SAF GROUP | Canadian Private Credit

Energy Tidbits

February 9, 2025

Produced by: Dan Tsubouchi

Big Hit to US EVs Growth, Trump Halts New Obligations Under Biden's $5B Charger Infrastructure Program Until New Guidelines

Welcome to new Energy Tidbits memo readers. We are continuing to add new readers to our Energy Tidbits memo, energy blogs and tweets. The focus and concept for the memo was set in 1998 with input from PMs, who were looking for research (both positive and negative items) that helped them shape their investment thesis to the energy space, and not just focusing on daily trading. My priority was and still is to not just report on events, but also try to interpret and point out implications therefrom. The best example is the review of investor days, conferences and earnings calls focusing on sector developments that are relevant to the sector. My target is to write on 50 weekends per year and to post by noon MT on Sunday. The Sunday noon timing was because PMs said they didn't have research to read on Sundays and Sundays are a day when they start to think about the investing week ahead.

This week's memo highlights:

1. Trump halts new obligations under Biden's $5b charger infrastructure until new guidelines established & revised state use of funds plans are approved by Transportation Secretary. [click here]

2. Trump starts the 30-day pause with Canada tariffs by adding want better access for US banks to his asks. [click here]

3. Trump approve maximum pressure campaign on Iran that targets cutting Iran's oil exports to zero BUT he stresses he wants to cut a deal. [click here]

4. Revisions up to 5 of last 7 weeks Vortexa crude oil floating storage driven by Asia with China's recent stopping of unloading some sanctioned tankers. [click here]

5. Enterprise still can't get traction for enough committed Permian oil barrels for it's SPOT, the 2nd GoM terminal that could fully load VLCCs. [click here]

6. Please follow us on Twitter at [LINK] for breaking news that ultimately ends up in the weekly Energy Tidbits memo that doesn't get posted until Sunday noon MT.

7. For new readers to our Energy Tidbits and our blogs, you will need to sign up at our blog sign up to receive future Energy Tidbits memos. The sign up is available at [LINK]

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Natural Gas: -174 bcf draw in US gas storage; now -208 bcf YoY

-174 bcf draw in US gas storage

For the week ending Jan 31, the EIA reported a -174 bcf draw [LINK]. Total storage is now 2.397 tcf, representing a deficit of -208 bcf YoY compared to a deficit of -144 bcf last week. For much of 2024, storage figures exceeded the 5-year range but moved back into the 5-yr range as winter approached and continues to be within the 5-yr range. The week of Jan 31 saw storage at -111 bcf below the 5-yr average, flat from last week's deficit to the 5-yr average. Below is the EIA's storage table from its Weekly Natural Gas Storage report and a table showing the US gas storage over the last 8 weeks.

Figure 1: US Natural Gas Storage

	Stocks billion cubic feet (Bcf)				Historical Comparisons: Year ago (01/31/24)		Historical Comparisons: 5-year average (2020-24)	
Region	01/31/25	01/24/25	net change	implied flow	Bcf	% change	Bcf	% change
East	507	552	-45	-45	579	-12.4	562	-9.8
Midwest	605	661	-56	-56	700	-13.6	677	-10.6
Mountain	200	212	-12	-12	184	8.7	146	37.0
Pacific	230	246	-16	-16	227	1.3	203	13.3
South Central	854	901	-47	-47	917	-6.9	920	-7.2
Salt	217	229	-12	-12	254	-14.6	263	-17.5
Nonsalt	638	672	-34	-34	663	-3.8	657	-2.9
Total	**2,397**	**2,571**	**-174**	**-174**	**2,605**	**-8.0**	**2,508**	**-4.4**

Source: EIA

Figure 2: Previous US Natural Gas Storage

Previous 8 weeks (Bcf)				
Week Ended	Gas in Storage	Weekly Change	Y/Y Diff	Diff to 5 yr Avg
Dec/13	3,622	-125	20	132
Dec/20	3,529	-93	14	166
Dec/27	3,413	-116	-67	154
Jan/03	3,373	-40	-3	207
Jan/10	3,115	-258	-111	77
Jan/17	2,892	-223	-57	21
Jan/24	2,571	-321	-144	-111
Jan/31	2,397	-174	-208	-111

Source: EIA

Natural Gas: NOAA's 6-10 & 8-14 day calls for colder than normal temps in US

NOAA 6-10 and 8-14 day temp outlook

Yesterday, we posted [LINK] "*It's Feb 8 so past the normal winter temperature peak for #NatGas demand. But @NOAA's updated 6-10 & 8-14 day temperature outlooks call for colder than normal temperatures. May not drive up NatGas price but should help provide end of winter support. #OOTT.*" By Feb, the coldest day of the winter is passed for almost all of the Lower 48. But colder than normal temperatures in Feb can support natural gas prices even if they don't drive up prices. NOAA's updated 6-10 and 8-14 day temperature outlooks call for colder than normal temperatures across almost all of the Lower 48 for Feb 14-22. Our post included the below NOAA Feb 8 updated temperature maps for 6-10 days and 8-14 days.

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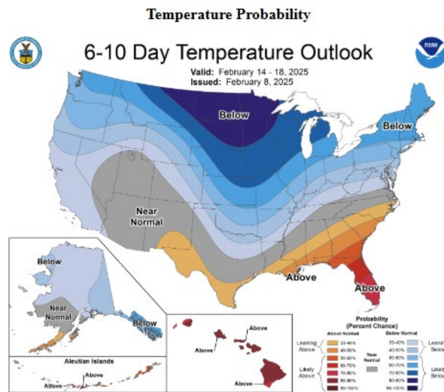
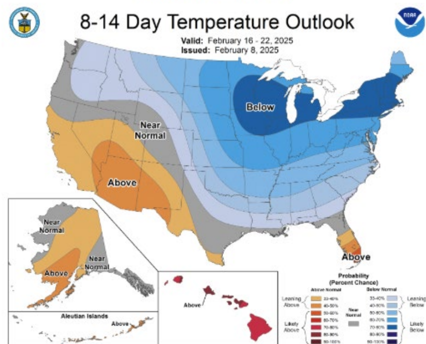
Figure 3: NOAA 6-10 day temperature outlook covering Feb 14-18



Source: NOAA

Figure 4: NOAA 8-14 day temperature outlook for Feb 16-22



Source: NOAA

Natural Gas: US home heating by fuel by state

Natural gas home heating

NOAA's forecast for colder than normal temperatures around the Great Lakes and NE US is the key support for natural gas prices as they are the most important regions for natural gas home heating. It's why our focus is normally how cold it is it in populous regions that use natural gas for winter home heating and that is why we typically focus on how cold is it around the Great Lakes and the NE US. Below is the EIA's map showing US winter home heating by fuel by state. Natural gas, on average, heats 45% of US homes but a way higher percentage around the Great Lakes and parts of the NE US. Below is the EIA home heating by fuel by state map.

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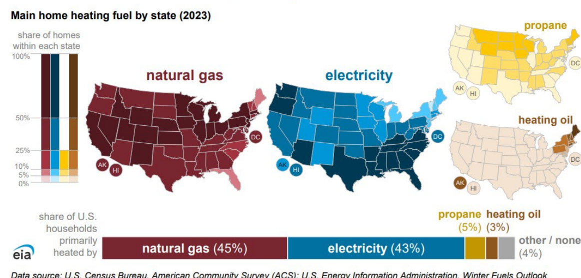
Figure 5: Fuels for winter home heating of US homes



Source: EIA

Natural Gas: Baker Hughes sees accelerated natural gas and LNG demand

Baker Hughes sees accelerated natural gas & LNG demand

Baker Hughes held its Q4 call on Jan 31 so it got overlooked by many, other than the sellside analysts, because that was also the Trump tariffs on Canada, Mexico and China day. On Thursday, we posted [LINK] "*Accelerated #NatGas & LNG demand. Baker Hughes Q4 call. "Boosted by this encouraging development [AI datacenter power], we believe that #NatGas and #LNG demand will demonstrate accelerated growth..." "For LNG, we still expect 100 MTPA of FIDS between 2024 and 2026, a level that would increase global capacity to our long-standing forecast of 800 MTPA by 2030". See 👇09/04/24 post, $BKR CEO reminded AI data centers need #NatGas. #OOTT.*" Baker Hughes CEO has been bullish on how AI data centers would drive natural gas and LNG demand. On the Q4 call, CEO Simonelli said that AI data centers are given another boost to natural gas and LNG demand that means accelerated demand growth and that LNG send-out capacity would reach Baker Hughes long-standing forecast to hit 800 MTPA of LNG send-out capacity by 2030 would be hit years earlier. Note Baker Hughes description of increasing power consumption is related to AI data centers. Baker Hughes said "*Against this economic backdrop, we have seen increasingly positive trends for power consumption. Boosted by this encouraging development, we believe that natural gas and LNG demand will demonstrate accelerated growth, which will drive increasing demand for our gas-levered products and solutions in both OFSE and IET. According to Wood Mackenzie, demand for US natural gas is set to increase by approximately 20 Bcf per day or 18% by 2030, led by a continued increase in gas requirements for new LNG facilities and data centers. For LNG, we still expect 100 MTPA of FIDs between 2024 and 2026, a level that would increase global capacity to our long-standing forecast of 800 MTPA by 2030. Last year, there were 17 MTPA of Project FIDs. Accordingly, we anticipate more than 80 MTPA of FIDs in '25 and 2026. Our strong FID outlook is supported by a record year of offtake contracting last year, which totaled 92 MTPA and exceeded the prior record of 84 MTPA set in 2022.*"

09/04/24: Baker Hughes thinks govts don't realize the need fossil fuels

Baker Hughes CEO Lorenzo Simonelli has been warning on how western leaders haven't been realizing the increasing need for fossil fuels. Here is what we wrote in our Sept 8, 2024 Energy Tidbits memo. "*We thought Baker Hughes CEO Lorenzo Simonelli had a good way of describing how western politicians aren't coming out*

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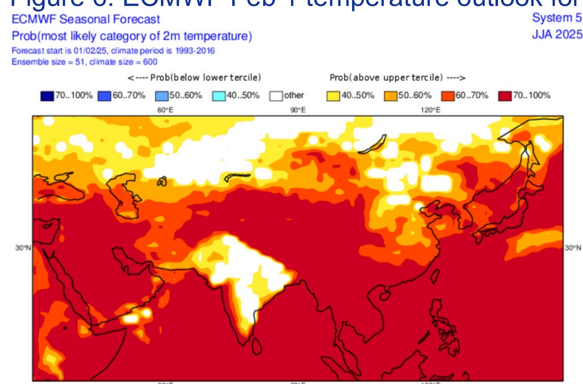
and saying the world needs fossil fuels for a long time but are accepting they need fossil fuels. Rather we hear politicians talk about energy security but not say that means having fossil fuels. Simonelli was on Bloomberg Surveillance on Wednesday morning and we tweeted [LINK] "Reality check by western govt on fossil fuels even if they don't admit it. "I think there is an understanding that it's not just about an energy transition. It's also about an energy expansion. And it's not about the fuel type, it's about reducing emissions" ie. why #NatGas is needed. $BKR CEO Simonelli to @FerroTV @annmarie. #OOTT." Here is the transcript we made of Simonelli's comments that was attached to our tweet. SAF created transcript of Baker Hughes CEO Lorenzo Simonelli with Bloomberg's Jonathan Ferro and Annmarie Hordern on Bloomberg Surveillance on Sept 4, 2024. Items in "italics" are SAF Group created transcript. Ferro: "do you feel like the attitude on fossil fuels has shifted in the last 12 months. Do you feel governments, particularly in the west, have had a reality check?" Simonelli "I think there is an understanding that it's not just about an energy transition. It's also about an energy expansion. And it's not about the fuel type, it's about reducing emissions. And that's where gas [natural gas] plays a key role because it is abundant, it is available and you need affordable secure reliable energy".

Natural Gas: ECMWF forecasts warmer than normal summer in Asia

Summer forecast for Asia

It's only early Feb so markets aren't going to focus on summer temperatures at this time. However, given that worst part of winter is over, our temperature focus turns to the summer. On Thursday, we posted [LINK] "*Asia summer temp forecast. It's still early but @ECMWF Feb 1 update forecasts normal to warmer than normal temperatures across Asia to start summer in Jun/Jul/Aug. #OOTT #NatGas #LNG*". Our post included the ECMWF (European Centre for Long-Term Weather Forecasts) Thursday updated temperature outlooks for Asia for the months of June/July/August. ECMWF calls for it to be warmer than normal across Asia for the start of summer with warmer than normal in all of China and Japan.

Figure 6: ECMWF Feb 1 temperature outlook for Asia for JJA



Source: ECMWF

Natural Gas: JMA forecasts colder than normal temps continue in south to start Feb

JMA temperature forecast for next 30 days

Feb is not a huge month for winter temperature driven electricity/natural gas demand but a cold start to Feb in Japan does bring some increased demand. The JMA next 30-day

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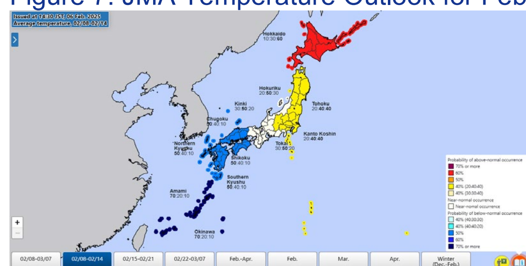
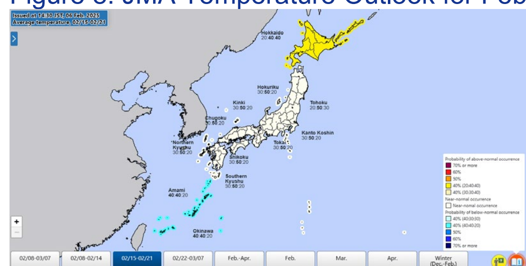
temperature forecast continues to call for colder than normal temperatures for Japan in the first half of Feb. On Thursday, the Japan Meteorological Agency (JMA) updated its temperature forecast for the next 30 days, Feb 8 – Mar 7, in Japan [LINK]. There is no JMA commentary on the forecasts. JMA is expecting colder than normal temperatures for the next two weeks throughout the southern and middle prefectures, while the northern prefectures are seeing a higher probability of warmer than normal temperatures. We checked AccuWeather for Tokyo and for the period there are forecasted daily highs in the ~11C range but overnight lows around ~1C. This has the potential to drive some increased electricity and natural gas demand in the evenings and overnight. Below are the JMA temperature forecast maps for Feb 8-14 and Feb 15-21.

Figure 7: JMA Temperature Outlook for Feb 8-14



Source: Japan Meteorological Agency

Figure 8: JMA Temperature Outlook for Feb 15-21



Source: Japan Meteorological Agency

Natural Gas: Japan LNG stocks up WoW and YoY; up against to 5-yr avg

Japan LNG stocks up WoW

Japan's LNG stocks are up WoW, up YoY, and are up when compared to the 5-year average. On Wednesdays, Japan's METI releases its weekly LNG stocks data [LINK]. LNG stocks on February 2 were the highest since January 2024 at 115.7 bcf, up +12.1% WoW from 103.3 bcf on January 26, and up +10.6% from a year ago. Stocks are up compared to the 5-year average of 104.7 bcf. Below is the Japanese LNG stocks graph from the METI weekly report.

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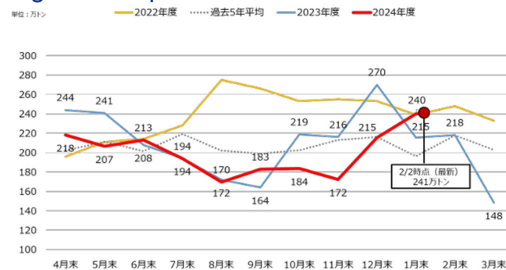
Figure 9: Japan LNG Stocks



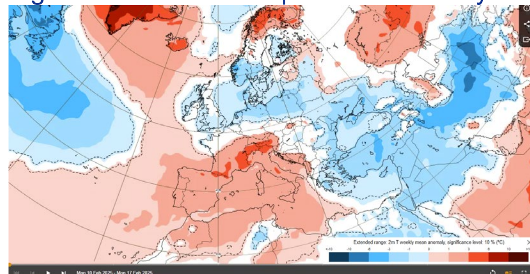
Source: METI

ECMWF temperature forecast

Natural Gas: ECMWF forecasts warmer than normal temperatures spreading in Europe

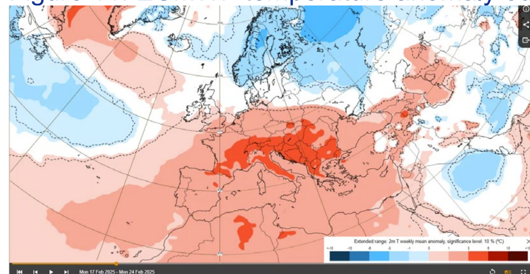
Natural as and coal have been the winners this winter in Europe. Power consumption is down but, because wind generation has been lower than normal, it has meant natural gas and coal demand has increased. Yesterday, we posted [LINK] "*It's Feb 8 so past the normal peak winter temperature demand for #NatGas. @ECMWF updated toutlook for warmer than normal temps to spread across Europe. So should only be modest temperature demand pulls at night. But see 👇Feb 4, #NatGas #Coal benefit if low Europe wind. #OOTT.*" Our post included ECMWF's Saturday updated near-term temperatures forecasts that call for warmer than normal temperatures spreading across Europe over the next two weeks.

Figure10: ECMWF temperature anomaly outlook for Feb 10-17



Source: ECMWF

Figure 11: ECMWF temperature anomaly outlook for Feb 17-24



Source: ECMWF

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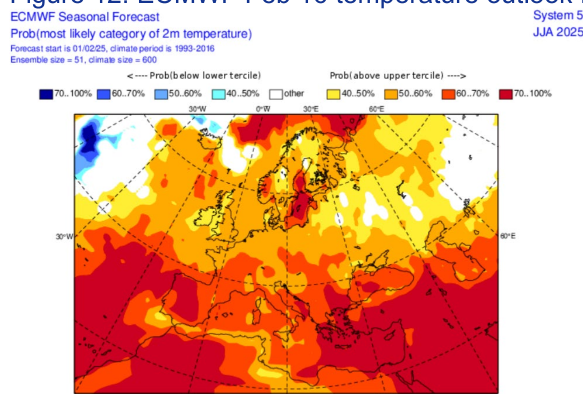
Natural Gas: ECMWF forecasts much warmer than normal summer in Europe

Summer forecast for Europe

It's only early Feb so markets aren't going to focus on summer temperatures at this time. However, given that worst part of winter is over, our temperature focus turns to the summer. On Thursday, we posted [LINK] "*Summer is still months away but @ECMWF Feb 1 update calls for much warmer than normal temperatures for Europe to start summer in Jun/Jul/Aug. #OOTT #NatGas*". Our post included the ECMWF (European Centre for Long-Term Weather Forecasts) Thursday updated temperature outlooks for Europe for the June/July/August. ECMWF calls for it to be much warmer than normal for all of Europe to start the summer.

Figure 12: ECMWF Feb 16 temperature outlook for Europe for JJA



Source: ECMWF

Natural Gas: Europe storage down -4.2% WoW to 50.0% full, down -18.3% YoY

Europe gas storage at 50%

There have been gas storage draws in Europe. It wasn't really cold this week, but it was another week of very low wind generation so the call on natural gas was strong to fill in for the lack of wind. And as a reminder, the YoY comparison is to a hot Jan 2024 in Europe. The good news for Europe was that storage was fairly full to start the winter. It would have been full if Europe had not cut back on LNG imports in Q2 and Q3 for fear of being full early. But with some colder temperatures and low wind in Dec, storage draws picked up. This week, on Feb 6, Europe storage was down -4.2% WoW to 50.0% vs 54.1% on Jan 30. Recall that winter 2023/24 was one of the hottest winters in Europe. Storage is now down -18.3% from last year's levels of 68.3% on Feb 6, 2024, and down against the 5-year average of 58.2%. Below is our graph of European Gas Storage Level.

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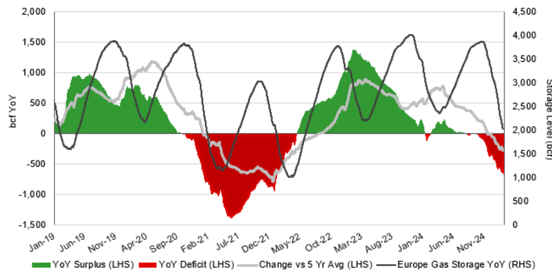
Figure 13: European Gas Storage Level



Source: Bloomberg, SAF

Ukraine storage is currently 5.3% of total Europe gas storage volume
We have been breaking out Ukraine gas storage levels since the Mar/Apr Russian bombing of the Ukraine natural gas storage, which only impacted some above ground natural gas infrastructure. But it also reminded of the risk to Europe gas storage from Russia attacks. We broke out the Ukraine storage data from the above Europe data we monitor weekly from the GIE AGSI website [LINK], and, on Feb 6, natural gas in Ukraine storage was at 10.3% of its total capacity, down compared to 11.6% of its total capacity on Jan 30. Last winter, Ukraine storage as of Nov 1, 2023, was at 39.4%. Right now, Ukraine makes up about 5.3% of Europe's natural gas in storage and, at the beginning of winter 2023/24, it was ~10% of Europe's natural gas in storage. Below is a map of Ukraine's major gas storage facilities.

Figure 14: Ukraine Gas Storage Facilities as of June 2023

Source: Bloomberg

Oil: U.S. oil rigs up +1 rig WoW, continue recovery from previous cold impact

US oil rigs up WoW

US oil rigs were up this week, continuing from last week's recover from the frigid cold and snow that hit southern states like Texas two weeks prior. Based on the reporting from comments by US oil and gas companies, we aren't expecting any big ramp up in rigs as the companies stay in their capital disciplined mode. On Friday, Baker Hughes released its weekly North American drilling rig data. (i) Note Baker Hughes no longer breaks out the basin

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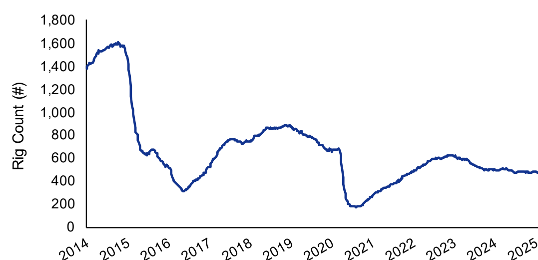
changes by oil vs gas rig type. (ii) Total U.S. oil rigs were up +1 rig WoW as of Feb 7. Total U.S. oil rigs are now down -19 oil rigs YoY to 480 rigs, which is above the recent low seen in the week of Jan 24. (iii) Note we can see the basin changes but not by type of rig; the WoW changes at the major basins were as follows: Eagle Ford +2 rigs WoW, Granite Wash -1 rig WoW, and Haynesville +2 rigs WoW. (iv) The overlooked U.S. rig theme is the YoY declines, which have begun to taper as Q4 2023 saw activity leveling off, however, it is still important to note the YoY change. Total U.S. gas and oil rigs are down -40 rigs YoY to 580 rigs including US oil rigs -19 oil rigs YoY to 480 rigs. And for the key basins, the Permian is -10 rigs YoY, Haynesville is -12 rigs YoY, DJ-Niobrara is -6 rigs YoY, Marcellus is down -8 rigs YoY, Granite Wash is +5 rigs YoY, Eagle Ford is -4 rigs YoY, Barnett is +1 rig YoY, Ardmore Woodford is flat YoY, Arkoma Woodford is -1 rig YoY, Cana Woodford is -3 YoY, Mississippian is -2 rigs YoY, Utica is -2 rigs YoY, and Williston is flat YoY. (v) U.S. gas rigs were up +2 rigs WoW to 100 gas rigs, and down -21 rigs YoY. We believe U.S. gas rigs will need to increase over the next several months as more U.S. LNG capacity comes onstream in 2025. Lastly, U.S. miscellaneous rigs were +1 rig WoW at 6 rigs and +3 rigs YoY.

Figure 15: Baker Hughes Total US Oil Rigs



Source: Baker Hughes

Cdn oil rigs down -9 WoW

Oil: Total Cdn oil rigs down -9 WoW on Friday, with gas rigs flat WoW

On Friday, Baker Hughes released its weekly North American drilling rig data. This week's total oil and gas rig count was down -9 rigs WoW to 249 rigs on Feb 7 and are up +17 rigs YoY. This is not a surprise that Cdn rigs were down WoW, as we mentioned in last week's memo that we were likely at peak winter drilling activity levels and this seems to signal the start of the normal seasonal end of winter drilling. Although it would be a week earlier than normal. We looked back over the past decade and the winter peak is normally around mid-Feb. Oil rigs are down -9 rigs WoW at 177, and up +36 rigs YoY. Gas rigs are flat WoW at 72 rigs and are down -19 rigs YoY, and miscellaneous rigs are flat WoW and flat YoY at 0 rigs total. As a reminder Baker Hughes changed their reporting format which does not allow us to see the provincial breakouts.

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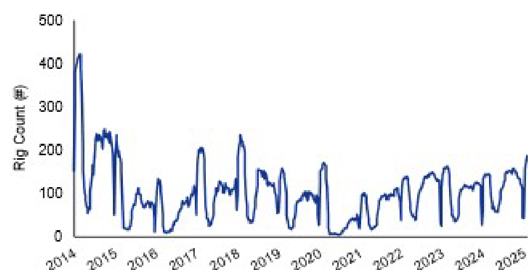
Figure 16: Baker Hughes Total Cdn Oil Rigs



Source: Baker Hughes

US weekly oil production

Oil: US weekly oil production up +0.238 mmb/d WoW to 13.478 mmb/d, up YoY

As expected, the EIA estimated US oil supply was back up after the cold snap that hit the southern US the previous week. We don't place as much emphasis on the EIA weekly oil supply estimates as others do because we recognize the near impossibility for anyone to post an accurate estimate on a Wednesday for the totality of US oil production for the week ended the prior Friday [LINK]. We have to give the EIA credit for putting out weekly oil supply estimates for the prior week, that can't be easy so no one should be surprised that the EIA weekly oil supply estimates, based on the Form 914 actuals, will regularly require re-benchmarking; sometimes the re-benchmarking can be significant and other times, it is relatively small. The EIA does not provide any commentary, but we weren't surprised to see this week's estimate came in up +0.238 mmb/d WoW to 13.478 mmb/d for the week ending Jan 31. We had warned that the very cold temperatures (and even some snow) in the areas like Oklahoma and Texas was likely to temporarily impact production for the previous week. This is up +0.178 mmb/d YoY from 13.300 mmb/d for the week ended Feb 2, 2024. The January STEO forecast was posted this week on Jan 14 and slightly decreased its US crude expectations for 2024 by -0.020 mmb/d to 13.210 mmb/d which will exceed the Q4/19 peak of 12.880 mmb/d, with all quarters in 2024 expected to exceed 13.200 mmb/d, other than Q1/24 at 12.940 mmb/d. 2025 estimates were revised upwards to 13.540 mmb/d, with all quarters exceeding 13.400 mmb/d and reaching a peak of 13.670 mmb/d in Q4/25. The EIA is no longer releasing a DPR, so we no longer have MoM expectations. This week, the EIA's production estimates were up +0.238 mmb/d WoW to 13.478 mmb/d for the week ended Jan 31. Alaska production figures were up +0.005 mmb/d WoW to 0.436 mmb/d, compared to 0.430 mmb/d last week. Below is a table of the EIA's weekly oil production estimates.

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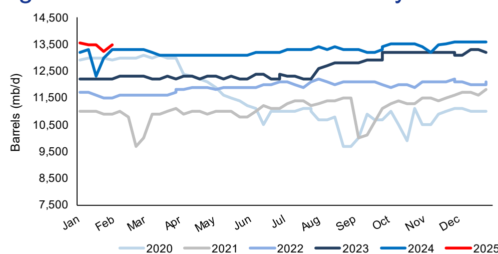
Figure 17: EIA's Estimated Weekly US Field Oil Production (mb/d)

	Week 1		Week 2		Week 3		Week 4		Week 5	
Year-Month	End Date	Value	End Date	Value	End Date	Value	End Date	Value	End Date	Value
2023-Sep	09/01	12,800	09/08	12,900	09/15	12,900	09/22	12,900	09/29	12,900
2023-Oct	10/06	13,200	10/13	13,200	10/20	13,200	10/27	13,200		
2023-Nov	11/03	13,200	11/10	13,200	11/17	13,200	11/24	13,200		
2023-Dec	12/01	13,100	12/08	13,100	12/15	13,300	12/22	13,300	12/29	13,200
2024-Jan	01/05	13,200	01/12	13,300	01/19	12,300	01/26	13,000		
2024-Feb	02/02	13,300	02/09	13,300	02/16	13,300	02/23	13,300		
2024-Mar	03/01	13,200	03/08	13,100	03/15	13,100	03/22	13,100	03/29	13,100
2024-Apr	04/05	13,100	04/12	13,100	04/19	13,100	04/26	13,100		
2024-May	05/03	13,100	05/10	13,100	05/17	13,100	05/24	13,100	05/31	13,100
2024-Jun	06/07	13,200	06/14	13,200	06/21	13,200	06/28	13,200		
2024-Jul	07/05	13,300	07/12	13,300	07/19	13,300	07/26	13,300		
2024-Aug	08/02	13,400	08/09	13,300	08/16	13,400	08/23	13,300	08/30	13,300
2024-Sep	09/06	13,300	09/13	13,200	09/20	13,200	09/27	13,300		
2024-Oct	10/04	13,400	10/11	13,500	10/18	13,500	10/25	13,500		
2024-Nov	11/01	13,500	11/08	13,400	11/15	13,201	11/22	13,493	11/29	13,513
2024-Dec	12/06	13,631	12/13	13,604	12/20	13,585	12/27	13,573		
2025-Jan	01/03	13,563	01/10	13,481	01/17	13,477	01/24	13,240	01/31	13,478

Source: EIA

Figure 18: EIA's Estimated Weekly US Oil Production



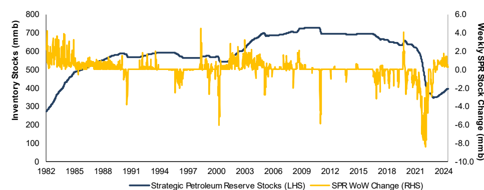
Source: EIA

Oil: US SPR less commercial reserve deficit widens, now -28.726 mmb

US SPR reserves

The SPR will be increasingly on the watch with Trump's stated plan to fill the SPR to the brim. The US Strategic Petroleum Reserves (SPR) continues to be much lower than total US commercial crude oil reserves. The SPR went back below commercial for the first time since 1983 in the Sep 16, 2022, week. This week, we saw a build on the SPR side and a build on the commercial side. The EIA's weekly oil data for Jan 31 [LINK] saw the SPR reserves increase +0.250 mmb WoW to 395.064 mmb, while commercial crude oil reserves increased +8.664 mmb to 423.790 mmb. There is now a -28.726 mmb difference between SPR reserves and commercial crude oil reserves. The below graphs highlight the difference between commercial and SPR stockpiles, along with the weekly changes to SPR stockpiles.

Figure 19: Strategic Petroleum Reserve Stocks and SPR WoW Change



Source: EIA

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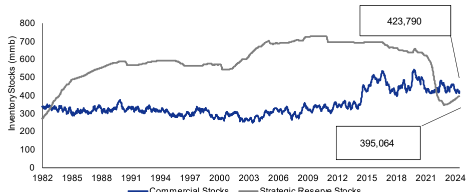
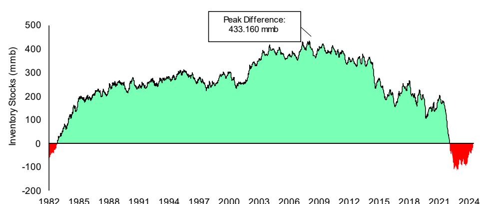
Figure 20: US Oil Inventories: Commercial & SPR



Source: EIA

Figure 21: US Oil Inventories: SPR Less Commercial



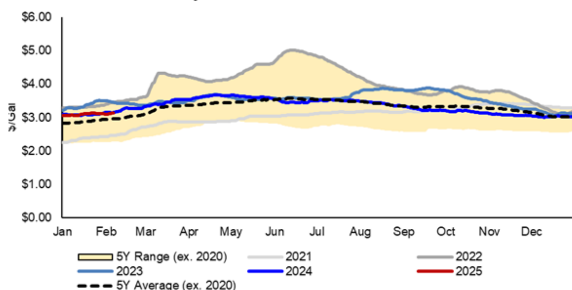
Source: EIA

Oil: AAA reports US national average gasoline price +$0.04 WoW to $3.14 on Feb 8

US gasoline prices

Yesterday, we posted [LINK] "*AAA National average gasoline prices +$0.04 WoW to $3.14 on Feb 8, +$0.07 MoM & -$0.01 YoY. California average prices +$0.11 WoW to $4.58, +$0.19 MoM & -$0.01 YoY. Thx @AAAnews #OOTT.*" Yesterday, AAA reported that US national average prices were $3.14 on Feb 8, which was +$0.04 WoW, +$0.07 MoM and -$0.01 YoY. Yesterday, AAA also reported California average gasoline prices were $4.58 on Feb 8, which was +$0.11 WoW, +$0.19 MoM and -$0.01 YoY. Below is our graph of Bloomberg's National Average weekly gasoline prices.

Figure 22: AAA National Average Gasoline Prices



Source: AAA, Bloomberg

Oil: Crack spreads +$3.32 WoW to $22.06 on Feb 7, WTI -$1.53 WoW to $71.00

Crack spreads closed at $22.06

On Friday, we posted [LINK] "*321 crack spreads +$3.32 WoW to $22.06 on Feb 7. Whereas WTI -$1.53 WoW to $71.00. WTI is more impacted by Trump continued push on Saudi/OPEC to lower oil prices as 321 cracks at $22.06 would tend to drag up WTI. Thx @business*

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#OOTT. Crack spreads were +$3.32 WoW to $22.06 on Feb 7 whereas WTI was -$1.53 WoW to $71.00. WTI continues weak driven by Trump's continued push on Saudi Arabia and OPEC to bring down the price of oil. He keeps pushing for lower oil prices. Our post noted that, in normal times, crack spreads of $22.06 would tend to drag up WTI prices. We have been highlighting that, for the past several months, for the most part WTI has been driven more by global factors and not crack spreads. Crack spreads $22.06 is well above the typical pre-Covid $15-20 range and normally crack spreads moving up over $20 starts to incentivize refiners to take a little more crude and drag up WTI prices. Crack spreads of $22.06 on Feb 7 followed $18.74 on Jan 31, $17.73 on Jan 24, $17.94 on Jan 17, $16.47 on Jan 10, $16.48 on Jan 3, $16.05 on Dec 27, $16.44 on Dec 20, $16.53 on Dec 13, $15.95 on Dec 6, $15.72 on Nov 29, $17.09 on Nov 22, $17.99 on Nov 15, and $17.30 on Nov 8.

Crack spreads normally point to near term oil moves, explaining 321 cracks
Crack spreads and WTI price movement to end the week reinforced that WTI is more impacted by global oil items than crack spreads. It hasn't been normal times for oil markets in the last several months with a wide range of global factors. So for the most part, the last several months are a good example that global oil and market items impact WTI more than crack spreads. But in normal times, broad market factors aside, we have focused on crack spreads for since the 90s as they are an unchanged fundamental of refineries – wide/high crack spreads provide incentives for refineries to buy more crude because there are big profit margins to be made. We track US crack spreads but there is also an influence on global refining capacity on US crack spreads as the increasing global refining capacity has also tended to have downward pressure on US crack spreads especially with demand being less than most expect. So if crack spreads are wide/high, it is normally a positive for the very near term look ahead to WTI. Conversely, if crack spreads are narrow/low, it doesn't give refineries any real incentive to take more crude, which is normally softness for the very near term look ahead to WTI. People often just say "cracks", which refers to the 321 crack spread. This is the spread or margin that refiners make from buying crude at a certain price and then selling the finished petroleum products at their respective prices. The 321 crack spread is meant to represent what a typical US refinery produces. It assumes that for every three barrels of crude oil, the refinery will produce two barrels of gasoline and one barrel of distillates. So the crack spread is based on that formula and worked back to a crack spread per barrel. Below is the current 321 crack spread vs WTI that we put in our tweet where we marked the gaps where the crack spread normally drags up oil prices. 321 Crack spread closed at $22.06 on Feb 7.

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Figure 23: Cushing Oil 321 Crack Spread & WTI Feb 7, 2015 to Feb 7, 2025

Source: Bloomberg

Oil: Trans Mountain could increase throughput by 200-300,000 b/d fairly quickly

TMPL potential added capacity

We are surprised that it took any time at all for someone to ask or Trans Mountain to step up to acknowledge they can quickly increase throughput, some almost right away. (i) On Thursday, Reuters reported "*Trans Mountain is looking at expansion projects in the short and long terms that could add between 200,000 and 300,000 barrels per day (bpd) of capacity to the company's system, Jason Balasch, a vice president at the firm, said on Thursday." Trans Mountain is exploring short-term options, including using a drag reducing agent in its pipeline to boost the flows and other long-term solutions like adding pumps, Balasch said on the sidelines of an oil conference in Houston*." (ii) On Friday, we posted [LINK] "*Pipelines 101. Yes, Trans Mountain should be able to increase volumes by 200-300,000 b/d 👇, some very quickly without any added pipe. Drag Reducing Agents been used for a decade, chemicals like polymers that reduce the friction of #Oil in the pipeline so more oil flows thru without any added equipment. Adding pumping capacity for oil pipelines or compression for #NatGas pipelines is normally built into original pipeline plans. Can be adding capacity at existing pumping stations or new pumps at pre-approved locations (ie. upward slope). Other big benefit is they could reduce tolls and still make more money with incremental volume vs capex. Thx @ArathySom #OOTT."* (iii) Long-term readers of Energy Tidbits know we started writing on DRA's in 2010 and consider them basically in-the-bag ways to increase throughput. These are old school and well known to any pipeline company. It is not new technology or ideas. (iv) Drag reducing agents. This is far from new technology. We started writing about them in my sector presentations in 2010. Highlighted seven years ago after joining SAF and highlighted them in a Sept 18, 2018 blog "2018 blog "*Enbridge's "Other" Projects Could Add 325,000 b/d Egress On Top Of Its Line 3 Replacement Add Of 375,000 b/d"* . Enbridge estimated DRAs could add 75,000 b/d to mainline throughput. It's basically adding items like polymers to reduce the friction of the oil in the pipeline so the oil can move faster thru the pipeline and the more oil moves thru the pipeline in the same amount of time for exactly the same energy to move the oil. Ie. do not require adding pumping capacity. (v) Adding pumping capacity. This is what every pipeline builds in to their future upside plans. The ability to pump the oil or natural gas faster thru the pipeline by adding pumping stations for oil pipelines or compression for natural gas pipelines. There is no change to the pipeline itself. Just either adding pumping capacity at the existing pumping stations or adding pumping stations at pre-approved by regulators new locations. Often it's where there a

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upward slope in the land. (vi) Our post noted one other benefit if TMPL does these added capacity actions. They do this, they could reduce the tolls a little bit and still make more money as the incremental capex would not be significant relative to the cost. Our Supplemental Documents package includes the Reuters report.

Enbridge highlighted drag reducing agents in 2017

We say that drag reducing agents are not new technology. On Sept 18, 2018, we posted a lengthy blog "*Enbridge's "Other" Projects Could Add 325,000 b/d Egress On Top Of Its Line 3 Replacement Add Of 375,000 b/d".* It included Enbridge's estimate to add 75,000 b/d from DRAs. Here is a brief excerpt from that blog. "*We believe that at least 325,000 b/d of these "Other" projects looks executable for around 2020. We took the Enbridge list of "Mainline Expansion Opportunities" for 450,000 b/d as a starting point for our review. And what stuck in our mind was the comments from last year as Enbridge made a point of emphasizing the low cost and highly executable nature of these additions. To be clear, these are not their Line 3 replacement, these are projects separate from their 375,000 b/d Line 3 replacement project. We shouldn't have been surprised to see they seem like low hanging fruit and identified projects that look to be highly likely to work and are to be impactful around 2020. Perhaps what surprised us the most is that these "Other" projects have been ignored by markets. After reviewing these projects, we came to the view that there is probably at least 325,000 b/d of additional available capacity on the mainline in and around 2020. (i)There is 75,000 b/d of DRA optimization. DRA is drag reducing agents. DRAs are not unique to Enbridge's oil pipelines, they are working on other oil pipelines. We assume this will work. (ii) The BEP idle of 100,000 b/d is their Bakken expansion program that has underutilized capacity of 100,000 b/d. It is there for 2019. We assume this will work. (iii) The Line 13 reversal of 150,000 b/d is the potential reversal of their Line 13, which is also known as the Southern Lights pipeline that brings condensate from Illinois up to Edmonton so it can be blended with heavy oil for pipeline transportation. We believe the strong success of the condensate rich Duvernay and Montney is decreasing the need for condensate imports via this line, which at least provides the opportunity for condensate to be captured to replace the current Line 13 condensate volumes. Therefore we believe why Enbridge puts this as a highly executable project. We assume this will work. (iv) We do not have enough of a familiarity with the other two projects to get to the 450,000 b/d to include in our analysis, so have left off for now*."

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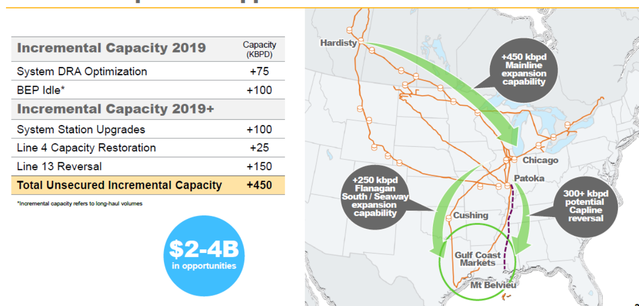
Figure 24: Enbridge Mainline Expansion Opportunities from 2017



Source: Enbridge in 2017

Aug 2018: Drag Reducing Agents are also old technology in the US

Using drag reducing agents to increase oil pipeline throughput is not just for Canadian pipelines, it is also old technology in the US. Here is an excerpt from Aug 12, 2018 Energy Tidbits memo on Enterprise increasing its throughput by ~100,000 b/d from DRAs. "*Drag Reducing Agents are adding heavy oil capacity. One of the now common themes for pipelines is the use of drag reducing agents ("DRA") to increase the effective capacity of an oil pipeline. A good example was the Enterprise Products comments of the Q&A in last week's Q2 call. Mgmt highlighted how the use of DRAs will be adding about 100,000 b/d to the Seaway capacity. Mgmt replied "I'll take that. We're evaluating expanding Seaway. I think there's others out there doing the same thing. The one thing that we can do immediately because we're adding DRA to Seaway 2, that'll be online in September and that adds about 100,000 barrels a day of capacity." The potential impact of DRAs is not a new theme. We looked back to our 2010 investor presentations and memos for our non technical explanation that DRAs tend to be polymers that reduce the friction of oil in pipes and by reducing friction allows more oil to flow thru the pipe in a given period. The use of DRAs is not limited to North America, but any oil pipeline. Plus the use of polymers has also been used in cold heavy oil wells to improve flow rates. One thing to keep in mind."*

Drag Reducing Agents called "New Technology" in Tanzania/Zambia

Prior to the Trans Mountain comments on drag reducing agents, we had flagged a Bloomberg Tuesday report for today's memo. It was titled "*Tanzania-Zambia Crude Oil Pipeline boosts efficiency with new technology. The Tanzania-Zambia Crude Oil Pipeline (TAZAMA) has increased its fuel transport capacity with the introduction of a Drag Reduction Agent (DRA), allowing for the transportation of between 1.2 and 1.3bn litres of fuel annually, up from 700mn litres, Daily News reported on February The system, which reduces friction and improves fluid flow, has increased daily fuel transportation capacity from 2.8mn litres to 3.6mn litres, a 30% increase."* The "new technology" made us chuckle but then we realized it's a reminder that many parts of the oil and gas industry around the world are years behind what are considered normal oil and gas enhancements in North America. Our Supplemental Documents package includes the report.

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Oil: Trans Mountain also has efficiencies to increase tanker volumes

TMPL efficiencies to increase tanker volumes

It is also important to know that Trans Mountain sees efficiencies that can increase its tanker volumes out of Burnaby. Early Friday morning, we posted [LINK] "*Trans Mountain oil pipeline to BC west coast export terminal. Shipping 720,000 b/d vs 890,000 b/d capacity. Tolls have been a holdback so far but won't under Trump tariffs. Efficiencies can increase tanker volumes ie. lighting, dredging. See 👇 @roberttuttle @lkassai #OOTT.*" Our post included the Bloomberg report that noted two Trans Mountain items that should increase tanker volumes. Bloomberg wrote "*Meanwhile, Trans Mountain is looking to add navigational lighting to permit ships to enter the channel 24 hours a day while outbound ships would only run in the daylight, Balasch said. The lighting is set to be installed in the current quarter, with testing and commissioning planned in the second quarter and the system going into service in the third quarter. The 24-hour operations could happen "very soon," executives at Suncor Energy Inc., an oil sands producer that uses the line, said on an investor call Thursday. In addition, Trans Mountain is looking to dredge some of the ship channel to allow tankers to carry more oil, according to Suncor.*"

Suncor says TMPL Westridge increased tanker efficiencies to start mid-2025

I am fortunate to have great Twitter/X followers who will regularly pass on items to add to our tweets. Especially it is impossible for me to pick up all the relevant items. On Friday, I followed up our above post on the increased tanker volumes efficiencies and posted [LINK] "*Positive for Cdn #Oil especially with Trump tariffs. Increased tanker volumes out of Westridge means more Cdn oil gets exported. Trans Mountain increased tanker volume actions out of Westridge terminal are on track to start impact in mid-2025. 👇Suncor CEO on Q4 call Q&A. @business transcript. Thx @John_S_Pierce for flagging! #OOTT.*" I hadn't gotten to reviewing the Suncor Q4 call on Thursday and likely wasn't going to get at this weekend. But thanks to John Pierce I reviewed it and Suncor CEO, the Q&A, said Suncor expects these tanker efficiencies to start to kick in at mid-2025. Here is the Bloomberg transcript. Suncor was asked "*just in terms of the Westbridge marine terminal is -- does that sound -- in terms of the expansion of throughput, does midyear sound about right?*" CEO Kruger replied "*Yeah, that's right.*" And then added "*Okay. Yeah. I think there's a couple of things that at Westridge Stock that TMX is working on. One is lighting to allow ships to load at night or dock at night that will help drive some expansion and then -- and that's on-track to happen very soon. And then later in the future will be some capability to dredge under the narrows. Bridge, which will allow larger cargoes. We were pretty happy with took a little couple of months-to work-out the logistics on the Westridge stock, but it's a -- we knew it was going to be a busy logistics situation. The team has done. We've worked with the TMX team, others have worked and we really -- we think the logistics are working out really well over there.*"

Oil: Trump pauses tariffs on Canada for 30 days, sounds like a negotiating period

Trump pauses tariffs on Canada

Just after the close of markets on Monday, Trudeau posted [LINK] "*I just had a good call with President Trump. Canada is implementing our $1.3 billion border plan — reinforcing the border with new choppers, technology and personnel, enhanced coordination with our American partners, and increased resources to stop the flow of fentanyl. Nearly 10,000*

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frontline personnel are and will be working on protecting the border. In addition, Canada is making new commitments to appoint a Fentanyl Czar, we will list cartels as terrorists, ensure 24/7 eyes on the border, launch a Canada- U.S. Joint Strike Force to combat organized crime, fentanyl and money laundering. I have also signed a new intelligence directive on organized crime and fentanyl and we will be backing it with $200 million. Proposed tariffs will be paused for at least 30 days while we work together." We read the 30-day period of "while we work together" as meaning while we negotiate.

What more will Trudeau give?
After the 30-day pause on Trump tariffs on Canada, we posted [LINK] "*What more will Trump get from Trudeau in the 30-day pause/negotiation ending a week before Mar 9 new 🇨🇦Liberal leader/PM. Does Trudeau want to go out the door as: (a) PM who says no more & risks Trump going ahead with 25% tariffs to hammer Cdn economy, or (b) PM who got Trump to stop tariff threat even if it means giving up something more. #OOTT."* Trudeau is out as Liberal leader on Mar 9 but he will be the one negotiating with Trump. Trump knows Trudeau is out shortly after and that Trudeau is faced with the choice of standing up to Trump and risking leaving as PM with the tariffs hitting Canada or cutting a deal. We have to believe it will be Trudeau cuts a deal so the question is what more will Trudeau give up? Even before Trump agreed to a 30-day pause, he already raised one added item – more access for US banks in Canada. ON Monday morning, we posted [LINK] "*No change for now in US tariff on CAN. Plus Trump broadening out problem beyond Fentanyl. Fits 👇Hassett on CAN not getting what US wants to fix. Trump "Canada doesn't even allow U.S. Banks to open or do business there. What's that all about? Many such things, but it's also a DRUG WAR, and hundreds of thousands of people have died in the U.S. from drugs pouring through the Borders of Mexico and Canada. Just spoke to Justin Trudeau. Will be speaking to him again at 3:00 P.M." [LINK] #OOTT."*

Early Monday, White House Hassett pointed to Trump sanctions easing
We have to believe there were many who traded once they heard the White House's Kevin Hassett on CNBC Squawk Box early Monday morning who seemed to point to some sort of easting for Trump's sanctions on Mexico but it wasn't clear on Canada. Early Monday morning, we posted a video clip of Hassett [LINK] "*Near term off ramp for US tariffs on Mexico? Not clear about Canada. "there are positive conversations that are going between the leaders of these countries over the next hours and President Trump will then see what they have to offer and then make the call. "but i can tell you that everybody has been very impressed by the seriousness of the Mexicans. The fact they have read the executive order and understood it. Whereas the Canadians, like either didn't read it or are misrepresenting it to the Canadian people for political gains rather than solve Canada's problems. So if you wonder why Canada has so many problems right now, its because they have politicians like that". White House Kevin Hassett with @BeckyQuick @andrewrsorkin #OOTT."* Approx two hours after (and 1.5 hours into trading), we posted the breaking news of a 30-day pause on Mexico. We posted [LINK] "*US tariffs on MEX paused for 1 mth. See 👇early video of Hassett pointing to some breakthru with Mexico. We had a good conversation with President Trump with great respect for our relationship and*

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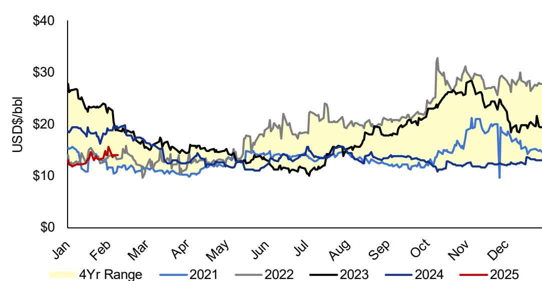
sovereignty; we reached a series of agreements: 1. Mexico will immediately reinforce the northern border with 10,000 members of the National Guard to prevent drug trafficking from Mexico to the United States, particularly fentanyl. 2. The United States is committed to working to prevent the trafficking of high-powered weapons to Mexico. 3. Our teams will begin working today on two fronts: security and trade. They are pausing tariffs for one month from now. @Claudiashein [LINK] #OOTT."

Oil: Cdn heavy oil differentials narrows -$2.05 to $$13.45 on Feb 7

WCS less WTI diffs narrow

As expected, the 30-day pause on Trump tariffs led to a narrowing of WCS less WTI differentials this week. Normally at this time of the year, we would be trotting out our normal commentary that this is the start of the seasonal narrowing of WCS less WTI differentials as refineries in the US start to take more medium sour crude as they change their runs to produce more asphalt for the upcoming paving season. But the story for WCS less WTI differentials for the past two weeks was Trump's tariffs on Cdn oil and natural gas and then his 30-day pause on such tariffs. Trump's comments last week that he will be including Cdn oil and natural gas in the tariffs caused a big spike to the differential, but it then reverted back down after the U.S. decided to pause tariffs for 30 days. As a result, WCS less WTI diffs narrowed -$2.05 this week to close at $13.45 on Friday.

Figure 25: WCS less WTI differentials



Source: Bloomberg

TMX impact: WCS less WTI diffs did not seasonally widen in H2/24

The start of TMX pipeline in Q2 was the big expected positive for Cdn oil by keeping WCS less WTI differentials a lot narrower than what is normally seen in the normal seasonal widening in Sept/Oct/Nov. And it has continued to help in 2025 even in the face of Trump tariffs. It is clear increasing tanker exports has worked and differentials did not widen as normally happens WCS less WTI differentials are approx. $6 narrower vs a year ago and also approx. $ narrower than two years ago. Feb is normally when WCS less WTI differentials seasonally narrow and so we were expected the big win for WCS less WTI differentials to shrink in Feb/Mar/Apr. On Friday, we posted [LINK] "*WCS-WTI diffs narrowed $2.05 WoW with Trump 30-day pause of tariffs on Cdn #Oil. Still way lower diffs since tanker exports increased with June TMX start up. But gap is narrowing as this is the normal seasonal narrowing for WCS-WTI diffs as refiners look for more medium sour for paving season. WCS less WTI diffs: 02/07/25: $13.45. 02/07/24: $19.05. 02/07/23: $19.45. Thx @garquake*

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@business #OOTT. Our post included the below chart that shows how WCS less WTI differential were low in the summer and have stayed fairly flat in Aug/Sept/Oct/Nov/Dec and how differentials were widening in Sept/Oct/Nov in 2022 and 2023. And it also shows how differentials normally narrow in Q1 every year as refiners start to process more medium/heavy as they look ahead to asphalt and paving season.

Figure 26: WCS less WTI differentials to Feb 7, 2025 close

Source: Bloomberg

Oil: Refinery Inputs up +0.160 mmb/d WoW to 15.349 mmb/d

Refinery inputs +0.160 mmb/d WoW

As expected, there was an increase in refinery inputs after last week's very cold temperatures hit crude oil inputs into refineries, in particular in the Gulf Coast (PADD 3). There are always unplanned refinery items that impact crude oil inputs into refineries. And there is always different timing for refinery turnarounds; generally late October marks the point when refineries have come out of fall turnarounds and are ramping up crude oil inputs as they change from summer to winter fuel blends. And in Nov/Dec, it is normally ramps up before we start to see refineries move into turnarounds starting in Jan. We have been expecting to see oil inputs into refineries decline in Jan/Feb with normal seasonal timing for refineries moving into turnarounds in Jan. On Wednesday, the EIA released its estimated crude oil input to refinery data for the week ended January 31 [LINK]. The EIA reported crude inputs to refineries were up +0.160 mmb/d this week to 15.349 mmb/d and are up +0.509 mmb/d YoY. The US Gulf Coast PADD 3 saw a turnaround after big hits from the cold weather the previous few weeks as crude oil inputs were up +0.159 mmb/d WoW to 8.027 mmb/d for the week ended January 31. Refinery utilization was up +1.0% WoW to 84.5% and was up +2.1% YoY.

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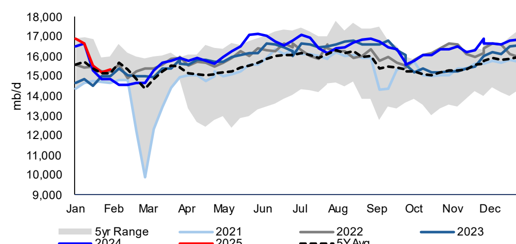
Figure 27: US Refinery Crude Oil Inputs



Source: EIA, SAF

Oil: US net oil imports down -0.178 mmb/d WoW, oil exports were up +0.645 mmb/d

US net imports -0.178 mmb/d WoW

The EIA reported US "NET" imports down -0.178 mmb/d to 2.584 mmb/d for the week of January 31. US imports were up +0.467 mmb/d to 6.915 mmb/d, while exports were up +0.645 mmb/d to 4.331 mmb/d. Top 10 was up +0.096 mmb/d. Give the EIA credit for putting out weekly oil import estimates, but it's a reminder that we must be careful about using the weekly oil import estimates. Rather we need to make sure we go to the monthly data for oil imports. (i) US oil imports from Canada were up +0.347 mmb/d WoW to 4.063 mmb/d. We have been expecting US oil imports from Canada to be high ahead of any potential Trump tariff on Cdn oil. Weekly imports have been higher for the past five months with the increased Cdn crude coming off TMX and hitting west coast US refineries. (ii) Saudi Arabia was up +0.017 mmb/d to 0.488 mmb/d. (iii) Mexico was down -0.372 mmb/d to 0.149 mmb/d. This is the lowest week and there has only been one other week below 0.2 mmb/d for probably 50 years or so. We don't have the historical data back that far. As a general rule, oil imports from Mexico have been significantly lower for the past years with the njew Olmeca (Dos Bocas) refinery slowing ramping up in 2024 and Pemex's other refineries increasing crude oil processing. Assuming Pemex can ramp up Olmeca and continue to improve processing at the other refineries, Mexico should be able to process all its own oil production (ie. no exports) by the end of 2025. (iv) Colombia was down -0.133 mmb/d to 0.150 mmb/d. (v) Iraq was down -0.237 mmb/d to 0.099 mmb/d. (vi) Ecuador was up +0.055 mmb/d to 0.157 mmb/d. (vii) Nigeria was up +0.060 mmb/d to 0.152 mmb/d.

Figure 28: US Weekly Preliminary Imports by Major Country

US Weekly Preliminary Crude Imports By Top 10 Countries (thousand b/d)

	Dec 6/24	Dec 13/24	Dec 20/24	Dec 27/24	Jan 3/25	Jan 10/25	Jan 17/25	Jan 24/25	Jan 31/25	WoW
Canada	3,829	4,339	3,919	3,733	4,422	3,985	4,329	3,716	4,063	347
Saudi Arabia	175	81	368	87	69	333	256	471	488	17
Venezuela	187	521	120	353	253	240	416	319	214	-105
Mexico	440	526	397	551	392	362	244	521	149	-372
Colombia	125	136	276	289	72	266	286	283	150	-133
Iraq	213	209	229	212	180	152	218	336	99	-237
Ecuador	103	69	0	0	147	103	0	102	157	55
Nigeria	168	56	237	71	192	38	156	92	152	60
Brazil	251	178	248	280	233	129	138	114	254	140
Libya	0	32	50	189	56	86	30	0	324	324
Top 10	5,491	6,147	5,844	5,765	6,016	5,694	6,073	5,954	6,050	96
Others	493	502	627	1,161	412	430	672	494	865	371
Total US	**5,984**	**6,649**	**6,471**	**6,926**	**6,428**	**6,124**	**6,745**	**6,448**	**6,915**	467

Source: EIA, SAF

Oil: Baker Hughes International -4 rigs MoM to 905 rigs in January, down -6.2% YoY

International rigs -4 MoM in January

On Friday, Baker Hughes posted its monthly update to international rigs, in total, rigs in January decreased -4 rigs MoM. (i) Note that Baker Hughes has changed its report format

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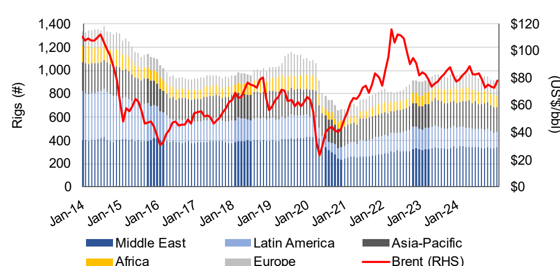
which doesn't allow us to break out all country-by-country information. (ii) Total international rigs fell by -4 rigs MoM to 905 rigs in January and total rigs are up +99 rigs from the recent low of 806 in April 2022. The MoM rig count is as follows: Africa -1 rig, Asia-Pacific -12 rigs, Europe flat, Latin America -5 rigs, and the Middle East is +14 rigs MoM. The YoY rig count is as follows: Africa -10 rigs YoY, Asia-Pacific -8 rigs, Europe -2 rigs YoY, Latin America -38 rigs, and the Middle East is -2 rigs MoM. (iii) We were not able to summarize the MoM data by country due to Baker-Hughes' new format. (iv) January's count of 905 rigs was down -6.2% YoY from 965 in January 2024, and down -16.6% vs pre-Covid February 2020 of 1,085 rigs. Below is our graph of international rigs by region and avg monthly Brent price.

Figure 29: Baker Hughes International Rig Count and Brent Pric



Source: Baker Hughes, Bloomberg, SAF

Oil: Norway's biggest oilfield Johan Sverdrup production peaked in 2023/24

Johan Sverdrup oil production peaked in 2023/24

Equinor reported Q4 on Wednesday and confirmed their prior views – Norway's largest oilfield, Johan Sverdrup, oil production was peaking and is moving into plateau/small decline in 2025. On Wednesday, we posted [LINK] "*Looks like Norway's biggest oil field, Johan Sverdrup peaked in 2024 and 2025 is start of slight decline or plateau. Equinor Q4 "production at the Johan Sverdrup field is expected to continue to be close to 2023 and 2024 levels in 2025" Close to = slightly lower production. Fits 👇10/24/24 Q3 call. #OOTT.*" Equinor didn't specifically say Johan Sverdrup oil production peaked in 2023/24. Rather they said that 2025 production would be close to 2023/24 levels. As we remind, close to means less than but not too much less than. We reiterate this is not a new view, this is the same as they have said over the past year. And by Beng close to 2023 and 2024 levels, it is the same thing as saying they are in a plateau but small decline production. Johan Sverdrup peak production has been estimated at 755,000 b/d.

10/24/24, Equinor, 755,000 b/d Johan Sverdrup to begin to decline in early 2025

Our post this week said it fits their 10/24/24 Q3 call. Here is what we wrote in our Oct 27, 2024 Energy Tidbits memo. ""*Johan Sverdrup is Norway's biggest oilfield and it is currently at ~755,000 b/d, which is approx. half of Norway's total oil production. On Feb 8, 2024, we first tweeted how Aker BP, a partner in Johan Sverdrup, was the first to note that Johan Sverdrup was moving from plateau to decline in late 24/early 25 as water was starting to hit some wells. That view hasn't changed all year. Our view is simple – when a country's giant oilfield that accounts for half of a country's production, it normally means the country's total oil production will start to decline. It*

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is why, since Feb, we have warned that Norway oil production is about to start to decline. On Thursday, Equinor held its Q3 call and it also reminded how the best insights come from the Q&A portion of conference calls. Equinor confirmed that they see the 755,000 b/d Johan Sverdrup oilfield will come off plateau in early 2025, which is the way to say Johan Sverdrup oil production will begin to decline in early 2025. On Thursday, we tweeted [LINK] "Norway on track for peak #Oil production in 2025 & then decline. @Equinor CEO confirms Norway's 755,000 b/d field "will be on plateau until early 2025" ie. after plateau is decline. Fits 👇 08/21, 03/11 & 02/08 tweets, Norway sees its oil production peaking in 2025. #OOTT." In the Q&A, mgmt replied "Your second question, Henri, on Johan Sverdrup. Yes. So far, so good. We see that we are now in a position where we can say that the plateau, we will be on plateau until early 2025. I think it's very important for me to say that we are not surprised at all that we will come off plateau in 2025. It is a function of that we have invested in higher capaciy, the 755,000 barrels per day pushing cash flow and net present value higher. And that leads to that we will get off plateau earlier."

01/09/25: Norway oil production plateau in 2025/26, then start to decline

As a reminder, Norway has forecasting that its oil production was peaking in 2025. Our Aug 25, 2024 Energy Tidbits noted their forecast for Norway total oil production to peak in 2025 and then decline. On Jan 9, 2025, Norway came out with a similar forecast. Here is what we wrote in our Jan 12, 2025 Energy Tidbits memo. "*Norway oil production plateau in 2025/26, then start to decline. On Thursday, we posted [LINK] "Norway's new fcast for peak #Oil #NatGas production. Oil. peak 2023 1.79 mmbd, plateaus 2023-26, then declines. to 1.40 mmbd in 2029. NatGas, peak 2024 12.00 bcfd, modest drop to plateau 2025-27, then decline to 10.72 bcfd in 2029. Decline accelerates as mostly older fields. #OOTT." (i) It is not a surprise to see this forecast, which is in line with Norwegian Offshore Directorate's Aug forecast. (ii) On Thursday, the Norwegian Offshore Directorate posted its "The Shelf in 2024", which included the NOD's forecast for oil, condensate, NGLs and natural gas production through 2025. Our post included a table we created from the NOD backup excel to give the actual forecast numbers. (iii) For oil, the NOD estimates peak oil was 2.02 mmb/d in 2023, but that is essentially unchanged with a plateau production thru 2026 at 2.00 mmb/d in 2024, 2.01 mmb/d in 2025 and 2.00 mmb/d in 2026. Then declines hit with 1.92 mmb/d in 2027, 1.78 mmb/d in 2028 and 1.66 mmb/d in 2029. (iv) Natural gas. NOD forecasts peak natural gas production of 12.00 bcf/d in 2024, then down modestly to a plateau production of 11.64 bcf/d in 2025, 11.62 bcf/d in 2026, and 11.59 bcf/d in 2027. Then declines hit with 11.26 bcf/d in 2028 and 10.72 bcf/d in 2029. (v) The reason why declines start to kick in despite ongoing exploration and development is that a lot of the base production is old. Our post included the below NOD graph that NOD described as "The figure below shows a number of fields that are producing between 10 and 30 years longer than originally planned. Several of these fields will continue to produce until 2030, and some even to 2040. This provides a significant contribution to production and value creation on the shelf." So it's good news that technology and development is allowing longer life for old fields, but the reality is that the age of these fields will start to kick in. Our Supplemental Documents package includes excerpts from the NOD "The Shelf in 2024".*

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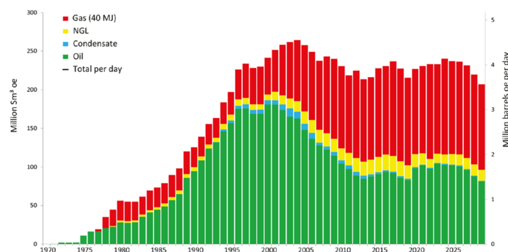
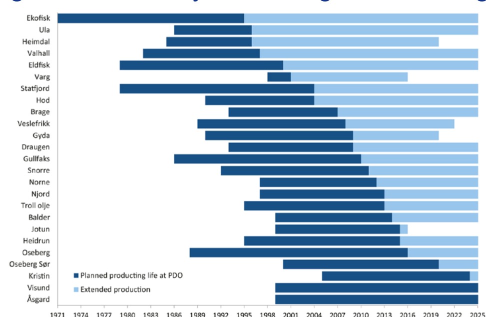
SAF GROUP Canadian Private Credit

Figure 30: Norway's forecast oil and natural gas production thru 2029



Source: Norwegian Offshore Directorate

Figure 31: Norway's oil and gas fields, original planned life vs current life expectation



Source: Norwegian Offshore Directorate

Oil: Russian refineries processing drops WoW with fire impact on Ryazan refinery

Russian refineries crude oil runs

We have been surprised how Russia has been able to keep its refineries going relatively well despite Ukraine drone attacks that even Russia local politicians admit hit the refineries. It must be that the drone attacks haven't hit critical equipment that would take months to fix instead of a few weeks. There were more drone hits on Russian refinery complexes this week and we have to believe that, sooner or later, Russia refinery processing takes a step down. Unfortunately, we never get any detail on how a refinery is impacted when a drone hits at a refinery. The previous week, the Ryazan refinery, one of Russia's largest refineries, reported drone attacks causing fires outbreaks. The refinery has a design capacity of around 0.340 mmb/d but halted crude oil intake in late Jan due to the damages incurred. Bloomberg reported that, during the period of Jan 23-29, Russia's average crude processing rate decreased to about 5.23 mmb/d, which is down more than -0.270 mmb/d versus the previous seven-day period rate of approx. 5.50 mmb/d. Bloomberg wrote "*Russian refineries processed about 5.23m b/d of crude on Jan. 23-29, according to a person with knowledge of industry data. That's a decline of more than 270k b/d from the previous seven days, mainly due to a drop in throughput at Rosneft's Ryazan refinery, the person said*".

Oil: Russia's seaborne crude shipments down ~130,000 b/d WoW

Russia's seaborne crude exports

On Tuesday, Bloomberg released their weekly Russian Seaborne crude tracker, this week, titled *"Russian Crude Exports Face Delays Discharging After US Sanctions"*. Russia has

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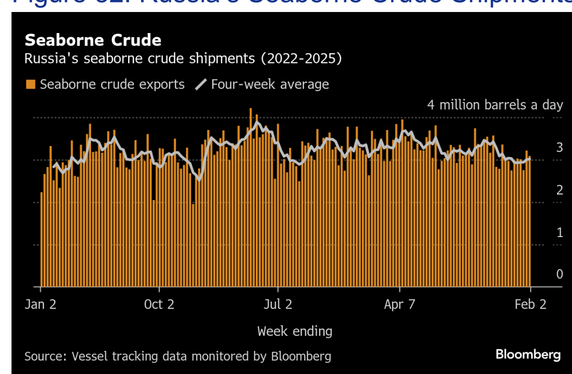
seen broadly stable crude exports despite the latest US sanctions, but issues have emerged on off-loading these tankers. In the Pacific, only two of nine Sakhalin cargoes have discharged since the sanctions, and with a combined fleet of only 10 specialized tankers used to transport these grades, it won't be long until shipments start to falter. The daily crude flows were down about -130,000 b/d WoW to 3.09 mmb/d for the week ended Feb 2. Lower flows from the country's main Pacific port and the Black Sea were offset by increased shipments from its Baltic terminals. The four-week average volumes were little changed, increasing +20,000 b/d from the previous week's revised numbers to 3.02 mmb/d for the week of Feb 2. Bloomberg reported, "*In the Pacific, only two of nine cargoes shipped from the Sakhalin Island oil and gas projects since the sanctions have discharged. Of the other seven, four are idling near the Russian port of Nakhodka, one has been between Japan and South Korea since Jan. 17 and another arrived Monday off its Chinese destination. The last has yet to reach a location where it too is likely to idle.*" Our Supplemental Documents package includes the Bloomberg report.

Figure 32: Russia's Seaborne Crude Shipments



Source: Bloomberg

Russia oil exports to China maintaining lower volumes since sanctions

It was widely reported in Jan that China has been stopping some direct unloading of sanctioned Russia tankers at its port, and the Bloomberg estimates support that view. Note that the Bloomberg table says crude shipments to Asia, but it is actually crude shipments to China. Bloomberg's crude oil shipments from Russia to China has continued to report lower volumes of shipments since the US sanctions were implemented on Jan 10. Bloomberg highlighted the four-week average of Russia oil shipments to China were down to 1.040 mmb/d for the week ending Feb 2, a decline from last week's upwardly revised shipments of 1.070 mmb/d (was 0.920 mmb/d). In the beginning of the year, week ended Jan 5, shipments were at 1.320 mmb/d. Below are the Bloomberg table and graph that we attached to our post.

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Figure 33: Russian Crude Shipments to China

Russia's Asian Customers
Shipments of Russian crude to Asian buyers in million barrels a day

4 weeks ending	China	India	Other	Unknown Asia	Other Unknown	Total
December 29, 2024	1.32	1.38	0.00	0.03	0.00	2.72
January 05, 2025	1.32	1.35	0.00	0.03	0.00	2.69
January 12, 2025	1.13	1.52	0.00	0.03	0.00	2.68
January 19, 2025	1.00	1.47	0.00	0.10	0.00	2.57
January 26, 2025	1.07	1.37	0.00	0.17	0.00	2.61
February 02, 2025	1.04	1.39	0.00	0.25	0.00	2.68

Source: Vessel tracking data compiled by Bloomberg Bloomberg

Source: Bloomberg

01/10/25: Biden sanctioned 160 tankers that shipped 1.6 mmb/d of RUS oil
Here is what we wrote in (Jan 19, 2025) Energy Tidbits memo. "*Last week's (Jan 12, 2025) Energy Tidbits highlighted the Jan 10 new Biden sanctions on Russia energy sector. This week, the IEA noted the significance of the latest sanctions on Russian tankers. They noted it impacted over 160 tankers that carry oil for Russia, Iran and Venezuela. And that these newly sanctioned tankers shipped over 1.6 mmb/d of Russian oil in 2024, which was ~22% of Russia's seaborne exports. The IEA also noted "At the same time, there is heightened speculation that the incoming US administration will take a tougher stance on Iran's oil exports, compounding the impact of US Treasury sanctions on Tehran. On 19 December, the US expanded sanctions on vessels transporting Iranian crude. The new sanctions on Iran's shadow fleet now cover vessels that transported an average of over 500 kb/d of Iranian crude in 2024, nearly one-third of the country's crude exports. While it is too early to fully quantify the potential impact from these new measures, some operators have reportedly already started to pull back from Iranian and Russian oil."*

Oil: Bloomberg OPEC production -0.070 mmb/d MoM to 27.030 mmb/d in January

OPEC Jan production

On Monday, Bloomberg posted its monthly survey of OPEC production. (i) The Bloomberg survey estimates OPEC production in Jan was down -0.070 mmb/d MoM to 27.030 mmb/d, which was due to Iraq down 0.110 mmb/d MoM due to a fire at the Rumaila oil field. (ii) Dec's production estimates were revised, increasing +0.050 mmb/d to 27.100 mmb/d. Nigeria was revised +0.050 mmb/d to 1.560 mmb/d (was 1.510). (iii) The largest MoM change in Jan vs Dec was Iraq, down -0.110 mmb/d to 4.010 mmb/d due to a fire at its biggest oil field, Rumaila. There was a fire at a storage tank on Jan24 that reportedly knocked out ~300,000 b/d (25% of the Rumaila production) for about a week. (iv) Kuwait was up +0.060 mmb/d and Venezuela was up +0.050 mmb/d MoM, offsetting Iraq's decline. Below is the Bloomberg survey table.

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Figure 34: Bloomberg Survey OPEC production in January (mmb/d)

	Jan. Estimate	Dec. Output		Net Change	Pct Change	Estimated Capacity
Total OPEC	27,030	27,100		-70	-0.3%	33,500
Algeria	890	900		-10	-1.1%	1,060
Rep. Congo	250	250		0	0.0%	300
Equatorial Guinea	40	70		-30	-42.9%	120
Gabon	230	220		10	4.5%	220
Iran	3,320	3,320		0	0.0%	3,830
Iraq	4,010	4,120		-110	-2.7%	4,800
Kuwait	2,490	2,430		60	2.5%	2,820
Libya	1,210	1,230		-20	-1.6%	1,200
Nigeria	1,520	1,560	r	-40	-2.6%	1,600
Saudi Arabia	8,940	8,950		-10	-0.1%	12,000
UAE	3,230	3,200		30	0.9%	4,650
Venezuela	900	850		50	5.9%	900

Source: Bloomberg

Oil: Trump says he has been talking to Putin on Ukraine deal

Trump talking to Putin about Ukraine deal

No one should be surprised to see the NY Post report last night that Trump has confirmed he has been talking with Putin on a Ukraine deal. The NY Post reported last night [LINK] *"President Trump has spoken to Russian leader Vladimir Putin on the phone to try to negotiate an end to the Ukraine war, he told The Post in an exclusive interview aboard Air Force One Friday. "I'd better not say," said Trump when asked how many times the two leaders have spoken. But he believes Putin "does care" about the killing on the battlefield. In an exclusive interview with The Post aboard Air Force One Friday, President Donald Trump spoke with Russian President Vladimir Putin on the phone as he is trying to negotiate with him to end the Ukraine war. "All those dead people. Young, young, beautiful people. They're like your kids, two million of them – and for no reason. "I always had a good relationship with Putin," he said, unlike his predecessor. "Biden was an embarrassment to our nation. A complete embarrassment." Trump said he has a concrete plan to end the war. "I hope it's fast. Every day people are dying. This war is so bad in Ukraine. I want to end this damn thing*." Earlier this morning, TASS reported on Kremlin spokesman Peskov saying he could neither confirm or deny conversations have been held between Putin and Trump. TASS wrote "*Earlier, The New York Post wrote that Trump announced a discussion by phone with Putin on the settlement of the conflict in Ukraine. "What can be said about this news: as the administration in Washington unfolds its work, many different communications are emerging. And these communications are conducted through different channels. And of course, against the backdrop of the multiplicity of these communications, I personally may not know something, be unaware of something. Therefore, in this case, I can neither confirm nor deny it," the Kremlin spokesman said, answering a question from TASS whether a telephone conversation between Putin and Trump took place after the inauguration of the American leader.*

Oil: Saudi Arabia's statement on need for an independent Palestine state

Saudi Arabia's clear support on Palestine

Saudi Arabia surprised some by its clear statement of support for Palestine including that they will not establish diplomatic relations with Israel without the establishment of an independent Palestine state with East Jerusalem as its capital. On Wednesday, we posted [LINK] "*Saudi Arabia clear statement on Palestine. "establish an independent Palestinian*

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state with Jerusalem as its capital, and will not establish diplomatic relations with Israel without that" "this unwavering position is non-negotiable and not subject to compromise" #OOTT." Our Supplemental Documents package includes the Saudi Foreign Ministry statement.

Oil: Maersk says too early to resume Red Sea shipping

Maersk on Red Sea shipping

Maersk held its Q4 call on Thursday and we posted [LINK] "*Maersk CEO Q4 call, can't resume Red Sea transit until know the on the ground Houthis situation. "so it's either a full degradation of their [attack] capabilities, or there is some type of deal, permanent deal on Gaza and permanent deal between the US Admin and Iran that takes away the incentive for them to do something like that. And then i think it will be safe for us to go back". #OOTT."* IN the Q4 call Q&A, CEO Clerc was clear on what they need to see before they resume Red Sea shipping. They need to see either a full degradation of their attack capabilities ie. wipe out their missiles, drones, sea drones, radar, etc., or some sort of permanent deal between the US and Iran. Our Supplemental Documents package includes the transcript of the CEO's full response.

Oil: Trumps signs off on imposing maximum pressure on Iran & cut oil exports to zero

US imposing maximum pressure on Iran

On Tuesday, we posted [LINK] "*Trump Maximum Pressure on Iran. "Implement a robust and continual campaign, in coordination with the Secretary of the Treasury and other relevant executive departments or agencies (agencies), to drive Iran's export of oil to zero, including exports of Iranian crude to the People's Republic of China;" And more. #OOTT."* There was no real reaction to oil prices with the signing of the executive order. We have saying foTumr months that Trump's quickest way to impact oil prices would e if he goes back to his first term playbook of cutting Iran and Venezuela oil exports to almost zero. Trump has surprised many, including us, on how he seems to have no interest in cutting Venezuela's oil exports. And, based on the conversations we had with investors and oil people, most don't expect him to cut Iran's oil exports to zero for fear of what it would do to oil price and gasoline prices. If you read the executive order, it certainly seems say the US will drive oil exports to zero. Our Supplemental Documents package includes the executive order.

Trump signaled he really preferred to do a deal with Iran

We watched the CSPAN coverage of Trump signing the executive order imposing maximum pressure on Iran. One of the annoying things about the Trump Admin is that they never post things quickly. We understand the reason is they want eyes on the event and not having people read what is written. The Dept of Transportation suspending of funds for EV charging infrastructure on Thursday wasn't posted until Friday. Trump did the formal signing of the Iran executive order but the White House didn't post the executive order until hours later. Fortunately, we were able to watch the CSPAN coverage. So all we knew was that he signed he executive order and what he said at the live press coverage of the signing. There wasn't the actual executive order to read. And when we listened to Trump's comments, he really gave the impression that the last thing he wanted to do was actually act on the maximum pressure. Rather he pointed to wanting to meet with Iran President and cutting a deal. We suspect this is a great part of the reason why most don't think he will go full Admin 1 and cut Iran's oil exports to zero even if that is what the executive order ending up showing. We created a transcript of Trump's comments. A couple were

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“*The Iran situation, hopefully, I am going to sign it. But hopefully, we’re not going to have to use very much. We will see whether or not we can arrange or work out a deal with Iran. And everybody can live together*.” Then he confirmed he would speak with the Iran President. “*Question “Mr. President, are you going to be engage in conversations with your counterpart?” Trump “I would*”. Our Supplemental Documents package includes the transcript we made of Trump’s comments.

Oil: Iran Supreme Leader “one shall not negotiate with a [US] government like this”

US imposing maximum pressure on Iran

On Friday, the Iran Supreme Leader responded publicly to the Trump opening to speak with Iran President on a deal. On Friday, we tweeted [LINK] “*Iran Supreme Leader on Trump. "One shall not negotiate with a government [Trump] like this" "The Americans did not comply with that very agreement [JCPOA]. The very same person who is now in office tore up the agreement" #OOTT.”* The Supreme Leader seemed clear, it was Trump who was the one who tore up the JCPOA and their past experience in dealing with Trump is the proof that “*negotiating is unwise, not intelligent, not honorable*.” There were some who didn’t see this as a definitive no way to speak to Trump. We aren’t saying negotiations won’t happen inf the future, but we find it hard that, given the brutal experience, they would run to speak with Trump in the first opening. Our Supplemental Documents package includes the IRNA (state media) reporting of the Supreme Leader’s comments.

Oil: Sounds like Trump is onside with Israel bombing Iran IF he can’t get an Iran deal

Trump on Israel bombing Iran

At the Wednesday press coverage of Trump signing the Iran maximum pressure we asked if Trump had said yes to being onside with Israel bombing Iran’s nuclear facilities. It wasn’t clear on the video clip but then it seemed like most thought Trump’s Yes was just referring to be ready for a question and not to being onside with an Israel attack. We still asked how many thing Trump would be onside with an Israel attack on Iran nukes? Earlier this morning, we saw the NY Post ‘s Sat night reporting of its exclusive Trump interview. The headlines this morning were on how Trump has been speaking to Putin about Ukraine. But at the end of the NY Post report were his comments on Iran. Earlier this morning, we posted [LINK] “*Sounds like Trump is onside with Israel bombing Iran's nuclear & military facilities IF he can't get a deal with Iran on non-nuclear. "if we made the deal, Israel wouldn't bomb them" See 👇 @mirandadevine @nypost exclusive. [LINK] #OOTT.”* When we saw the Trump comments, it reinforced that Trump wants to make a deal with Iran but it also seemed to be the’ threat that if he can’t make a deal, Israel would attack Iran. That felt to us like he would be onside with that if he can’t make a deal. The question is how long would this wait? Here is the NY Post reporting. “*On Iran, Trump told The Post: “I would like a deal done with Iran on non-nuclear. I would prefer that to bombing the hell out of it. . They don’t want to die. Nobody wants to die.” “If we made the deal, Israel wouldn’t bomb them.” But he would not reveal details of any potential negotiations with Iran: “In a way, I don’t like telling you what I’m going to tell them. You know, it’s not nice.” “I could tell what I have to tell them, and I hope they decide that they’re not going to do what they’re currently thinking of doing. And I think they’ll really be happy.” “I’d tell them I’d make a deal.” As for what he would offer Iran in return, he said, “I can’t say that because it’s too nasty. I won’t bomb them.”*

Oil: Iraq oil minster says agreed with Kurdistan to restore ~300,000 b/d via Turkey

Kurdistan oil via Turkey

Finally, Iraq confirms that a deal is done and Kurdistan oil will resume via the pipeline in

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Turkey to the Ceyhan export terminal. Early Tuesday morning, we posted [LINK] "*Kurdistan oil is coming back! Iraq initiated coordination with Kurdistan on "proper handover of #Oil to SOMO", had ongoing discussions with Turkey to prepare for restart of oil to Ceyhan. Oil ministers says agreed with Kurdistan for >300,000 b/d via Turkey. Fits 👇02/02/25 post. #OOTT @apikur_oil."* Our post included the Iraqi News Agency (state media) report [LINK] *"Oil Minister Announces Start of Procedures to Deliver Kurdistan Region's Oil to SOMO."In a statement to the Iraqi News Agency (INA), Abdul Ghani said, "The Oil Ministry has initiated coordination with the Kurdistan Regional Government by formally requesting the proper handover of oil to SOMO." The minister also noted ongoing discussions with the Turkish government to prepare the Iraq-Turkey pipeline for resuming crude exports via the Ceyhan port. Abdul Ghani stated that the agreed-upon volume stands at no less than 300,000 barrels per day, which will be delivered to the federal Oil Ministry for export through the Iraq-Turkey pipeline."* Kurdistan oil via the pipeline thru Turkey has been halted since March 2025. Our Supplemental Documents package includes the Iraqi News Agency report.

02/02/25: Finally, signs for potential restart of Kurdistan oil via Turkey
Last week's (Feb 2, 2025) Energy Tidbits highlighted the early Sunday morning report that the Iraqi parliament had approved a new oil fee that would lead to the resumption. Here is what we wrote last week "*Finally, sings for potential restart of Kurdistan oil via Turkey. It's been 23 months since Kurdistan oil has been prevented from exporting its oil via pipeline through Turkey to the Ceyhan export terminal. As a result, Kurdish oil companies, to the extent they can find local buyers, have had to sell their oil at huge discounts. Prior to the stoppage, there was ~400,000 b/d flowing thru the pipeline. It looks like there finally be light at the end of the tunnell. Earlier this morning, we posted [LINK] "Finally? Specific moves to allow Kurdistan #Oil to resume exports via Turkey. Iraqi parliament amends bill seeking Kurdish oil exports resumption ie. compensation to IOCs in the Kurdistan Region for oil production and transportation costs, setting the rate at $16 per barrel. The move was welcomed by the Kurdistan Regional Government (KRG) and the IOCs. 👇 @RudawEnglish #OOTT @apikur_oil @MylesCaggins [LINK]." Our post forwarded the Rudaw (Kurdistan news) report this morning that highlighted "The Iraqi parliament on Sunday voted to amend the federal budget bill in a major step that is poised to resume the Kurdistan Region's oil exports through Turkey's Ceyhan pipeline nearly two years after they were halted. According to the amendment, international oil companies (IOCs) in the Kurdistan Region will receive $16 per barrel for oil production and transportation and the oil will be exported through Iraq's State Oil Marketing Organization (SOMO), Bryar Rashid, a Patriotic Union of Kurdistan (PUK) lawmaker in the Iraqi parliament, told Rudaw." Our Supplemental Documents package includes the Rudaw report."*

Oil: Libya oil production of 1.405 mmb/d is above Aug 1 levels

Libya oil production at 1.405 mmb/d

On Thursday, the Libya National Oil Corporation posted [LINK] *"Rates of production in oil fields Libya's crude oil production rates today reached 1,404,781 barrels per day, and from the condensators 50,779 barrels. Gas production indicators recorded a bonus of 202,155 equivalent barrels. The total production was 1,657,715 barrels per day."* The NOC reported total liquids production of 1,455,560 b/d. This is above the Aug 1 level of 1.279 mmb/d for oil

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+ condensate before the interruptions started. Note that the NOC updates now give a split of oil vs condensate, after three months of combining the production items. The NOC also reported natural gas production, on a boe/d basis, of 202,155 boe/d, and for total oil, condensate & natural gas production of 1,657,715 boe/d.

Libya targets 1.6 mmb/d in 2025 and 2 mmb/d by 2028

Here is what we wrote in our Jan 19, 2025 Energy Tidbits memo. "*Libya targets 1.6 mmb/d in 2025 and 2 mmb/d by 2028. We have been big believes for decades that there is big oil production growth potential in Libya if there is peace and access to foreign capital. So when we see the NOC saying they can get to 2 mmb/d in three years, we believe that is attainable as longer there is peace and access to capital. Yesterday, Libya held its Libyan Energy and Economy Conference 2025 in Tripoli. Yesterday, the NOC posted [LINK] "And moving forward to achieve the main goal of reaching a production of 2 million barrels per day within the next three years, if sufficient funding is available to achieve this." Amena Bakr (Senior Research Analyst at Energy Intelligence) X/Twitter post [LINK] gave further color. "Under the current plan Libya hopes to boost its capacity to 1.6 million bpd by the end of this year, and 2 million bpd by 2028". It isn't clear if this is oil or oil + condensate, but condensate, if included would likely be under 100,000 b/d in total of the 2 mmb/*d."

Oil: China selective tariffs seem to signal they don't want an all-out trade war

China tariffs on the US

No one knows if China will be successful in avoiding a big trade war with the US but they seem to be signaling they don't want to get into an all-out trade war. On Tuesday, China announced its targeted tariffs on the US. Early Tuesday morning, we posted [LINK] "*China's targeted tariffs on US. "starting from February 10, including a 15 percent tariff on coal and liquefied natural gas and 10 percent tariff on crude oil, agricultural machinery, large-displacement cars, and pickup trucks," Global Times. #OOTT #LNG #Coal #Oil #NatGas."* The China tariffs were broadly viewed as not being too harsh and indicative that China really doesn't want an all-out trade war. Our Supplemental Documents package includes the Global Times (state media) reporting of the China tariffs.

Oil: Treasury Secretary Bessent says US to focus on China's exports

US to focus on China exports

We listened to the Treasury Secretary Bessent 20 min interview with Bloomberg and, early Friday morning, we posted [LINK] "*US to focus on China exports. @USTreasury Bessent to @SalehaMohsin China "are in a deep recession right now. They're experiencing deflation and they are trying to export their way out of that. And we can't allow that." Bessent. 👇 @Maersk 2024 A/R highlighted China manufacturing overcapacity, weak domestic demand has driven export price deflation. China share of global exports 32% in 2019, 34% in 2023, est 36% in 2024. #OOTT."* We created a transcript of Bessent's China comments "At 11:54 min mark, Bessent ".. *China is the most unbalanced economy in the history of the world, and they are in a deep recession right now. They're experiencing deflation and they are trying to export their way out of that. And we can't allow that. We want fair trade and part of that is taking a strong position on the currency and the terms of trade*.""

Maersk highlighted the strength of China oil exports in 2024

When we listened to Bessent's China comments, it was if he also read the Maersk

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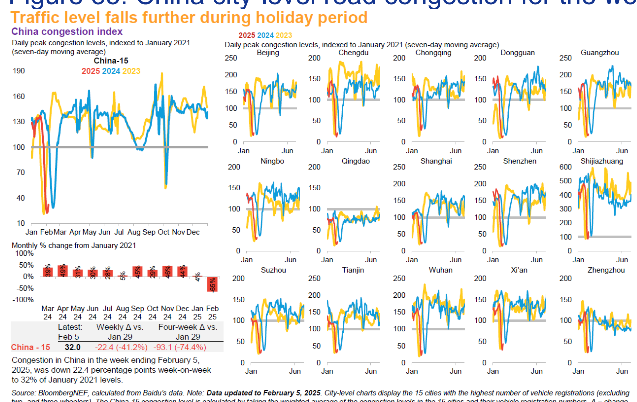
2024 Annual Report on China's weak domestic demand vs its increasing share of global export markets. Everyone hears the China domestic weakness but don't realize China continues to take market share of global exports. Our Bessent post includes the excerpt from Maersk's 2024 annual reports that included China commentary "*On the production side, global growth is driven by China, where the economy continues to be characterised by manufacturing overcapacity and weak domestic demand*." And "*Export growth out of China was the ultimate growth driver in 2024. During the year, China continued td increase its footprint in all regions, except for North America. The Chinese share of global exports increased □ 32% in 2019 to 34% in 2023 and is estimated to be around 36% in 2024 (Figure 2). The reason for this development is overcapacity in the Chinese manufacturing sector, which has driven export price deflation in 2023 and 2024 and improved the price competitiveness of Chinese exports*." Our Supplemental Documents package includes the Maersk 2024 Annual Report commentary.

Oil: China city-level road congestion continues to decline during Spring Festival

China city-level road congestion

The 40-day Spring Festival travel rush is winding down so we should start to see a big increase in China city-level road congestion in the next two weeks. Spring Festival was earlier this year, and this was reflected in the earlier big drop in China's city-level road congestion than in 2024. On Thursday, BloombergNEF posted its China Road Traffic Indicators Weekly report, which includes the Baidu city-level road congestion for the week ended Feb 5. BloombergNEF reported Baidu city-level road congestion saw a decrease of -41.2% WoW to 32.0% of Jan 2021 levels. January 2025 data saw average daily peak congestion down -56.8% YoY when compared to January 2024. We noted in last week's memo that Chinese New Year and Spring Festival is early this year and that means China city-level road congestion saw a huge decline in January and not in February as happened in 2024. Note that this report was formerly titled Road Traffic indicators, and is now China Road Traffic Indicators, but the content of the report is unchanged. BloombergNEF's report was titled "*Congestion remains muted during Spring Festival*". Below are the BloombergNEF key figures.

Figure 35: China city-level road congestion for the week ended Feb 5



Source: Bloomberg

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Oil: China 40-day Spring Festival travel rush is winding down

Spring Festival travel rush

Chinese stock markets reopened this week, which is a good reminder that the bulk of the 40-day Spring Festival travel rush is winding down. On Jan 14, we posted [LINK] "*Chunyun, 40-day Spring Festival travel started today, thru Feb 22. World's largest annual human migration. - 9 b inter-regional trips - 7.2 b road trips - 510 mm rail trips, 12.75 mm/d, +5.5% YoY - 90 mm air trips, 18,500 flights/day, +8.4% YoY. Also, won't be separate Jan economic data for many items, combined with Feb. #OOTT".* China's 40-day Spring Festival travel rush started on Tues Jan 14. Our post included Xinhua's Jan 13 report [LINK] that noted that the Spring Festival travel is set to begin with a record 9 billion inter-regional trips expected through the 40-day travel period. Xinhua wrote "*Chinese authorities expect an unprecedented 9 billion inter-regional trips during this year's chunyun, or Spring Festival travel rush. The 40-day travel period began on Tuesday and will continue through Feb. 22. More electric car owners and foreign tourists are expected to join the annual travel frenzy, traditionally featuring millions of migrant workers and others living far from their hometowns who head back to reunite with family and celebrate China's most important festival."*

Oil: Caixin Manufacturing PMI in Jan "*New export orders declined* …"

China Caixin Manufacturing PMI Jan

Just like last month, there was a good reminder this week as to why we focus on the Caixin China Manufacturing PMI more so than the official China Manufacturing PMI. Out of the two China manufacturing PMI data reports that come out each month, the Official Manufacturing PMI that the National Bureau of Statistics publishes, and the Caixin Manufacturing PMI from S&P Global, we have focused on the Caixin Manufacturing PMI. The Caixin Manufacturing PMI is viewed as more of a leading indicator for how the China recovery is doing as it primarily focusses on smaller Chinese companies who are export-oriented and exports have been the big driver of China for the past 20 years. Last month, the Dec Caixin Manufacturing PMI was viewed negatively for the economy with a sharp drop in PMI following Nov's surprising increase due to international buyers ramping up orders ahead of Trump becoming President. The indications seemed that export orders would have continued to be solid in Dec for more China exports to get to US ahead of Trump, but this did not happen. Jan was similar and export orders disappointed again. S&P wrote "*New export orders declined for the 2nd consecutive month, although marginally*". On Sunday, we posted [LINK] "*Pre Trump China 10% tariff. China Caixin Manufacturing PMI for China's smaller more export oriented companies. "New export orders declined for the 2nd consecutive month, although marginally" "The level of business optimism remained below average, however, as concerns over trade amidst US tariffs threats continued to weigh on the outlook" Jan 50.1 vs Est 50.6 Dec 50.5 Nov 51.5 Oct 50.3 Sep 49.3 Aug 50.4 Jul 49.8 Jun 51.8 May 51.7 Apr 51.4 Mar 51.1 Feb 50.9 Jan 50.8 Thx @SPGlobalPMI. #OOTT."* The Caixin Manufacturing PMI for January was released Monday morning (local time) [LINK]. The headlines included that it was the 4th consecutive month of expansion with Caixin PMI for Jan was 50.1 following 50.5 in Dec, 51.5 in Nov, and 50.3 in Oct. However, Jan was below the estimate of 50.6 and down from 50.5 in Dec. The tone on export orders and business optimism improved from the more negative stance taken in Dec but still remained below-average as concerns with U.S. tariffs weighs on the outlook. S&P wrote, "*The level of business optimism remained below-average, however, as concerns over trade amidst US tariffs threats continued to weigh on the outlook"* Our Supplemental Documents package includes the Caixin China Manufacturing PMI.

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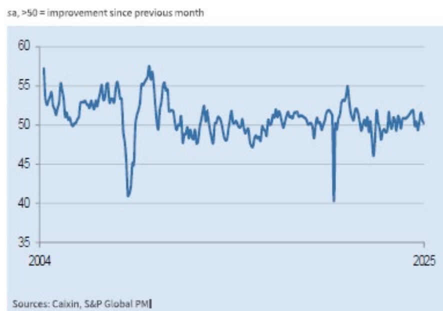
SAF GROUP Canadian Private Credit

Figure 36: China Caixin General Manufacturing PMI

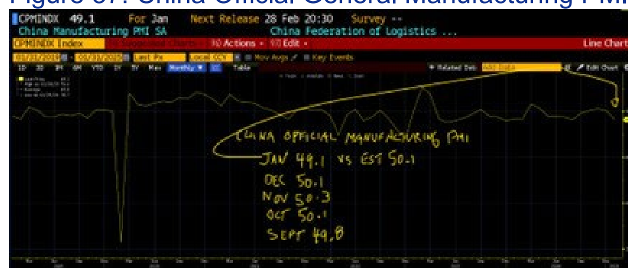


Source: S&P Global

China official Jan Manufacturing PMI back to contraction

Here is what we wrote in last week's (Feb 2, 2025) Energy Tidbits memo on China's official Manufacturing PMI for Jan. *"China official Jan Manufacturing PMI back to contraction before Trump's 10% tariff. Yesterday, Trump's also hit China with 10% tariffs. Going back a few weeks, most were expecting a bigger hit but, as we have been highlighting, Trump had turned softer in his messaging on China. Regardless, a 10% tariff will have an impact and it will impact Chinese manufacturers risk and confidence. Prior to the tariffs, we saw Chinese manufacturers turn negative in their expectations. Last Sunday night, we posted [LINK] "Trump uncertainty? Back to contraction after 3 mths of expansion for China "official" manufacturing PMI. Jan 49.1 vs est 50.1 Dec 50.1 Nov 50.3 Oct 50.1 Sept 49.8 Aug 49.1 July 49.4 Jun 49.5 May 49.5 Smaller, more export oriented Caixin manufacturing PMI is a week away. #OOTT" The official China manufacturing PMI was released Sunday night. As a reminder, there are two China manufacturing PMI data reports that come out each month, the Official Manufacturing PMI that the National Bureau of Statistics publishes and the Caixin Manufacturing PMI from S&P Global. The Caixin Manufacturing PMI is for more smaller, export-oriented companies and is being released tonight. Among the uncertainty with Trump's return to office, the China official manufacturing PMI for Jan contracted to 49.1 (vs estimates 50.1), which follows 50.1 in Dec and 50.3 in Nov. The Jan decrease follows the three-month period of expansion seen after China's Sept stimulus programs, which followed five months of contraction. Below is the Bloomberg chart of China official general manufacturing PMI."*

Figure 37: China Official General Manufacturing PMI



Source: Bloomberg

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Oil: Vortexa crude oil floating storage est -13.32 mmb WoW to 64.92 mmb at Feb 7

Vortexa floating storage

We are referencing the Vortexa crude oil floating storage data posted on the Bloomberg terminal as of 9am MT yesterday. Note that these estimates get revised over the course of the week and the revisions can go back months. We do not check daily for the revisions, so our comments on the new estimates are compared to the prior week's Vortexa estimates posted on Bloomberg on Feb 1 at 9am MT. (i) Yesterday morning, we posted [LINK] "*Vortexa crude #Oil floating storage. Higher., Revisions up 5 of 7 prior wks driven by Asia, as China reportedly stopped unloading of some sanctioned tankers. Total est 64.92 mmb at Feb 7, -13.32 mmb WoW. BUT Jan 31 of 78.24 mmb was revised +14.26 mmb. 7-wk moving average 66.80 mmb, up big WoW vs 61.54 mmb. Thx @vortexa @business #OOTT."* (ii) As of 9am MT Feb 8, Bloomberg posted Vortexa crude oil floating storage estimate for Feb 7 was 64.92 mmb, which was -13.32 mmb WoW vs revised up big Jan 31 of 78.24 mmb. Note Jan 31 was revised +14.26 mmb to 78.24 mmb vs 63.98 originally posted at 9am MT on Feb 1. (iii) Revisions. There were big revisions to 5 of the prior 7 weeks with a huge +14.26 mmb to Jan 31. And almost all of the large upward revisions were in Asia, which we assume were driven by China not accepting all newly US sanctioned tankers related to Russian oil trade. The following regional discussion details the Asia upward revisions. The average revision for the prior seven weeks was +5.41 mmb. Here are the revisions for the prior seven weeks compared to the estimates originally posted on Bloomberg at 9am MT on Feb 1. Jan 31 revised +14.26 mmb. Jan 24 revised +5.40 mmb. Jan 17 revised +6.86 mmb. Jan 10 revised +4.01 mmb. Jan 3 revised +6.63 mmb. Dec 27 revised +0.31 mmb. Dec 20 revised +0.43 mmb. (iv) There is a wide range of floating storage estimates for the moving 7-week average, but the big upward revisions led to a big increase in the simple moving 7-week average to Feb 7 is 66.80 mmb vs last week's then 7-week moving average of 61.54 mmb. (v) Also remember Vortexa revises these weekly storage estimates on a regular basis. We do not track the revisions through the week. Rather we try to compare the first posted storage estimates on a consistent week over week timing comparison. Normally we download the Vortexa data as of Saturday mornings around 9am MT. (vi) Note the below graph goes back to Jan 1, 2020 to show the run up to Covid and then how Covid started to impact Covid in March/April 2020. (vii) Feb 7 estimate of 64.92 mmb is -64.53 mmb vs the 2023 peak on June 25, 2023 of 129.45 mmb. Recall Saudi Arabia stepped in on July 1, 2023 with its voluntary cuts. (viii) Feb 7 estimate of 64.92 mmb is -11.92 mmb YoY vs Feb 9, 2024 at 76.84 mmb. Below are the last several weeks of estimates posted on Bloomberg as of 9am on Feb 8, Feb 1, and Jan 25.

Figure 38: Vortexa Floating Storage Jan 1, 2000 – Feb 7, 2025, posted Feb 8 at 9am MT

Source: Bloomberg, Vortexa

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Figure 39: Vortexa Estimates Posted 9am MT on Feb 8, Feb 1 and Jan 25

Posted Feb 8, 9am MT			Feb 1, 9am MT			Jan 25, 9am MT		
FZWWFST VTXA Inde			FZWWFST VTXA Inde			FZWWFST VTXA Inde		
01/01/2020 - 02/07/2025			01/01/2020 - 01/31/2025			01/24/2024 - 01/24/2025		
	Date	FZWWFST VT... Last Px		Date	FZWWFST VT... Last Px		Date	FZWWFST VT... Last Px
Fr	02/07/2025	64923	Fr	01/31/2025	63982	Fr	01/24/2025	63808
Fr	01/31/2025	78240	Fr	01/24/2025	68637	Fr	01/17/2025	57485
Fr	01/24/2025	74044	Fr	01/17/2025	61396	Fr	01/10/2025	52739
Fr	01/17/2025	68255	Fr	01/10/2025	55275	Fr	01/03/2025	55084
Fr	01/10/2025	59294	Fr	01/03/2025	51385	Fr	12/27/2024	66552
Fr	01/03/2025	58018	Fr	12/27/2024	64534	Fr	12/20/2024	65725
Fr	12/27/2024	64836	Fr	12/20/2024	65591	Fr	12/13/2024	65787
Fr	12/20/2024	66020	Fr	12/13/2024	64711	Fr	12/06/2024	73232
Fr	12/13/2024	68279	Fr	12/06/2024	71917	Fr	11/29/2024	66311
Fr	12/06/2024	75777	Fr	11/29/2024	65485	Fr	11/22/2024	69265
Fr	11/29/2024	69634	Fr	11/22/2024	68520	Fr	11/15/2024	48854
Fr	11/22/2024	72542	Fr	11/15/2024	47790	Fr	11/08/2024	62822

Source: Bloomberg, Vortexa

Oil: Vortexa crude oil floating storage by region, big upward revisions to Asia

Vortexa floating storage by region

Bloomberg posts Vortexa crude oil floating storage in key regions, but not all regions of the world. The regions covered are Asia, North Sea, Europe, Middle East, West Africa and US Gulf Coast. We then back into the "Other" for rest of world. (i) As noted above, last week's Jan 31 was revised up a huge +14.26 mmb. And that the revision was Asia revised +15.82 mmb. (ii) As we expected for the last few weeks, the reports that China was being stricter in not taking sanctions tankers related to Russia oil trade was leading to increasing floating storage offshore Asia. It looks like this has led to big upward revisions to Asia. Jan 31 was revised +15.82 mmb to 45.41 mmb. Jan 24 revised +5.04 mmb to 39.24 mmb. Jan 17 revised +6.63 mmb to 38.64 mmb. Jan 10 revised +2.19 mmb o 26.54 mmb. Jan 3 revised +4.84 mmb to 24.21 mmb. (iii) Total floating storage at Feb 7 of 64.92 mmb was -13.32 mmb WoW vs revised up big Jan 31 of 78.24 mmb. The major WoW changes were Asia -10.96 mmb WoW, West Africa +2.85 mmb WoW, Middle East -2.71 mmb WoW and Europe -2.61 mmb WoW. (iv) Below is the table we created of the WoW changes by region posted on Bloomberg at of 9am MT yesterday. Our table also includes the "Original Posted" regional data for Jan 31 that was posted on Bloomberg at 9am MT on Feb 1.

Figure 40: Vortexa crude oil floating storage by region

Vortexa crude oil floating storage by region				Original Posted	Recent Peak	
Region	Feb 7/25	Jan 31/25	WoW	Jan 31/25	Jun 23/23	Feb 7 vs Jun 23/23
Asia	34.45	45.41	-10.96	29.59	74.06	-39.61
North Sea	0.65	2.90	-2.25	2.31	4.71	-4.06
Europe	2.89	5.50	-2.61	6.27	6.05	-3.16
Middle East	7.79	10.50	-2.71	9.89	6.59	1.20
West Africa	6.37	3.52	2.85	3.52	7.62	-1.25
US Gulf Coast	0.68	0.39	0.29	0.39	1.02	-0.34
Other	12.09	10.02	2.07	12.01	29.40	-17.31
Global Total	64.92	78.24	-13.32	63.98	129.45	-64.53
Vortexa crude oil floating storage posted on Bloomberg 9am MT on Feb 8						
Source: Vortexa, Bloomberg						

Source: Bloomberg, Vortexa

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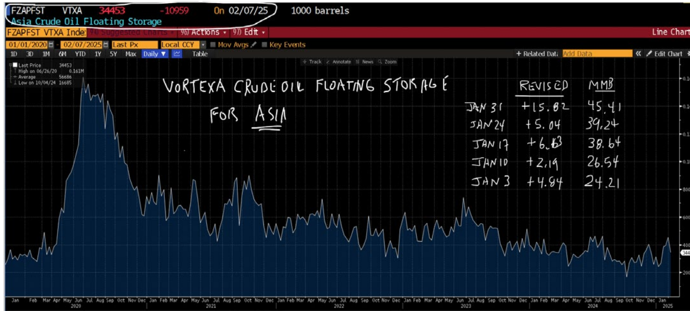
Figure 41: Vortexa crude oil floating storage for Asia



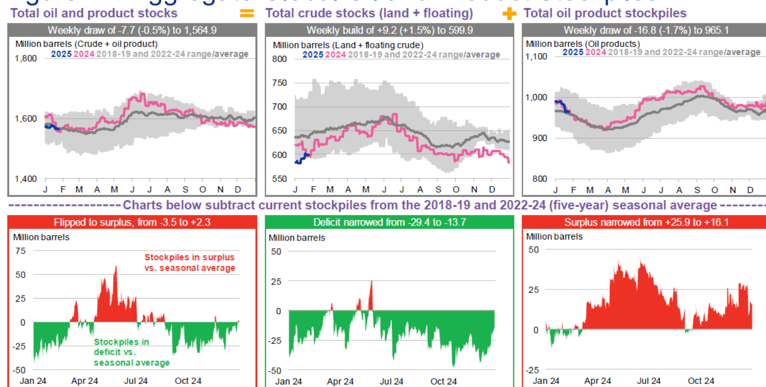
Source: Bloomberg, Vortexa

Oil: Global oil & product stocks now a surplus of +2.30 mmb, from deficit of -3.50 mmb

Global oil stocks

On Monday, BloombergNEF posted its "*Oil Price Indicators*" weekly, which provides good charts depicting near-term global oil demand and supply indicators. (i) Note BloombergNEF uses different periods to determine the surplus/deficit, sometimes using a four-year average for 2018-2019 and 2022-2024, and other times using a five-year average for 2018-2019 and 2022-2024. In both cases they do not include 2020 and 2021 in the averages. (ii) The global stockpile for crude oil and products flipped to a surplus of +2.30 mmb for the week ending January 24, from a deficit of -3.50 mmb for the week ended January 17. (iii) Total crude inventories (incl. floating) saw a build of +1.5% WoW to 599.90 mmb. (iv) Land crude oil inventories decreased -0.4% WoW to 527.70 mmb, widening their deficit from -21.40 mmb to -22.20 mmb against the five-year average (2018-2019 and 2022-24). (v) The gas oil, and middle distillate stocks were down -2.5% WoW to 230.70 mmb, with the surplus against the four-year average narrowing to +2.00 mmb from +5.00 mmb. Jet fuel consumption by international departures in the week starting January 25 is set to increase by 14,800 b/d WoW, while consumption by domestic passenger departures is forecast to decrease by -16,600 b/d WoW. Below is a snapshot of aggregate global stockpiles.

Figure 42: Aggregate Global Oil and Product Stockpiles



Source: BloombergNEF

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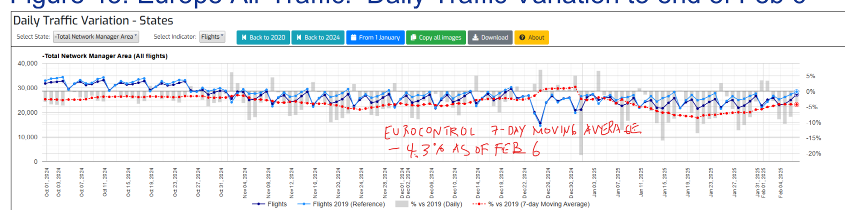
Oil: Europe airports daily traffic 7-day moving average -4.3% below pre-Covid

Europe airports daily traffic

Yesterday, we posted [LINK] "*"EU air traffic (arrivals/departures) is now -4.3% below pre-Covid. 7-day moving average as of: Feb 6: -4.3% below pre-Covid. Jan 30: -5.9% below pre-Covid. Jan 23: -7.6%. Jan 16: -7.6%. Jan 9: -4.2%. Jan 2: -2.6%. Dec 26: +0.8%. Dec 19: -2.4%. Dec 12: -3.6%. Dec 5: -4.0%. #OOTT."* Note the Eurocontrol air taffic is daily arrivals/departures data. The Xmas rush for the 7-day moving average as of Dec 26 was the first week above pre-Covid since the Jan 2024. Air traffic always goes up for Xmas and it always seasonally drops after Xmas. But last year, it didn't drop as much and was actually above pre-Covid in Jan 2024. This year, there has been a big drop off since Xmas. The 7-day moving average was -4.3% below pre-Covid as of Feb 6 ,which follows -5.9% below as of Jan 30, -7.6% as of Jan 23, -7.6% below as of Jan 16, -4.2% as of Jan 9, -2.6% as of Jan 2, +0.8% as of Dec 26, -2.4% below pre-Covid as of Dec 19, -3.6% as of Dec 12, and -4.0% as of Dec 5. Normally we try to pull the data early Saturday mornings for a consistent weekly comparison. Eurocontrol updates this data daily and it is found at [LINK].

Figure 43: Europe Air Traffic: Daily Traffic Variation to end of Feb 6



Source: Eurocontrol

Oil: Asia/Pacific international Dec passenger air travel up +20.1% YoY

Asian Pacific air traffic in Dec

On Monday, the Association of Asia Pacific Airlines (AAPA) released its Dec traffic results [LINK] which is comprised of aggregate data across a total of 40 Asia Pacific airline carriers. (i) Air travel. International passenger air travel on the 40 airlines is up big YoY. The AAPA reports preliminary Dec 2024 travel figures were up +20.1% YoY from Dec 2023, and the full year Jan-Dec 2024 was up +30.5% from 2023. The AAPA wrote *"International air cargo markets recorded healthy growth in 2024, after two years in decline. Demand as measured in freight tonne kilometres (FTK) rebounded with a solid 14.9% increase for the year, slightly outpacing a 14.6% growth in offered freight capacity. As a result, the average international freight load factor rose by a marginal 0.2 percentage points to 61.0% in 2024."* (ii) Air cargo was up +14.9% for the year, measured in Freight Tonne Kilometres (FTK), and the load factor edged up by +0.2% to 61.0% in 2024. Meanwhile, headline capacity measured in Available Seat Kilometres (ASK) rose +15.1% YoY. (iii) Subhas Menon, Director General of the AAPA, said *"2024 was a strong year for Asia Pacific airlines. The post-pandemic recovery on North East Asia routes, helped by the relaxation of visa policies, together with overall healthy demand across the region, drove growth in both leisure and business travel markets. This resulted in a 30.5% increase in the number of international passengers carried for the year, reaching a total of 365 million. Consequently, the region's carriers achieved a record-high international passenger load factor of 81.6% in 2024, amidst capacity constraints stemming from ongoing supply chain shortages and delays in aircraft deliveries."* Below is a snapshot of the APAA's traffic update.

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Figure 44: APAA Preliminary International Air Traffic Data

International	Dec-24	Dec-23	% Change	Jan-Dec 2024	Jan-Dec 2023	% Change
Passengers (Thousand)	34,289	28,541	+ 20.1%	364,973	279,604	+ 30.5%
RPK (Million)	118,652	99,096	+ 19.7%	1,271,154	992,826	+ 28.0%
ASK (Million)	142,716	123,963	+ 15.1%	1,557,048	1,229,530	+ 26.6%
Passenger Load Factor	83.1%	79.9%	+ 3.2 pp	81.6%	80.7%	+ 0.9 pp
FTK (Million)	6,537	5,981	+ 9.3%	73,869	64,308	+ 14.9%
FATK (Million)	10,781	9,926	+ 8.6%	121,169	105,769	+ 14.6%
Freight Load Factor	60.6%	60.3%	+ 0.3 pp	61.0%	60.8%	+ 0.2 pp

Source: AAPA

Oil: Spain's gasoline, diesel, jet fuel and LPG all up YoY in December

Spain's fuel consumption

The story is unchanged in Spain for road fuels and jet fuels consumption – continued strength and no signs of reaching peak consumption. There was strong YoY increases in petroleum products consumption in 2024. There are always monthly variations, but year-end 2024 petroleum products consumption growth was strong. On Monday, Cores reported Spain's monthly oil and petroleum consumption for the month of December [LINK]. Cores wrote "*This month the consumption of all product groups increases year-on-year, exception of fuel oils (-3.1%): LPG (+20.5%), gasoline (+7.9%), kerosene (+5.7%) and diesel (+0.6%). In 2024, all product groups increase: LPG (+1.8% vs. 2023), gasoline (+7.5%), kerosene (+11.2%), diesel (+1.0%) and fuel oils (+6.6%).*" Below is a table showing the breakdown of demand by fuel type in December. Our Supplemental Documents package includes the Cores report.

Figure 45: Spain's December Oil Demand Product Breakdown (thousand mt)

Unidad: miles de toneladas

Productos Petrolíferos	Consumos: Diciembre 2024	Consumos: Acumulado Anual	Consumos: Año Móvil	Tasas Variación (%) Interanuales: Diciembre 2024	Tasas Variación (%) Interanuales: Acumulado Anual	Tasas Variación (%) Interanuales: Año Móvil
Gasolinas Automoción	549	6.518	6.518	7,9%	7,5%	7,5%
Gasóleos Automoción	1.789	21.825	21.825	0,8%	0,7%	0,7%
Combustibles de Automoción	**2.338**	**28.342**	**28.342**	**2,4%**	**2,2%**	**2,2%**
GLP	226	2.135	2.135	20,5%	1,8%	1,8%
Gasolinas*	549	6.522	6.522	7,9%	7,5%	7,5%
Querosenos	575	7.388	7.388	5,7%	11,2%	11,2%
Gasóleos*	2.579	29.839	29.839	0,6%	1,0%	1,0%
Fuelóleos	655	8.558	8.558	-3,1%	6,6%	6,6%

* Productos de automoción incluidos en el grupo de productos correspondiente

Source: Cores

Oil: Spain's oil imports were up YoY in December, up +4.9% in 2024

Spain's oil imports

On Wednesday, Cores reported Spain's oil imports for the month of December [LINK]. The report showed that oil imports increased by +2.8% YoY and were down -4.3% MoM. For 2024, Spain's oil imports were up +4.9% compared to 2023. Cores reported that 35.1% of imports YTD have been from OPEC ("OPEP" here) suppliers. The reports said, "*Crude oil imported into Spain in December stood at 5,234 kt, increasing crude oil imports year-on-year in the month (+2.8%). In 2024, 64,588 kt will be imported, with an increase of 4.9% vs. 2023.*" Below is a graph showing Spain's oil imports, and a table showing the breakdown of imports by OPEC or Non-OPEC countries. Our Supplemental Documents package contains the official report by Cores.

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Figure 46: Spain's 2024 Oil Imports vs the 5-year Range and 5-year Average (thousand mt)

Source: Cores

Figure 47: Spain's 2024 oil imports OPEC breakdown (thousand mt)

Total	5.234	2,8	100,0	64.588	4,9	64.588	4,9	100,0
OPEP	1.837	-19,6	35,1	23.639	-12,0	23.639	-12,0	36,6
No-OPEP	3.397	21,0	64,9	40.950	18,1	40.950	18,1	63,4
OCDE	2.041	1,4	39,0	22.318	2,6	22.318	2,6	34,6
No-OCDE	3.193	3,7	61,0	42.270	6,2	42.270	6,2	65,4
UE	58	-	1.1	558	53.3	558	53.3	0.9

Source: Cores

Oil & Natural Gas: sector/play/market insights from Q4 calls

Sector insights from Q4 calls

Once again, we ran out of time this weekend to write up all the Q4 calls that we reviewed. Q4 calls have ramped up and should be another big week this week. This is our favorite time each time of each quarter as it is quarterly reporting and this is when we get the best insights into a range of oil and gas themes/trends, sectors and plays. As a reminder, our Energy Tidbits memo does not get into the quarterly results, forecasts, or valuation. Rather the purpose of highlighting a company is to note themes/trends and plays that will help shape a reader's investment thesis to the energy sector. In the conference calls, we also tend to find the best insights from the Q&A portion as opposed to the prepared remarks. Plus, we tend to get the best E&P sector insights from services, pipelines, refineries, and utilities

Baker Hughes: Expect lower YoY global upstream capex

Baker Hughes held its Q4 call on Jan 31 and likely got lost in the coverage as that was the Trump tariffs on Canada and Mexico day. (i) Earlier in the memo, we highlighted Baker Hughes view for an accelerated natural gas and LNG demand for the 2020s. (ii) Baker Hughes is like the other big service companies in calling for flat to lower upstream capex. On Thursday, we posted [LINK] "*Baker Hughes Q4 call "expect slightly lower YoY global upstream capex in 2025. NAM down mid-single digits & international flat-to-down slightly YoY" Reinforces no E&P "drill baby drill" in 2025. ICYMI like as it call was on Jan 31 - the Trump tariff day. #OOTT #NatGas #Oil.*" Our post included the Baker Hughes below slide. Mgmt expanded on this in the Q4 call.

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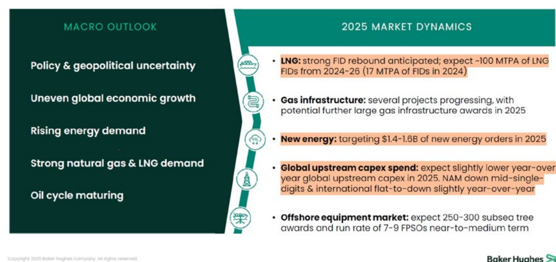
Figure 48: Macro outlook and 2025 market dynamics



Source: Baker Hughes

Enterprise: No traction (Permian oil commitment) for VLCC loading terminal

Enterprise Products held its Q4 call on Tuesday. Earlier this morning, we posted [LINK] "*Industry indicator Permian #OIl growth will be less than expected. Enterprise Q4: US oil exports 4 mmbd in 2024, well less than what some expected. "to date, we have not gotten enough traction in commercializing SPOT" SPOT would be 2nd GoM terminal that could full load a VLCC. LOOP is only existing. #OOTT.*" No surprise, investors were waiting for a SPOT update and mgmt led off their call with the update on their Sea Port Oil Terminal, which would be the second GoM offshore oil loading terminal that can fully load a VLCC (2 million barrels). The only such terminal is the LOOP, Louisiana Offshore Oil Port. Currently, if a VLCC wants to fully load, other than at LOOP, it has the VLCC has to wait in deeper waters and smaller tankers shuttle oil to them to get full loaded. But Enterprise is saying they still can't get the Permian crude oil commitments to move ahead on the approved SPOT, which we view as another industry indicator that Permian oil growth will be less than expected. We were a little surprised mgmt highlighted that some forecasters assumed US oil exports would be 7-8 mmb/d iun 2024 vs 4 mmb/d actual in 2024 as we don't know how far back it was for these forecasts. It is important to remember that, even in the face of increasing gas/oil ratios, lesser Permian growth than expected would also mean lesser Permian natural gas than expected to supply the increasing US Gulf Coast LNG exports. Our Supplemental Documents package includes the excerpt from the Enterprise Q4 call transcript.

NOV: sees basically flat global upstream activity

NOV (formerly known as National Oilwell Varcoe) held its Q4 call on Thursday. NOV is like the other big service companies in its expectations for relatively flat global upstream activity in 2025. (i) On Thursday, we posted [LINK] "*NOV Q4 sees basically flat #Oil #NatGas activity in 2025. "North America activity to remain subdued, probably flat at best". "we believe [International] activity will be flattish year over year". #OOTT.*" (ii) North America. NOV said "*We expect North America activity to remain subdued, probably flat at best. Continued capital discipline among more consolidated E&P operators, together with some pretty astounding efficiency gains, doing no small part to NOV's technologies, will continue to be a headwind for short-cycle drilling and completion activity in the United States.*" (iii) Flattish international activity but bullish on unconventional activity around the world. NOV

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said "*Looking to international markets, we believe activity will be flattish year-over-year. The Middle East will see declines in Saudi Arabia offset by increases in Kuwait, UAE, and Oman. Latin America should remain strong, led by Brazil, and we continue to view unconventional development in the Vaca Muerta in Argentina, the Jafurah Field in Saudi Arabia, and unconventionals elsewhere in the Middle East as bright spots for future NOV demand.*"

Plains: Sees Permian growth +200-300,000 b/d exit 2025 vs exit 2024

Plains All American held its Q4 call on Friday. We remind that Plains should have as good an insight into Permian production as any company as their operations probably touch half of the Permian barrels at some point. Their Q4 call slide deck had the below slide that shows their forecast for Permian growth to be +200-300,000 b/d YoY exit 2025 vs exit 2024. And mgmt noted that the production profile should be relatively flat in H1 and then ramping up to close 2025. So there is reinforcement by the knowledgeable player that there is continued Permian oil growth in 2025 but it is also a reinforcement that the Permian growth, at least in 2025, is modest. And it brings up the biggest picture question if there is only modest growth in the Permian, plus some in the GoM, ar the rest of the US oil plays able to keep flat to lead to overall US oil growth? In the Q4 call Q&A, mgmt highlighted that the key is operators are producer more volume with lower rigs and frack spreads. Mgmt said "*Well, Manav, this is Willie. I'll start and maybe others can jump in. When we look at 2025, I think it's important to throw the macro views that I talked about on the administration. Clearly, a big factor for us is volume growth and oil price. So more activity would certainly drive higher volumes. And we have a 200,000 to 300,000 barrel a day guidance for our growth in the Permian. But as we go forward and you listen to some of the calls of some of the producers out there, there's a lot of activity that's going on. It's been consistent. It's also been more productive. They've been able to produce more volumes with lower rigs and completion rigs – completion activities. So if I were to take the over or under on momentum, I would take the over into 2025. Those are some of the key factors* " And "*First, your cadence on the production growth, I'd say it's consistent with last year. If you think about last year, weather in the beginning of the year led to flattish through the first part of the year, then growth July through November was strong and then you start to flatten out towards the end of the year, same thing we'll see this year. So, I'd say it's second-half weighted but very similar.*"

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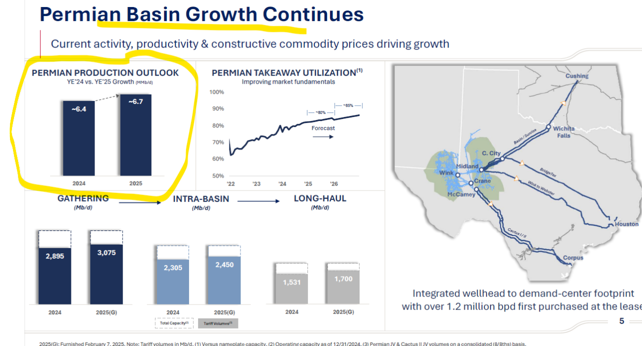
Figure 49: Macro outlook and 2025 market dynamics



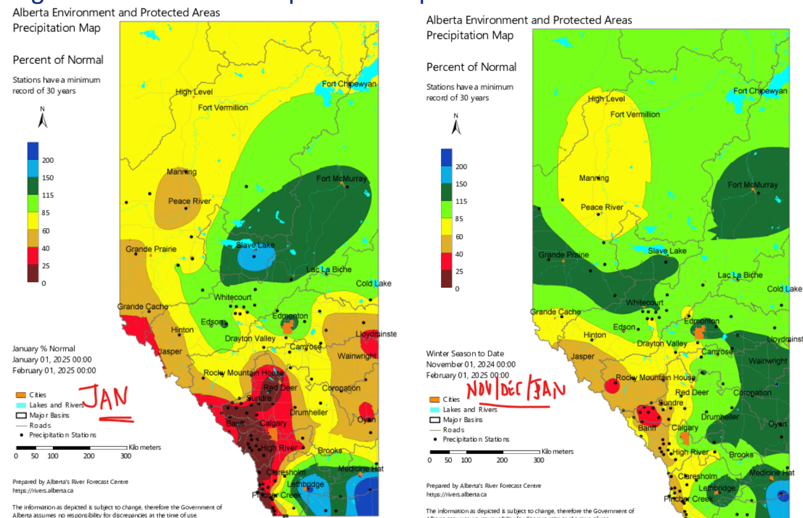
Source: Baker Hughes

Oil & Natural Gas: Mix of snowfall levels throughout Alberta in Jan

Mixed snowfall in Jan in Alberta

This week, Alberta posted the accumulated precipitation maps for Jan. It was a mixed picture for snowfall. Along the Rockies, it was the same story as Dec with well less than normal snowfall. Pockets of above normal snowfall in eastern Alberta and around Grande Prairie. Average snowfall in the rest of Alberta. The winter (Nov 1 thru Jan 31) snowfall picture is to less snowfall than the Nov 1 thru Dec 31 picture. But it is better than last year as the key wildfire areas are to the most part normal snowfall. Everyone knows we need accumulated snowfall in the winter for many reasons but especially to reduce wildfire risks in the summer and for better crops. So, for the most part, the accumulated snowfall from Nov 1 thru Jan 31 is at least around normal other than along the Rockies. The one are that likes the less than normal snowfall along the Rockies is the Calgary region as it is a big reduction in flooding risk in the summer. Below are the Alberta accumulated precipitation vs normal for Jan and for Nov/Dec/Jan.

Figure 50: Alberta Precipitation Map for Jan & Nov-Jan vs normal



Source: Alberta

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Energy Transition: Trump suspends new spending on Biden $5b EV charging infra

The three biggest holdbacks to broad BEV adoption in the US have been the high price (helped by subsidies), range anxiety and availability of charging infrastructure. There isn't much Trump can do to impact range anxiety but he is cutting out subsidies and now halting any new spending under Biden's $5b EV charging infrastructure program. Recall this is the program that Biden was criticized in 2024 because they had spent very little on public EV charging. Yesterday, we posted [LINK] "*Big hit to #EVs #BEVs growth in US. Trump suspends any new obligations under Biden $5b NEVI (EV charging infra funding). New guidelines in spring to align with current DOT policy/priorities. THEN states submit new use of NEVI $ plans for approval by Transportation Sec. Surprised charging stocks weren't hit more? More #ICE for longer = more #Gasoline for longer. #OOTT.*" On Friday, the US Department of Transportation posted its Feb 6 directive on to stop new obligations under Biden's $5b NEVI program. The DOT said they would review and issue new guidelines in the spring and then states can submit new plans for the Transportation Secretary approval of how they would spend any NEVI funding. The DOT highlighted the new NEVI guidelines would be aligned to the current DOC policy/priorities. They did confirm they would "*Until new guidance is issued, reimbursement of existing obligations will be allowed in order to not disrupt current financial commitments.*" But this has to be a huge concern for EV buyers. There is likely at least a several month pause in new funding allocations and any new guidelines for the $5b NEVI funding would be aligned Trump policy/priorities. The Biden NEVI was to focus on making sure there is charging infrastructure where it was needed. This has to be a big hit to EV adoption in the US. Our Supplemental Documents package includes the Transportation Department letter.

Trump suspends new EV charging

US charging stocks were hit on Friday, surprised it wasn't more?

Our post on the Transportation Dept suspending new obligations under the $5b NEVI also included the Friday stock charts for charging companies Chargepoint, Blink and EVgo as we were interested in how hard these stocks were hit by the news. On Friday, Chargepoint was down -12.0%, Blink -6.9% and EVgo -7.5%. We were a little surprised the hit to the EV charging stocks wasn't more. However, The stocks have already been hit post Trump.

Trump revokes Biden EO 14057 on BEVs & carbon free electricity

Here is what we wrote in our Jan 26, 2025 Energy Tidbits memo. "*Trump revokes Biden EO 14057 on BEVs & carbon free electricity. On Monday, the White House posted the lengthy list of "Initial Recissions of Harmful Executive Orders and Actions" [LINK], which included revoking of "Executive Order 14057 of December 8, 2021 (Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability)." 14057 was Biden's flagship clean energy program, which included the most significant anti oil and natural gas items. "100 percent carbon pollution-free electricity on a net annual basis by 2030, including 50 percent 24/7 carbon pollution-free electricity; • 100 percent zero-emission vehicle acquisitions by 2035, including 100 percent zero-emission light-duty vehicle acquisitions by 2027". The 100% carbon pollution-free electricity was the overriding force for have to retire coal generation, retire natural gas generation and cancel plans for future natural gas generation. Later in the memo, we noted how natural gas generation in the US has moved from net*

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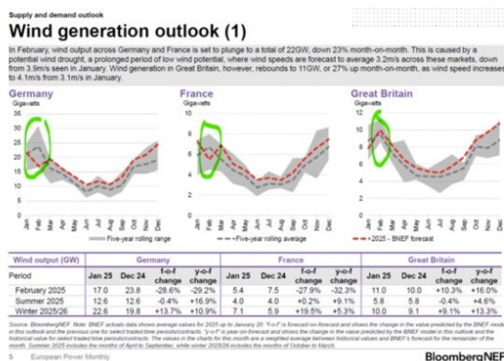
retirements to big net growth driven by AI datacenter power demand. But the net retirements was directly linked to EO 14057 and the move to 100% carbon pollution-free electricity by 2030. And then the 100% zero-emission vehicle sales by 2027 was what drove car manufacturers to drive to BEVs. And with the big BEV incentives, the Biden Administration was able to get Americans to buy BEVs. Our Supplemental Documents package includes an overview of 14057."

Energy Transition: BloombergNEF, Wind drought boosts fossil fuel demand in Europe

Low wind generation fcast for Europe

The key reason why Europe natural gas storage is low is that there have been multiple periods of low winds and low wind generation in Europe in what is normally the seasonally high period or wind generation. It looks like Feb will another month of periods of low wind generation when it should be at a seasonal high. As a reminder solar generation in Europe is normally at the seasonal low in the winter. On Monday, we posted [LINK] "*24/7 #NatGas #Coal keeps saving the day this winter in EU. Warmer than normal temps for EU in Feb = Lower power consumption. BUT low wind generation in the normal seasonal peak amidst the seasonally low solar period. So strong need for #NatGas #coal when it should be lower demand. Great charts @kesha2792 @BloombergNEF #OOTT."* On Monday, BloombergNEF posted its European Power Monthly, which is a good recap of power items in Europe. The report was subtitled "*Wind drought boosts fossil fuel power demand".* The message was simple – there has been a wind drought and more is forecast for Feb so, even though overall power consumption is less, demand for fossil fuel power is increasing. Our post reminded that the options for power in scale to replace the less than expected wind generation are natural gas, coal and imports. They will all win but BloombergNEF expects coal to be the big winner, moreso than natural gas, as coal is cheaper. Below is one of the four BloombergNEF charts that were attached to our post. The charts showed the lower European power consumption, how wind generation is below norms and solar generation is in line with normal seasonal lows. Our Supplemental Documents package includes the BloombergNEF charts.

Figure 51: Wind generation outlook for Germany, France and Great Britain



Wind output (GW)	Germany				France				Great Britain			
Period	Jan 25	Dec 24	f-o-f change	y-o-f change	Jan 25	Dec 24	f-o-f change	y-o-f change	Jan 25	Dec 24	f-o-f change	y-o-f change
February 2025	17.0	23.8	-28.6%	-29.2%	5.4	7.5	-27.9%	-32.3%	11.0	10.0	+10.3%	+16.0%
Summer 2025	12.6	12.6	-0.4%	+16.9%	4.0	4.0	+0.2%	+9.1%	5.8	5.8	-0.4%	+4.6%
Winter 2025/26	22.6	19.8	+13.7%	+10.9%	7.1	5.9	+19.5%	+5.3%	10.0	9.1	+9.1%	+13.3%

Source: BloombergNEF

Europe wind generation normally seasonally peaks in the winter

Winter 2024/25 in Europe is a good reminder that weather is unpredictable as we are seeing with wind in Europe. Our Nov 3, 2024 Energy Tidbits memo highlighted how wind and solar have opposite seasonal peaks and trough. On Oct 31, 2024, we

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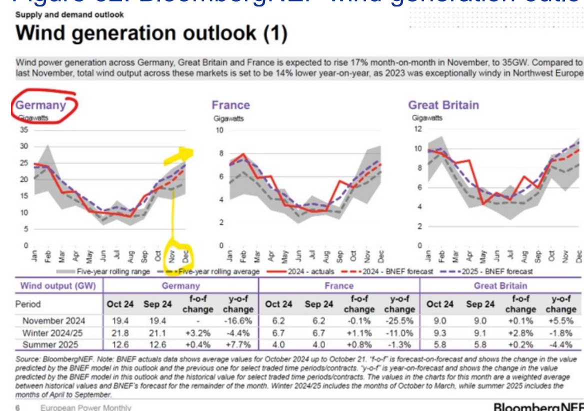
tweeted [LINK] "*Wind & Solar 101. EU wind has big gains from summer trough to winter peak vs solar has big losses from summer peak to winter trough. Offsetting seasonality means adding solar + wind capacity doesn't add 1 +1 in terms of actual generation in EU. But a modest net up in winter ie. less demand for #NatGas generation especially if hot winters like 22/23 & 23/24. Thx @BloombergNEF. #OOTT.*" Our tweet included the below BloombergNEF wind generation outlook that shows the seasonality of wind generation and that wind generation peaks ion the winter at >2x summer trough. Yet, as noted above, wind generation this week was at the low for the year.

Figure 52: BloombergNEF wind generation outlook



Wind output (GW)	Germany				France				Great Britain			
Period	Oct 24	Sep 24	f-o-f change	y-o-f change	Oct 24	Sep 24	f-o-f change	y-o-f change	Oct 24	Sep 24	f-o-f change	y-o-f change
November 2024	19.4	19.4	-	-16.6%	6.2	6.2	-0.1%	-25.5%	9.0	9.0	+0.1%	+5.5%
Winter 2024/25	21.8	21.1	+3.2%	-4.4%	6.7	6.7	+1.1%	-11.0%	9.3	9.1	+2.8%	-1.8%
Summer 2025	12.6	12.6	+0.4%	+7.7%	4.0	4.0	+0.8%	-1.3%	5.8	5.8	+0.2%	-4.4%

Source: BloombergNEF. Note: BNEF actuals data shows average values for October 2024 up to October 21. "f-o-f" is forecast-on-forecast and shows the change in the value predicted by the BNEF model in this outlook and the previous one for select traded time periods/contracts. "y-o-f" is year-on-forecast and shows the change in the value predicted by the BNEF model in this outlook and the historical value for select traded time periods/contracts. The values in the charts for this month are a weighted average between historical values and BNEF's forecast for the remainder of the month. Winter 2024/25 includes the months of October to March, while summer 2025 includes the months of April to September.

Source: BloombergNEF

Energy Transition: Orsted cuts renewable investment by 25% to 2030

Orested cuts renewable capex by 25% to 2030

We continue to highlight that the big winners from the cutting back of offshore wind spending are natural gas and coal as they are the only 24/7 fuels that can scale up in the near term to replace previously assumed offshore wind. On Wednesday, we posted [LINK] "*More 24/7 #NatGas #Coal is needed for next decade to power the world. European wind leader "Ørsted has experienced challenges, especially related to the US offshore wind portfolio...... This development, in combination with the wider renewable industry challenges, has led Ørsted to reduce its investment programme towards 2030 by around 25 % compared to its previous strategic ambition". #EnergyTransition is taking way longer, costing way more & is a rocky/bumpy road. #OOTT.*" Orsted is the European leader in offshore wind so this is a big hit to Europe offshore wind. Orsted has had problems with its US offshore wind but it highlighted the "wider renewable industry challenges" that led to the 255 cut in its investment program to 2030. We always find it interesting that when companies reduce investment it is done "*through a stricter, more value focused approach to capital allocation*". It always seems to suggest they were just spending money without using a strict returns approach. Orsted also highlighted the challenging nature of renewable industry and offshore wind. Orsted wrote "*Ørsted has experienced challenges, especially related to the US offshore wind portfolio, which have led to further pressure on our credit metric. This development, in combination with the wider renewable industry challenges, has led Ørsted to reduce its investment programme towards 2030 by around 25 % compared to its previous strategic ambition on a*

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like-for-like basis." "to ensure that we only invest our capital in the most financially attractive opportunities." "Our number one priority throughout the next three years will be to deliver on our committed 8.4 GW offshore wind construction programme, which will almost double our installed offshore wind capacity. The market remains challenging, but delivering on this programme will solidify our position as the undisputed global leader in offshore wind." Our Supplemental Documents package includes the Orsted release.

Energy Transition: Big pull back in Equinor on its renewables ambition

Equinor cuts renewable plans

As noted above, we continue to highlight the big winners in the reducing capex and lesser power additions from offshore wind are natural gas and coal as the only 24/7 power fuels that can scale up in the short to mid-term. Orsted wasn't the only major European player to cut back on renewables ambition on Wednesday – Equinor also did the same. On Wednesday, we posted [LINK] "*Big pull back by Equinor on its renewables ambition! "Value driven growth in transition, retiring 50% gross capex ambition" Significant free cash flow improvement. "Reducing capex. lower investments renewables and low carbon". "reducing 2030 renewables ambition to 10-12 GW" #Oil #NatGas will be needed for longer. #OOTT."* Equinor retired or gotten rid of its ambition that transition spending would be 50% of gross capex. And they specifically are reducing capex and investment in renewables and low carbon. Yet, at the same time, they are increasing their forecast for oil and gas production and free cash flow. It's the classic realization that the renewable business just doesn't' provide the returns and free cash flow. Orsted reduced its 2030 renewable "ambition" to 10-12 GW from around 16 GW. What else can step up in the next five years to provide more power, especially if the desire is for 24/7 power other than natural gas and coal. Our Supplemental Documents package includes excerpts from its Q4 call slide deck.

Energy Transition: Norway fiscal policy committee says pause offshore wind & more

Norway should pause offshore wind and more

It didn't get much press because we expect Norway to ignore the conclusions of its Fiscal Policy Committee. But the FPC's annual report to the Norway govt had conclusions for Norway to pause offshore wind, phase out CO2 and battery investment, not support the development of socio-economically unprofitable power production. Basically Norway should stop supporting unprofitable clean energy items like offshore wind. The FPC says "*The mandate of the Advisory Committee for Fiscal Policy Analysis is to provide professional assessments and advice on the long-term sustainability of government finances, including whether the formulation of fiscal policy is compatible with such considerations."* On Thursday, we posted [LINK] "*Will Norway govt listen to their Fiscal Policy Committee suggestions for long term sustainability of govt finances: "investment in offshore wind should be paused" "CO2, the compensation & the govt's battery investment should be phased out" "not support the development of socio-economically unprofitable power production..." These are #EnergyTransition elements that are leading to more expensive & volatile energy prices. #OOTT."* As we started off, the FPC report has received very little attention as most expect the Norway govt to ignore the conclusions. Our Supplemental Documents package includes the Fiscal Policy Committee release.

Energy Transition: China's BYD Jan PHEV sales continue to dominate vs BEV sales

PHEVs dominate BEVs for BYD sales

On Tuesday, we posted [LINK] "*PHEVs keep dominating BEVs in China. Don't forget NEVs = BEVs + PHEVs China BYD Jan sales: BEV: 136,931, +19.7% YoY, 41.8% share PHEV:*

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186,880, +105.9% YoY, 57.0% share Dirty little secret for PHEVs, what % of kms driven are in ICE vs electric mode. PHEVs are really just more fuel efficient ICE vehicles. See 09/04 tweet. Volvo said its PHEVs kms driven are 50/50 ICE vs electric mode. Unknown for Chinese PHEVs. Surely more kms in electric than Volvo but how much more? #OOTT." BYD normally posts its monthly NEV sales report on the 1st day of each month but its' Jan 2025 sales didn't get posted until Feb 2. The Jan sales were a similar trend as seen over the last year – BEV sales are up modestly YoY but PHEV sales are up huge YoY and dominate BYD's NEV sales. As a reminder, in China NEV sales are the sum of BEV + PHEV sales. Our concern is that almost everyone refers to BYD's NEV sales without splitting between BEV and PHEV. We recognize it takes that extra step to go and get the split but there is likely a significant difference to the China gasoline consumption decline forecast if the cars are BEVs vs PHEVs. This is not a question that the huge % increase in PHEVs is because the huge % is relative to a low base. BYD's PHEVs reached parity to BEV volumes about a year ago. So, the YoY % growth between the two is from a similar basis in 2024. For Jan, BEV sales were +19.7% YoY to 139,931 and a 41.8% share of BYD's NEVs, whereas PHEV sales were +105.9% YoY to 186,880 and a 57.0% share. And PHEVs are now about 1.4x BEV sales. Our table below shows the BYD Jan NEV sales split into BEV, PHEV, Commercial vehicles – bus and Commercial vehicles – others. Our Supplemental Documents package includes the BYD release.

Figure 53: BYD New Energy Vehicle Sales for Jan 2025

BYD New Energy Vehicle Sales - Jan 2025

	Jan-25	% Share	Jan-24	% Share	Volume Δ	% change
BEV	136,931	41.8%	114,365	55.6%	22,566	19.7%
PHEV	186,880	57.0%	90,749	44.1%	96,131	105.9%
Commercial Vehicle - Bus	286	0.1%	325	0.2%	(39)	(12.0%)
Commercial Vehicle - Others	3,767	1.1%	149	0.1%	3,618	2,428.2%
Total	**327,864**	**100.0%**	**205,588**	**100.0%**	**122,276**	**59.5%**

Source: BYD Production and Sales Volumes for January 2025 posted Feb 2, 2025
Prepared by SAF Group

Source: BYD

Big unknown – how much do Chinese drive in ICE vs electric mode

It seems like a dirty little secret for car companies to keep as to how much their PHEVs are driven in ICE mode vs electric mode. It is a split that they must all have but don't disclose whether it is in China, Europe or the US. The only clear statement we have seen was from Volvo and that wasn't in any disclosed reports, rathit was the response in a conference call on how the km driven by their PHEVs is about 50/50 split ICE vs electric mode. Our BYD post highlighted this unknown. Our Tuesday post said "*Dirty little secret for PHEVs, what % of kms driven are in ICE vs electric mode. PHEVs are really just more fuel efficient ICE vehicles. See 👇09/04 tweet. Volvo said its PHEVs kms driven are 50/50 ICE vs electric mode. Unknown for Chinese PHEVs. Surely more kms in electric than Volvo but how much more?"* BYD newer higher end cars are moving more extended range electric, which has to help them drive significantly more in electric mode. But we don't know what % of kms are driven in ICE vs electric mode. In our prior posts on the BYD data, we remind that the vast majority of Chinese in cities live in apartments vs single family homes. And given that most of these apartments were built in the big China boom from 2000 to Covid, we doubt that they were set for broad EV charging for most of the residents.

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Only BYD and therefore Chinese govt knows the data on how many kms these millions of PHEVs are driven in ICE mode vs electric mode.

HEVs & PHEVs are really just more fuel-efficient ICE vehicles

We call it a dirty little secret by the car companies but, for some reason, they don't want to disclose what % of kms are their PHEVs driven in ICE mode vs electric mode. They have the data and we would have thought that would be some sort of sales/marketing pitch for the value equation of PHEVs vs ICE if they are driven mostly in electric mode. But that data doesn't seem to be something they disclose. As noted in our BYD post on Tuesday, it is unknown what % of kms are driven in ICE vs electric mode given vast majority of Chinese in cities live in apartments build in prior boom. Although, given that more BYD higher end PHEVs have are extended range electric, we would expect that Chinese drive their PHEVs much more in electric mode than driven by Volvo's PHEV owners. We linked to our prior disclosure on Volvo saying their PHEVs are driven about 50/50 in gasoline vs electricity mode. In the western world, HEVs are the big winners as opposed to PHEVs in China. The emergence of HEVs and PHEVs is a win or at least a much lesser loss of gasoline/diesel consumption vs EVs. No one can deny an HEV will burn less gasoline or diesel than its ICE counterpart. However, we still find many don't understand that HEVs and even PHEVs are really just more fuel-efficient ICE vehicles and, in particular, for PHEVs that are generally lumped in with EVs for an electrified car group. HEVs and PHEVs run on gasoline or diesel for likely at least half of the time for PHEVs, at least for Volvo's, and probably 90% for HEVs. On Sept 4, we tweeted [LINK] "*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. #OOTT.*" Our tweet referenced Ford and Volvo data on HEVs and PHEVs. On Ford F150 Hybrid vs ICE mpg. Our tweet included the EPA rated mileage for the Ford F150 ICE vs Hybrid. The EPA rates the Hybrid fuel efficiency as being only 4 mpg more than the ICE. That increased fuel efficiency would be reduced if it was a full apples-to-apples comparison. The ICE has a much larger towing capacity. The F150 ICE 3.5L cyl F-150 does 19 MPG with a tow capacity of 13,500 lbs. The F150 HEV 3.5L 6 cyl F-150 does 23 MPG with a tow capacity of 11,200 lbs. On Volvo PHEVs, most just lump PHEVs in with EVs because both are electrified. But the reality is that a lot of PHEV is driven in ICE mode. As noted earlier, Volvo backed off its fully electric plans and its press released noted "*Volvo Cars' most recent data shows that around half of the kilometres covered by the latest plug-in hybrid Volvo cars are driven on pure electric power.*" So based on the "most recent data", Volvo PHEVs are driven around 50/50 between km driven in battery mode vs ICE mode. Given the press release was Volvo having to back away from its electrified goals, we have to be believe the "around half" driven by PHEV is likely below half. We also believe that Volvo has likely picked the best time period for PHEVs driving in battery mode. We would assume the most recent data is referring to some spring/early summer period and it does not include winter months where the PHEVs will be driven more in their ICE mode.

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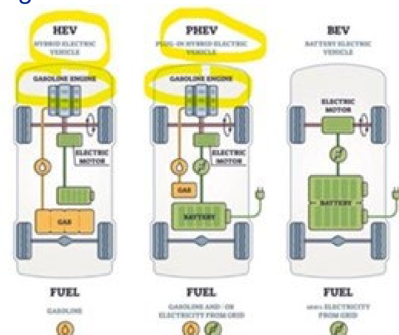
Figure 54: HV vs PHEV vs BEV



Source: Engineering Infrastructure\

Energy Transition: Volvo CEO, next 2 yrs will determine if they are a winner or loser

Volvo CEO says next 2 years are the key

On Thursday, we posted [LINK] "*Volvo Car CEO straight talk. 2025 to be down yr for volume/profits AND the next 2 yrs will shape the next 2 decades if they will be a winner or a loser. "This is the pivotal moment in time where the winners of next-generation mobility are defined. What we do in the next two years will shape us for the next two decades. To come out as a winner, we will lean in." #OOTT."* It seemed like a straight talk CEO message that the next 2 years will determine if Volvo can be a winner with the unsaid portion that, if they aren't a winner, they will be a loser. We have to wonder what the Volvo CEO deal is with the board given what he wrote on Thursday in his message to investors. Keep in mind, Volvo has come off a brutal 2024 that included a big reduction in their BEV ambition in Aug and mgmt changes in Oct that we thought looked like finding a scapegoat for the brutal 2024. So the Volvo CEO messages to investors is the next two years will decide the winners of the next generation mobility. So it's basically asking for a two-year support mandate and one where acknowledges the first year, 2025, will be a down yr for volume and profits. When we heard that is the public messaging, we won't be surprised to see mgmt changes in a year and not two years. If he is right that 2025 is another down year, we have to expect the pressure will be on for bigger changes at Volvo than they made in 2024. The CEO said "*but we anticipate that 2025 will be a challenging and transition year on the path to our long-term growth ambitions. We do not anticipate the market to grow at the rate of previous years, coupled to a highly likely increase in discounts across the industry due to increased competition. As a result, it will be challenging to reach the volumes and profitability level we achieved in 2024. We also see effects on profitability from higher amortisations as we continue to ramp up our new cars, such as the EX90 and in 2025 the ES90."* And the other key surprising, at least to us, was the CEO seemed to infer it will be leaning in on the plan. The CEO said "*As said, we are witnessing a fundamental rebalancing of the car industry and we stand on the precipice of profound change. This is the pivotal moment in time where the winners of next-generation mobility are defined. What we do in the next two years will shape us for the next two decades. To come out as a winner, we will lean in. We will take brave decisions and fight battles on many fronts: technology, talent, customer service, value, and quality – to name a few."* Our Supplemental Documents package includes the Volvo CEO message.

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09/04/24: Big reduction in Volvo's BEV ambition

Here is what we wrote in our Sept 8, 2024 Energy Tidbits memo on Volvo's big reduction in their BEV ambition. *"Big reduction in Volvo's BEV ambition. Volvo was another major car manufacturer to announce a big reduction in their BEV ambition this week. (i) On Wednesday, we tweeted [LINK] "Big reduction to Volvo BEV ambition. WAS: ".. be fully electric by 2030". NOW: ".. 90 to 100% of its global sales volumes by 2030 to consist of electrified cars, meaning a mix of both fully electric and plug-in hybrid models". Didn't give PHEV vs BEV split. PHEVs are really just way more fuel-efficient ICE. Volvo says its PHEVs around 1/2 of km driven are in battery mode ie. 1/2 in gasoline/diesel mode. Reduced/adjusted BEV ambition due to "changing market conditions and customer demands". #OOTT." (ii) The Volvo backtrack is a bigger backtrack than most initially thought. On the surface, people will see they are only putting HEV to 0-10% of their 2030 sales and still not including any ICE in their 2030 sales is not a huge backtrack. However, there is also an inferred big shift to PHEV. Volvo is moving from the prior ambition for the line up to be "fully electric by 2030", which infers all BEV. And now they say "Volvo Cars aims for 90 to 100 per cent of its global sales volume by 2030 to consist of electrified cars, meaning a mix of both fully electric and plug-in hybrid models – in essence, all cars with a cord." Ie. some portion of the 90% will be PHEV cars that are electrified but run at least half the time on gasoline or diesel. (iii) Volvo didn't disclose what percentage of the 90% will be PHEV. But in the press release, Volvo says their PHEVs run half the time on battery mode. "Volvo Cars' most recent data shows that around half of the kilometres covered by the latest plug-in hybrid Volvo cars are driven on pure electric power. (iv) So Volvo has moved from 100% BEV in 2030 to 10% HEV and some undisclosed percentage of the 90% electrified being PHEV. Our Supplemental Documents package includes the Volvo release*."

10/09/24: Volvo "adjusts" leadership

Anyone who has been in business has seen what looks form the outside to be situations where top mgmt will pass the buck. Here is what we wrote in our Oct 13, 2024 Energy Tidbits memo on Volvo's leadership changes. "*Volvo "adjusts" leadership. It looks like Volvo picked the fall guy for having to backtrack on their recent reduction in their BEV ambition. On Wednesday, Volvo announced "Volvo Cars adjusts leadership" [LINK] because "The automotive industry is currently challenged by different headwinds driven by geopolitical and macroeconomic uncertainties that impact the entire industry, including market sentiment, rapid technology shifts and supply chains. Volvo Cars is taking a further step in gearing up to navigate this environment with speed and agility." Volvo said "jörn Annwall, current Chief Commercial Officer & Deputy CEO will step out of his role and support the transition of the new organisation before taking his next step outside of Volvo Cars. Over the past nine years, Björn has established a strong team around him that will continue the important work ahead, and I look forward to working closely together with him to enable this transition. I would also like to extend my warmest thanks to Björn for his tremendous contribution to Volvo Cars over the years, including the pivotal part he played in our successful listing on the stock market, advancing our shift towards electrification and our expansion into new markets," said Jim Rowan,*

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CEO, Volvo Cars." We can't help believe Annwall is taking the fall for the EVs strategy not working. This is a craftily written press release. This is the type of crafty drafting that we have seen many times where the CEO wants to make people think someone is to blame. The big negative on Volvo was having to backtrack on their electrification. They are saying the Deputy Chair played "the pivotal role" in "advancing our shift towards electrification". It makes it seem like he was the EV guy. But advancing the shift means he was the executive who drove forward the electrification shift. But it doesn't mean it was his idea to push it. So it seems he is likely the fall guy. Don't forget that if he was to blame for the BEV failure, he wouldn't be sticking around to help in transition. "

Energy Transition: UK's Zev mandate hammers Vertu Motors profit & outlook

UK ZEV's mandate

No one should have been surprised to see the Vertu Motors profit hit driven by UK's ZEV mandate. We have been highlighting Vertu for months as they have been the most outspoken on the UK ZEV mandate's negative impact on the UK car industry. On Thursday, we posted [LINK] "*Will UK Govt seriously address ZEV mandate that only gets more difficult in 2025? Must read @VertuMotors profit hit on UK 22% ZEV 2024 mandate & reminds ZEV goes to 28% in 2025. Vertu started warning, See 👇10/16 post. BEV displacing Petrol, HEV a lot slower than aspirations. #OOTT."* The Vertu profit warning contained a good section "*ZEV Mandate causing disruption in the new car market*", which outlines what has happened and the warning on what is to come. The ZEV mandate is that BEVs be 22% of UK new car sales in 2024 and that increases to 28% in 2025. The UK car industry had to scramble to get to 19.6% in 2024 and that mean big price discounting as well as holding back on ICE/HEV sales, which creamed profits. And that will be worse in 2025. We recommend reading the Vertu recap[. Our Supplemental Documents package includes the Vertu release.

09/08/24: Vertu warned restricting ICE/HEV to help UK EVs sales get to 22%

Vertu was the first significant auto group to warn that car manufacturers were already restricting ICE and HEV deliveries to try not to make the BEV % of total car sales get even lower. Here is what we wrote in our Sept 8, 2024 Energy Tidbits memo. "*The UK government will be able to say UK EVs sales should be near their regulated 22% of total car sales. But it won't be because EVs demand supports 22% of total car sales. Rather it will be because car manufacturers are holding back ICE and HEVs in 2024. It's math. If EVs sales are less, then the ICE/HEV sales have to be stopped or else the denominator will get too large. On Friday, we tweeted [LINK] "Blunt talk! UK EVs should hit UK regulated EVs to be 22% of total car sales BUT not because of EVs demand. RATHER @vertumotorsCEO explains: "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 new car market is no longer a market, unfortunately. It's a state-imposed supply chain." #OOTT." This is the concern that others have had but weren't as blunt as Vertu Motors CEO Forrester – disappointing demand for EVs means car manufacturers have to restrict deliveries of ICE and HEVs. Vertu Motors posted The Daily Telegraph story that included*

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Forrester's comments. They also wrote "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." Our Supplemental Documents package includes the Vertu posted story. [LINK]"

Energy Transition: Will Canada's 1st SMR by 2029 set stage for SMRs growth in 2030s

Canada's 1st SMR by 2029

It seems like many weren't aware that Ontario Power Generation is on track for the first SMR (mini-nuke) in the G7 to be operational before 2029. But they all agree it could set the stage for visibility and confidence in SMRs growth in the 2030s. Here is what we wrote in last week's (Feb 2, 2025) Energy Tidbits memo. "*Will Canada's 1st SMR by 2029 set stage for SMRs growth in 2030s. Yesterday, we posted [LINK] "Overlooked! Will @opg 1st SMR nuclear power at Darlington set the stage for visibility & confidence SMRs can scale up in 2030s? Darlington SMR is 1st G7 SMR, on track for by 2029 start. @JustinTrudeau. Until SMRs, only scalable new 24/7 power is #NatGas & #Coal. #OOTT @BWXT." We still believe SMRs, or mini-nukes as we have called them for decades, aren't going to be there in scale for a decade. However, we saw an indicator that there could well be visibility to ramp up mini-nukes for the 2030s as we get to 2030. The reason is Canada. It has been overlooked but Canada is on track for the G7's first SMR (small nuclear modular reactor or mini-nuke) to be on stream before 2029. But thanks to my former nuclear power executive friends, who made sure we saw Trudeau's Tuesday release "The Canada-Poland Nuclear Energy Cooperation Agreement" [LINK], which included in the below the memo Quick Facts the reminder "Canada expects to be the first G7 country to have the first operational SMR, the GE-Hitachi BWRX-300, by 2029. It is under active development by Ontario Power Generation at its Darlington Nuclear Station, and Poland is watching developments at Darlington closely, as it plans to deploy the same SMR technology shortly thereafter." On Monday, BWX Technologies announced [LINK] "BWXT Awarded Historic Manufacturing Contracts to Support Pickering Life Extension and Darlington New Build Projects" . "BWX Technologies, Inc. (NYSE: BWXT) announced today contracts with a total value of more than C$1 billion for two major nuclear energy projects that will enable Ontario Power Generation's (OPG) life extension of the Pickering Nuclear Generating Station, and the deployment of a new small modular reactor (SMR) at the Darlington site." "The BWRX-300 scheduled for the OPG Darlington New Nuclear Project is on track to be the first on-grid SMR among G7 nations. The design is a 300-MWe water-cooled, natural circulation SMR with passive safety systems that leverages the design and licensing basis of GEH's U.S. NRC-certified ESBWR." Our Supplemental Documents package includes the Trudeau release and the BWX Technologies release."*

Capital Markets: UN FAO Food Price Index down MoM in Jan, but still up +6.2% YoY

UN food price index

The UN Food Price Index is a monthly food commodities measure and not an index of consumer food prices or food prices in grocery stores. However, increases or decreases in food commodity prices should, in theory, eventually work their way into grocery prices. But with the big wildcard of commodities have to be made into products and have to get thru the supply chain layers to reach grocery store shelves.The UN Food Price index has been gradually decreasing since the middle of 2023 with January declining -1.6% MoM compared

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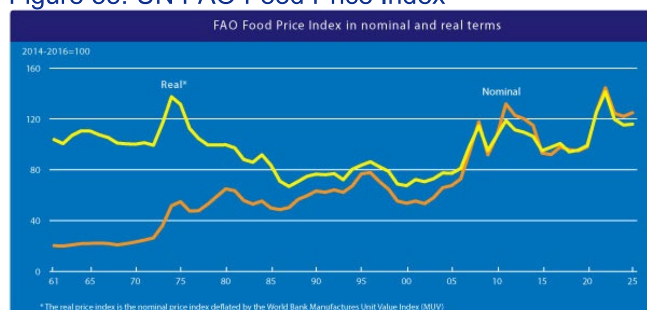
to the revised December level. However, the index is up +6.2% YoY and remains -22.0% below the March 2022 peak. On Friday, the UN posted its monthly update of its FAO Food Price Index titled "*FAO Food Price index declined in January 2025, mostly due to lower sugar, vegetable oil and meat prices"* [LINK]. Note that the index is calculated on a Real Price basis. The FFPI averaged 124.9 points in January, down -1.6% from the December figures, and is up +6.2% YoY. The FFPI reported categories saw decreases in sugar, vegetable oils, and meat, which more than offset increases in dairy products and cereals. The Vegetable Oil Index was down -5.6% MoM and up +24.9% YoY. The decrease was driven by lower rapeseed and world palm oil prices. The Dairy Price Index was up +2.4% MoM and up +20.4% YoY. The Cereal Price Index was up +0.3% MoM but still down -6.9% YoY. The Meat Price Index was down -1.7% MoM and up +8.1% YoY. The Sugar Price Index was down -6.8% MoM and down -18.5% YoY, marking its lowest level since October 2022.

Figure 55: UN FAO Food Price Index



Source: UN FAO

Capital Markets: Safe haven investors drive gold to $2,890 on Friday morning

Gold hits $2,890

On Friday, we posted [LINK] "*Another safe haven week for gold. Or as a couple of veteran investors said to me last week "Welcome to Trump World " Hit new record of $2,890 on Friday morning before closing at $2,867."* Follow up to last week's (Feb 2, 2025) Energy Tidbits memo that noted how gold had hit new record high of over $2,800. We noted feedback from some older investors last week who described the uncertainty and daily ups and downs as welcome to Trump's world and they laughed. And they both said that there are too many events each day to follow and too much volatility to risk. We suspect they are far from alone and that the best evidence is how the search for safety has driven gold over $2,800. Gold had another good week and hit $2,890 on Friday morning before closing at $2,867.

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Figure 56: Gold hit $2,890 on Friday morning

Source: Bloomberg

Demographics: Challenge for older industries to attract young people

Challenge to attract young workers

On Wednesday, BDO posted its "*Annual Mining Report 2025: Transformng the Industyr with Sustainability, Innovation and Critical Minerals*". The report, while mining focused, reminded that there is a challenge, not just for mining, but all older type industries to attract young people. Industries like oil and gas, nuclear, truck drivers, other commercial drivers like taxi, railroad engineers, etc. BDO highlighted stats like 70% of people aged 15-30 years would not consider working in mining, 41% decline in mining engineering graduates in the US (2022 vs 2016), and 31% believe talent attraction swill have the biggest impact on mining over the next 15 years. Oil and gas started to move away from cyclical ups and downs to a more permanent inability to get young people a decade or more ago when many people believed the end of oil and gas was near because of the energy transition. Truck drives, taxi drivers have been moving to immigrant workers to get younger. Truck driving is viewed as an extremely unattractive job for young people. But it also types of engineers like nuclear. Nuclear power has been viewed as a dying industry in the last 15 years or longer.It' snot just mining but other industries facing the same problem. And that problem has become exponentially larger given the energy transition plans/aspirations of the last decade aren't working. The world has turned back to wanting nuclear power, mining for critical minerals, more coal, more natural gas and oil. A big part of the reason why young people weren't coming into these industries is that they hve been told for a decade or more the energy transition would bring these commodities to an end. Our Supplemental Documents package includes the BDO attracting young talent to mining excerpts.

Twitter/X: Thank you for getting me to 12,000 followers

@Energy_Tidbits on Twitter

Last month, I went over 12,000 followers on Twitter/X. I really appreciate the support and, more importantly, some excellent insights and items to look at from Twitter/X followers. It helps me do a better job. For new followers to our Twitter/X, I am trying to tweet on breaking news or early views on energy items, most of which are followed up in detail in the Energy Tidbits memo or in separate blogs. My Twitter/X handle is @Energy_Tidbits and can be followed at [LINK]. I wanted to use Energy Tidbits since I have been writing Energy Tidbits memos for 25 consecutive years. Please take a look thru my tweets and you can see I don't just retweet other tweets. Rather I try to use Twitter/X for early views on energy items. Our Supplemental Documents package includes our tweets this week.

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Misc Facts and Figures.

During our weekly review of items for Energy Tidbits, we come across a number of miscellaneous facts and figures that are more general in nature and often comment on sports and food.

Wine of the week: 2005 Chateau Pontet-Canet, Pauillac

In August, I started the wine of the week when I realized I had to get to opening up some wines bought 20 to 30 years ago that included some that, unfortunately, were getting past their prime. One of the negatives of the change in life from Covid was a huge absence of entertaining at home, which means there has been a big shortfall in wine drinking at our home. So am now making sure what, when I bought them 15-25 years ago, were some good wines and make sure bottles get opened especially as many are 20 to 40 years old. On Friday night, I posted the wine of the week, the 2005 Chateau Pontet-Canet, Pauillac. I still have really old Pontet-Canet and Lynch Bages as they were the first two Bordeaux I started buying in the 90s. Both are Cinquiemes Crus. 2005 was a great vintage in Bordeaux so I loaded up and still have at several bottles of the 2005 Pontet-Canet. It was excellent and I feel no rush to drink the remaining bottles. It was a reminder that quality Bordeaux in a great vintage are must-have for cellars.

Figure 57: 2005 Pontet-Canet, Pauillac

97 **Wine Advocate**
Review Date: 07/2016

“ Tasted at the Pontet-Canet vertical in London, the 2005 Château Pontet-Canet has long been one of the stars of the vintage and this might well be the best of over a dozen showings of this wine. However, do not expect ostentation on the nose. This is 2005 and like many wines of this vintage, even with considerable decanting, it remained broody and introspective on the nose, as if it is checking you out and seeing if you are worthy. Once you have been accepted, then it swings the doors open to reveal gorgeous scents of blackberry, briary and cassis fruit, perhaps a little more sous-bois than I have noticed compared to previous bottles. The palate is medium-bodied, but dense and structured—certainly a more masculine Pontet-Canet built for long-term ageing. Yet it retains marvelous freshness and vitality all the way through to the pencil-lead, quite saline finish. I suspect that the 2009 Pontet-Canet is more approachable than the 2005, so heeding Robert Parker's sage advice, afford this up to ten years in your cellar and then reap the rewards of patience. (NM)

Source: SAF Group, K&L Wines

Americans to eat 1.47 billion chicken wings today

On Friday, we posted [LINK] “*Super Bowl Sunday is Chicken Wing Sunday! National Chicken Council fcasts 1.47 billon chicken wings to eaten on Sunday. Should be a big rush today at Costco/Walmart to load up Super Bowl food. Last Chiefs/Eagles Super Bowl was one of the best games ever.*” It’s Super Bowl Sunday so that means it’s chicken wing day in the US. The National Chicken Council’s 2025 Wing Report predicts Americans will eat 1.47 billion chicken wings today, a +1.5% increase from last year’s Super Bowl’s 1.45 billion wings eaten. The National Chicken Council wrote “… *Americans to consume 1.47 billion chicken wings watching the Kansas City Chiefs and Philadelphia Eagles battle for the Lombardi Trophy. This figure represents an increase of 1.5 percent from last year’s game, or about 20 million more wings. … Wings sales across the U.S. during the playoffs have been strong, gaining +12 percent for the four weeks ending January 19, 2025, versus the prior period. The playoff markets beat the national +12 percent wings increase, scoring sales growth at 15.5 percent for the four weeks ending January 19, 2025, versus the prior period.”* They also include some visuals on what 1.47 billion wings would represent such as

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"*Laid end-to-end, 1.47 billion wings would circle the Earth more than 3 times.*" Our Supplemental Documents package includes the National Chicken Council report. [LINK]

Jockey Whopper Burger at Newmarket Town FC
We don't normally include @FootyScran concession food around the world in football (soccer) stadiums in consecutive weeks but, after our 7am MT news cut off, we saw a more traditional football concession food and not the classy cannoli with lemon cream filling we included last week. We saw the below Jockey Whopper Burger at Newmarket Town FC, a regional UK team a little to the NE of London. It includes burgers, three bacon, three cheese and two sausage for £9. Wonder why only two sausage. But this is what we look for as a classic concession food.,

Figure 58: Jockey Whopper Burger at Newmarket Town FC

Source: Footy Scran

Did Volvo Cars CEO just not give Walter Gretzky credit for his famous saying?
We couldn't help note the Volvo Cars CEO saying at the end of his Q4 call something that made us tweet this morning [LINK] "*Did @volvocars CEO 👇just not give Walter Gretzky credit? Or is he inferring it was Sweden and not Walter saying to @WayneGretzky "go where the puck is going, not where it's been". I had the honor to speak with Walter for a few minutes ~30 yrs ago, what a wonderful person!"* The Walter Gretzky saying is probably the most quoted saying by business people on investing and running companies. It wasn't clear if the CEO was just not giving Walter credit or inferring it was a Swedish saying. He said "*The old adage -- since we're in Sweden, the old adage of skate to where the puck is going to be rather than continuously trying to chase the puck. And that's what we're trying to do with the business is we're skating to where the puck is going to be. And the puck is going to be an upswing in volumes, we think, in the next few years towards the relevant technologies of the future, which is definitely going to be EVs, as well as PHEVs and NHEVs, which we're building. And you need to be able to do that in a cost effective way. And that's everything that we're building*." We recognize most give the quote credit to Wayne but it has been our understanding for decades it was Walter giving advice to Wayne.

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