

# ENERGY PROCUREMENT REPORT

## What's driving your energy prices?

### Bullish Factors

- The Fed cut rates (see right)
- US and European stock markets have performed well since early August
- Production in Libya has been once again impacted by political strife between Tripoli and the east
- The conflict between Israel and Hamas remains unresolved and attacks on tankers in the Red Sea continue
- The US dollar has depreciated sharply against a basket of currencies since June

### Bearish Factors

- OPEC, the EIA, and the IEA have been trimming their global oil demand growth forecasts in their monthly reports on the oil market, often citing China
- US refinery utilization typically falls at this time of year, which is supportive for wider crack spreads (weaker crude oil prices due to less demand, relative to refined products prices where less supply is available)
- Flash Composite PMI (S&P Global, CIPS) data from Europe earlier this week indicated a fall into contraction in the French, German and Eurozone economies, and a slowdown in growth in the UK

## Did you know?

09.26.2024 Issue 271

### Fed Cuts Rates by Half a Percentage Point

Consistent with widely-held expectations, the FOMC cut the target federal funds rate down by 50 basis points, to a new range of 4.75%-5.00%. Lower interest rates help to spur interest-sensitive consumption and investment, and therefore economic activity. Based on the CME FedWatch Tool, expectations call for cuts of 25-50bp in November, December, January, and March. The Core PCE, the Fed's preferred measure of inflation, rose by 2.6% year-on-year in July.

