



GME'S NEWSLETTER – New issue now on line

Rome, 15 July 2013 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is now downloadable at www.mercatoelettrico.org

The newsletter opens with a contribution by Lisa Orlandi from RIE about the role of the oil market between structural changes and high prices. The expert from RIE argues that, while oil demand in the world has grown at a moderate pace (+0.8 million bbl/d on 2012) and OPEC supply has been abundant, *new non-OPEC productions have come strongly into the market*; on the other hand, *OECD stocks have remained at reassuring levels, moving in their upper historical range. This snapshot of the first half of 2013 has become clearer since last February.* In the opinion of Orlandi, *it identifies a well-balanced market that would justify a stage of declining prices, which however does not seem to be occurring.* However, points out the analyst from RIE, *it would be reductive and incorrect to say that nothing has changed. Indeed, 2013 marks the taking of full awareness of the structural changes affecting the oil market and redefining its power relations and equilibria.* Among these changes, Orlandi recalls the huge flow of unconventional crude oil from the US: *an epochal turning point, a full-fledged revolution, which has no direct impact on the market at global level (given the legal ban on US crude oil exports), but a certainly indirect one, especially in terms of repositioning of commercial flows.* These trends - emphasises Orlandi - *infer that a drop in prices is poorly likely in the next few months considering, among others, the expected rise in oil demand in the current summer period, driven by the Middle East and Asia (where new refineries are being opened and an exceptional recovery of processing activities after protracted maintenance is being recorded, respectively).* *Based on RIE's consensus forecast, the price of crude oil will remain around 102-104 USD/bbl from July to December 2013 and close at a yearly average of 105 USD/bbl.* Nonetheless, recalls the expert from RIE, *we are confronted with a new oil scenario, which is overall balanced and under control. However, the evolutionary dynamics and*



specificities of this scenario suggest a clearing price of around 100 in the short-medium term and a minimum floor price close to 90 USD/bbl. Definitely, a structural shift from the past, concludes Orlandi.

The new issue comes with the usual technical commentaries about the national and European power exchanges and environmental markets, the section with the analysis of Italian gas market trends and the one with insights into the trend 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 June.**

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