Oil slides 2% on expectations that US Gulf supply disruption will ease

- Repair to pipe that shut US offshore output due by end of day
- For the week, Brent is set to rise 3%, WTI up 3.7%
- Contradicting IEA and OPEC demand outlooks
- US oil rig count rises three to 601 this week -Baker Hughes

Reuters | New York


A pump is seen at a gas station in Manhattan, New York City

Oil prices plunged around 2% yesterday, on expectations that supply disruptions in the US Gulf of Mexico would be short-term, while recession fears clouded the demand outlook.

Futures, however, were still on track for a weekly gain.

Brent crude futures fell $1.47, or 1.5%, to $98.13 a barrel by 11:10 a.m. EDT (1510 GMT), while US West Texas Intermediate (WTI) crude fell $2.08, or 2.2%, to $92.26 a barrel. Both contracts gained more than 2% on Thursday.

"We are pulling back a little bit after the big run-up yesterday," said Phil Flynn, an analyst at Price Futures Group.

Brent was on track for a 3.5% gain this week after last week's 14% tumble on fears that rising inflation and interest rates will hit economic growth and demand for fuel. WTI was on course for a 3.7% gain.

Crews were expected to replace a damaged oil pipeline piece by the end of the day on Friday, a Louisiana port official said, allowing for the resumption of production at seven offshore US Gulf of Mexico oil platforms.

On Thursday, top US Gulf of Mexico oil producer Shell (SHEL.L) said it halted production at three deepwater platforms in the region. The three platforms are designed to produce up to 410,000 barrels of oil per day combined.

The market also absorbed contrasting demand views from the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA).

"We are seeing an economic slowdown, but its unclear if it's as big a slowdown as some of the recent outlooks have been predicting," said Ole Hansen, head of commodity strategy at Saxo Bank. "The demand will ebb and flow, but supply is still the main concern."

European sanctions on Russian oil are due to tighten later this year while a six-month coordinated energy release agreed by the United States and other developed economies is due to run its course by the end of the year.

In the United States, import prices fell for the first time in seven months in July, helped by a strong dollar and lower fuel and nonfuel costs, while consumers' one-year inflation outlook ebbed in August, the latest signs that price pressures may have peaked.

US oil rigs rose three to 601 this week, energy services firm Baker Hughes Co (BKR.O) said. The rig count, an indicator of future output, has been slow to grow with oil production only seen recovering to pre-pandemic levels next year.

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On Thursday OPEC cut its forecast for growth in world oil demand in 2022 by 260,000 barrels per day (bpd). It now expects demand to rise by 3.1 million bpd this year. The IEA, meanwhile, raised its demand growth forecast to 2.1 million bpd, citing gas-to-oil switching in power generation. The IEA also raised its outlook for Russian oil supply by 500,000 bpd for the second half of 2022 but said OPEC would struggle to boost production.

Europe eyes Musk's SpaceX to replace Russian rockets

Reuters | Paris

The European Space Agency (ESA) has begun preliminary technical discussions with Elon Musk's SpaceX that could lead to the temporary use of its launchers after the Ukraine conflict blocked Western access to Russia's Soyuz rockets.

The private American competitor to Europe's Arianespace has emerged as a key contender to plug a temporary gap alongside Japan and India, but final decisions depend on the still unresolved timetable for Europe's delayed Ariane 6 rocket.

"I would say there are two and a half options that we're discussing. One is SpaceX that is clear. Another one is possibly Japan," ESA Director General Josef Aschbacher told Reuters.

"Japan is waiting for the inaugural flight of its next generation rocket. Another option could be India," he added in an interview.

"SpaceX I would say is the more operational of those and certainly one of the back-up launches we are looking at."

Aschbacher said talks remained at an exploratory phase and any back-up solution would be temporary.

"We of course need to make sure that they are suitable. It's not like jumping on a bus," he said. For example, the interface between satellite and launcher must be suitable and the payload must not be compromised by unfamiliar types of launch vibration.

"We are looking into this technical compatibility but we have not asked for a commercial offer yet. We just want to make sure that it would be an option in order to make a decision on asking for a firm commercial offer," Aschbacher said.

SpaceX did not reply to a request for comment.

The political fallout from Russia's invasion of Ukraine has already been a boon for SpaceX's Falcon 9, which has swept up other customers severing ties with Moscow's increasingly isolated space sector.

Satellite internet firm OneWeb, a competitor to SpaceX's Starlink satellite internet venture, booked at least one Falcon 9 launch in March. It has also booked an Indian launch.

On Monday, Northrop Grumman booked three Falcon 9 missions to ferry NASA cargo to the International Space Station while it designs a new version of its Antares rocket, whose Russian-made engines were withdrawn by Moscow in response to sanctions.

India sticks to 'one-China' policy stance but seeks restraint on Taiwan

Reuters | New Delhi

India said yesterday it opposed any unilateral change to the status quo over Taiwan but that its stance on the 'one-China' policy remained consistent, days after Beijing said it hoped New Delhi would continue to recognise its claim to self-governing Taiwan.

China launched ballistic missiles and deployed multiple aircraft and warships around Taiwan in recent days, angered by last week's visit to the island by US House of Representatives Speaker Nancy Pelosi.

The Chinese Embassy in New Delhi said last week that India was one of the first countries to recognise Beijing's 'one-China principle' - that Taiwan is an inalienable part of China - and that it hoped India would not change its position.

Asked by a reporter about India's position on the one-China policy, Indian foreign ministry spokesperson Arindam Bagchi said: "India's relevant policies are well known and consistent. They do not require reiteration."

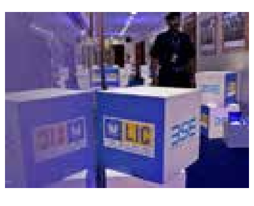
"We urge the exercise of restraint, avoidance of unilateral actions to change the status quo, de-escalation of tensions and efforts to maintain peace and stability in the region," he said.

Nass Supervisor & Foreman Development Programme

Nass Construction Platform Divisions, committed to achieving world-class standards for services, has embarked on an in-house Supervisor & Foreman Development Programme to further enhance the skills of supervision. This programme, developed by champions within the business, will run for six months. Above, Nigel Hector, Nass Construction Platform General Manager, and Ahmed Al Jabri, Human Resources & Administration Manager with the first batch of Supervisors in the programme.

India's LIC June-quarter premium income jumps as policy sales rebound

Reuters | Bengaluru



Life Insurance Corporation of India (LIC) (LIFI.NS) reported a 20.4% rise in June-quarter premium income yesterday, as easing COVID-19 restrictions boosted sales of policies for the insurer that largely depends on its agents.

The company, which drives its business mostly through an army of 1.3 million sales agents, was hit by pandemic-led lockdowns last year that disrupted the work of its agents who focus on in-person engagement.

"As the COVID situation normalises, we are seeing a larger activity on the ground, therefore bringing us back closer to our model of having 'feet on street'," Chairperson M R Kumar said.

LIC, India's biggest insurer, said net premium income rose to 983.52 billion rupees ($12.34 bn) from 817.21 bn rupees a year earlier, with nearly a 60% jump in the number of policies sold.

The company's gross value of new business (VNB), which measures expected profit from new premiums and is a key gauge for future growth, stood at 18.61 bn rupees, while VNB margins came in at 13.6%.

We don't see much market volatility going forward that could impact results, Kumar said in a press briefing, adding that the insurer sees VNB margin at over 15% by the end of the year. The company, synonymous with buying protection policies in India, listed in May following a record $2.7 billion initial public offering. It commands a market share of over 60% in terms of overall premiums.