



## Drumbeat: July 22, 2013

Posted by [Leanan](#) on July 22, 2013 - 10:06am

### [Wall Street Commodity Trading in Jeopardy Amid Fed Review](#)

JPMorgan Chase & Co., Morgan Stanley and Goldman Sachs Group Inc. are among lenders whose commodity-trading is in jeopardy as the Federal Reserve reconsiders letting banks ship oil and store metal.

The central bank, ahead of a Senate subcommittee hearing on the issue tomorrow, says it's reviewing a decade-old ruling to let deposit-taking banks trade physical commodities. A reversal would be the Fed's biggest exclusion of banks from a market since Congress lifted the Depression-era law against them joining with securities firms in 1999.

### [WTI Crude Gains a Fourth Day as Funds Boost Bullish Bets](#)

West Texas Intermediate rose for a fourth day after hedge funds increased bullish bets on the U.S. benchmark crude amid declining stockpiles.

Futures climbed as much as 0.6 percent in New York after capping a fourth weekly advance. WTI surpassed Brent by as much as 3 cents in intraday trading on July 19 as pipeline and rail shipments helped clear a U.S. supply bottleneck. Crude supplies have dropped by 27.1 million barrels in the three weeks ended July 12, according to the Energy Information Administration.

### [Rising China domestic oil output hurts import demand](#)

Launceston, Australia: One of the clouds hanging over the global oil demand outlook is what's happening to Chinese consumption, with crude imports falling in the first half of 2013.

The 1.4 per cent drop in imports contrasts with modest growth in implied oil demand. Such differences are often ascribed to changes in commercial inventories, which are difficult to assess accurately given China doesn't report stockpile levels.

However, another factor has come to the fore, with domestic oil production rising a fairly strong 4.3 per cent over the first six months of the year from the same period in 2012.

### [Hedge Funds Bolster Brent Crude Net-Longs to One-Month High](#)

Hedge funds and other money managers raised bullish bets on Brent crude to their highest level in a month, according to data from ICE Futures Europe.

Speculative bets that prices will rise, in futures and options combined, outnumbered short positions by 181,400 lots in the week ended July 16, the London-based exchange said today in its weekly Commitments of Traders report. The increase of 4,412 contracts, or 2.5 percent, is the third consecutive weekly gain and brings net-longs to their highest level since June 18.

### [OPEC must cut crude output to prevent sharp price drop in coming months: Kuwait bank](#)

Kuwait City (Platts) - OPEC would need to cut production sometime in the second half of 2013 or early 2014 to stave off "a large drop in prices," Kuwait's leading bank said in a report over the weekend.

In its latest economic bulletin, released late Sunday, the National Bank of Kuwait laid out three price scenarios for the remainder of 2013, each of which could result in OPEC cutting production "to prevent prices from falling too far below the organization's unofficial \$100/barrel target level." But the bank did not estimate how much output OPEC would have to cut or how much global crude oil prices would fall if it failed to act.

### [Analysis: As WTI and Brent reunite, Gulf of Mexico faces squeeze, not glut](#)

(Reuters) - Even after a surprisingly vigorous surge in U.S. crude oil prices finally eliminated a three-year discount versus global benchmark Brent, some cash markets are sending a curious signal: refiners are ready to pay even more.

### [Keppel Seeks New Non-Rig Orders for Brazil Yards](#)

Keppel Corp., the world's largest oil-rig maker, will focus on building more offshore production and support vessels in Brazil as competition from China cuts prices for its main product.

### [West Africa Pirates Seen Threatening Oil and Shipping](#)

West African pirates will threaten the region's oil and shipping industries for years as the measures used to curb attacks in the Indian Ocean aren't able to help, according to a provider of armed guards for vessels.

While international navies and private security are repelling attacks off the Somali coast, guards can't carry weapons into ports in West Africa, said Barry Roche, chief executive officer of Protection Group International, the parent company of the largest security

service in the Indian Ocean with only an advisory role in West Africa. Attacks are more violent because the West African pirates have machine guns and focus on stealing cargoes instead of taking hostages, he said.

### [Ahmadinejad's Iraq visit pays off: Iran strikes largest gas deal to date](#)

TEHRAN- Iran has finalised a major contract to export gas to neighbouring Iraq, worth 3.7 billion dollars a year, local media on Monday quoted a deputy oil minister as saying.

It was unclear how the transaction would be conducted as Iran's access to the global banking system is targeted by international sanctions over its nuclear ambitions.

### [Halliburton 2Q profit off 8%; tops expectations](#)

HOUSTON (AP) — Halliburton's second-quarter profit dropped 8%, its energy operations hurt by a glut of natural gas. Despite the slide in profit, the Houston company edged out Wall Street expectations and shares edged higher in premarket trading.

### [Rosneft, Gazprom, Lukoil mull joint exploration projects with Rusgeology](#)

Moscow (Platts) - Russia's key hydrocarbon producers, Rosneft, Gazprom and Lukoil, are in talks with state-owned exploration company Rusgeology over joint domestic exploration projects, a spokeswoman for Rusgeology said Monday.

### [Sabic Looks at U.S. Investments as Europe Slowdown Hurts Sales](#)

Saudi Basic Industries Corp., the world's biggest petrochemicals maker by market value, is studying investment opportunities in the U.S. as the economic slowdown in Europe and China hurt its second-quarter sales.

### [Asymmetric oil: Fuel for conflict](#)

Oil has often been linked to interstate wars. This column argues that asymmetries in endowments of natural resources are important determinants of territorial conflict. When one country has oil near its border with an oil-less country, the probability of conflict is between three and four times as large as when neither country has oil. In contrast, when the oil is very far from the border, the probability of conflict is not significantly higher than between countries with no oil.

### [Peak Oil Deferred](#)

So in a sense, attributing Peak Oil to Hubbert makes Hubbert somewhat a historical victim as Hubbert was mainly saying that the conventional oil role in the energy picture would peak in 2000 not that fossil fuel use would decline after 2000 or that the planet would run out of energy.

But of course Hubbert was wrong in a multitude of ways.

### [Seven hurt in Pemex pipe blast in Mexico](#)

TOLUCA, MEXICO – A pipeline explosion Sunday that injured seven people and sent flames and smoke shooting high into the air in central Mexico was caused by illegal tapping, Mexico's state-owned oil company said.

### [Keystone XL risk worries U.S. oil sands investors](#)

U.S. investors cut stakes in oil- sands stocks, including Suncor Energy Inc. and Cenovus Energy Inc., as delays to the Keystone XL project and the lack of pipeline capacity depressed Canadian crude prices.

### [In Hermosa Beach, a sheen of divisiveness over oil's possible return](#)

After more than 80 years, the South Bay town braces for the possible return of oil drilling. An election will decide the matter.

### [Radioactive water leaked into sea at Fukushima](#)

TOKYO (AFP) – The operator of the crippled Fukushima nuclear plant on Monday admitted for the first time that radioactive groundwater has leaked out to sea, fuelling fears of ocean contamination.

### [India: MPs ask Centre to explore wind energy potential in the country](#)

Cutting across party lines, a network of parliamentarians working to promote renewable energy has asked the central government to take immediate measures for the development of wind energy in the country.

### [Deforestation in Africa's Congo Basin rainforest slows](#)

Tree loss in one of the world's largest rainforests has slowed, a study suggests.

Satellite images of Africa's Congo Basin reveal that deforestation has fallen by about a third since 2000.

Researchers believe this is partly because of a focus on mining and oil rather than commercial agriculture, where swathes of forest are cleared.

### [New Poll: Majority Supports Obama Climate Action Plan](#)

CHICAGO - It's been almost a month since President Obama declared that he's not waiting for Congress to do something about climate change. He is using his executive powers to curb the pollution that contributes to it, and Americans seem to be glad that he's doing it. When pollsters told voters about all its elements, 61 percent said they support the president's Climate Action Plan.

According to Howard Learner, founder and president of the Chicago-based Environmental Law and Policy Center, he expects support to grow even stronger.

### [Carbon emissions trading gains momentum in China, despite challenges](#)

GUIYANG (Xinhua) - Chinese government officials, environment and energy experts, and entrepreneurs have vowed to join hands in accelerating the process of building a nationwide carbon emissions trading market.

### [Consumers to pay 'dirty' coal power subsidies for years](#)

Britain's dirtiest coal power stations are to be allowed to bid for hundreds of millions of pounds' worth of subsidies that could allow them to stay open well into the 2020s. Senior ministers are so worried about the possibility that the UK could suffer electricity blackouts over the next few years they have agreed to let Britain's coal stations bid for "capacity payment" handouts – paid for through people's energy bills – which could allow them to upgrade their facilities. If successful, the money would help make coal generation economic well into the 2020s – but significantly reduce the UK's ability to cut its carbon emissions.

### [Germany went 'rogue' to freeze green cars law, say diplomats](#)

Diplomats from several EU states have accused Germany of using threats, intimidation and blackmail to sideline green cars legislation in an unprecedented display of hubris within the Brussels' corridors of power.

### [Rich Countries Not Living Up to Their Climate Change Promises](#)

At the 2010 climate conference in Cancún the industrialized countries promised to support developing countries with new and additional funds in their climate-friendly development. The situation after two and a half years is sobering: it is a case of much old wine in new skins. Switzerland too comes up short on innovative approaches to finding

new funding sources.

### [Wildfires projected to get more common, harder to control](#)

Devastating wildfires the likes of which razed Slave Lake in 2011 will become more common and tougher to control, according to new research from the Faculty of Agricultural, Life and Environmental Sciences.

### [Vulnerable Maryland weighs threat of sea-level rise](#)

It was scary enough that a team of experts on sea-level rise projected that Maryland's coastal waters could rise to six feet in this century. But to hammer home the findings of a new report, they included a link to a Web tool that allows readers to make like a god, sliding a scale over pictures of state landmarks until a creeping tide washes them away.

Maryland, with 3,100 miles of tidal shore along the Atlantic Ocean and Chesapeake Bay, is one of several states, including Virginia, Delaware, Louisiana and Florida, most vulnerable to sea-level rise pushed in part by global warming that has caused glaciers to melt and oceans to expand.

### [In rapidly changing Arctic, US is playing catch-up](#)

At a meeting in Washington last week, top US Arctic officials at the Coast Guard, Navy, the National Oceanic and Atmospheric Administration (NOAA), and other agencies acknowledged that the US lags behind other nations in dealing with the rapidly changing Arctic environment. The agencies are facing serious deficiencies in the ability to map the sea floor and develop enforceable environmental policies, as well as construct onshore infrastructure that would be used for search and rescue and oil recovery operations. Currently, not a single Navy surface ship is even capable of navigating the ice-covered waters.



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