



## Drumbeat: March 29, 2013

Posted by [Leanan](#) on March 29, 2013 - 10:07am

### [Egypt calls in favours as credit crunch hits key imports](#)

LONDON/CAIRO (Reuters) - Egypt has hit breaking point in its ability to pay for imports of oil, wheat and other basic commodities, forcing it to call in diplomatic favours or seek easy payment terms from suppliers who hope for future advantage in return.

Two years after ousting Hosni Mubarak, new, Islamist leaders are struggling to win a credit line from the IMF as they try to manage the hopes of 84 million people with a depreciating currency and an economy hooked on state subsidies but starved of tourism revenues since the political upheavals began.

Fuel shortages, tighter security at petrol stations and scuffles in the streets are becoming common in Egyptian towns as state importers struggle to meet demand for diesel and gasoline.

Though Egypt's strategic importance means world powers seem unlikely to let its economy collapse, the credit crisis is now so acute that it can no longer buy crude in the market, leaving its oil minister scrambling to cut diplomatic deals with Libya, Qatar and Iraq, to add to an existing oil lifeline from Kuwait.

### [Energy boom begins to ripple through US economy](#)

Marlin Steel Wire, for example, has expanded its payroll and invested in high-tech equipment to keep up with a steady pick-up in orders from other U.S. manufacturers. Orders are rising, said owner Drew Greenblatt, because his customers are receiving a widening discount in the price of natural gas and electricity.

“That’s making U.S. companies that used to be at a price disadvantage now uniquely positioned to win contracts they never won in the past -- or haven’t for a while,” he said. “Everyone talks about what’s going on in North Dakota, but it’s filtering down now to conventional factories throughout America.”

Some analysts believe the energy cost savings for businesses, factories and consumers will last for decades.

“This is not going to be a one- or two-year thing,” said Ross Eisenberg, head of energy and resources policy at the National Association of Manufacturers. “We’re going to see lower natural gas prices for a long, long way into the future.”

## [Why Death of Peak Oil Still Won't Mean Cheap Crude Oil Prices](#)

In a report entitled "The End is Nigh," Seth Kleinman says a combination of flattening demand and rising supply will cause oil prices to slide slightly by the end of the decade to \$80-\$90 a barrel.

But while oil companies have made many large new discoveries over the past few years, including big shale oil finds in North America and Australia as well as deepwater finds in the Gulf of Mexico, that doesn't mean oil prices will fall.

In fact, according to Money Morning Global Energy Strategist Dr. Kent Moors, it's far more likely that oil prices will continue to rise over the next decade.

Moors points out what most other analysts seem to be missing - that all of the new oil finds present many challenges that will add to the cost of extraction.

## [Peak Oil Is Dead](#)

On November 7, 1973, President Nixon addressed the nation with a serious warning: America was running out of oil.

## [Oil Rises on U.S. Growth, Capping Longest Rally of 2013](#)

West Texas Intermediate oil climbed for a fifth day, capping the longest rally this year, as the U.S. economy grew at a faster pace than previously estimated in the fourth quarter.

Prices reached a six-week high as gross domestic product rose at a 0.4 percent annual rate, up from prior estimate of 0.1 percent, the Commerce Department reported today in Washington. Oil demand in the U.S., the biggest crude-consuming country, increased by the most since December in the seven days ended March 22, the Energy Information Administration said yesterday. WTI's discount to Brent shrank to the smallest since July.

"GDP is better than earlier estimates and a strong economy is bullish for oil," said Michael Lynch, president of Strategic Energy & Economic Research in Winchester, Massachusetts. "It looks like the spread will keep contracting."

## [Pain at the pump: Have gas prices peaked for 2013?](#)

The pain at the gas pump that you've been feeling may not hurt as much the rest of the year.

After surging nearly 60 cents a gallon from late December to a recent peak of \$3.79 on Feb. 27, prices have fallen for 25 of the past 29 days. Nationally, regular grade gas averages \$3.65 a gallon -- about 26 cents below year-ago levels.

The month-long drop has come at a time when gasoline prices typically climb, prompting some industry forecasters to rethink early 2013 estimates of \$4 a gallon or higher by the peak summer driving season.

### [Consumer Spending in U.S. Climbs by Most in Five Months](#)

Labor market progress and an increase in household wealth linked to rising home values and stocks are helping Americans cushion the fallout of higher payroll taxes and costlier fuel. Strength in purchases is one reason economists project the economy picked up this quarter after slowing to a 0.4 percent annual rate in the final three months of 2012.

### [U.S. January Crude Imports Climb 5% from Dec.](#)

U.S. crude imports climbed 5% to 7.953 million barrels a day in January from December, according to statistics from the U.S. Energy Information Administration Thursday.

Meanwhile, net imports of oil jumped 20% to 7.160 million barrels a day in the first month of this year from the prior month. Net imports are made up of the total amount of crude and petroleum products (such as gasoline and diesel) imported, minus the amount of crude and products exported.

### [Japan Crude Imports for Power Generation Decline in February](#)

Japanese crude imports for power generation fell 30 percent in February as warmer weather curbed demand for electricity to heat buildings.

Japan, the world's third-largest oil consumer, bought 1.17 million kiloliters of the fuel for producing electricity, equivalent to 262,000 barrels a day, data from the Ministry of Economy, Trade and Industry showed today. That's down from 1.67 million kiloliters a year earlier. Total purchases slid 11 percent to 15.85 million kiloliters, the report also showed. Power plants accounted for 7.4 percent of imports.

### [Shell Plans to Spend \\$1 Billion a Year on China Gas](#)

Royal Dutch Shell Plc will spend \$1 billion a year developing China's unconventional gas reserves, including shale deposits, according to Peter Voser, the company's chief executive.

Shell has won government approval for its production sharing contract with China National Petroleum Corp., the nation's biggest oil and gas company, Voser said in an interview in Beijing today. He didn't specify details for the \$1 billion investment.

### [FACTBOX-China's fledgling shale gas sector](#)

China has invested about 7 billion yuan (\$1.13 billion) in exploring shale gas up to the end of 2012, a government official said, three years after embarking on a push into the unconventional fuel.

Small test productions of around 15 million cubic metres were reported by end-2012, far behind a government-set ambitious target of 6.5 billion cubic metres for 2015.

### [Oil Giants Invest Heavily in Exploration Near Shetlands](#)

LONDON — BP and three other oil giants said Thursday that they would begin a new round of drilling in a remote area about 75 kilometers west of the Shetland Islands, an archipelago north of Scotland.

### [Corn Supply Slumps Most Since '75 on Ethanol Profit](#)

Corn supplies in the U.S., the biggest grower, are shrinking at the fastest pace in almost four decades as improving demand from ethanol refiners drains reserves already diminished by drought.

### [Japan to Start World's First LNG Futures Within Two Years](#)

Japan, the biggest buyer of liquefied natural gas, plans to list the world's first futures contract for the supercooled fuel on the Tokyo Commodity Exchange within two years.

The futures will be for cash settlement in dollars and based on an index price for spot LNG cargoes delivered to Japan, Takashi Ishizaki, the director for the commerce policy division at the Ministry of Economy, Trade and Industry, said by phone today. While the contracts won't be for physical delivery, they will allow Exchange Futures for Physical, or so-called EFP, transactions that enable traders to swap their futures positions for a physical holding.

### [South Sudan May Take a Year to Reach Pre-Shutdown Oil Output](#)

South Sudan, which is resuming oil output halted 14 months ago, may take as long as a year to reach pre-shutdown production levels because of possible damage to equipment, said analysts including Paul Tossetti at PFC Energy.

### [Petrobras oil output in Brazil falls 2.3pc in February](#)

RIO DE JANEIRO: Brazilian state-controlled oil company Petrobras said domestic production fell to 1.92 million barrels a day equivalent in February, down 2.3 percent from January's average rate.

The company said in a statement released late on Thursday that the main cause of the drop was planned maintenance work on its P-33, P-37, P-53 and P-54 platforms in the Campos basin.

### [Britain drops pro-coal energy minister after just six months](#)

LONDON (Reuters) - Britain replaced outspoken junior energy minister John Hayes on Thursday after only six months in the job as government efforts to overhaul the electricity sector and cut carbon emissions reach a critical juncture.

### [Russian FinMin says no to profit-based taxation of oil firms](#)

MOSCOW (Reuters) - The Russian Finance Ministry said it opposes a proposed shift to a profit-based tax for oil companies rather than taxing output and exports, because its priority is to maximise revenue for state coffers.

### [Total to Take \\$1.65 Billion Loss on Canada Oil-Sands Project](#)

Total SA, Europe's third-biggest oil company, will book a \$1.65 billion loss in the first quarter on the canceled Voyageur Upgrader project in Canada's oil sands after selling its stake to Suncor Energy Inc.

### [Egypt catches divers cutting Internet cable amid disruptions](#)

(Reuters) - Egypt's coastguard caught three divers cutting through an undersea Internet cable on Wednesday, the army said, the first suggestion criminals might be involved in days of severed connections and disruptions online.

### [Barclays to add \\$16 bln of Nigerian bonds to emerging mkts index](#)

Africa's biggest crude oil producer will become the second sub-Saharan African country after South Africa to enter the index following reforms to improve access to its bond market.

### [Ghana oil output jumps but no plans to loosen policy: C.bank](#)

ABIDJAN (Reuters) - Ghana - set to upwardly revise its 2012 growth figures on a surge in oil output - will continue to bear down on inflation, acting Central Bank Governor

Henry Kofi Wampah said.

The country was Africa's fastest-growing economy in 2011 with estimated growth of 14.4 percent as it joined the ranks of the continent's oil producing countries and pumped the first crude from its offshore Jubilee field.

### [Stuart Staniford: Iraqi Oil Production](#)

I expect further production gains in 2013, and, assuming the country can maintain stability, for Iraq to become a more and more important oil supplier over time. Stability remains a risk, of course. However, the country's oil production is already far more stable than it was under Saddam (due to the latter being under international sanctions, no doubt).

### [Wave of mosque bombings strikes Iraqi cities](#)

Five car bombs struck Shia mosques in Baghdad and the disputed northern Iraqi city of Kirkuk, killing at least 14 people and wounding more than 70, officials said.

A police officer said the deadliest of Friday's bombing was in western Jihad neighborhood when a parked car bomb exploded as worshippers were leaving a mosque after Friday prayers.

### [Iran summons Saudi envoy over spy ring claim](#)

TEHRAN, Iran (AP) — Iran has summoned a Saudi envoy to protest the kingdom's allegation that members of a spy ring arrested in the Arab country last week worked for Iranian intelligence.

The semi-official Mehr news agency said in a report late Wednesday that Iran's Foreign Ministry "strongly rejected" the claim during a meeting with the Saudi charge d'affaires in Tehran. The report says Iran is seeking an explanation from the kingdom.

### [Japan crude imports from Iran fall 32.3 pct in Feb y/y](#)

(Reuters) - Japan's crude oil imports from Iran in February fell 32.3 percent from a year earlier to 953,848 kilolitres (214,268 barrels per day), the Ministry of Economy, Trade and Industry (METI) data showed on Friday, as the world's third-biggest oil consumer seeks a waiver from U.S. sanctions.

### [India not to halt imports from Iran](#)

Notwithstanding the tightening of sanctions by US and European Union (EU), India does not intend to halt imports of crude oil from Iran. Instead the government is working on a scheme to insure oil import shipments from the Islamic nation to maintain smooth supply of energy supplies and also expand trade in other commodities.

### [Hunt Becomes Billionaire on Bakken Oil After Bankruptcy](#)

William Herbert Hunt was once one of the wealthiest men on Earth. With his brother, Nelson Bunker Hunt, the billionaire bought more than 195 million ounces of silver -- 60 percent of the U.S. market -- in the 1970s. By early 1980, their stake was valued at more than \$9 billion.

The Hunts' position imploded when silver prices plummeted 80 percent over the course of a few weeks in March 1980, culminating 33 years ago this week on what traders called Silver Thursday. The crash rattled Wall Street and sent the Texas brothers into bankruptcy.

### [Ecuador auctions off Amazon to Chinese oil firms](#)

Ecuador plans to auction off more than three million hectares of pristine Amazonian rainforest to Chinese oil companies, angering indigenous groups and underlining the global environmental toll of China's insatiable thirst for energy.

### [Nigeria: Agencies demand oil spill compensation of \\$11.5 billion from Shell](#)

Two Nigerian government agencies have demanded that oil giant Royal Dutch Shell P.L.C pay \$11.5 billion in compensation for an oil spill that took place at offshore Bonga field in December 2011, Reuters reported.

### [State Department Won't Release Comments on Keystone Study](#)

The U.S. State Department will not make public the responses it receives to a draft analysis that found the Keystone XL pipeline posed no significant risks to the environment.

The department is accepting comments to a draft study, which environmental groups have criticized for underplaying Keystone's potential effect on greenhouse gas emissions. TransCanada Corp. (TRP) is proposing to build the project to link Alberta's oil sands with refineries in the Gulf Coast.

### [Pipelines are the safest way to transport energy](#)

WASHINGTON (MarketWatch) — Wednesday's 714-barrel oil spill in Minnesota came

not from oil drilling or hydrofracturing, but from the derailment of a Canadian Pacific Railway train bringing Canadian oil to America.

How odd that those who profess concern for the environment are trying to block construction of oil pipelines, the safest way of transporting oil.

### [“It cannot happen here”: Pipeline pushback attends Exxon Valdez anniversary](#)

The Canadian government has joined oil giant Enbridge in a push for approval of the proposed Northern Gateway pipeline.

### [Utah governor says Chevron leak is unacceptable](#)

SALT LAKE CITY – A series of spills from ruptured pipelines operated by Chevron Corp. has Utah's governor calling for more oversight.

Gov. Gary Herbert left no doubt about his displeasure Thursday when asked about the latest spill at a monthly televised news conference. He said the federal agency responsible for interstate pipelines isn't doing its job and that Utah will step up its own efforts to ensure pipeline safety.

### [Can Fracking and Farming Mix in America's Biggest Ag State?](#)

We all know oil and water don't mix, but what about oil extraction and water-intensive farming? Can both take place safely in California's Central Valley? That's the growing question as the nation's biggest farm state comes ever closer to embracing hydraulic fracturing or “fracking.”

### [EPA taking aim at auto emissions, sulfur in gas](#)

WASHINGTON (AP) -- Reducing sulfur in gasoline and tightening emissions standards on cars beginning in 2017, as the Obama administration is proposing, would come with costs as well as rewards. The cost at the pump for cleaner air across the country could be less than a penny or as high as 9 cents a gallon, depending on who is providing the estimate.

An oil industry study says the proposed rule being unveiled Friday by the administration could increase gasoline prices by 6 cents to 9 cents a gallon. The Environmental Protection Agency estimates an increase of less than a penny and an additional \$130 to the cost of a vehicle in 2025.

### [Japan turns to coal as yen drives up energy costs](#)



TOKYO/SINGAPORE, March 28 (Reuters) - Japan is boosting its use of cheaper coal at the expense of oil and LNG to counter a jump in energy import costs that are rising because of a weak yen and with little prospect of a near-term return of nuclear power after the Fukushima crisis in 2011.

### [Google adds Street View to ghost town inside Japan nuclear zone](#)

TOKYO — Concrete rubble litters streets lined with shuttered shops and dark windows. A collapsed roof juts from the ground. A ship sits stranded on a stretch of dirt flattened when the tsunami roared across the coastline. There isn't a person in sight.

Google Street View is giving the world a rare glimpse into one of Japan's eerie ghost towns, created when the March 2011 earthquake and tsunami sparked a nuclear disaster that has left the area uninhabitable.

### [German Solar to Gain From Cyprus Crisis as Investors Seek Safety](#)

Germany's solar industry is set to benefit from the financial crisis in Cyprus as investors seek a haven in the guaranteed returns provided by clean-energy plants.

### [Turning Pristine U.S. Public Lands Into Solar Energy Farms](#)

For the last four years, President Barack Obama has used the same executive powers to reduce Interior's focus on oil and enact his own green agenda, as reported in Bloomberg Businessweek's March 29 issue. Under outgoing Department of the Interior Secretary Ken Salazar, the administration has on average sold 1,000 fewer leases annually for drilling on public lands than Bush, according to data compiled by the Institute for Energy Research, a Washington-based organization.

Companies peddling green energy projects, on the other hand, are enjoying unprecedented access to the 248 million acres overseen by Interior's Bureau of Land Management. In mid-March, Salazar greenlighted three massive, privately funded clean energy developments on federal properties.

### [Dairy Finds a Way to Let Cows Power Trucks](#)

The farm is now turning the extra manure into fuel for its delivery trucks, powering 42 tractor-trailers that make daily runs to raw milk processing plants in Indiana, Kentucky and Tennessee. Officials from the federal Department of Energy called the endeavor a "pacesetter" for the dairy industry, and said it was the largest natural gas fleet using agricultural waste to drive this nation's roads.

"As long as we keep milking cows, we never run out of gas," said Gary Corbett, chief executive of Fair Oaks, which held a ribbon-cutting event for the project this month and opened two fueling stations to the public.

## [Blue Sky Thinking](#)

The entirely serious plan to collect solar energy by spaceship and beam it back to Earth with lasers.

## [Boxcar Energy](#)

Brilliant new strategies for storing power. No. 4: First you roll a train uphill ...

## [Hot cities more sustainable than cold ones, study says](#)

When it's hot outside, people crank up air conditioners that usually suck electricity from coal- and natural gas-fired power plants at the root of human-caused global warming. This seems like a recipe for disaster, but it's more sustainable than living in a cold climate and cranking up the heat, a new paper suggests.

"The traditional view that living in hot desert areas is not sustainable should be re-examined," Michael Sivak, a research professor at the University of Michigan, Ann Arbor, told NBC News. "Because my data suggest that from this point of view — mainly a climate control point of view — living in very cold areas is less sustainable than hot areas."

## [Big fat weddings weigh down Qatari grooms](#)

Jamal Qassim said he spent 450,000 Qatari riyals (\$123,600) on his wedding. He worked and saved for nine years to pay for it. "I didn't even travel once outside of Qatar. I was saving and saving. I didn't buy myself a fancy car." He said he now regrets paying that much. At the end of 2012, he was in the process of getting a divorce.

Marriage rates in Qatar have declined markedly over the last three years, which Qatar government statistics attribute to the high cost of marriage, as well as the advancing educational status of women and their rising participation in the work force.

Figures also show Qatari women are having their first child at a later age and having fewer children overall. Divorce rates have risen since 2001. And local press reports say a quarter of marriageable Qatari women remain single. These are worrying trends for a country where nationals are already heavily outnumbered by migrants.

Accordingly, Qatar has been taking measures to ensure "the continuity of cohesive families and large households", which it sees as "crucial to the national vision", according to Qatar's National Development Strategy Report.

## [How Green Is Your School?](#)

Whether because of increased student demand or new hiring strategies among employers, business schools are paying greater attention to environmental issues. And while they are integrating sustainability into their curriculums, experts debate how these topics should be best taught, both inside and outside the classroom.

## [Google to deliver goods to online shoppers](#)

SAN FRANCISCO (AP) — Internet search leader Google is taking another step beyond information retrieval into grocery delivery.

The new service, called Google Shopping Express, will initially provide same-day delivery of food and other products bought online by a small group of consumers in San Francisco and suburbs located south of the city. The company, based in Mountain View, Calif., didn't say how many people will be part of the test.

If the pilot program goes well, Google plans to expand delivery service to other markets.

## [Mystery Malady Kills More Bees, Heightening Worry on Farms](#)

BAKERSFIELD, Calif. — A mysterious malady that has been killing honeybees en masse for several years appears to have expanded drastically in the last year, commercial beekeepers say, wiping out 40 percent or even 50 percent of the hives needed to pollinate many of the nation's fruits and vegetables.

A conclusive explanation so far has escaped scientists studying the ailment, colony collapse disorder, since it first surfaced around 2005. But beekeepers and some researchers say there is growing evidence that a powerful new class of pesticides known as neonicotinoids, incorporated into the plants themselves, could be an important factor.

## [Carbon in Worst Quarter Since 2011 Set for Rescue Vote](#)

Europe's emissions market is likely to be left all but broken should the region's parliament fail to agree next month on combating the surplus of carbon permits, after the biggest quarterly slide in prices since 2011.

Allowances, which have plunged 28 percent this year to 4.81 euros (\$6.20) a metric ton, will average 5 euros in 2013, according to the median forecast of five analysts surveyed by Bloomberg this week. Prices will probably drop below 2 euros if the European Union doesn't enact a November plan to delay the sale of some emission rights, according to UBS AG.

## [Canada quietly pulls out of UN convention to combat drought, desertification](#)

Whether you like it or not, Prime Minister Stephen Harper's Conservative government is reshaping Canada's relationship with the rest of the world.

### [Keeping rising sea levels at bay](#)

SARASOTA - Picture Longboat, Siesta and Manasota keys with beaches five times as wide as they are now.

Or with human-engineered barrier islands rising between the keys and the Gulf of Mexico.

Or with ranks of invisible walls that flip up from underwater whenever a storm surge is on its way.

These are attempts to counter rising sea levels that are currently under construction in the Netherlands (the beaches and the barrier islands) and the city of Venice, Italy (the undersea wall), climatologist Pier Vellinga told an audience Wednesday at Sarasota's Tiger Bay Club.

### [Most in U.S. concerned about sea level rise, poll finds](#)

Nearly three-fourths of respondents agree that rising sea level resulting from climate change is a threat to the U.S., and 82% believe we should prepare for the effects.



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