



## GME'S NEWSLETTER – New issue now on line

Rome, 15 November 2012 - The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable from [www.mercatoelettrico.org](http://www.mercatoelettrico.org).

The newsletter opens with a contribution by **Lisa Orlandi from RIE** about the “apparent” stability dominating the scene of oil markets and the forecasts for next year. In her analysis, Orlandi stresses that, in the first ten months of 2012, the European benchmark price - the Dated Brent - was 112 \$/bbl on average, in line with its value in the same period of 2011, the year with the all-time highest oil prices. Geopolitical tensions in various producing countries, on one hand, and an uncertain and fragile macro-economic setting, on the other hand, have opposite effects on crude oil prices, practically stabilising them on a year-on-year basis. In the opinion of Orlandi, in justifying the average price which will characterise the oil market in 2013, expectations play a key role: whether those concerning the changes of demand and supply dynamics and the evolution of economic scenarios or those about the possible end of current geopolitical tensions. Orlandi points out that recent experiences demonstrate that, after a decade of relentless oil demand growth, the scene is now dominated by supply-side risks. Three are the factors to be taken into consideration according to RIE's expert: the serious and unresolved geopolitical tensions, the limited spare capacity and the growing demand in spite of the crisis context. These are the *bullish factors that are very likely to characterise also the year 2013*. Orlandi adds that as many *bearish factors and thus with an opposite price effect may be identified*, such as the critical situation of the world's economy. *These two forces - argues Orlandi - have an impact on the supply side - by advancing or merely assuming a deficit situation - and on the demand side - by decelerating the Asiatic demand and thus smoothing possible spikes - respectively*. In brief, concludes Orlandi, *the price for the coming year is predicted to lie around 104 \$/bbl: the critical conditions of the eurozone, the slow-down of the Chinese economy and the overall market under control suggest that it will be slightly lower than the one recorded in 2011 and the one estimated for 2012*.



*Nevertheless, the fear premium and a moderately growing demand make a sharp decline of the oil barrel price poorly probable.*

The new issues comes with the usual technical commentaries on national and European power exchanges and environmental markets, the section devoted to the analysis of the trends of the Italian gas market and the one with insights into the trends of the main European commodity markets. As has become customary, **GME's new publication also reports the summary data of the electricity market for the month of October.**

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