulent misrepresentation to campaigns use of AI technology. Existing robocall provisions are another means of addressing the fraudulent use of synthetic content. These provisions have historically restricted the use of artificial or prerecorded voices and allow for enforcement actions when these rules are violated.

Along those lines, it is worth mentioning three ideas that may have an outsized impact in the future fights against deceptive and abusive AI-generated content.

- First, Congress should enact a new federal "deepfake fraud statute." We need to give law enforcement officials, including state attorneys general, a standalone legal framework to prosecute AI-generated fraud and scams as they proliferate in speed and complexity.
- Second, Congress should require AI system providers to use state-of-the-art provenance tooling to label synthetic content. This is essential to build trust in the information ecosystem and will help the public better understand whether content is AI-generated or manipulated.
- Third, Congress should pass the bipartisan Protect Elections from Deceptive AI Act, sponsored by Senators Klobuchar, Hawley, Coons, and Collins. This important piece of legislation prohibits the use of AI to generate materially deceptive content falsely depicting federal candidates in political ads to influence federal elections, with important exceptions for parody, satire, and the use of AI-generated content by newsrooms. Such legislation is needed to ensure that bad actors cannot exploit ambiguities in current law to create and distribute deceptive content, and to ensure that candidates for federal office have meaningful recourse if they are the victim of such attacks. Several states have proposed or passed legislation similar to this federal proposal. While the language in these bills varies, we recommend states adopt prohibitions or disclosure requirements on "materially deceptive" AI-generated ads or something akin to that language and that the bills contain exceptions for First Amendment purposes.

[25] showpdf.htm (fec.gov)

Conclusion

In conclusion, we recognize that the protection of electoral integrity and public trust is a shared responsibility and a common good that transcends partisan interests and national borders.

This must be our guiding principle.

Looking ahead, we believe that new forms of multistakeholder action are essential. Initiatives like the Paris Call and Christchurch Call have demonstrated positive global impacts by uniting representatives from governments, the tech sector, and civil society. In addressing the challenges posed by deepfakes and other technological issues, it is evident that no single sector of society can solve these complex problems in isolation. Collaboration is crucial to preserving our timeless values and democratic principles amidst rapid technological change.

Thank you for your time and consideration. I look forward to answering any questions you may have.

Weekly commentary

BlackRock

September 9, 2024

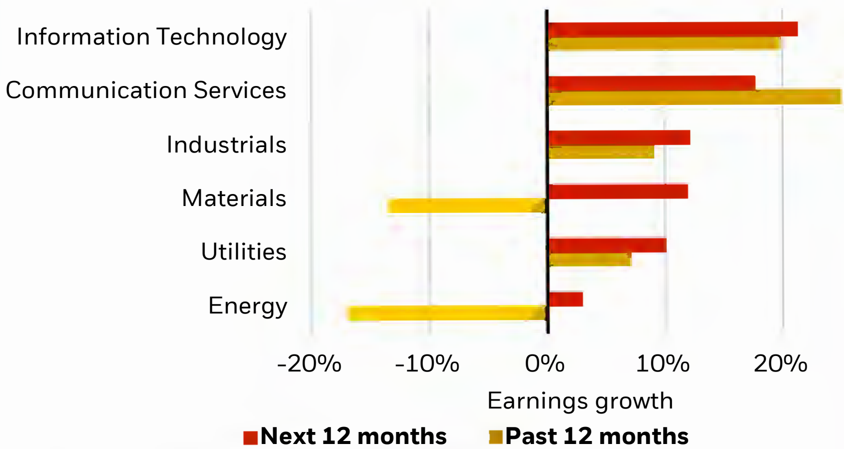
Why U.S. equity gains can broaden

- We get selective in artificial intelligence names, moving toward beneficiaries outside the tech sector. We look for quality in bonds after a sharp yield drop.
- U.S. stocks fell last week as recession fears and other factors shook markets. U.S. Treasury yields slid as markets priced in sharp Federal Reserve rate cuts.
- The U.S. CPI data this week will show whether services inflation is still cooling. We think the jobs data show market expectations for Fed rate cuts are overdone.

U.S. recession fears and other factors have jolted markets. We could see more volatility flare-ups ahead of the U.S. presidential election. **We move from a U.S. tech focus within our equity overweight, leaning further into a wider set of winners from the artificial intelligence (AI) buildout. We don't see the Federal Reserve** cutting policy rates as sharply as markets expect and go underweight U.S. short-dated Treasuries. We prefer medium-term Treasuries and quality credit.

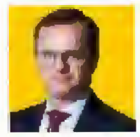
Earnings broadening out

U.S. sector earnings, past vs. next 12 months, September 2024



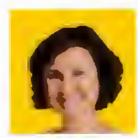
Past performance is not a reliable indicator of current or future results. Source: BlackRock Investment Institute, with data from MSCI and LSEG Datastream, September 2024. Notes: The chart shows the change in aggregate analyst earnings forecasts for U.S. sectors.

We see multiple factors driving market volatility: resurgent recession fears due to some softer economic data, pre-U.S. election jitters and profit-taking as investors make room for new stock issues. Yet U.S. corporate earnings have proved resilient. All sectors beat expectations for Q2 earnings, driving broad improvement in profit margins. Overall S&P 500 earnings growth was 13% in Q2, beating the 10% consensus expectation, LSEG data shows. Analysts are forecasting broad-based earnings growth over the next 12 months –especially for sectors tied to the AI theme. See the chart. We see a narrowing gap in earnings growth between U.S. tech companies and the rest of the market –even if tech still leads the way –suggesting U.S. equity returns can broaden. We favor high-quality companies delivering consistent earnings growth and free cash flow in case volatility persists.


Jean Boivin
Head – BlackRock Investment Institute


Wei Li
Global Chief Investment Strategist – BlackRock Investment Institute


Natalie Gill
Portfolio Strategist – BlackRock Investment Institute


Beata Gamharter
Senior Investment Strategist – BlackRock Investment Institute

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We still favor the AI theme yet fine-tune our exposure. **In the first phase of AI now underway, investors are questioning the magnitude of AI capital spending by major tech companies and whether AI adoption can pick up. While we eye signposts to change our view, we think patience is needed as the AI buildout still has far to go. Yet we believe the sentiment shift against these companies could weigh on valuations. So we turn to first-phase beneficiaries in energy and utilities providing key AI inputs** – and real estate and resource companies tied to the buildout. Outside the U.S., we trim our overweight to Japanese equities. The drag on corporate earnings from a stronger yen and some mixed policy signals from the Bank of Japan following hotter-than-expected inflation make us less positive. But we expect corporate reforms to keep improving shareholder returns.

U.S. earnings growth broadening beyond early AI winners is a sign the economy is more resilient than markets are pricing. Growth is moderating as expected. Yet we view extreme market reactions to softening economic data as overdone. Activity is holding up versus what some sentiment data would imply. The unemployment rate has ticked up due to higher labor supply stemming from an unexpected rise in immigration, not lower demand. In the medium term, we see a shrinking labor force, large U.S. fiscal deficits and mega forces, or structural shifts, like geopolitical fragmentation all underpinning sticky inflation.

Even as inflation is falling toward the Fed's target in the near term, higher inflation over the medium term will limit how far the Fed can cut rates, we think. Growth jitters and cooling inflation have driven 10-year yields to 15-month lows as investors have priced in more than 100 basis points of cuts by year-end and about 240 basis points of cuts over the next 12 months – implying a Fed response to a recession. That would take policy rates below our view of the neutral interest rate – the rate at which policy neither stimulates nor holds back growth. We go underweight short-dated U.S. Treasuries, looking for income elsewhere in developed markets such as short-dated euro area bonds and credit.

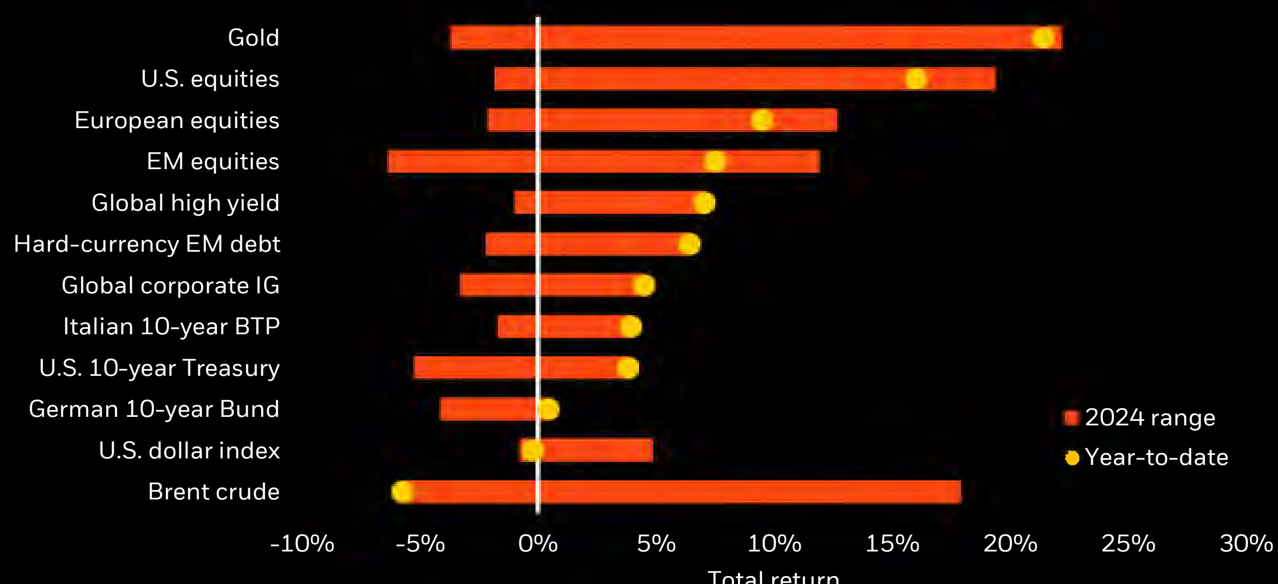
Bottom line: We expand from a U.S. tech focus, leaning into a wider set of winners from the AI buildout. We trim our Japanese equity overweight. We go underweight U.S. short-dated Treasuries, preferring medium-term maturities and quality credit.

Market backdrop

U.S. stocks tumbled as recession fears and other factors shook markets. The S&P 500 suffered its largest weekly drop in 18 months. Two- and 10-year U.S. Treasury yields slid to around 3.70% as markets priced in sharp Fed rate cuts in the next 12 **months. We think these recession fears are overblown, as last week's U.S. jobs data confirmed. Job growth is slowing but is f**ar **from the layoffs that typically signal recession. Wage gains don't suggest inflation will cool to the Fed's 2% target, in our** view.

Assets in review

Selected asset performance, year-to-date return and range



Past performance is not a reliable indicator of current or future results. Indexes are unmanaged and do not account for fees. It is not possible to invest directly in an index.

Sources: BlackRock Investment Institute, with data from LSEG Datastream as of Sept. 5, 2024. Notes: The two ends of the bars show the lowest and highest returns at any point year to date, and the dots represent current year-to-date returns. Emerging market (EM), high yield and global corporate investment grade (IG) returns are denominated in U.S. dollars, and the rest in local currencies. Indexes or prices used are: spot Brent crude, ICE U.S. Dollar Index (DXY), spot gold, MSCI Emerging Markets Index, MSCI Europe Index, LSEG Datastream 10-year benchmark government bond index (U.S., Germany and Italy), Bank of America Merrill Lynch Global High Yield Index, J.P. Morgan EMBI Index, Bank of America Merrill Lynch Global Broad Corporate Index and MSCI USA Index.

Week ahead

Sept. 9	China CPI and PPI	**Sept. 12**	U.S. PPI; European Central Bank (ECB) policy decision
Sept. 11	U.S. CPI	**Sept. 10-17**	China total social financing

In the U.S., August CPI data is the main release this week. Services inflation has fallen in recent months as wage inflation has eased some thanks to a surge in immigration. Whether that labor supply shock persists will influence how much the Fed can cut interest rates, but we think market pricing of cuts is overdone, with wage inflation still too high to be consistent with overall inflation returning to 2%. We, like markets, expect the ECB to cut rates this week.

Big calls

Our highest conviction views on tactical (6-12 month) and strategic (long-term) horizons, September 2024

Tactical	**Reasons**
AI and U.S. equities	• We see the AI buildout and adoption creating opportunities across sectors. We get selective, moving toward beneficiaries outside the tech sector. Broad-based earnings growth and a quality tilt make us overweight U.S. stocks overall.
Japanese equities	• A brighter outlook for Japan's economy and corporate reforms are driving improved earnings and shareholder returns. Yet the drag on earnings from a stronger yen and some mixed policy signals from the Bank of Japan are risks.
Income in fixed income	• The income cushion bonds provide has increased across the board in a higher rate environment. We like quality income in short-term credit. We're neutral long-term U.S. Treasuries.
Strategic	**Reasons**
Private credit	• We think private credit is going to earn lending share as banks retreat – and at attractive returns relative to public credit risk.
Fixed income granularity	• We prefer intermediate credit, which offers similar yields with less interest rate risk than long-dated credit. We also like short-term government bonds, and UK long-term bonds.
Equity granularity	• We favor emerging over developed markets yet get selective in both. EMs at the cross current of mega forces – like India and Saudi Arabia – offer opportunities. In DM, we like Japan as the return of inflation and corporate reforms brighten our outlook.

Note: Views are from a U.S. dollar perspective, September 2024. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

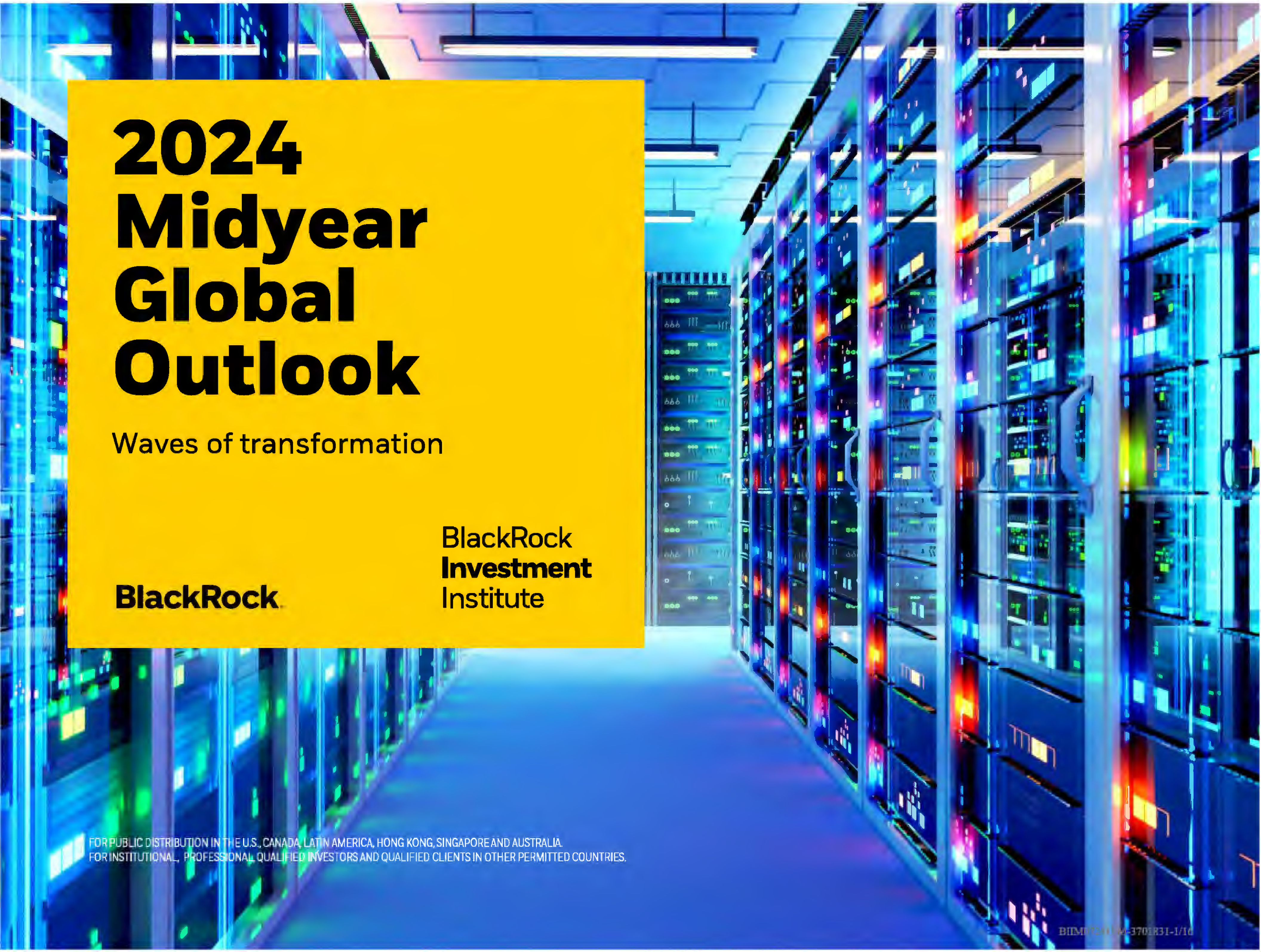
Tracking five mega forces

Mega forces are big, structural changes that affect investing now – and far in the future. As key drivers of the new regime of greater macroeconomic and market volatility, they change the long-term growth and inflation outlook and are poised to create big shifts in profitability across economies and sectors. This creates major opportunities – and risks – for investors. See our web hub for our research and related content on each mega force.

1. **Demographic divergence:** The world is split between aging advanced economies and younger emerging markets – with different implications.
2. **Digital disruption and artificial intelligence (AI):** Technologies are transforming how we live and work.
3. **Geopolitical fragmentation and economic competition:** Globalization is being rewired as the world splits into competing blocs.
4. **Future of finance:** A fast-evolving financial architecture is changing how households and companies use cash, borrow, transact and seek returns.

Overweight Neutral Underweight

5. **Transition to a low-carbon economy:** The transition is set to spur a massive capital reallocation as energy systems are rewired.



2024 Midyear Global Outlook

Waves of transformation

BlackRock.

BlackRock **Investment** Institute

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Transformation ahead?

We think the world could be undergoing waves of transformation on a scale rarely seen in history. Mega forces are driving this transformation and are starting to unleash massive investment into the real economy: infrastructure, energy systems, advanced technology – and people. We think the volume of investment could be on a par with past technological revolutions – reshaping markets and economies. See the chart. Yet the speed and scale of that investment, and its potential impact on economy-wide productivity, are highly uncertain.

Consider AI. The race to scale up AI capabilities is already spurring major capital spending. A range of estimates see investment in AI data centers rising by 60-100% annually in coming years. Yet it is difficult to pin down exact amounts, even in the first phase of the AI buildout. It will depend on any resource constraints – like difficulty meeting AI's energy needs on top of already growing demand, including for electrification. Innovations in computing and energy could ease those constraints.

In a second phase, we think investment will broaden out to firms seeking to harness AI – with the amount depending on AI's buildout and adoption. It is possible that this all results in a third phase of broad productivity gains. See pages 8-9.

The low-carbon transition is also spurring major investment. Our BlackRock Investment Institute Transition Scenario estimates energy system investment will hit $3.5 trillion per year this decade. Rising geopolitical fragmentation also implies investment: countries are prioritizing national security over economic efficiency. Reconfiguring supply chains requires investment.

Uncertainty around the speed and scale of coming investment, plus an unusual economic backdrop marked by supply constraints, make it tough to gauge exactly where the world is heading longer term. But we see the transformation evolving through distinct phases, like advances in the AI buildout first and broad adoption later. This progression can help provide direction – enabling us to evolve asset allocations on the way.

Mega capex coming

Total cumulative contributions to GDP

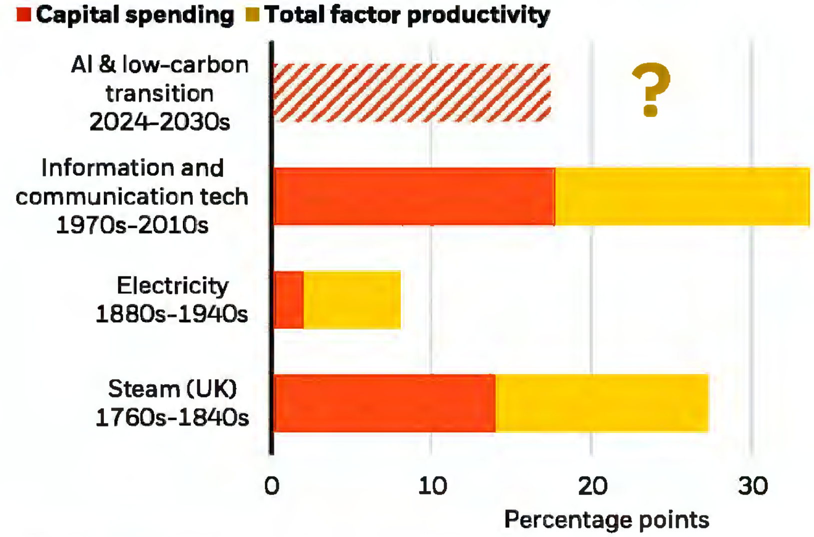


Chart takeaway: *AI and the low-carbon transition could spur historically large capital spending – and in a much shorter space of time than previous technological revolutions.*

Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, June 2024 with data from Crafts (2021). Notes: The chart shows cumulative contribution of previous U.S. technologies (except "steam") to GDP over the periods indicated. The estimates for information and communication tech, electricity and steam are taken from historic economic literature as in Crafts (2021). The spend needed for artificial intelligence (AI) and the transition is a BII estimate based on external research on data center investment requirements and the BII Transition Scenario (for professional investors here). Other revolutions took place over decades so our estimates for AI and transition-related spend assumes an optimistic case over a short span of time.

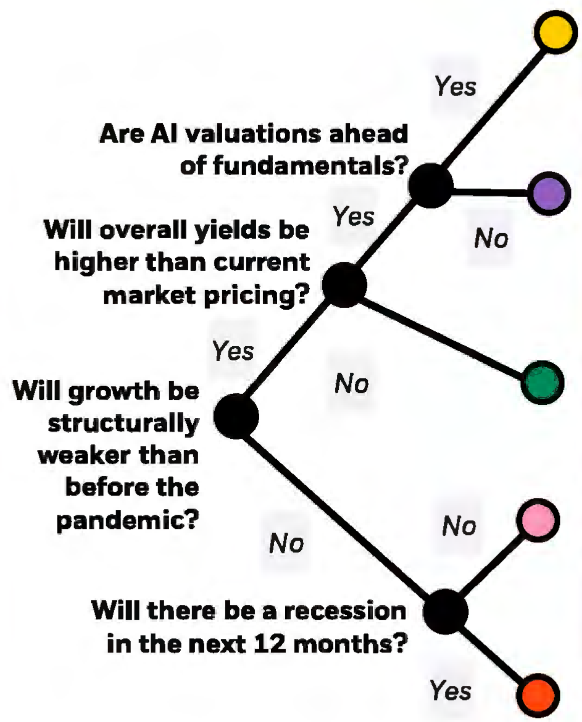
We see a possible investment boom ahead that could transform economies and markets. But the speed, scale and impact of that investment is unclear.

Weighing near-term scenarios

We use scenarios to help identify where economies and markets may be headed on a six- to 12-month horizon. They help put parameters around very different states of the world – even if they don't capture the many potential outcomes beyond that horizon.

We worked with portfolio managers across BlackRock to develop five, distinct scenarios for the near-term outlook. We see two scenarios where equities can do well: one with a concentrated group of winners in AI, even with a tough macro backdrop, and another where AI-driven growth becomes more broad-based, leading to productivity gains and sharp rate cuts. The two hard economic landing scenarios differ on whether central banks can come to the rescue with rate cuts. The fifth is one of subdued growth and stubborn inflation, where inflation proves sticky, keeping central bank policy rates higher. The arrows on the right show how the assumed market impact can diverge sharply across these scenarios.

We lean into the *concentrated AI* case, reflecting our view that AI valuations are rooted in solid earnings. Yet we stand ready to pivot – and our approach gives us a roadmap to gauge when another scenario becomes more likely. We think expertise in identifying these scenario shifts could help investors deliver outsized returns.



Scenario	U.S. returns: Stocks	U.S. returns: Bonds
High rates, hard landing Sticky inflation rules out rate cuts, and strong demand could trigger further hikes. Growth slows sharply. AI valuations hit hard.	↓↓	↓↓
Concentrated AI AI-driven growth boost not enough to offset other structural drags. Inflation pressure is ongoing and policy rates stay high for longer.	↑↑	↓
Subdued growth, stubborn inflation Growth slows to a lower trend pace, inflation is sticky above target and policy rates stay higher.	↓	↓
Broad productivity gains (AI and capex boom) AI-driven growth is broad based, lifting potential output. Inflation is muted and policy rates are cut sharply.	↑↑	↑↑
Rescued hard landing Rate hikes overwhelm a broad-based AI-driven growth boost. Inflation falls below target. Central banks deliver deep rate cuts.	↓↓	↑↑

The opinions expressed are subject to change at any time due to changes in market or economic conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. Sources: BlackRock Investment Institute, July 2024. Notes: Our five scenarios here can be represented as nodes on different pathways. The arrows indicate our expectation for U.S. equity and Treasury returns in each scenario, as two examples. Two arrows represents that a larger relative move is expected in this scenario than a single arrow. We only show U.S. equities and Treasuries but have run this analysis across several asset classes. For illustrative purposes only.

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Getting real

We see much of the potential large investment flowing into the pipes and people of the economy. Think new data centers powering AI models, computer chips, solar farms, super batteries, factories, logistics centers – and roads, bridges, schools and hospitals in countries with growing populations. It's a new wave of investment into the *real* economy transforming economies and markets. It's a world where company fundamentals will matter even more, we think.

This is a big change from the pre-2020 dominance of the financial economy. Steadily expanding global production capacity and growing workforces kept macro volatility at bay: whenever growth faltered, central banks could come to the rescue without fearing an inflation flare-up. This stability reduced uncertainty and allowed central banks to signal their intentions well in advance. Such a favorable backdrop buoyed most companies, leaving little room for differentiation among businesses and stock pickers. We think that era is over.

As the real economy takes over from the financial economy, we think investors should actively position for waves of transformation like we have rarely seen before, we think.

We see widespread opportunities for companies that innovate and position themselves to take advantage of this transformation. That includes building capabilities to harness AI, for example. Spotting winners will require deep insights on the technology being developed, its applications and the potential disruption it entails.

We are seeing that play out now with companies building strong cash flows from the real economy thanks to their dominant positions. Nvidia's price surge shows how fast winners can emerge – and be rewarded.

Companies who fall behind are likely to struggle in this environment – partly because central banks won't be able to respond easily with lower rates if growth weakens, in our view. We are not going back to a time of cheap and plentiful capital.

Nvidia and the AI moment

Years to go from $10 billion to current market capitalization

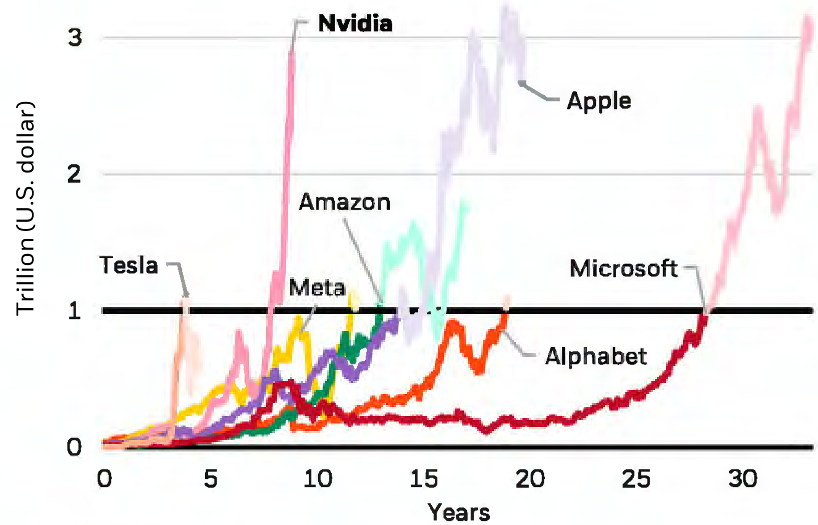

Chart takeaway: *Nvidia's surge reflects the big investment expectations as a result of the rise of AI.*

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise – or even estimate – of future performance. Past performance is not a reliable indicator of future results. Source: BlackRock Investment Institute, with data from Bloomberg, July 2024. Notes: The chart shows how long it took for the "magnificent seven" stocks to go from $10 billion to its current market capitalization.

Investment implications

- We like infrastructure and industrial companies exposed to the investment boom.
- High-for-longer policy rates prompts us to favor quality in both fixed income and equities.

Leaning into risk

The transformation could take any of several very different paths: it could lead to a broad productivity boom or to AI winners becoming overvalued, for example. Investors may feel tempted to sit on the sidelines and await clarity – especially given the attractive returns from holding cash. Yet we see bigger rewards for leaning into risk in this environment. We think markets are likely to keep rewarding perceived AI winners in the next six to 12 months – regardless of where the transformation leads longer term.

We think investors should take risk more deliberately now, across multiple dimensions. First, consider the time horizon. We have most conviction about the near term. We think large technology companies investing heavily in the AI buildout, chip producers and firms supplying key inputs like energy and utilities can keep doing well. That's why we lean into the concentrated AI scenario. See pages 8-9. Beyond tech, we like sectors such as industrials and materials that are also set to benefit in the near term.

Second, be deliberate in choosing the type of risk exposure. A few winner-takes-all companies have driven U.S. equity gains this year. We don't see the concentration of equity performance as a problem as mega caps have delivered on earnings. Yet we actively choose to lean more heavily into AI than benchmark index weights. Two big U.S. tech firms each have a market capitalization larger than the entire UK or German benchmark stock indexes. See the chart.

Third, be deliberate about blending different sources of return across public and private markets. We think both active strategies and private markets play a bigger role now – and see private markets as a way to gain access to the early journeys of firms set to win in a potentially rapid transformation. We also see broader opportunities in private markets than public ones. That's especially true in a world where elevated debt limits the ability of government to invest in infrastructure. Still, private markets are complex and not suitable for all investors.

Companies larger than country stock markets

Market capitalization of select U.S. companies and stock indexes, 2005-24

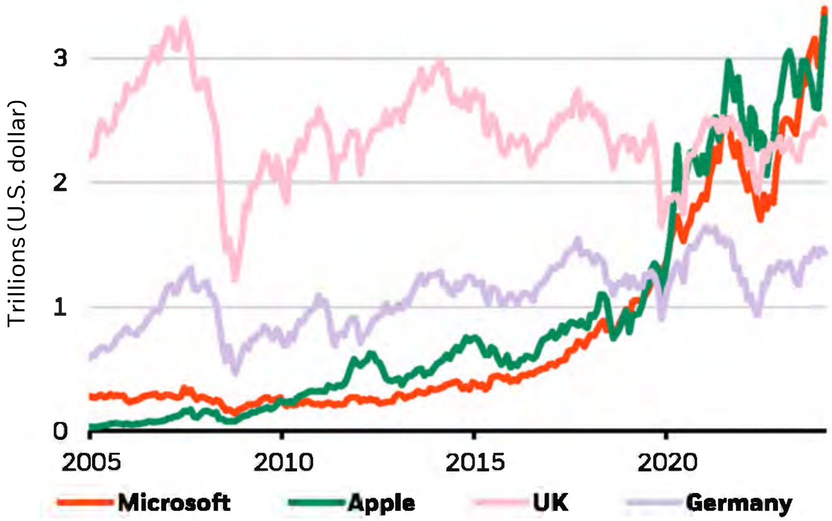

Chart takeaway: *Some U.S. company stocks are now larger in value than the entire benchmark index of some nations, showing how they can dominate broad index exposures. This emphasizes why investors must be deliberate with their risk-taking.*

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise – or even estimate – of future performance. It is not possible to invest directly in an index. Index performance does not account for fees. Source: BlackRock Investment Institute, with data from LSEG Datastream, July 2024. Notes: The chart shows the market capitalization of Apple, Microsoft and the UK and German stock markets. Index proxies used for UK and German equity markets: MSCI UK and MSCI Germany.

Investment implications

- We lean into an above-benchmark exposure to the AI theme. ~~We also like sectors such as tech, industrials, energy and materials.~~
- This is an environment that favors private markets and blending sources of returns.

AI's rapid buildout now...

The AI juggernaut – still largely a U.S. story - has powered the S&P 500 this year. We think AI is central to the transformation – and could make up a large part of the coming investment wave. We believe AI can keep driving returns across most outcomes. We don't see a tech bubble: earnings and fundamentals support current valuations. Case in point: Nvidia's forward earnings have kept pace with its rocketing share price so far. We think an understanding of how AI could evolve from here is key. We see three distinct phases.

1 AI buildout

AI relies on vast computing power, so some large technology firms are racing to invest in data centers to secure that power. We're at the start of this phase. Early winners are already emerging, including those tech firms, chip producers and firms supplying key inputs like energy, utilities, materials and real estate. Yet the buildout faces challenges, notably whether the power grid can grow fast enough.

AI's power needs are expected to grow in coming years, even with further energy efficiency. See the chart. Policy and regulation could put the brakes on buildout, too. For example, policymakers may step in if data center growth pushes up local energy prices. And rules on the use of AI could impact adoption. Supply bottlenecks could also slow progress as demand grows for metals and minerals like copper, aluminum and lithium – already in high demand as inputs for the low-carbon transition.

2 AI investment broadens

Here we see investment broadening to firms looking to harness AI. We see some of that already, especially in healthcare. It and other sectors like financials and communication services could benefit, potentially lifting economic growth. Yet both phases 1 and 2 could be inflationary: building AI and retooling creates extra demand before any supply-side or productivity benefits arise. We don't think markets or central banks appreciate that yet.

Massive energy and investment needs

Data center power demand as a share of total U.S. demand, 2022-2030

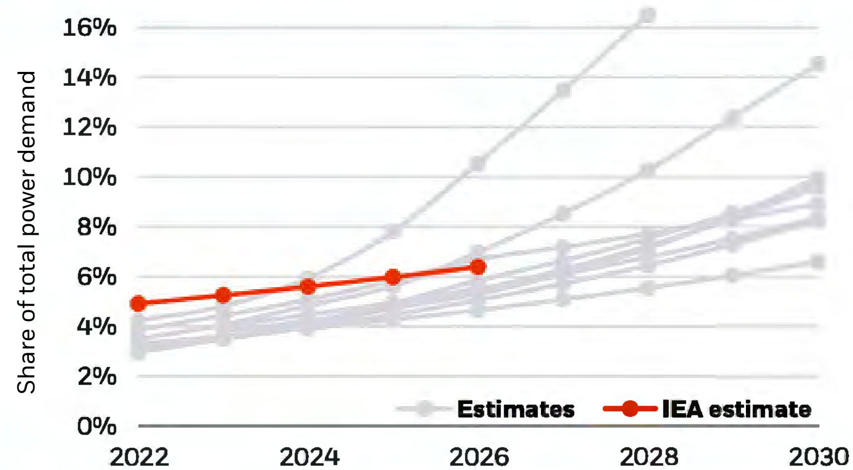

Chart takeaway: *The power needs for data centers that feed AI applications like large language models are set to grow – but the pace is uncertain. Meeting those needs could require massive investment in power grids and renewable energy.*

Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, International Energy Agency (IEA), Goldman Sachs, BGIF, Bank of America, Schneider, Semianalytics, Bernstein, McKinsey, Boston Consulting Group, and BlackRock's Fundamental Equities team, May 2024. Notes: The chart shows data center power demand as a share of total U.S. power demand in 2022. Data center power demand includes those from traditional data centers and artificial intelligence (AI) computing/dedicated AI data centers and excludes consumption from crypto currencies and data transmission networks.

Investment implications

- AI's buildout could initially be inflationary as demand for energy and commodities surges.
- Early winners could include large tech firms, chip makers and energy and utility firms – before benefits expand to other sectors.

Elections spur granularity

As countries representing over half of the global population go to the polls this year, voters are focused on economic issues including the surge in the cost of living. Yet record or elevated government debt levels limit leaders' ability to address these concerns. See the chart.

Neither candidate or major party in the U.S. presidential election has made debt and deficits a key campaign issue – or shied away from advocating more sizable spending. These ongoing budget deficits reinforce persistent inflation pressures and our view the Federal Reserve will keep rates higher for longer. That's why we see investors demanding more compensation for the risk of holding long-term U.S. bonds – and favor shorter-term bonds.

We think France's unprecedented political stalemate after its parliamentary election and weak fiscal outlook will draw greater investor scrutiny. This contrasts with perceived policy stability in the UK after its election.

Global elections add to the geopolitical volatility we see. This is a challenging time for incumbents. We see a structural shift toward geopolitical fragmentation, exacerbated by ongoing competition with China and protectionist measures in areas like advanced technology and electric vehicles – both in the U.S. and EU.

Global supply chains are rewiring in response – and that will involve new infrastructure needs. See the next page. Countries like India and Mexico stand to benefit over the long term as intermediate trade partners between economic and geopolitical blocs. That's one reason we get granular with our country preferences.

"Globalization has proved resilient – but it is also more expensive."

Tom Donilon
Chairman, BlackRock Investment Institute

Persistently large

Government debt-to-GDP ratios, 1940-2024

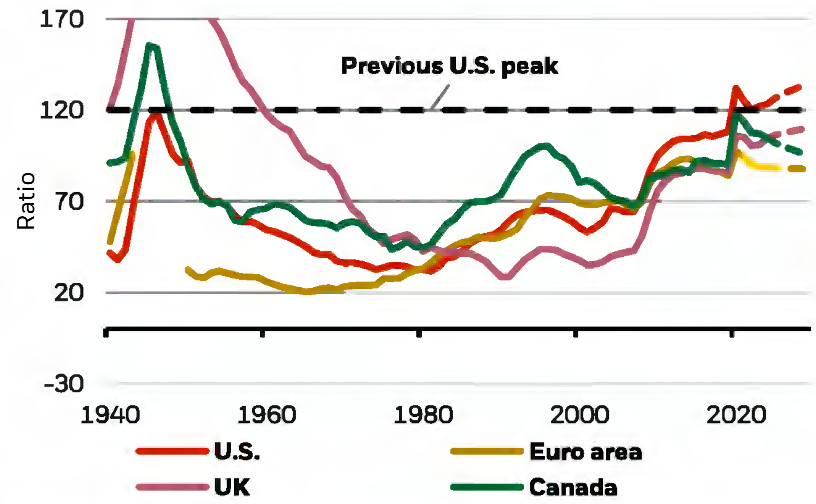

Chart takeaway: *We think large deficits reinforce persistent inflation and higher-for-longer interest rates. Debt levels for some countries are near or beyond World War Two peaks.*

Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, International Monetary Fund and Macrohistory (Jorda et al., 2017), with data from Haver Analytics, June 2024. Notes: The chart shows the historic and estimated level of government debt as a share of GDP.

Investment implications

- We turn overweight UK stocks. The potential for relative political stability and attractive valuations may pull in foreign investors.
- We like inflation-linked bonds on a strategic horizon, partly due to elevated debt levels.

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Infrastructure opportunities

Infrastructure is at the intersection of the mega forces driving the waves of transformation. AI is a key aspect of economic competition among countries, while the investment in data centers is starting to impact the low-carbon transition as well. Net-zero emissions targets of the companies investing the most in the AI buildout could drive up demand for renewable energy.

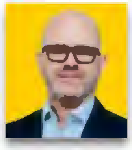
AI's energy needs could magnify the already massive investment expected, as noted earlier. Infrastructure investment is key to funding the low-carbon transition: By the 2040s, we estimate that low-carbon investment will account for up to 80% of energy spending, up from 64% now.

We see geopolitical fragmentation reinforcing energy pragmatism as countries seek to balance the transition with energy security and affordability. The rewiring of supply chains is driving infrastructure demand globally and we favor the emerging markets set to benefit.

Across markets, demographic divergence is shaping investment needs. Typically, the faster a population grows, the faster capital investment grows to support growing populations. See the chart. And developed markets will need to invest to adapt to aging populations. See the next page.

A huge gap exists between the total amount of infrastructure investment needed globally and the amount governments can spend given high debt levels in many countries. We see private markets bridging the gap – though private markets are complex and not suitable for all investors.

"We are seeing the AI buildout boost demand for renewable energy."



David Giordano
Global Head of Climate Infrastructure – BlackRock

Investment-demographic link

G20 population and investment growth, 2000-2019

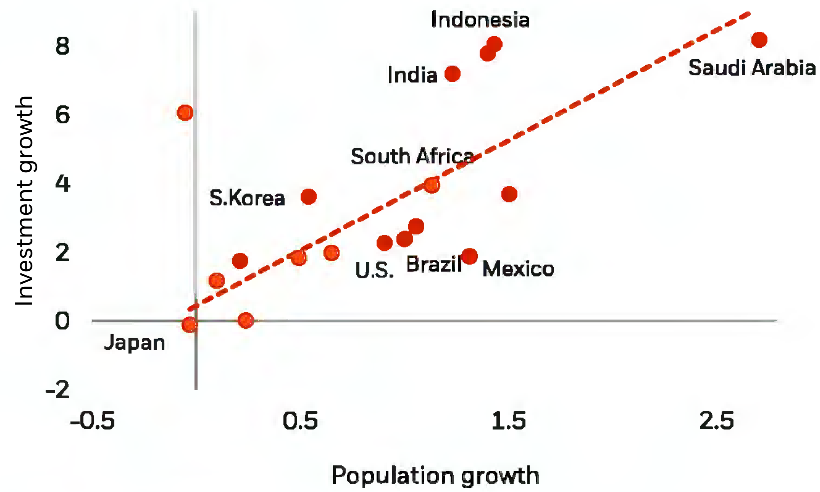


Chart takeaway: *The faster a population grows, the faster capital investment grows, we find. Opportunities arise where investment has not kept up with that growth.*

Source: BlackRock Investment Institute, World Bank Development Indicators, UN, with data from Haver, March 2024. Note: The chart shows the relationship between average population growth and average real investment growth, as measured by the gross fixed capital formation component of GDP, between 2000 and 2019. The chart includes data up to 2019 to avoid the pandemic's distortion of the data.

Investment implications

- We see private markets filling the gap between infrastructure investment needs and what governments can spend.
- We prefer infrastructure equity to other private growth assets on a strategic horizon.

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Demographics matter now

Demographic trends tend to be seen as long term in nature and not impacting returns now. We disagree. Rising life expectancy and falling birth rates mean the working-age population – usually defined as 15-64 years old – is shrinking in many developed markets and China. That means those economies will not be able to produce as much and grow as quickly as in the past.

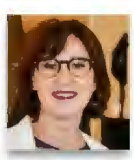
These developments impact labor markets and sector-level demand now. Aging could be inflationary: retirees stop producing economic output but don't typically spend less. Governments are likely to spend more on healthcare. We think that's another reason why central banks will likely have to keep policy rates higher.

Governments can respond by trying to boost the workforce and/or productivity by investing in automation and AI. These strategies can provide some offset, but it's unlikely to be enough. We see opportunities in countries that better adapt to aging.

By contrast, working-age populations in many EMs are still growing. We see opportunities in those that best capitalize on their demographic advantage, such as by improving workforce participation and investing in infrastructure. Countries with higher investment demand – India, Mexico and Saudi Arabia – may offer higher returns.

Across countries, we think investors need to assess what markets have priced in. Research finds markets can be slow to price in the impact of even predictable demographic shifts. See the chart. That looks to be the case in the U.S. and Europe, like Japan before – and is why we favor the healthcare sector in both.

> **"Aging populations underpin our favorable outlook for the healthcare sector."**



Carrie King
Chief Investment Officer of U.S. and Developed Markets, Fundamental Equities – BlackRock

Slow to price in aging

Japan healthcare outperformance vs. dependency ratio, 1970-2024

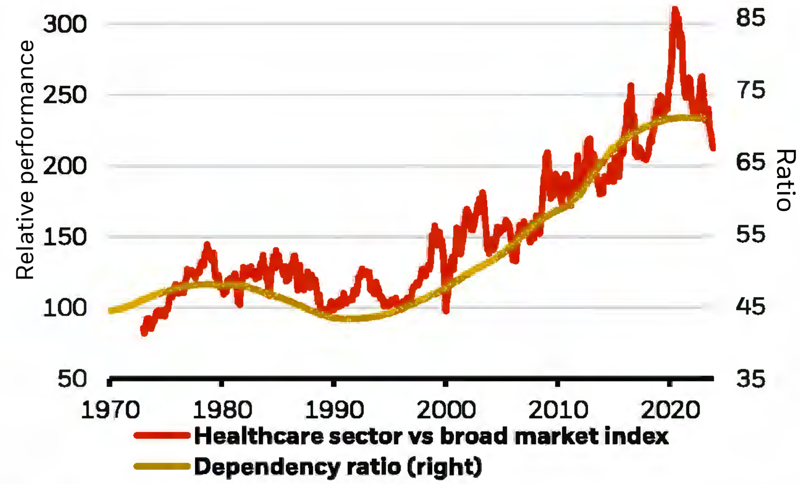


Chart takeaway: *The growth of retirees in Japan was well documented years in advance. Yet Japan's healthcare stocks have only risen in value – relative to the broader market – as that growth in retiree population actually materialized.*

Past performance is not a reliable indicator of current or future results. Indexes are unmanaged and do not account for fees. It is not possible to invest directly in an index. Source: BlackRock Investment Institute, United Nations, Reuters, with data from LSEG Datastream, March 2024. Notes: The orange line shows the ratio of the performance of Japan's healthcare equity sector vs. the overall market index, indexed to 1990. We use total market indices constructed by Datastream.

Investment implications

- Different demand patterns in aging populations create opportunities in sectors like healthcare.
- We favor countries like India and Saudi Arabia benefitting from younger populations and infrastructure investment.

https://www.aboutamazon.com/news/company-news/ceo-andy-jassy-latest-update-on-amazon-return-to-office-manager-team-ratio
6 min
September 16, 2024

Message from CEO Andy Jassy: Strengthening our culture and teams

Written by Andy Jassy, CEO of Amazon

The message below was shared with Amazon employees today.

Hey team. I wanted to send a note on a couple changes we're making to further strengthen our culture and teams.

First, for perspective, I feel good about the progress we're making together. Stores, AWS, and Advertising continue to grow on very large bases, Prime Video continues to expand, and new investment areas like GenAI, Kuiper, Healthcare, and several others are evolving nicely. And at the same time we're growing and inventing, we're also continuing to make progress on our cost structure and operating margins, which isn't easy to do. Overall, I like the direction in which we're heading and appreciate the hard work and ingenuity of our teams globally.

When I think about my time at Amazon, I never imagined I'd be at the company for 27 years. My plan (which my wife and I agreed to on a bar napkin in 1997) was to be here a few years and move back to NYC. Part of why I've stayed has been the unprecedented growth (we had $15M of annual revenue the year before I joined—this year should be well north of $600B), the perpetual hunger to invent, the obsession with making customers' lives easier and better every day, and the associated opportunities these priorities present. But, the biggest reason I'm still here is our culture. Being so customer focused is an inspiring part of it, but it's also the people we work with, the way we collaborate and invent when we're at our best, our long-term perspective, the ownership I've always felt at every level I've worked (I started as a Level 5), the speed with which we make decisions and move, and the lack of bureaucracy and politics.

Our culture is unique, and has been one of the most critical parts of our success in our first 29 years. But, keeping your culture strong is not a birthright. You have to work at it all the time. When you consider the breadth of our businesses, their associated growth rates, the innovation required across each of them, and the number of people we've hired the last 6-8 years to pursue these endeavors, it's pretty unusual—and will stretch even the strongest of cultures. Strengthening our culture remains a top priority for the s-team and me. And, I think about it all the time.

We want to operate like the world's largest startup. That means having a passion for constantly inventing for customers, strong urgency (for most big opportunities, it's a race!), high ownership, fast decision-making, scrappiness and frugality, deeply-connected collaboration (you need to be joined at the hip with your teammates when inventing and solving hard problems), and a shared commitment to each other.

Two areas that the s-team and I have been thinking about the last several months are: 1/ do we have the right org structure to drive the level of ownership and speed we desire? 2/ are we set up to invent, collaborate, and be connected enough to each other (and our culture) to deliver the absolute best for customers and the business that we can? We think we can be better on both.

On the first topic, we've always sought to hire very smart, high judgment, inventive, delivery-focused, and missionary teammates. And, we have always wanted the people doing the actual detailed work to have high ownership. As we have grown our teams as quickly and substantially as we have the last many years, we have understandably added a lot of managers. In that process, we have also added more layers than we had before. It's created artifacts that we'd like to change (e.g., pre-meetings for the pre-meetings for the decision meetings, a longer line of managers feeling like they need to review a topic before it moves forward, owners of initiatives feeling less like they should make recommendations because the decision will be made elsewhere, etc.). Most decisions we make are two-way doors, and as such, we want more of our teammates feeling like they can move fast without unnecessary processes, meetings, mechanisms, and layers that create overhead and waste valuable time.

So, we're asking each s-team organization to increase the ratio of individual contributors to managers by at least 15% by the end of Q1 2025. Having fewer managers will remove layers and flatten organizations more than they are today. If we do this work well, it will increase our teammates' ability to move fast, clarify and invigorate their sense of ownership, drive decision-making closer to the front lines where it most impacts customers (and the business), decrease bureaucracy, and strengthen our organizations' ability to make customers' lives better and easier every day. We will do this thoughtfully, and our PxT team will work closely with our leaders to evolve our organizations to accomplish these goals over the next few months.

[By the way, I've created a "Bureaucracy Mailbox" for any examples any of you see where we might have bureaucracy or unnecessary process that's crept in and we can root out...to be clear, companies need process to run effectively, and process does not equal bureaucracy, but unnecessary and excessive process or rules should be called out and extinguished. I will read these emails and action them accordingly.]

To address the second issue of being better set up to invent, collaborate, and be connected enough to each other and our culture to deliver the absolute best for customers and the business, we've decided that we're going to return to being in the office the way we were before the onset of COVID. When we look back over the last five years, we continue to believe that the advantages of being together in the office are significant. I've previously explained these benefits (February 2023 post), but in summary, we've observed that it's easier for our teammates to learn, model, practice, and strengthen our culture; collaborating, brainstorming, and inventing are simpler and more effective; teaching and learning from one another are more seamless; and, teams tend to be better connected to one another. If anything, the last 15 months we've been back in the office at least three days a week has strengthened our conviction about the benefits.

Before the pandemic, not everybody was in the office five days a week, every week. If you or your child were sick, if you had some sort of house emergency, if you were on the road seeing customers or partners, if you needed a day or two to finish coding in a more isolated environment, people worked remotely. This was understood, and will be moving forward as well. But, before the pandemic, it was not a given that folks could work remotely two days a week, and that will also be true moving forward—our expectation is that people will be in the office outside of extenuating circumstances (like the ones mentioned above) or if you already have a Remote Work Exception approved through your s-team leader.

We are also going to bring back assigned desk arrangements in locations that were previously organized that way, including the U.S. headquarters locations (Puget Sound and Arlington). For locations that had agile desk arrangements before the pandemic, including much of Europe, we will continue to operate that way.

We understand that some of our teammates may have set up their personal lives in such a way that returning to the office consistently five days per week will require some adjustments. To help ensure a smooth transition, we're going to make this new expectation active on January 2, 2025. Global Real Estate and Facilities (GREF) is working on a plan to accommodate desk arrangements mentioned above and will communicate the details as they are finalized.

I want to thank our leaders and support teams in advance for the work they will do to improve their org structures over the coming months. With a company of our size and complexity, the work won't be trivial and it will test our collective ability to invent and simplify when it comes to how we organize and go after the meaningful opportunities we have across all of our businesses.

Having the right culture at Amazon is something I don't take for granted. I continue to believe that we are all here because we want to make a difference in customers' lives, invent on their behalf, and move quickly to solve their problems. I'm optimistic that these changes will better help us accomplish these goals while strengthening our culture and the effectiveness of our teams.

Thanks,
Andy

SAF **Dan Tsubouchi** @Energy_Tidbits

British Columbia earthquake. .

Big 6.4 earthquake 291 km south of Prince Rupert.

Also nearby 4.2 and 4.5 quakes.

Also circled Kitimat for LNG Canada location.

Thx Earthquakes Canada earthquakescanada.nrcan.gc.ca/index-en.php

#OOTT #LNG

Earthquake Details (2024-09-15)

Sunday September 15, 2024

Earthquake details | Nearby locations | Regional seismicity | Regional seismograph stations | Did you feel the earthquake? | Other recent earthquake reports

Local Time:	15:22:47 PDT
Magnitude:	6.4 ML
Latitude:	51.7 North
Longitude:	130.6 West
Depth:	10.0 km
UT Date and Time:	2024/09/15 22:22:47 UT

Did you feel it?

Fill out our questionnaire.

Approximate Location of Earthquake: There are no reports of damage, and none would be expected.

Comments:

- No tsunami expected.
- Lightly felt on Haida Gwaii, northern Vancouver Island and parts of the North Coast, including Terrace.

Dan Tsubouchi
@Energy_Tidbits

"Deer Park Police Dept & local FBI agents conducted the initial investigation, with preliminary reports ***suggesting no terrorist activity."***

A white SUV drove thru a fence, entered $ET pipeline right-of-way & struck an above ground pipeline valve.

#OOTT Thx @DEERPARKTXGOV

PRESS RELEASE

Media Inquiries:
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O: (832) 835-7209 E: kbluejacket@deerparktx.org

DEER PARK
EST. 1892

AN UPDATE ON THE VEHICLE ACCIDENT RELATED TO THE DEER PARK MAJOR PIPELINE FIRE

FOR IMMEDIATE RELEASE

Deer Park, TX – September 16, 2024 – 6:10 PM – At approximately 10 AM on September 16th, 2024, a white sport utility vehicle drove through a fence on the west side of Wal-Mart's parking lot located at 9025 Spencer Hwy, Deer Park, TX 77536. The vehicle entered the adjacent pipeline right-of-way and struck an above-ground pipeline valve. The Deer Park Police Department (DPPD) and local FBI agents conducted the initial investigation, with preliminary reports suggesting no terrorist activity. The ongoing investigation is being conducted by the DPPD, and supports that this appears to be an isolated incident. The investigation is ongoing, including the positive identification of the vehicle and driver. No other information about the investigation is available as of the time of this press release.

The flow to the ruptured line has been shut off and is currently burning off the remnants, which may extend late into the evening. Energy Transfer has set up a helpline for individuals directly affected by the Deer Park incident. For assistance with displacement or impacts related to this incident, please call Energy Transfer at (855) 430-4491.

###

7:37 PM · Sep 16, 2024 · 49 Views

Dan Tsubouchi
@Energy_Tidbits

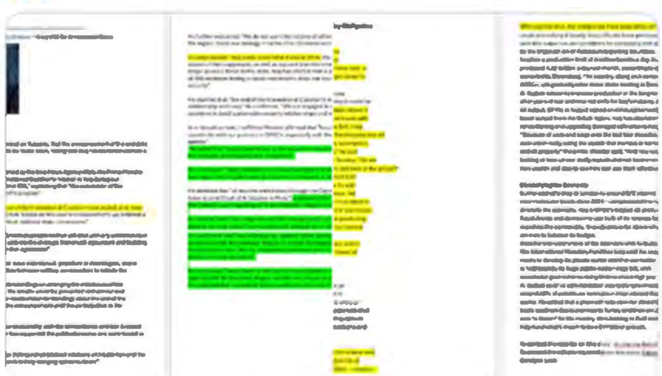
Still hard to see an Iraq/Kurdistan oil deal.

Despite Iraq PM teases "*a solution will be reached by the end of this year*" to resuming Kurdistan #Oil exports via Turkey.

BUT PM reminds of continuing huge gap to get there. IOCs get ~$26/b in KRI vs ~$8 in IQ so need to either amend budget law or KRI deals.

@business reminds KRI dispute "inadvertently helping the country get closer to its OPEC production limit."

Great interview @JoumannaTV
#OOTT



5:05 AM · Sep 17, 2024 · 2,230 Views

Dan Tsubouchi
@Energy_Tidbits

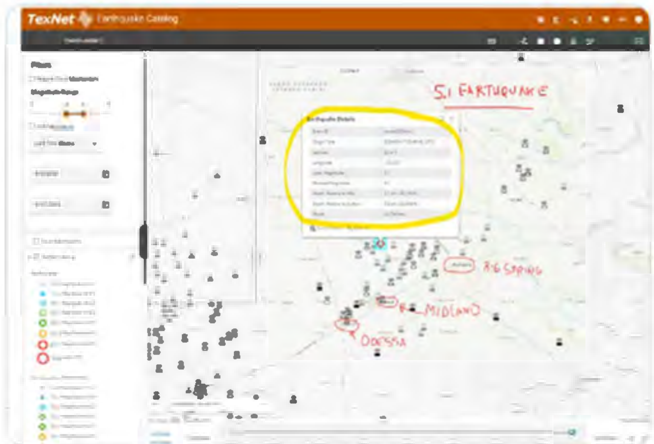
7th strongest earthquake in history of Texas.

5.1 in Permian Basin, just north of Midland.

IF like other earthquakes in Permian, would point to link to waste water injection. But still to be confirmed.

Thx TexNet

#OOTT #NatGas



11:14 AM · Sep 17, 2024 · **3,895** Views

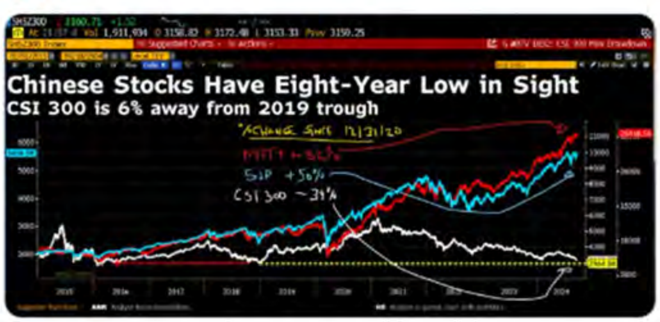
Dan Tsubouchi
@Energy_Tidbits

No wonder international equity capital keeps going to US and India and out of China.

Added S&P & NIFTY to the @business CSI 300 graph tonight and the post Covid returns since 12/31/2000.

NIFTY + 82%
S&P +50%
CSI 300 -39%

#OOTT



8:23 PM · Sep 17, 2024 · **1,939** Views

SAF

Dan Tsubouchi
@Energy_Tidbits

For those who aren't near their laptop, at 8:30am MT, @EIAgov released #Oil #Gasoline #Distillates inventory as of Sept 13. Table below compares EIA data vs @business expectations and vs @APIenergy estimates yesterday. Prior to release, WTI was $70.70. #OOTT

Oil/Products Inventory Sept 13: EIA, Bloomberg Survey Expectations, API

(million barrels)	EIA	Expectations	API
Oil	-1.63	-0.10	1.96
Gasoline	-0.07	1.00	2.34
Distillates	0.13	1.00	2.30
	-1.57	1.90	6.60

Note: Oil is commercial. So excludes a +0.6 mb build in SPR for the Sept 13 week
Note: Included in the oil data, Cushing had a 1.98 mmb draw for Sept 13 week
Source EIA, Bloomberg
Prepared by SAF Group https://safgroup.ca/news-insights/

8:32 AM · Sep 18, 2024 · 1,563 Views

Dan Tsubouchi @Energy_Tidbits

Economies still run on energy and predominately petroleum products to move people and products by air, car, truck and train.

Italy & Spain continue to increase petroleum products consumption but Germany economy woes mean less consumption.

👇 @staunovo post & SAF Sept 8, 2024 Energy Tidbits.

#OOTT

Excerpt from SAF Group Sept 8, 2024 Energy Tidbits memo

SAF

Energy Tidbits

Sept 8, 2024

Oil: Germany June diesel consumption -4.5% YoY, jet fuel -26% YoY

We haven't been tracking Germany's petroleum products consumption and still haven't found where the data is located within the BAFA website. But UBS analyst Giovanni Staunovo tweeted out the June data. Earlier this morning, we tweeted [LINK] *"Germany economy isn't working. Trucks not trucking, planes not flying. @staunovo 👇 oil product sales -4.5% YoY in June incl diesel -4.5%, gasoline -0.7%, jet fuel -26%. Also May -9.3% YoY. "Germany as a business location is falling behind in terms of competitiveness" VW CEO. See [LINK] #OOTT."* Staunovo noted that Germany petroleum products sales (deemed consumption) was down -4.5% YoY in June, which followed -9.3% YoY in May. And what jumped out at us on the June numbers were how diesel was -4.5% YoY in June and jet fuel -26% YoY. Diesel is viewed as a key indicator for the economy as diesel big use is in trucking so a negative indicator. And jet fuel -26% YoY is a surprisingly large YoY decline. We recognize Germany isn't viewed as a hot summer holiday location in Europe vs Spain and Italy and June is only viewed as the start of holidays but the -26% YoY drop seems huge. We will be watching to see what the July data shows.

Germany's diesel & jet fuel down

Oil: Spain's fuel consumption up YoY in July

Spain continues to show strong YoY growth in its fuels consumption. And from the sounds of feedback from friends who went to Spain on holidays, Spain had a very busy tourist season that helped the strong fuel demand. On Monday, Cores reported Spain's monthly oil and petroleum consumption for the month of July [LINK]. Cores wrote *"This month, consumption of all product groups increased year-on-year: LPG (+1.5%), gasoline (+7.4%), kerosenes (+11.4%), diesel (+0.3%) and fuel oils (+4.8%). In the annual cumulative total, all product groups also increased: LPG (+6.0% vs. 2023), gasoline (+7.9%), kerosenes (+12.8%), diesel (+1.0%) and fuel oils (+8.3%).* Below is a table showing the breakdown of demand by fuel type in July. Our Supplemental Documents package includes the Cores report.

Spain's fuel consumption

Figure 60: Spain's July Oil Demand Product Breakdown (thousand m3)

Source: Cores

Prepared by SAF Group

Giovanni Staunovo @staunovo · 23h

#Italy: Oil demand still strong
total oil product sales rose by 2.7% y/y to 4.456 million tons in July

Gasoline +7.1% y/y to 0.814mt
Diesel/gasoil +2.2% y/y to 2.133mt ...
Show more

		2024	2023	2024/2023	2024	2023	2024/2023
Motor Gasoline		814.0	760.0	7.1	5744.0	5450.0	5.4
	Retail Distribution	612.0	756.0	7.1	5723.0	5432.0	5.4
	Wholesale Market	221.0	214.0	3.3	1893.0	1470.0	7.7
Kerosene Jet Fuel		512.0	488.0	4.9	3325.0	2918.0	13.9
	MILITARY	0.3	7.0	-95.7	38.2	38.4	-6.7
Other Kerosene	Total	0.1	0.1	0.0	1.1	1.9	-42.1

f

SAF

Dan Tsubouchi
@Energy_Tidbits

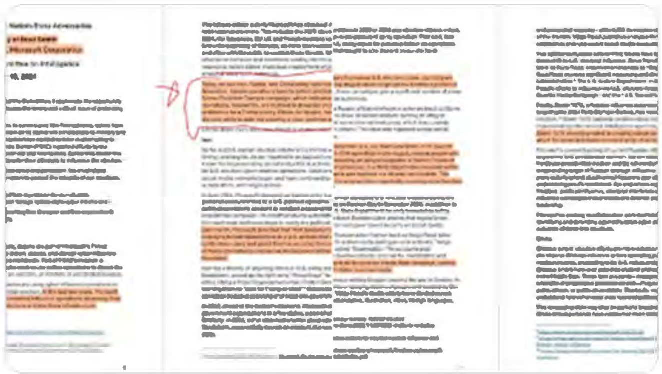
US election interference.

Microsoft analysis sees Russia prefers Trump, Iran prefers Harris and China not showing a clear preference for either.

Based on Microsoft's Threat Analysis Center (MTAC),

See 👇 $MSFT Vice Chair/Pres Smith today

#OOTT



7:25 PM · Sep 18, 2024 · 1,874 Views

SAF

Dan Tsubouchi
@Energy_Tidbits

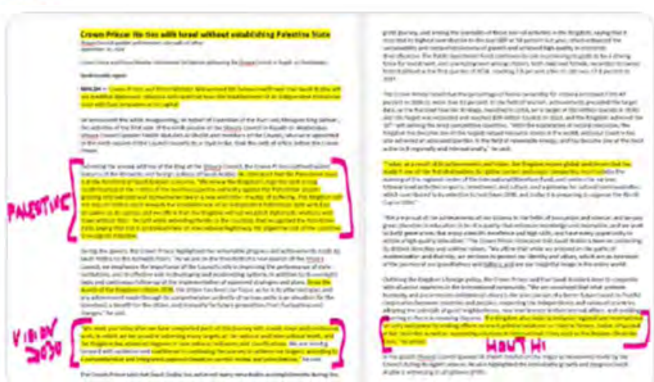
Lots in MBS Address.

Headline: no diplomatic relations with Israel w/o establishment of an independent Palestine state w/ East Jerusalem as its capital.

Reminds why KSA wants continued solid #Oil prices. Their journey to achieve Vision 2030 targets ..."based on a careful review and prioritization" ie. watching the spending.

Wants political solution to Houthis.

#OOTT



8:04 PM · Sep 18, 2024 · 2,167 Views

Dan Tsubouchi
@Energy_Tidbits

2/2

EU EV car sales -43.9% YoY in Aug, 4th consecutive monthly decline.

@ACEA_auto ACEA Aug car sales:

BEV: 92,627, -43.9% YoY, 14.4% share vs 21%.
PHEV: 45,590, -22.3% YoY, 7.1% share vs 7.4%
HEV: 201,552, +6.6% YoY, 31.3% share vs 23.9%
Petrol: 213,057, -17.1% YoY, 33.1% share vs 32.6%
Diesel: 72,177, -26.4% YoY, 11.2% share vs 12.5%
Others: 18,634, -5.3% YoY, 2.9% share vs 2.5%

#OOTT

5:12 AM · Sep 19, 2024 · 908 Views

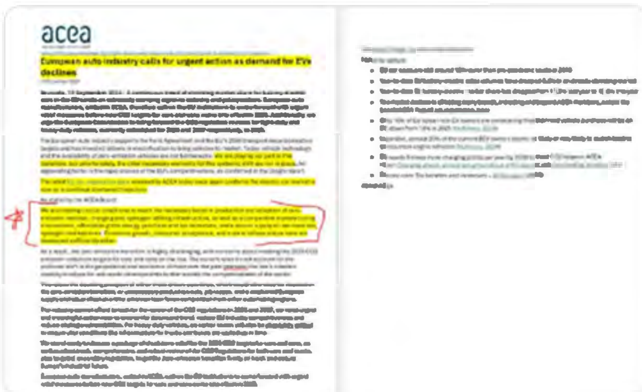
SAF Dan Tsubouchi
@Energy_Tidbits

1/2. EU BEVs decline looks unfixable in near term.

@ACEA_auto says urgent action needed.

"*We are **missing crucial conditions** to reach the necessary boost in production and adoption of zero-emission vehicles: charging and hydrogen refilling infrastructure, as well as a competitive manufacturing environment, **affordable green energy**, purchase and tax incentives, and a secure supply of raw materials, hydrogen and batteries. Economic growth, **consumer acceptance, and trust in infrastructure have not developed sufficiently either**"*"

#OOTT



5:12 AM · Sep 19, 2024 · **1,024** Views

SAF Dan Tsubouchi @Energy_Tidbits · 3h
2/2

EU EV car sales -43.9% YoY in Aug, 4th consecutive monthly decline.

@ACEA_auto ACEA Aug car sales:

BEV: 92,627, -43.9% YoY, 14.4% share vs 21%.
PHEV: 45,590, -22.3% YoY, 7.1% share vs 7.4%
HEV: 201,552, +6.6% YoY, 31.3% share vs 23.9%
Petrol: 213,057, -17.1% YoY, 33.1%
Show more

1 1 1 910

Dan Tsubouchi
@Energy_Tidbits

Word of the day - Recalibrate.

Powell used it 9 times.

@Dictionarycom: recalibrate "*to reexamine (one's thinking, a plan, a system of values, etc.) and correct it in accord with a new understanding or purpose.*"

Like companies adjusting guidance when they don't want to say lowering guidance.

Thx @JoeSquawk @BeckyQuick
#OOTT

5:45 AM · Sep 19, 2024 · **858** Views

Dan Tsubouchi
@Energy_Tidbits

Numbers can be deceiving.

UK BEV Aug sales buck EU trend and were +10.8% YoY. @ACEA_auto

BUT see 👇 Sept 6 tweet:

EVs should hit UK regulated EVs to be 22% of total car sales BUT not because of EVs demand.

RATHER @vertumotorsCEO explains: "*They [manufacturers] are trying to avoid the fines. So they're constraining the ability for us to supply petrol cars in order to try and keep to the government targets.*" "*The new car market is no longer a market, unfortunately. It's a state-imposed supply chain.*"

#OOTT


acea

NEW CAR REGISTRATIONS BY MARKET AND POWER SOURCE

MONTHLY

Dan Tsubouchi
@Energy_Tidbits

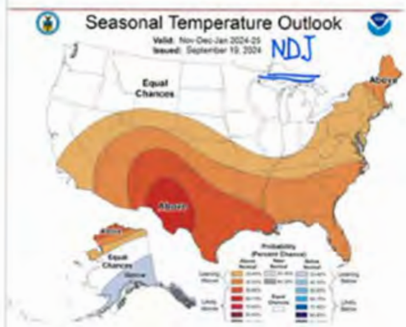
Holdback to near-term HH #NatGas prices.

@NOAA updated seasonal temperature outlook forecasts warmer than normal start to winter and winter overall.

Forecasts are never 100% but a warm winter is a big negative to NatGas prices.

#OOTT

https://www.cpc.ncep.noaa.gov/products/predictions/long_range/seasonal.php?lead=2



https://www.cpc.ncep.noaa.gov/products/predictions/long_range/seasonal.php?lead=3

9:49 AM · Sep 19, 2024 · 1,965 Views

Dan Tsubouchi
@Energy_Tidbits

Reminder HEVs and PHEVs are really just more fuel efficient ICE vehicles.

See 👇 Sept 4 tweet for the numbers.

#OOTT

Dan Tsubouchi @Energy_Tidbits · Sep 4

HEV/PHEV 101 - They are really just more fuel efficient ICE.

Ford: HEV F150 does 23 mpg vs ICE150 at 19 mpg.

Volvo: PHEVs km driven are split 1/2 using battery, 1/2 using petrol/diesel...
Show more

1:05 PM · Sep 19, 2024 · 1,513 Views

Dan Tsubouchi
@Energy_Tidbits

Breaking

"***this has developed into a criminal investigation***" says @DEERPARKTXGOV after they were able to process the vehicle.

Re the White SUV that drove thru a fence, entered the SET pipeline right-of-way & struck an above ground valve to cause the fire.

#OOTT

PRESS RELEASE

Media Inquiries:
Kaitlyn Bluejacket
Public Relations and Marketing Administrator
O: (832) 835-7200 E: kbluejacket@deerparktx.org

UPDATE: VEHICLE ASSOCIATED WITH THE PIPELINE FIRE

FOR IMMEDIATE RELEASE

Deer Park, TX – September 19, 2024 – 10:30 AM

Incident Update:

On September 19, 2024, at 7 AM, the Deer Park Police Department was able to access the site and remove the white vehicle associated with the pipeline fire incident. Once removed, Harris County Medical Examiners were able to process the vehicle. During the processing, they were able to recover and remove human remains. They will now begin working through their identification process, which will take some time. This has developed into a criminal investigation and will be actively ongoing until further information is available. This is all of the information that will be released until the full investigation has concluded.

Recovery:

Energy Transfer and other stakeholders were then able to access the grounds and begin work. We kindly ask that media and citizens remain at a safe distance from the grounds so those working in and around the heavy equipment can do so safely and without distractions.

Road Closures:

The road closure on Spencer Highway, from Luella Boulevard to Pasadena/Canada Boulevard, is still in effect so crews can safely complete repairs. Please continue to utilize the Energy Transfer help line at (855) 430-4491 or email laporteresponse@energytransfer.com.

Dan Tsubouchi @Energy_Tidbits · Sep 16

*"Deer Park Police Dept & local FBI agents conducted the initial investigation, with preliminary reports **suggesting no terrorist activity**."*

A white SUV drove thru a fence, entered SET pipeline right-of-way & struck an above ground pipeline valve....

Dan Tsubouchi
@Energy_Tidbits

Iran #Oil keeps getting rebranded as Malaysia oil.

China oil import data is zero from Iran in Aug.

BUT China oil imports from Malaysia in Aug was 1.77 mmb/d vs total Malaysia production of ~0.4 mmb/d.

#OOTT

9:07 PM · Sep 19, 2024 · 3,248 Views

Dan Tsubouchi
@Energy_Tidbits

Mercedes -7%.

Headline: Big cut to #'s "*triggered by a further deterioration of the macroeconomic environment, mainly in China*"

Overlooked "*Overall, the sales mix in the second half of 2024 is expected to remain unchanged versus the first half, and therefore weaker than originally expected.*"

Remember: biggest disappointment in H1 was crash in BEV sales. Mercedes Q2 BEV -25% YoY. Q3 likely worse as Germany BEV Aug sales -69% YoY.

#OOTT

SAF

Dan Tsubouchi
@Energy_Tidbits

Germany urges EU for big delay to Green Hydrogen timing. "*.. the requirements often don't allow for the economic realization of electrolysis projects in DEU.*" Thx @E_Krukowska

See 👇 07/16 tweet. EU had no real analysis behind the Green Hydrogen targets. Busted by @EUauditors "*EU's industrial policy on renewable hydrogen needs a reality check" "set overly ambitious targets for the production and import of renewable hydrogen....* ***These targets were not based on a robust analysis, but were driven by political will***"

Reality is low carbon (#NatGas) will have to be fill the void.

#OOTT

Germany Seeks Delays to EU Hydrogen Rules That Stiffle Market
2024-09-20 12:48:10.250 GMT
By Ewa Krukowska
(Bloomberg) -- Germany has urged the European Union to delay some rules on renewable hydrogen that boost costs for producers and hinder a sector that the bloc views as crucial to meeting its ambitious climate neutrality goal.
In a letter this week to EU Energy Commissioner Kadri Simson, German Economy Minister Robert Habeck called for a seven-year delay of the temporal correlation criteria that requires evidence of a match between renewables output on the grid and hydrogen production.
He also said the EU should extend phasing in its additionality norms until 2035, the letter seen by Bloomberg stated. Additionality is the requirement that hydrogen producers ensure their demand for power is matched by new low-carbon power generation or renewable power plants.
Read more: Europe Spending Billions on Green Hydrogen Is a Risky Gamble
While the measures earlier had German support, "reality has shown that these requirements were still too high and are slowing down the ramp-up of the projects for the production of renewable hydrogen in Germany and many other member states," Habeck wrote. "Many companies have told me that the requirements often don't allow for the economic realization of electrolysis projects in Germany."
A spokesperson for the German Economy Ministry said the country was committed to EU regulations to facilitate and speed up procedures to produce renewable hydrogen. However, an extension of the bloc's transitional period would help the nascent industry gather pace.
A delay of the criteria would make it easier for companies to bear the high project costs and to produce the hydrogen urgently needed by the European industry, according to Germany.
Such a change would also retroactively impact the criteria for the purchase of electricity to produce so-called blue hydrogen under another regulation that is still being negotiated by member states.
Without the adjustment, the economic production of hydrogen in the EU would be jeopardized, Habeck's letter said.
Hydrogen Europe, the industry's association in Brussels, said in a statement that the complexity and strictness of EU rules hampers the development of necessary technologies.
"A strong and unshackled hydrogen market starts by providing competitive renewable hydrogen to hard-to-decarbonise sectors," it said. "And it will yield positive results for all of Europe in the areas of energy security, decarbonisation, and

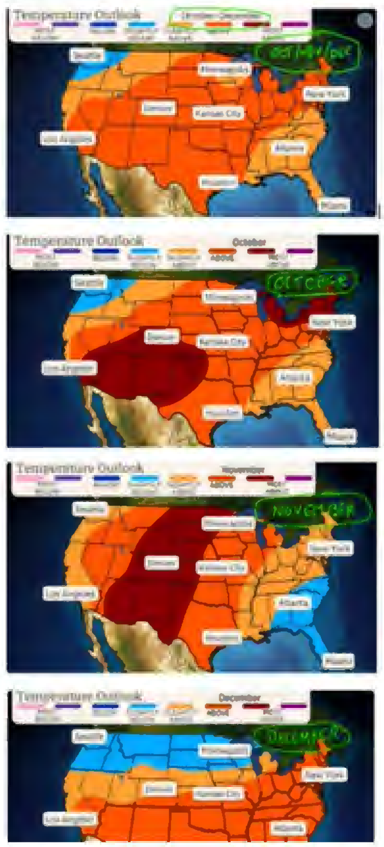
Dan Tsubouchi
@Energy_Tidbits

Holdback to near-term HH #NatGas prices.

@weatherchannel forecasts warmer than normal temperatures across most of the Lower 48 for Oct/Nov/Dec.

Forecasts are never 100% but a warm start to winter is a negative to NatGas prices. #OOTT

weather.com/forecast/natio...



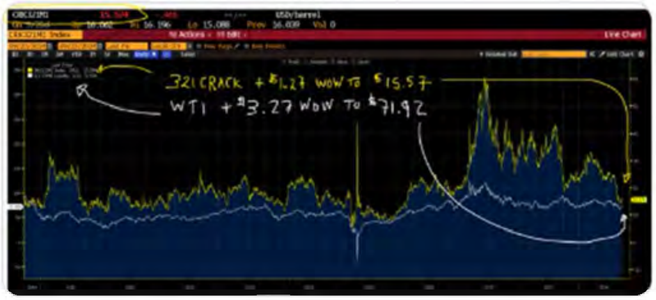
Dan Tsubouchi
@Energy_Tidbits

321 crack spreads $1.27 WoW but still relatively low at $15.57 today.

WTI +$3.27 WoW to $71.92.

$15.57 cracks aren't really high enough to incentivize refineries to take any more crude than necessary.

Thx @business
#OOTT



6:47 PM · Sep 20, 2024 · 2,492 Views

Dan Tsubouchi
@Energy_Tidbits

Waha spot #NatGas was positive MTWT until closing Fri at -$0.10.

Infers increasing volumes on new 2.5 bcfd Matterhorn Express, which was expected to take Waha positive.

Last week of positive Waha was late July.

Waha was positive on Mon before 5.1 earthquake on Tues.

#OOTT

7:27 PM · Sep 20, 2024 · 3,021 Views

Dan Tsubouchi
@Energy_Tidbits

Daily Europe air traffic remains stuck below pre-Covid.

7-day moving average as of:
Sept 19: -2.8% below pre-Covid
Sept 12: -3.0%
Sept 5: -2.8%
Aug 29: -3.1%
Aug 22: -2.8%
Aug 15: -2.2%
Aug 8: -1.3%
Aug 1: -1.9%
Jul 25: -2.2%
Jul 18: -2.6%

Thx @eurocontrol
#Oil #OOTT

Figure 67: Europe Air Traffic: Daily Traffic Variation to end of Sept 19

Source: Eurocontrol

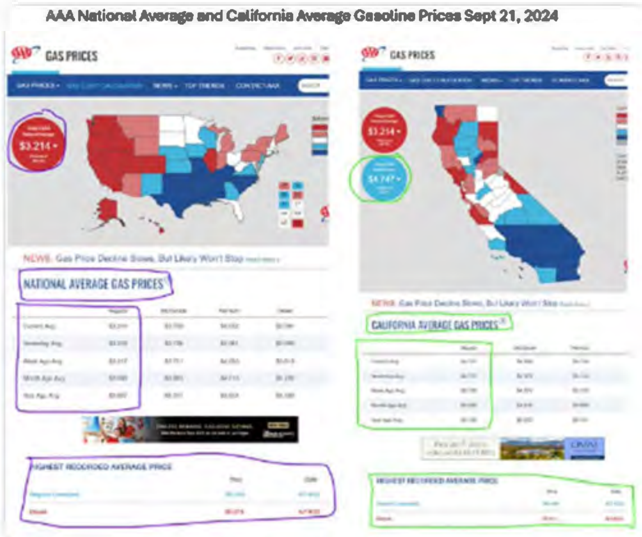
Dan Tsubouchi
@Energy_Tidbits

US National average #Gasoline prices keep drifting lower a little lower.

AAA National average prices -$0.01 WoW to $3.21 on Sept 21, -$0.19 MoM and -$0.66 YoY.

California $4.75 on Sept 21, -$0.02 WoW, +$0.15 MoM, and -$0.94 YoY.

Thx @AAAnews
#OOTT



8:16 AM · Sep 21, 2024 · 1,120 Views

SAF

Dan Tsubouchi
@Energy_Tidbits

Vortexa crude #Oil floating storage 55.74 mmb at Sept 20.

<60 mmb is very low. But prior 4 wks were all initially in 50's & the next wk were revised into the 60's.

Even with revisions, last 7 wks average 67.89 mmb, only been 21 wks <70 mmb since Covid.

Thx @vortexa @business
#OOTT

Vortexa Crude Oil Floating Storage Estimate Jan 1, 2020 – Sept 20, 2024, Posted as of 9 am MT, Sept 21, 2024

Source: Bloomberg, Vortexa

Posted Sept 21, 9am MT | Sept 14, 9am MT | Sept 7, 9am MT

Source: Bloomberg, Vortexa

Region	Sept 20/24	Sept 13/24	WoW	Original Posted Sept 20/24	Recent Peak Jun 22/20	Sept 20 vs Jun 22/20
Asia	22.03	29.69	-7.69	22.05	71.48	-51.48
North Sea	3.05	3.77	-0.72	3.10	5.23	-2.18
Europe	3.89	4.22	-0.36	3.59	3.89	-4.77
Middle East	5.98	7.84	-1.86	5.98	6.78	-0.80
West Africa	7.80	9.24	-1.44	7.82	7.82	-0.02
US Gulf Coast	1.11	0.44	0.67	0.60	1.03	0.08
Other	12.16	10.50	1.60	11.50	30.40	-17.24
Global Total	55.74	65.53	-9.79	56.11	128.14	-72.40

Vortexa crude oil floating storage posted on Bloomberg 9am MT on Sept 21
Source: Vortexa, Bloomberg

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

Dan Tsubouchi
@Energy_Tidbits

Still early, but @NHC_Atlantic 7-day outlook sees 60% probability for potential storm development next week that looks to track in the GoM to the Gulf Coast.

#OOTT

1:26 PM · Sep 21, 2024 · **1,244** Views

Dan Tsubouchi
@Energy_Tidbits

It's Fall so above normal temps mean it's leave the windows open weather.

@NOAA updated 6-10 & 8-14 day temp outlook for Sept 27- Oct 5 calls for warmer than normal temps across Lower 48.

Daily highs for NYC & Chicago in low 20'sC in this period.

#OOTT

https://www.cpc.ncep.noaa.gov/products/predictions/610day/

SEPT 27 - OCT 1

https://www.cpc.ncep.noaa.gov/products/predictions/814day/index.php

SEPT 29 - OCT 5

Dan Tsubouchi
@Energy_Tidbits

Hold back to EU #NatGas prices.

Storage would be full if NW Europe hadn't cut back LNG imports in Q2/Q3.

YTD Sept 15, NW Europe #LNG imports down ~415 bcf or ~1.6 bcf/d.

Thx @BloombergNEF LNG Trade Weekly.

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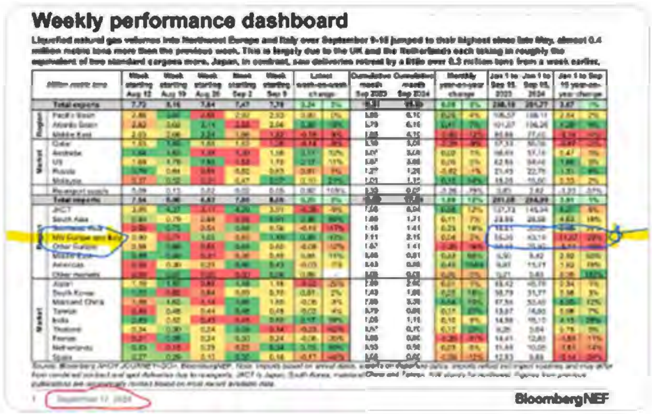


4:43 PM · Sep 21, 2024 · 2,059 Views

Dan Tsubouchi
@Energy_Tidbits

Cdn #Oil positive

Looks like ramp up of volumes on new 590,000 b/d TMX has, at least so far, kept WCS less WTI differentials from the normal Sept/Oct widening.

WCS less WTI diffs.
09/20/24: $13.25
09/20/23: $18.30
09/20/22: $21.35

Thx @garquake for reminder last week.
#OOTT

5:09 PM · Sep 21, 2024 · 3,213 Views

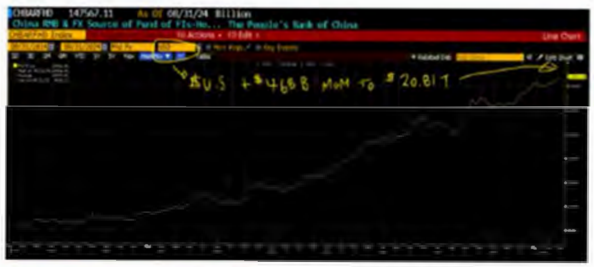
Dan Tsubouchi
@Energy_Tidbits

Big negative China indicator.

Chinese consumers aren't out spending. Added record +$468b MoM to savings to $20.81t in Aug.

MoM:
Aug 24: +468b
Aug 23: -$188b
Aug 22: -$236b
Aug 21: +$3b
Aug 20: +$294b
Aug 19: -$398b
Aug 18: +$26b
Aug 17: +22b
Aug 16: +$4b

Thx @business #OOTT



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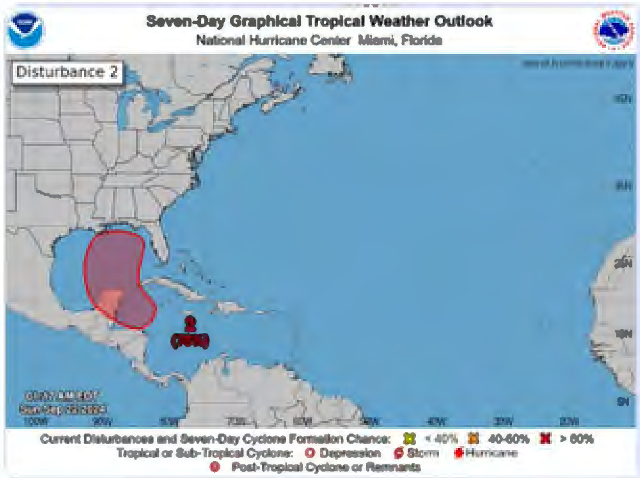
@Energy_Tidbits

"a tropical depression is likely to form as the systems moves slowly northward across the northwestern Caribbean Sea and Gulf of Mexico thru the end of the week" @NHC_Atlantic

Tropical depression is the level before reaching Tropical Storm strength.

#OOTT



4:30 AM · Sep 22, 2024 · 1,370 Views