TFTC 440

**Marty:** [00:00:00] Anas, it's been a while. Welcome back. Uh,

**Anas:** it's been a while. Thank you. Thank you very much.

**Marty:** Thank you for coming back. It's, uh, we were just saying right before we hit record, the, uh, the macro landscape is pretty volatile right now, particularly in energy markets and more specifically with oil. I mean, we have headlines this week that shale production is not going to be what many thought it could be at this point in time.

That's probably driven by a lack of investment in the shale, uh, patch here in the us. But, uh, you were tweeting, or excuse me, DMing me yesterday on Twitter that, uh, the springboard of this conversation, we should probably focus in on what's going on. Between India and the u a A and how they're settling their oil trade.

So, I guess let's start there and then we could jump into the broader landscape of

**Anas:** oil and gas markets. Yes. Before we do that, since you mentioned the macro, I just want to mention a very important story. As you know, two days ago, uh, Japan announced [00:01:00] that their G D P increased by 6%, which is way higher than expectations, and people were shocked by it.

We published a, a short report basically under the title, uh, Japan, um, oil Less Recovery. And what happened is, yes, their G D P grew, but mostly because of exports and mostly because of exports of vehicles, but their domestic issues are in deep trouble and their all demand being decreasing for several months.

So there was no higher growth in all demand in Japan, despite the growth in G D P. But to go back to India, the issue, as you know, we discussed when we had the earlier podcast about the use of dollar and Bitcoin in the oil trade, et cetera. Well, it's been what, more than a year now? I think a year and a half.[00:02:00]

So what happened now is, uh, India was able to buy 1 million barrels, uh uh, and they paid for it in rubies. The, that's the Indian currency here. We have to put this in perspective because some people might get fooled by the news Oil is priced in US dollar all, they did basically convert the price of 1 million barrels.

To, and the u a e got paid in, in rubies in this case. We did talk about this in the previous podcast when we said that oil is priced in dollar no matter what, but countries can receive revenues in other currencies. But a million barrels a day, uh, sorry, not a day. That's a million barrels. A million barrels were sold for about $75 million.

There are 3.5 million Indians in [00:03:00] the u a e and they send money constantly to India, and they have those several apps they can use. It's cheaper than the banks, et cetera. And the u a e market, they are well known basically for, uh, the, their laws basically allow for those small shops to exchange, to exchange currencies.

So you walk in the streets, you find some small shops, and you do an exchange. So $75 million. Are the remittances of Indians from the u a E within 60 hours. So almost like two and a half days of remittances. That's it. That's how small it is. At the same time, there is a massive shortage of dollar in the U A E in Egypt in many countries around the world.

So they need that for their domestic market just because there are 3.5 million Indians there. So this is [00:04:00] not a big deal. At the same time, everything is happening before, before COP 28 because the objective of the u a E is to make this COP 28 a historic event, and they want to make sure that all countries are on board.

So it's not only an issue of paying for a million barrels, there are more more to the story than that. The U a e imports about $30 billion of goods from India every year. 30 billion. So what is 75 million to 30 billion? Nothing.

**Marty:** And so if I understood that correctly, there's a shortage of dollars. And so the u a e with considering the fact that they have a lot of, uh, Indian expats living within the u a e who need rupees, they decided, hey, for this million barrel trade, we're okay settling in rupees 'cause there'll be demand for it here.

**Anas:** Yes. And there [00:05:00] is another thing basically you need to pay attention to. And I don't know how well this is going to go with some audiences by the way, but uh, if you look at the success of Emirates Airlines, Emirates Airlines was on the top of the world for several years. It was one of the biggest in the world.

And if you look at Emirates and its success, The Emirate basically is supposed to be the Indian Airlines. I mean, they capitalized on Indians around the world. Literally most of Indians who are overseas, they go to India, not on Indian Airlines. They go on Emirates Airlines. So someone was smart enough long ago to realize they can capitalize on that, and it is one of the most successful airlines in the world.

Think about it now, that someone is trying to capitalize on exchanging currencies and instead of making it within India, just like Emirate [00:06:00] Airlines making it in the uk. So what I'm saying here is if we see an expansion of this after Cap 28, then the that means there is an effort to move the market of the exchanges from within India to the ua.

That suits many Indian merchants too, because of the flip-flop policies of India. On one side, the taxation and other issues, uh, on the other side. So the u a e basically provide the shelter for Indian merchants in this case too. So if this continues after cap 28, that means there is an effort to move those, um, shops and exchanges to the u a E so Indians can do the exchange in the uae, not in India anymore.

Okay.

**Marty:** And so would that be like a smaller move in a bigger play to really solidify the u a e as a hub in this [00:07:00] multipolar world moving

**Anas:** forward? I mean, I, I would not be surprised if that's the case because if you look at Emirate, the story of Emirate Airlines, you look at other issues. I mean, look at them in, in term of how, uh, uh, Russia basically, Uh, or, or many Russians basically live in Dubai and other places simply because of those reasons too.

Uh, they have a very solid banking system with connections with all the banks around the world. That's why basically Putin asked the Indian companies to pay in Uua e Durham, and for those who took it far away and said, well, now they are ditching the dollar. This is nonsense. Why It is nonsense, because the ua e derham is literally begged to the dollar why they want to shoot themselves or reduce their own currency or reduce the value of their own currency in this case.

So this is a measured move to serve certain purposes. Mm-hmm.

**Marty:** And diving deeper [00:08:00] into COP 28, I mean, I think it's become pretty clear that E S G is falling out of favor with many investors in many individual countries, and the COP conference is the United Nations. Conference around climate change, do you see a big ton tectonic shift on the horizon at COP 28 in terms of the status?

Yes.

**Anas:** We we're in our reports. Basically we, we talked about this so many times and we always, every time we have a new piece of news, we emphasize the point that the narrative is changing and the new, new stories coming in, they are just supporting that story. So the narrative is changing on several fronts.

And we have to put that in perspective too, because we have the European oil majors reenact on everything they said in term of cutting oil and gas production. Remember they promised that they will cut, they will do this, they'll do this, and then they [00:09:00] decided, what the heck, I'm not going to do it. But we have to put that in perspective because it was the European governments.

Who reenact on their climate change policies and promises, they went back to coal. They delayed the, um, they delayed some, uh, nuclear plants. Uh, of course we can discuss whether this is going to be, uh, kind of a climate issue or not, because this is a, a source of, uh, dispute among various people. But the idea here is they went back to fossil fuel.

Despite all their promises, they've been fighting African and other countries not to pay subsidies to subsidize consumers for fossil fuel. And the moment prices start going up, they were first to subsidize fuel. Uh, Germany in particular paid over a billion dollar in, in subsidies to subsidize, uh, fuel as prices went up.

So the framework basically changed because the European [00:10:00] governments changed, and then the European. Oil majors changed accordingly. At the same time, we have major pushback from opec, producers from India, from China, and in particular the African countries. The African countries are really fed up. So if you go back to Cop 27 in Sze and Egypt and listen to the statements they made, they were really fed up.

And that's why we should not be surprised, uh, about what happened in Mali and Burkina Faso, uh, and the animosity, the French and the Europeans, because it could be part of it. Yes, climate change is part of it, but climate change is working both ways in this case. And the other way is they are really fed up with the interference of the Europeans in their energy mix and their future.

**Marty:** Yeah. And so I. What are your thoughts on this Bricks Plus [00:11:00] meeting, uh, in South Africa? I believe it's next week. Correct. And so like, does, does that, will that build up to the COP 28 and we'll maybe building off each other?

**Anas:** Uh, definitely because the narrative is being emphasized over and over. So in term of the narrative, it's going to be solidified in this case.

So what we're going to end up with the situation is where a more practical approach to climate change than the European approach. What Europeans basically misunderstood about climate change policies is that it takes time and they want to do what can be done in 150 years. They want to do it in, in like 10, 15 years.

There is no way you can do that. And you have democracies. People are being elected or reelected and those politicians are worried about their reelection. The other issue, and, and this is what Europeans feel to see, The number one spender on wind and solar [00:12:00] in the world is China, number one, and other countries that come next.

They come in next with a very large margin, with a very large difference. So China is way ahead of everyone and spending yet, for China to be carbon neutral based on this high spending, being number one in the world, it needs 211 years. So to tell me they have to do it by 2060 does not make any sense why we are fooling ourselves with that.

India needs about 300 to 400 years, and India is not as rich as China when it comes to money. So we have serious issues with the narrative and the narrative failed. We've seen it last year. We've seen what happened in Europe last year. We've seen the return to coal. We've seen the return to wood and people, and if you look at the [00:13:00] media, it, the coverage basically was extremely biased.

For example, the living standards of the Europeans went down in 2022. Why major media sources are not emphasizing that there is a big difference between energy efficiency and energy conservation. Energy efficiency does not affect your living standards. You, you use more for less, and your living standards are not affected.

But when energy conservation, when you apply energy conservation, your living standards are being affected. So you put the thermostat, for example, uh, at, uh, uh, 78 instead of 75. That's inconvenience, that's affected, affected your living standards. So you have a serious problem here. And that's what we had in Europe.

We had problem with, with, uh, uh, decline in living standards. [00:14:00] People must understand one issue, which is kind of, I am, I get surprised every time a politician or a journalist talk about it. In Europe, the United States, India and China, Japan, South Korea, those countries combined, they represent about 80% of global old demand in all those countries.

If they double or triple renewable energy, that has no impact on old demand. Why? Renewable energy is used for power generation, and in those countries, oil is rarely used for power generation. So to see a politician or a, uh, um, a journalist basically saying, oh, we are going to increase, uh, the capacity of solar and wind, therefore we are going to reduce our demand for oil, and we don't want those gulf countries to control us.

Or opec, [00:15:00] that has nothing to do with oil in the first place. This is a lie. You look at the other piece of news, I, I think this is very, uh, uh, important point. I, I wrote a few points here. Uh, look at India, for example, the news yesterday or the day before yesterday, that 20% of 20% of vehicles in the state of Carla in India are electric.

And then you see some comments. Yeah, all demand is going to go down. OPEC countries are going down. Well, most of them are two wheelers and three wheelers. They were already energy efficient. They were already using very little fuel anyway, but this is not the issue. The issue is many of those used to run on C N G or or L P G, but most of them are on C N G, which mean that we are moving from gas to electric.

We are not moving from oil to electric. So why all demand will decline? [00:16:00] We have, uh, uh, probably I mentioned that on your pre previous show. Uh, one of the major organizations that produce reports on electric vehicles or renewable energy, they issued their annual report saying that this city, I'm not going to name anything here, but they said this mega city is switching all its buses to electric, and that's going to reduce all demand by 60,000 barrels a day.

I contacted. The guy, the guy who is in charge, I said, look, I just read your report. And he said, yeah, yeah. And we did this. And I said, forget about all the sophistication you are talking about in modeling. Not a single bus run on diesel or gasoline. In those, in the, in the city. All of them run on C n G. So how buses running on gas, that's natural gas.

If you switch them to electric, how they're going to reduce all demand by 60,000. The same issue with, with a certain state in [00:17:00] China, they switched all their taxi, excuse me, they switched all their taxes and buses at the beginning to electric. And then they have a massive push to, uh, for uh, EV sales. And in 2008, I was the one who did the report on this state and the two cities, the two, the two mega cities in it because they were switching to c n G.

And I was studying the impact of switching from gasoline and diesel to C N G and what the impact of that, the same cars and the same buses are being switched to electric. So the impact on oil is very limited. Yes. They be reported as eating up from all demand. So these, these are some of the stories that are really hidden in the, uh, um, in the media.

Uh, the, um, uh, [00:18:00] this is of course one, one of the funny stories that we had last week, which is, uh, a young author attending a book fair, uh, who decided to go nuts because she found out that, uh, one of the sponsors, uh, Is an investment firm that invests in oil and gas. And therefore she decided to leave and pull her book outta the book fair because she cares about climate change.

So she had a press conference and people can see the picture on the web. She had a press conference and she was reading from her phone and putting the microphone in the other, in the press conference without her realizing that the phone is made from fossil fuel and the microphone is made from fossil fuel.

It's so we have, we have a true, serious problem going forward and those who claim that we are going to have a peak all demand very soon, they [00:19:00] are ignoring all those, uh, uh, all those facts. So we have a serious problem and when we try to correct it, there is a problem here because, Um, as I mentioned in a tweet yesterday, we have, uh, hope and hype, and the difference is only one letter, one letter in them, hope and hype government.

If you look at the outlooks for oil and gas in the future, government hope to do something. They plan to do something based on those hopes, and then the media take that and make the hype. So we need some pragmatic people and pragmatic politicians to come in and say, you know what? This is nonsense. We have to do this, this, this, this.

We have, we need pragmatic analyst to do that. But guess what? The [00:20:00] moment you become pragmatic, you'll be isolated. The moment you become pragmatic about these issues, you, your name will be dropped from conferences. Your name will be dropped from even, you will not be coded in the same newspapers that you've been coded before.

Your name will be the, the, the major, major, uh, TV networks will not call you anymore. You have to conform to the hope versus hide and be somewhere in between to fit in. If you don't fit in, you are out. And this is a serious problem for people like me and others. And luckily for me, I'm financially independent, so I don't need anyone and I don't care.

But I've seen some friends who basically have to keep their mouth shut just because they need to make, they need to make the living. Yeah. It's really

**Marty:** a pretty terrible situation we find ourselves in. And before you mentioned the story of the author [00:21:00] who didn't realize the hypocrisy of her protesting as she's holding two petroleum products in her hand.

That's like. Another thing I was going to dive into is even if we do decrease demand for oil as a fuel source, I think people really don't understand the petroleum byproducts that make our life possible. Like me looking at this screen, talking through this mic is only made possible via petroleum byproducts.

And, uh, they're really

**Anas:** one of the jokes, I, one of my followers wrote a comment on Twitter, I think it was very funny because everyone was talking about this heat wave. As you know, the heat wave is worldwide and everyone, and here in Texas, I mean we, we, we really had terrible weather this summer and he said, uh, what is the impact of banning plastic straws?

Nothing. So, so an idea, okay, we did this. And so, so he was just making fun of the, of the [00:22:00] fact that the issues are, are way bigger than what, uh, people can, uh, or, or

**Marty:** focusing on. Yeah, the impact is you use, uh, three paper straws for every pla one plastic straw you would've used. Uh, it's the biggest impact. It doesn't really have any effect on the weather.

But that, I mean, what do you think is going to really force the pragmatic conversation that you believe needs to happen? Is it gonna be pure pricing signals, energy's gonna get too high? Raw inputs? Well, this

**Anas:** is, I mean, we've seen it in Europe. Uh, the issue, uh, basically that we've seen the actual change happening, but the rhetoric did not change.

So you see the same politician who wants to open the North Sea for exploration, the same politician who keep talking about, who keeps talking about climate change. So the rhetoric basically, and this is kind of funny because, um, uh, it reminds me of those who are trying to be religious, but they sin. And the more they [00:23:00] sin, the more they act religious.

So those guys are the same. They, they want the energy supplies, but they feel they sin, so they, they, they give more lectures about climate change.

**Marty:** Yeah. But like you said, I mean particularly in Europe, this is having material effects on the economies throughout that union. I mean, Germany's in a recession, I believe it was announced yesterday or the day before, that denmark's officially in a recession as well.

Like this energy policy.

**Anas:** Yes, but you got to remember, you got to remember one fact. Okay. When it comes to climate change and the environment, it is a religion. People do not leave the religion or convert easily. Okay? They have to go either through period, a long period of studying, which sometimes take years to convert, or a major event that just make them get out of the whole religion.[00:24:00]

So because it is a religion, it's very hard to see people changing or converting. But what it takes, it seriously takes some, uh, political leaders with, um, kind of strong, uh, political leaders with guts, let me put it this way, uh, where they go public and say, you know what? Enough is enough. We need to be practical about this.

We need a balance between energy policy and environmental policy. We need to survive. We want problem. This, this, this, this, this. Where is the issue? The issue is if you end up with energy crisis this winter, a lot of people are going to die. So yes, if you believe that people will die from climate change 20 years, 30 years, 40 years from now, but people are dying right now this year.

So what do you do? And it is a fact. I'm going to repeat it twice so I won't be misunderstood. On this last winter [00:25:00] in Europe, in the winter, more people died from the energy crisis and energy shortages than covid and, uh, more than the people in Ukraine in the winter. Again, I'm going to repeat that in last winter, more people died from energy shortages in Europe than the number of people who died from Covid or the number of people who died in Ukraine again in the winter.

That's, I

**Marty:** mean, when you put it that way, it's pretty shocking. And so when it, you talk about it's gonna take politicians that have guts to really have a practical approach to the discussion around energy and the environment and the quote unquote climate crisis, which is more of a religion. Are there any politicians out there that you've seen.

We're talking in a, a logical way.

**Anas:** Well, there are some. The problem is when they come in and they [00:26:00] win the election, they come into a system. Mm-hmm. So they can make some changes, but the changes will, will, will remain, uh, limited. And that's one of the problems we have. But at the same time, if the media itself is not going to flip and change attitude, we have a serious problem.

Uh, uh, those who follow me on Twitter, basically they already read, uh, our reports when we talked about how the media basically is playing the game with electric vehicles. If, uh, companies or auto manufacturers publish their quarterly reports and they have all the details in term of sales and percentages and uh, percentage growth, so they have all the numbers and they are by law basically required to provide all those numbers like that, what you see is you see the major media sources picking up the story.

They report everything about the ice vehicle, the ice, ice, uh, i c e stands for [00:27:00] internal combustion engine. You see all the, all the numbers. They sold this many cars, and this is represent the, this percentage of their sales and the growth is 3%. When they come to electric vehicles, they report only percentage change.

They don't report numbers. And we already collected a large number of evidence from various media sources around the world, not only in the United States, around the world reporting everything about ice, but once it comes to the electric vehicles, say, well, sales increased by 145%, but no numbers or sales increased by 150%, no numbers.

But look, if if the, if they sold 1000 vehicles only last quarter and now they sold 1500, You can see the percentage change. It's large. It's only 500 cars, but they don't want to put the [00:28:00] number. Why? Because if they keep showing the percentages and they are high, because we are starting from a low number, some people are going to look at the news and say, probably I am the only one who is buying, not buying electric vehicle.

I need to buy one. But the apples are very small. The same thing when it comes to coverage of, uh, renewable energy. Now I want to be clear for your audience here. I want to be clear on one thing. Global energy demand is growing and being growing at a very high rate for decades, and it'll continue to do so.

We do need all energy sources. We do need solar. We do need wind. We do need all transportation technology, and we do need electric vehicles, and we do need hydrogen vehicles. We do need that. We need all the technologies that improves the, uh, efficiency, whether in production or consumption. So we are not against renewable [00:29:00] energy.

We are not against, uh, electric vehicles or hydrogen vehicles. But what we are against basically is that idea of hope and hype. That's where the problem is. So I just want to clarify this point where we support solar, we support wind, we support electric vehicles, but we, we don't want the hype and we don't want the lies.

So here is another one. Look, anyone who Google, uh, investment in renewable energy or, uh, anything about renewable energy, most of the reports focus on the capacity. They don't focus on actual generation. So if you look at this summer, for example, actual generation of wind in Texas is less than 10%. But they keep reporting capacity.

**Marty:** Yeah, I was gonna bring that up. And you've seen this crazy search pricing in the intraday, uh, level. I mean, today I actually just retweeted it looks like [00:30:00] wind's not gonna produce again today down in Ercot. Correct.

**Anas:** But they keep, but Correct. So the media keep reporting the increasing capacity and people think, wow, look at, uh, expansion and this and this and this.

McKinsey Wood, McKinsey basically just published a report, and we are going to talk about it in our, uh, uh, daily energy report today. Uh, uh, they said that the, despite all the hype and despite everything else, the biggest employment in the energy sector basically is in oil and gas. But you look at the media, they keep talking about growth of employment in solar and wind.

**Marty:** Yeah. You gotta compare on the absolutes there and going back to Ercot. And that's, I think, The media will overhype wind and solar. And this winter, if you look at the Ercot charts, every time wind has really failed at producing, uh, the generation compared to its [00:31:00] overall capacity. Natural gas has really stepped up and been this sort of flexible load.

It's turned up when wind has really shit the bed, but nobody's really, uh, giving credit to the natural gas within Texas for, for sup supporting the grid this summer, which has seen all time high demand obviously since you've seen, uh, a mass exodus of people out of cities like San Francisco, New York, towards Austin, Dallas, Houston.

Um, well we,

**Anas:** we ended up to, we ended up to and Tesla and that tells a lot. Yeah.

**Marty:** And I mean, and digging deeper in the Texas and more broadly the US and oil and gas production. I mean, that was the big headline this week is that it's becoming, Very clear that shale production is not gonna be close to where people thought it may be.

And what, in your opinion, is driving that? Is it under investment over the last five years because of this crazy e s G policy? Is it just bad [00:32:00] luck in the patch not finding any gushers? Why is shale underperforming right now?

**Anas:** I don't think it's underperforming. I, I think there is some, uh, um, uh, there is a narrative that's being pushed by certain groups trying to, uh, basically kind of talk about limited growth of shale.

This is this, there are two facts here. The first fact is the limited growth was predicted earlier, but hitting a new record of production was predicted too. And both of them are correct. What those who are, what I call narrative pushers, uh, are ignoring is this, if any. Limitation. Let's say shield, shield production peaks, or it declines, it's mostly going to affect the condensate part of it, not the crude part of it.

So I won't be surprised if we cap shale, just cap it, let's say a 12.5 and that's it. And that's the, the, the [00:33:00] peak that crude oil production within it is going to increase. Why? Because companies will shift from certain regions and certain zones to drilling in areas where the a p I is lower than 45, so that's crude.

Anything above 45 is condensate. So what they don't realize is we have massive amount of condenses that being counted as crude and the decline is going to come from it. Why? Because those NGLs are only, they bring only per a portion of the revenues oil, sometimes like 40 to 50%. Of the oil. So why company will go and drill for more of NGLs while they can go drill for oil and get a hundred percent on that.

So I think there is a lot of confusion about this, but I would like to move to a point that's very important and P for the same discussion that we started the show with [00:34:00] any person who supports Ukraine and anti oil and gas at the same time, they don't know where they stand. Seriously, you cannot have it put together.

And the reason why, because the only reason why Europe is still together today and why Ukraine is still standing until today is the US share revolution. Without the US share revolution, the world would have been a completely different world Today. We would have seen Europe split between supporters of Putin and supporters of the United States.

Why? 'cause it was the US shale gas and oil that saved Europe. It was the US shale and gaze that saved Ukraine. I know some people are not going to like what I said, but this is a fact of life. Anyone who wants to prove me wrong, let's show, let's, let's show it. 40% of the gas going to Europe right now is, is coming [00:35:00] from the United States.

Few years ago it was zero zero. The US was exporting next to zero in term of oil. Now we are, we are exporting more than 4 million barrels a day. We are one of the largest exporters of oil in the world, and most of it is going to Europe. Guess what, at a lower price, because without it, prices would have been way, way, way higher.

So the issue here is there is this political element to the industry that many of those who oppose the industry forget about. And they are enjoying the safety and the security in their countries because of it. And when I say this, I just want to mention a story without mentioning names. When I was in Ohio, there was a group trying to gather signatures to shut down the nuclear plant near [00:36:00] Toledo.

And that group was a French group. Hmm.

**Marty:** Which is spinning back up their, their nuclear facilities. So they're trying to box everybody out of the nuclear market.

**Anas:** I don't know, just kind of, uh, and I'm just showing when we talk about the politics of the political part of it, A lot of people forget that political part.

There was no way on earth that President Trump would repose sanctions on Iran and impose sanctions on Venezuela at the same time without the share revolution. Yeah. I mean, this goes back

**Marty:** historically. I mean, coal, natural gas, oil, nuclear, have all been in a narrative war, was it? Uh, natural gas, particularly that industry really launched a propaganda campaign against nuclear to box it out as another cheap energy resource.

Which is really unfortunate because as you mentioned earlier, we should be using all of these energy sources, whether it's coal, [00:37:00] natural gas, oil, wind, solar, nuclear. We really need to be leveraging it all to the best of our abilities.

**Anas:** Absolutely. Absolutely. And, and, and one issue that we need to be aware of basically is it does not need to be shoved in our faces, and that applies to oil and gas too.

I'm not talking about. Uh, uh, solar and wind. It just, we need one issue. And, and this is related to electric vehicles too. If we look at technologies and their growth in the last 200 years, a very small percentage of all the inventions basically get to market, and they become very successful. But we have certain technologies that they get spread throughout the world, just like a forest fire.

They just spread throughout the world, despite all the borders and the tariffs and the taxation and the costumes, et cetera. And one of them basically are cars, the refrigerators, [00:38:00] microwaves, the stoves, et cetera. All of these things that they became widespread worldwide. And if you look at all those techno technology that became successful, including TVs and cell phones, you find that there are some common elements in them.

One of them that they grew this way globally without government support. Mm-hmm. That's number one. So the government never paid the customer to tell them, look, go buy a tv, go buy a phone. They never did that. Okay. Number two, they give human more freedom with a freedom of mobility or what any, any way you look at it.

Any of those technologies give a human more freedom and all of them save time.

Electric vehicles do not achieve that. Solar does not give me that. When does not give me that [00:39:00] they are there simply because they were forced by governments through subsidies and regulations. But do we in a, in a free market, do we need them? Yes, definitely. Because there are always some areas in the world and some areas within states, et cetera, where they need this technology for various reasons.

So they need solar, they need wind. But let us be a choice of the customer, not the choice of a politician who think that he will make the customer better off because he knows more about the customer than the customer themselves. And the same thing for electric vehicles. We have a serious problem. Those who are comparing electric vehicles to movement from horse carriages to cars, they are missing the point because moving from a horse and carriage to a car, that was a priceless development.

Literally priceless. Moving from landline phone to [00:40:00] smartphone, that was priceless. And I can tell you people who are my age and older, They can remember this, that you want to go somewhere, but you have a very important phone call you are waiting for, and then you get stranded at home, you cannot go, or you have to ask your father a mother, stay next to the phone just in case so and so cold, because that's how the way it works now, you carry your smartphone with you.

Even if you are on the top of mountain, you can make the phone call. So it gives you more freedom and it saves you time. Yeah. And

**Marty:** digging into the negative externalities that come from these forced actions, particularly in the energy sector by the government via subsidies and tax rebates. I'm dealing with it right here, like right above my computer.

The ocean is less than a quarter of a mile away down here in South New Jersey, and there's massive campaigns that stop the wind [00:41:00] farms that they're trying to build off the coast right here. And it's really being driven by the fact that they started building, uh, these wind turbines out in the ocean. And whale and dolphins started, uh, beaching.

They started, uh, Fall winding up dead on the shores because all the construction is messing with their sonar, uh, internal radars. And it's, it's funny, every day, you know, if I go off island and come on, there's a huge sign like, stop the Cape May County Wind Project. It's killing, killing whales and dolphins.

And it's just one example of the government trying to use top-down, central control to force actions on an economy, not really thinking about the negative externalities, whether it be a lack of reliable energy production or, uh, the death of an ecosystem, because you didn't really think about what that would do if you just come and plant these things down in the middle of the ocean.

**Anas:** So think about it this way, since 2008 until now, [00:42:00] think of the number of solar companies that the government supported and went bankrupt, uh, recently. The, the electric bus company. Mm-hmm. That went bankrupt too, which President Biden himself basically was involved in. It's all taxpayer money that's just evaporated,

**Marty:** just gone.

And you go back to that, like, I mean, the last administration that Biden was a part of Obama Cylindra massive failure. And with this bus company Yeah, you had Kamala Harris promising everybody that, uh, school bus fleets would, would be produced by this company that went bankrupt within two years. It's completely insane.

And that's, I mean, you're making a case for Bitcoin. This is why we Bitcoin here in us. It's 'cause you give, uh, the free market back a monetary good that doesn't allow central banks and governments to print this money outta thin air to just throw it at these projects which are becoming glaring [00:43:00] glaringly obvious that they're misal allocating capital on a large scale.

Um, That's part of the reason why I'm so fascinated about the intersection with Bitcoin and energy, not only from the mining perspective, but from the monetary and capital allocation perspective, is that we can finally force, uh, the free market back into people's lives. And then on top of that, really hinder the government's ability to subsidize all this terrible investment they're making in the energy sector that

**Anas:** take time.

That's, I mean, in theory, what you said is absolutely correct. The problem is they're going to reregulate that in a way where they're going to drive everyone out and they're gonna try. This is the problem.

**Marty:** Do you have any hope that Bitcoin can, can get above that, that hurdle? Get through that,

**Anas:** that, I, I dont think so because, uh, look, uh, I mean, I'm going to use the Russian example, okay?

And this is extreme, of course, I understand it is an extreme, but people [00:44:00] jump from the windows. How? So things could happen.

**Marty:** Oh, we'll see. We'll see. I'm a little bit more optimistic. But, uh, besides that, taking everything that we've discussed over the last 50 minutes into consideration, like where do you see energy prices going in the next year, two years?

How is the landscape that we just described

**Anas:** crisis? We, we published our oil market outlook in early January, and in that outlook, basically we made several calls. Luckily for us, every single call was correct so far, and I think it was one of the most credible outlooks in the market out there. However, in that outlook, we failed to see a couple of things, and because of this failure, we were predicting that energy prices or oil prices will increase substantially, especially in the fourth quarter of this year.

Uh, we've seen the increase but not substantial, and we don't think it's [00:45:00] going to be a substantial increase anymore. We think that prices will go higher than what they are today, but they will be capped. And what we fail to see in our outlook, despite all the accuracies of other forecasts, we fail to see two things.

First of all, we fail to see that China is going to build, uh, its inventories and its strategic petroleum reserves. We, we thought this will not happen this year, but it happened, and therefore they are going to use it to, or they are using it right now as we speak, to prevent prices from increasing. And therefore this large increase that we're predicting is not going to happen, but there will be an increase.

And the second point, we knew, and we wrote about this in December, that OPEC plus members are going to import oil from Russia and they're going to import oil products from Russia and that's going to mess up the balances and going to change things. But we did not expect it'll be this high. So the imports from Russia were way, way higher than what we expected.

Why this is [00:46:00] important because in the summer, those countries, uh, most of them are in hot climates. They need, uh, additional power generation for cooling. And that additional power generation mostly comes from fuel, oil or diesel. So they use their own and that affect exports and therefore prices go up. And what happened now is of them making that fuel oil or diesel and reducing exports, they are importing that from Russia and therefore the, the final impact on the market is way less than before.

So we see those trends, but in general, directionally speaking, Oil prices will increase above current levels, but we are not going to touch a hundred simply because China is going to limit the price. And that's why we always say in our report and our, in, in the tweets that I tweet, that Saudi Arabia is going to set the floor in the oil [00:47:00] market and China is going to set the ceiling for natural gas.

We already have seen a, a large increase globally in the, in the price of, not in the United States, but globally, especially for L n G for various reasons. Uh, we have, um, uh, a decline in L N G production. We have the threat of a strike in Australia. Uh, and of course we have usually the maintenance programs, et cetera, uh, in various countries.

Uh, we already finished most of them, but that they will come again. Uh, but the issue here is here comes the winter. Uh, I'll not be surprised if we hit another record. Another price records for L N G That's in the spot, by the way. Uh, uh, simply if we have a couple of major hurricanes in the Gulf of Mexico and then uh, we end up with a cold winter, that will lead to a very, uh, large increase in L n g prices.

Uh, and what happened is what we learned from [00:48:00] 2022 that, um, we've seen massive substitution among energy sources in a way that we never seen in a very, very long time. So you have a hot day. We talked about wind not operating on a hot, on a on a hot day. And for those who do not know when the weather is hot, it is hot because there is no wind.

'cause if there was.

**Marty:** It's funny, you're using logic here in us. It's, uh,

**Anas:** many people. So what happened is, on a hot day when wind is not operating, what you do is you demand natural gas, as you mentioned earlier. And because those peakers, the the power plant that run on gas and to call them peakers and they demand a very, very high price and prices in the spot market could go super high.

Now it's very expensive for some companies to do that. So what they do [00:49:00] is they all of a sudden they increase their utilization of coal plants and reduce their utilization of gas because that's the only way they can save money. So all of a sudden we started with wind, we moved to natural gas, now we move to coal.

So what we've seen historically was we had, uh, uh, rain, the summer rain in India and China. That flooded the coal mines. Now, you cannot go to the, you cannot go from natural gas to coal and natural gas prices go through the roof, and the only way you can manage is literally to end up with brownout or blackout.

You have no other choice. So you go for blackout and brownout. You have all those factories that are recovering in China and they have all those back orders and they want to operate. What they do, they resort to private generation. What is private generation? [00:50:00] Those are big, massive generators, like every generator the size of a big room, and they run on what, mostly diesel.

Some of them run on L P G, but that's the cofi petroleum gases. But most of them run on diesel. All of a sudden the demand for diesel goes up simply because it's hot and there is no wind to give you the the generation, so you can see the process of the substitution. Among all of those, we've seen it before, our eyes in 2022, an unbelievable way, and this is going to be repeated.

Yeah.

**Marty:** We really, as a society globally, need to dig into what is the optimal base load for all these grids. And then what do you decide to add on to that as supplements? Because as we mentioned, as we've seen in Texas this summer, natural gas is really saving the Texas grid. Uh, we really need to get away from our aversion to coal.

I think there's a lot of misconceptions around coal, [00:51:00] particularly being a dirty source, but if you look into how the factories are constructed these days, they're, they're rather clean compared to the, the coal power plants that existed a century ago. Um, and there's just a lot of. Fundamental misunderstanding in the average consumer about energy.

And like you mentioned, the media and the politicians and even people at the higher echelon of capital allocation institutions really like to muddy the waters around the narrative, which is just extremely unfortunate because I, I

**Anas:** would like, uh, just remember one fact about the, the, the impact of subsidies.

Uh, this happened last year in Scotland and there was a wind farm. Uh, and that wind farm basically is heavily subsidized, but it gets the subsidies only if it works. So for some reason it stopped. And what the operators did, they brought, brought in diesel, ge, the small ge uh, diesel generators to make them spend.[00:52:00]

Why they did that, because of the government subsidy. If the government subsidy did not exact exist, they would not have done that. But they literally used diesel generators to spend those. We, uh, to spend those turbines so they can, uh, show they are working and they can get the, uh, the subsidy. So, uh, the way I'm, uh, I'm trying to frame this is government subsidy and government intervention in these things is the matter of all else.

And we have enough, um, data and, and enough evidence from around the world to show how bad the subsidies are and how they misallocate resources. And they literally threw the society off of that track that it want to go on simply because the subsidies create all kind of things. One of them that when you create a massive industry like the solar industry, those, the companies [00:53:00] that went bankrupt, what they do, they take part of the subsidies and they direct that toward lobbyists.

Lobbyists who will go to those politicians so they can maintain the subsidies.

And it's getting worse by the day, especially when it comes to GM and Ford and electric vehicles. Yeah.

**Marty:** Yeah. It's really parasitic system at the end of the day. And it's, again, unfortunate for humanity because we can't have logical conversations about these very important topics. And the water is muddied by subsidies, lo lobbyist, uh, cultist, religious zealots, if you will.

Um, but I have hope. I have hope. I think people are beginning to wise up. And I think the strongest driver of people waking up to the reality is pricing, whether that's inflation, [00:54:00] um, uh, at the, at the gas pump or I. At the grocery store, people see these higher prices and they begin to ask questions. What's going on here?

And energy is not the overall driving factor of consumer price inflation at the end of the day, but it's a, it's a strong driver. And once people see higher prices, their grocery bill doubles, triples. Over the course of a few years, they begin to ask questions and become more open. And that's when the opportunity presents itself for individuals like you and I to say, Hey, let's have an adult conversation about this.

Here's what's really driving price inflation. At the end of the day,

**Anas:** you know what the fear is that what you see in the United States in, in Europe is going to be way, way worse in Latin America and Africa. Say that and of that, uh, because the, if, if we in the west basically are talking like this and suffering from all the things, imagine the suffering of those people and [00:55:00] therefore, This migration from Africa to Europe and from Latin America.

The United States is just going to get worse and worse over time. And what climate change? Cultist basically, because within climate change, of course, we have a spectrum of people. Well, I mean, we have some really nice, logical group, but we have the cultist on the far left. What they don't realize is they want to support those migrants.

And I support migration, by the way, but they want to support the migrants at the same time. They want to fight climate change, and they want to fight the oil and gas industry without realizing the following. I'm going to give you some numbers, some shocking numbers. Remember when, uh, the administration brought in those thou, tens of thousands of Afghanis from Afghanistan Yep.

And, and located them in Texas and other states. The moment they brought them into the United States, the energy consumption of each family increased by 70 fold. [00:56:00] 70 fold, and this is permanent. It's not like if the guy does not find a job, therefore they can cut to 30 or go back to Afghanistan. Now this is permanent.

That's it. Okay. The guy who is MI migrating from Central America to the United States, the moment he's in the United States, his energy consumption increases by about 30 fold. So you want to support immigration and climate change at once. You have a conflict. You have a serious problem here. At the same time, if you look at Ukraine, we have millions of Ukrainians who went to Western Europe.

The moment a Ukrainian arrive in Western Europe, his energy consumption increases by fourfold.

So you want to support Ukraine, but fight climate change at the same time. Think again. I'm not talking about not support Ukraine. I just want, I'm exposing the 9 cents of the climate change arguments. In this case, [00:57:00] and I'm not denying climate change. I'm not, I'm I, I as, as I said earlier, we do need electric vehicles.

We do, we need solar. We don't, we do need wind, but we want to be logical about it.

Yeah,

**Marty:** no, and it's like you said, the immigration problems exacerbated by the climate hysterics, trying to reduce energy consumption, really the logical solution in my mind is just to help those countries pick them up from their, pick themselves up from their bootstraps and help them build out reliable infrastructure where they live.

So we don't have this immigration problem. Yes, they may have local government problems and governance problems, but uh, like as we've mentioned throughout this conversation, increase energy production and more reliable. Electricity delivery increases the quality of life. And so I think that's where you have to start, is if you have a chaotic country, whether it be in [00:58:00] Africa or Latin America, it's probably partly driven by the unreliability of energy at the base layer of their economies.

And if you can simply provide them with reliable electricity, a lot of those problems begin to fall to the wayside as people can coordinate and actually be productive throughout the economy.

**Anas:** You mentioned earlier energy and Bitcoin. I'll tell you a story. This happened yesterday. Mm-hmm. The president of Egypt of Thei said yesterday that the reason why Egypt is suffering from severe shortages of electricity is the shortage of dollar '

**Marty:** cause they can't pay for it

**Anas:** simply.

It looks like it. I, I think probably they are shifting the blame, but in general, we have a shortage of dollar throughout Africa. And probably if you look at Kenya in particular, they, they tried their best basically to do something they couldn't, and then they got some [00:59:00] help from Saudi Arabia and the u a e, uh, where they told them, okay, I'll supply the diesel and gasoline, uh, and pay me six months later, uh, because they, their currency just collapsed and they don't have dollars.

But in Egypt, I mean, this is a very powerful statement for the president to say that, uh, the shortages of dollars, uh, led to shortages of electricity.

**Marty:** How does Bitcoin play into this in your mind?

**Anas:** I don't know. I'm, I'm, since he said this yesterday, I started thinking, but I, I have no clear idea on how this is going to work.

**Marty:** And what's driving that shortage of dollars is Egypt doesn't have enough, uh, is enough basically.

**Anas:** I mean if you, I mean, it was the Fed, it's was the US fed with the policies, with the increasing interest rate. Mm-hmm. That's what it's, yeah.

**Marty:** They're pulling liquidity out of the market. Yeah. Egypt doesn't have access to as much liquidity and then on top of that, they probably don't have the exports to bring dollars in.

**Anas:** Correct. Correct. But this is kind of becoming a very [01:00:00] common problem throughout the world because even we go back, we started the show talking about India and the uae. Remember, UAE is a rich country. India is a very big country, and yet because of the shortage of dollar, the resort to paying in local currency.

Yeah.

**Marty:** I'm gonna push back against your, uh, your Bitcoin bearishness. Yes. In the US and Europe, I believe that these, these superstructure governments will push back against Bitcoin adoption. But I think the last year since we last spoke, there's been a lot of developments, particularly around Bitcoin mining that really.

Support the thesis that many Bitcoiners have been running with for well over a decade, which is that countries that aren't on the level of the United States and the European Union, uh, China, Russia even are the, the most highly incentivized to acquire Bitcoin as early as possible. And we had, uh, we had it revealed earlier this year due to some bankruptcy [01:01:00] filings that, uh, the Sovereign Wealth Fund of Bhutan got caught up in that they've been mining Bitcoin since 2020.

Uh, and so I think while yes, even though the United States and Europe may try to prevent their citizens from accessing Bitcoin, which I think is gonna be hard, since that cat's sort of already out of the bag, Americans hold the most Bitcoin in the world, uh, you're gonna have these developments on the other side of the spectrum, these smaller countries like Bhutan, uh, Abu Dhabi, uh, one of their, uh, I believe it's one of their, uh, local wealth funds signed a partnership with Marathon Digital here in the United States to, to mine Bitcoin.

Um, Russia obviously

**Anas:** got Iran. Iran too. Mm-hmm.

**Marty:** Iran, like I do think the game theory and when you think about it too, if they're, uh, I'm not sure how much credence I'll put behind the idea that the world's gonna diarize in the next few years. I think that's gonna be very hard. But I do [01:02:00] think via the weapon weaponization of the dollar, um, against Russia over the last couple years has really began to have people thinking seriously about alternatives to that system.

And obviously that's why the Bricks plus Nations are posturing. Like they may launch their own gold back and oil back currency. Whether or not that happens, I'm a bit skeptical that they can pull it off. But I do think. The idea of an alternative to the dollar system has been seeded in people's minds around the world.

And they may not believe it's Bitcoin right now, but I do strongly believe at some point in the future it's gonna be impossible not to recognize that this apolitical, distributed monetary system is really the only solution.

**Anas:** Again, in, in theory I am with you. The only problem is in practic. When you look at real life, the real life is completely different.

Uh, we, as you heard me before, and I mentioned this on Twitter and other [01:03:00] places, I've done a lot of, uh, uh, field work on, uh, black markets, especially in oil. And uh, I did it in several parts of the world. And literally when you go to the black market until today, the dollar is still the king. Yep. Period.

Agreed. You go to any mafiaa around the world, they want dollars, period. Still, even within the mafia basically is still, uh, uh, the dollar and still cash. Uh, I had, uh, uh, a kind of a discussion with one of the followers who got angry at me because I said that, uh, there are some payments made by India in cash to Russia, and he gets really angry at that.

And the, uh, issue is, you know, if you are a, a law abiding citizen with the mentality of the law is being there all day long, you will never believe people are doing this in the black market. [01:04:00] So it's very hard to convince a law abiding citizen by the black market and what goes on. But the fact is, among those groups, especially the mafia, they seriously think that this system of whether Bitcoin or anything else, anything related to computers, basically they think they can be spied on easily.

So they are scared to death. So they would rather to get the cash literally, Uh, private settings, uh, away from any technology. So the fear of technology among those groups is becoming a barrier. I'll conce that.

**Marty:** I can, I can definitely see that being, uh, the case right now, but as Generation Z and Generation Alpha grows up and I think there's gonna be like a multi-decade transition, it'll take time.

And the last time we spoke, you know, it's something I completely agree with is the liquidity profile of Bitcoin isn't anywhere near where it needs to be to facilitate the amount of trade that we'd [01:05:00] like to think would happen on it. Like we still need correct, correct. The monetization process to, to progress pretty significantly.

A couple orders of magnitude higher than where it is today, probably. Um, but yeah, I do think it's,

**Anas:** uh, I agree with you on the generational issues. Uh, the problem is, uh, what the generation issues. We end up with a situation where you have a generation who is very sophisticated when it comes to the IT technology, computers, uh, spyware, uh, anti spyware, et cetera, all that stuff.

But they are young enough not to be in the position of control and making laws. Yeah. And there, that's where the conflict becomes. Yeah. The,

**Marty:** uh, theocracy is really holding us back right now. Everybody's, it's crazy. The average age of your US politician is above 55, I believe. 60, [01:06:00] maybe even, which is a shame.

But I do think the, uh, the stress, particularly the economic stress that is beginning to be felt, uh, I mean, I don't believe that anybody truly believes that C P I or inflation is 3.2% year on year. I do believe the economic stress is gonna push people. To a point where they demand change and part of that change will be, uh, letting the younger generation take control of, of the levers in the, in some regards.

I hope I'm right. I don't wanna hope, I like to think that,

**Anas:** uh, that's a different type of hope. Yeah.

**Marty:** Well, not, it's always a pleasure speaking with you. Um,

**Anas:** the, and if you, if you come here to North Texas, please drop by. I

**Marty:** will. I'll be in Dallas at some point this fall, so I'll let you know. Alright,

**Anas:** you are welcome to come in.

**Marty:** You, uh, you enjoyed the rest of your Thursday here and, uh, thank you again. Thank you. I think, uh, your knowledge on [01:07:00] international oil and gas markets and energy markets more broadly is, um, very high signal. And just really appreciate you taking some time to educate our audience about what you're seeing right now.

Thank you. All right. Have a great day. That's all we got today for peace of love. Alright.