

Your Excellency, Ladies and Gentlemen!

It is a pleasure to be hosted by OPEC at our **Joint IEA-IEF-OPEC**, and to meet with you in the beautiful city of Vienna today.

As the new Secretary General of the International Energy Forum, and **with the help of my good friend and “twin brother” His Excellency Mohammed Sanusi Barkindo, who I respectfully thank for his gracious welcome, I look forward to work with you and take our dialogue on physical and financial markets to a much higher level** to address all issues, and find stable and sustainable pathways to the future.

We launched this dialogue on the Interactions between Physical and Financial Energy Markets, **after a period of increased oil market volatility, at the 12th IEF Ministerial Meeting in 2010**

They form the third pillar of the **Trilateral Work Programme that the Cancun Declaration established between our organisations** to enhance oil market stability and deepen collective insight into these complex physical and financial interactions.

Our meetings have proven their use and relevance over the years.

Physical and financial energy market **dynamics are now much better understood but interactions have become more multifaceted too**, since we first met in London in 2010, and debated these in our meetings in Vienna over the years.

Our **on-going dialogue has helped provide a more nuanced and balanced understanding** of the interactions between physical and financial energy markets.

Current market turbulence is less pronounced than in previous episodes, consequently, even though volatility has increased after a period of relative stability.

Indeed, **our objective is not to arrive at fixed conclusions**, but rather to share views and identify shifts and new emerging issues about the interactions between physical and financial energy markets.

Today physical and financial market interactions are driven by the:

- **Recent oil market swings** that have enabled unconventional producers to hedge future production,
- **The evolving role of financial and trading firms** that have altered risk management options available to participants
- **The impact of financial policy and regulation** that may tighten credit lines, and ease position limits too
- And finally, **developments in market structure**, including the role of storage and impact of inventory data releases

Many new market and policy developments have taken place since we last met at the OPEC Secretariat on 15 March last year.

The relevance of our dialogue cannot be understated **considering the more fluid dynamics physical and financial energy markets are exposed to.**

New technologies, and shifts in demand and supply as well as policies, **severely reduce upstream investment and long term market liquidity.**

Our **discussions on oil market volatility thus far have naturally focused on developments at the front end of the futures curve.**

- On one hand, however, current physical and financial energy market interactions **impact longer cycle investment. A growing concern for long term oil market stability.**
- On the other hand, **too little is known about how physical and financial markets will respond to long-term policy goals and new technologies,** such as implementation of the Paris Agreement and changes in the power generation and transport sector.

These long-term trends are likely to increase oil price volatility on the shorter term as energy markets transition within the time horizons of investment decisions on medium-term oilfield development.

We should keep our eyes on the ball in front of us but also **dare to look ahead collectively to not lose sight of our shared goals on the horizon** as we progress through volatile episodes.

I say to you that with the help from my friends **His Excellency Mohammed Sanusi Barkindo, Dr Fatih Birol, represented here today by Neil Atkinson, Head of the IEA Oil Market Review, and all of you gathered here today, the IEF stands ready and remains committed to:**

- **Energy market stability through enhanced dialogue on physical and financial energy markets** to moderate volatility and ease transitions between investment cycles and policy turns
- **Inclusive and energy-technology neutral dialogue** among producing and consuming countries across all regions of the world
- **Market transparency through dialogue and the Joint Organisations Data Initiative** that has set a standard for cooperation among institutions.

Thank you, I look forward to our discussions.