



GME's NEWSLETTER – New issue

Rome, July 15, 2015 – The new issue of the Newsletter of Gestore dei Mercati Energetici (GME) is online and can be downloaded from the website www.mercatoelettrico.org.

The newsletter starts with a speech by Mrs. Lisa Orlandi and Mr. Filippo Clô of RIE on the possible achievement of a new balance in the oil market exactly one year after the unexpected fall in crude oil prices. *"After an upswing in prices that lasted since 1999 - apart from the momentary collapse following the great crisis of 2008 - their relative resizing – Mrs. Orlandi and Mr. Clô stress – was expected, given the strong investment cycle of the last decade (4,000 billion dollars in just upstream). Certainly, it could not be expected to happen with the observed intensity, even taking into account the additions of international geopolitical tensions as ever before and the loss of production arisen. To motivate the collapse of prices, they contribute two factors - the two experts of RIE stress -: the strength of the American shale revolution and the change of strategy of Saudi Arabia and the entire Opec, no longer willing to bear the costs of a price support in favor of the competitors."* However, despite the analysis of the dynamics that affected the oil market last year has highlighted the *"great difficulties of every economic forecast in an environment characterized by physiological uncertainty"* the expected scenario from here to year end is first characterized by the slowdown of the Chinese economy. Secondly, Mrs. Orlandi and Mr. Clô add, they emerge *"prospects in the coming weeks of negotiations between the West and Iran regarding the old nuclear question. In the case of a positive solution, the international market would be characterized by an additional offer next to about 1.0 mil. bbl./d, equal to the decline resulting from the Iran sanctions decreed by the United States and Europe."* As to all the OPEC countries, *"it is expected that each of them will continue its strategy of defending its market share, from Iraq and Saudi Arabia that are producing at record levels (respectively 10.0 and 4.0 million bbl./d).* Finally, - the two analysts of RIE specify - *the US oil industry has so far proven to hold up the prices half than those that have allowed the boom. It's then quite likely that it continues to be an*



important driver of future incremental offer of crude, moving away in time the possibility of a significant weakening of the surplus of offer."

Overall, therefore, the framework of the oil market is *"still characterized by weak real fundamentals that most probably will lead the mood of the market even in the coming months. Expectations are therefore of a price that can continue - unless unforeseen events - to oscillate around 60 doll/bbl from here to year end. This threshold - Mrs. Orlandi and Mr. Clô conclude - cannot exclude that in the future it may emerge as new 'balance' of the international oil market."*

The new issue comes with the usual technical commentaries on the markets and national and European environmental power exchanges, the section devoted to the analysis of the performance of the Italian gas market and the analysis section on trends in Europe, which examines the trends of the main European commodity markets.

GME's new issue also reports, as it has become customary, the summary data of the electricity market for the month of June 2015.

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