

Investments - Flash



M. Alain Freymond - Partner & CIO

RISING CRUDE OIL AND GAS PRICES IN PROSPECT

World crude oil demand above 100 Mbpd in 2023

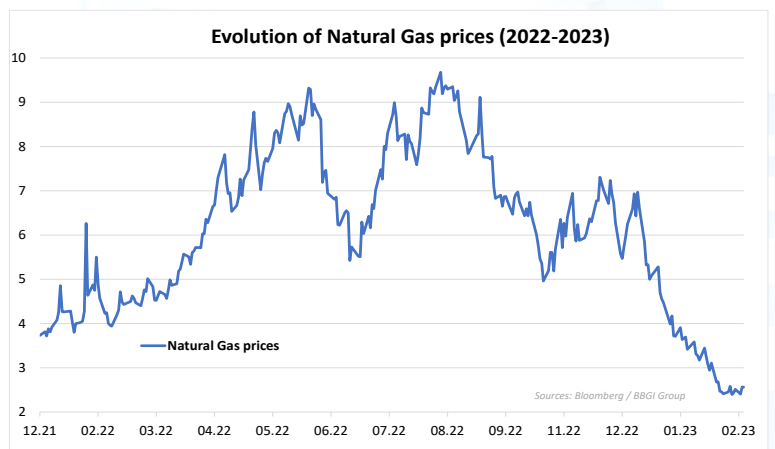
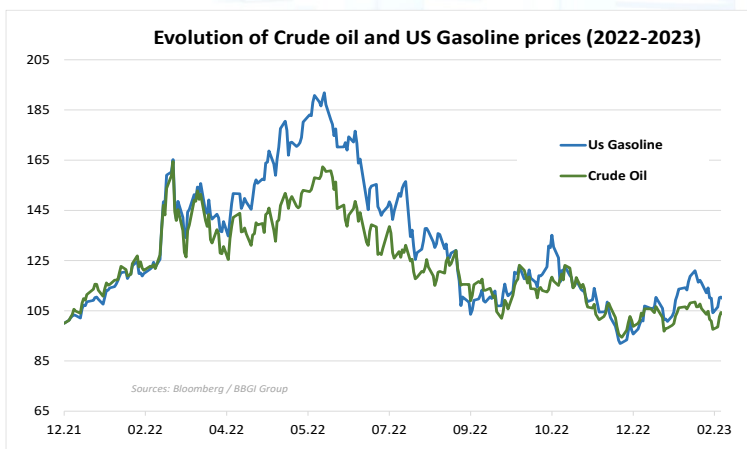
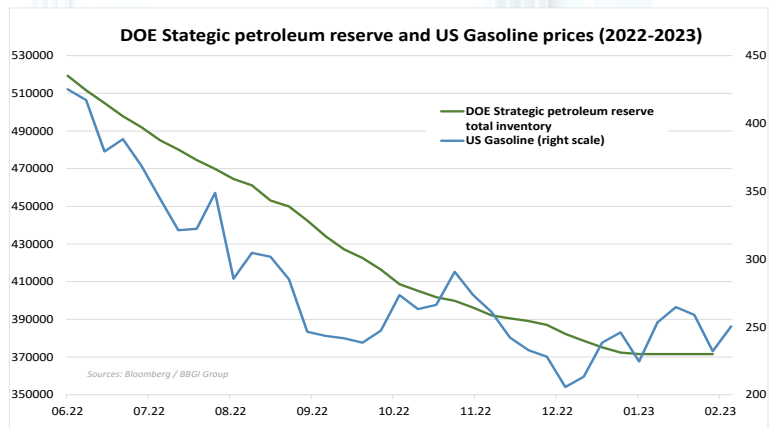
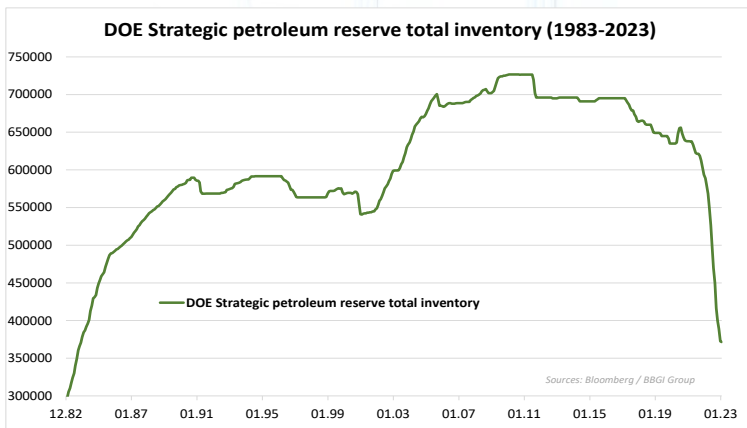
U.S. strategic reserves will decline further in the near term. President Biden's decision to release an additional 26 million barrels in the coming months will further reduce the level of reserves below 350 million barrels in an unstated goal to counter Russia's announcement of a 0.5 Mbpd reduction in production. The recent rise in gasoline prices and the rebound in crude oil prices may also have contributed to this decision to reduce potential tensions in the energy market and the risk of higher gasoline prices. The strategic reserves have been reduced by more than 200 million barrels, or about 50%, and are now at their lowest level since 1983.

By historical comparison, the GDP of the U.S. economy is now \$21 trillion, up from \$7.3 trillion in 1983. The current ratio of US strategic reserves to GDP is therefore three times lower than it

was in 1983. At that time oil prices were \$30 and inflation was 3.8%/year.

Nonetheless, this decision will only have a small impact on the balance of the energy market in our view. Gas prices at the lowest since October 2020 have now corrected by 85% from the high reached at \$10 MMBtu.

Global demand for crude oil is expected to increase by 2.3 million bpd according to OPEC and will certainly exceed 100 million bpd for the first time in 2023. In this context, the prices of crude oil and gas are therefore expected to appreciate significantly in the coming months.



Important information: This document is confidential and intended exclusively for its recipient and may not be transmitted or reproduced, even partially, without the express written consent of BBGI Group. It is provided for informational purposes only and does not constitute an offer or solicitation to buy, sell or subscribe. BBGI Group cannot be held responsible for any decisions taken on the basis of the information provided. The figures are based on quantitative and judgmental analysis. The client remains fully responsible for the management decisions made in relation to this document. We endeavour to use information that is deemed reliable and cannot be held responsible for its accuracy and completeness. The opinions and all information provided are subject to change without notice. The data mentioned is indicative only and is subject to change without notice in the light of changing market conditions. Past performance and simulations are not indicative of future results.