Global Energy and Economic Outlook

G20 Energy Transitions Working Group
Key Points:

• The worst is likely still ahead for energy markets.
• This winter could see increased rolling blackouts, re-emergence of “heat or eat,” and mounting social unrest.
• High energy prices and fuel shortages are not limited to Europe. Developing countries are bearing the brunt of the pain.
• One of the greatest risks for the industry will be the unintended consequences of policy decisions made in a hurry or hard decisions made too late.
• Energy security is not only a near-term concern, and it cannot be bought at the expense of others. It requires investment in long-term partnerships and in reliable and diversified energy supplies.
• Successful policies are not “one and done.” The balance between affordability, security, and sustainability must be continuously assessed and addressed over time.
Today’s Energy Price Volatility Dwarfs Any Other Period in History

Global Energy Futures Prices
USD per barrel of oil equivalent

Source: IEF, Bloomberg
European Electricity Prices Imply Shock Will Last Well Into Next Year (And Likely Longer)

Europe Baseload Power Prices - Forward 1 Year

Eur/Mwh

Source: IEF, Bloomberg
The Energy Crisis is Spreading Beyond Europe and Developing Countries Bear Brunt of the Pain

Fuel Shortages and Protests Spread Across South Asia, Africa, and South America

Fuel shortages, power outages bring life in Haiti to a halt

Ecuador facing food and fuel shortages as country rocked by violent protests

Rise in gasoline prices threatens social stability and food security in Latin America

In Argentina, Fuel Shortage And Rising Food Prices Spark Protests And Social Unrest

27 deaths reported in Sierra Leone after protests sparked by rising food and fuel prices

Fuel shortage in Ghana: 'We have one month stock of supply' - Hosi

Pakistan Faces Deeper Power Crisis as LNG Becomes Too Expensive

Laos hit by fuel shortages and growing default risk

Thailand at Risk of Fuel Crunch With Imported Gas Too Pricey

Global Gas Crunch Leaves Bangladesh Facing Blackouts Until 2026
- Bangladesh to buy less spot LNG on high prices, minister says
- South Asia seeing severe LNG shortages as prices increase

Surging Fuel Costs Pressure African States as Protests Build
- Demonstrations have taken place in South Africa, Mozambique
- Governments evaluating subsidies, policy throughout continent

Crippling Energy Crisis Set to Worsen for Debtlidden South Asia
- Oil traders shun sales to Pakistan, Sri Lanka on payment fears
- Some sellers want upfront payments while banks stop financing

Cameroonians queue for fuel as shortages hit the capital
False Calm: Oil Prices are Lower Despite Tight Fundamentals

Global Demand and Crude Production
100% = 2019 levels

Global spare production capacity and OECD inventories
Spare capacity, % of global production

Source: IEF, JODI Oil Database

Source: IEF, EIA
Economic Downturn May Dampen Oil Demand, But History Shows Impact Could Be Limited & Temporary
Upstream Oil & Gas Investment Needs to Increase to ~$525 bn to Provide Adequate Supplies This Decade

Global Upstream Oil & Gas Investment
Billion USD

Source: IEF, S&P Global
Energy Security Strategies

- Stimulate sustainable growth and investment with clear and stable policies.
- Diversify access to markets and resources, including critical minerals.
- Expand global energy markets data on energy flows, storage spare capacity, and critical minerals. (e.g. JODI)
- Give energy markets room to adjust, respect contracts, and minimize interventions that add risk and uncertainty in a highly volatile environment.