Qatar Tribune
Business
FRIDAY, NOVEMBER 26, 2021

German c bank concerned at soaring property prices
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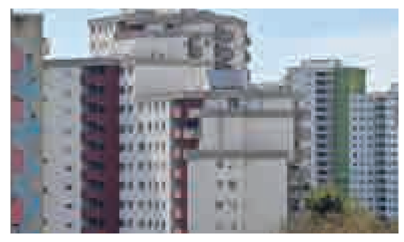

China non-committal on US 'drop in the ocean' oil release PAGE 8

DOW 35,804.38 -9.42 PTS	QE 11,790.98 +0.97PTS	SENSEX 58795.09 +454.10 PTS	GOLD 1,790.80 +0.22 %
BRENT PRICE 82.23 PERCENTAGE -0.02 %	WTI PRICE 78.03 PERCENTAGE -0.46 %		SILVER 23.65 +0.48%

CB likely to see RoE rise to 11.9% in 2021

QNBFS increases Commercial Bank's price target to QR7.42 per share

SATYENDRA PATHAK
DOHA

THE return on equity (RoE) of Commercial Bank (CB) is expected to increase from 6 percent in 2020 to 11.9 percent in 2021 against the previous estimate of 10 percent, QNB Financial Services (QNBFS) has said in its company report released recently.

After 2021, QNBFS said, "We model RoE to increase beyond 13 percent. Management is targeting 13-15 percent during 2022-26. Our new sustainable RoE is 14.3 percent against 12.5 percent previously."

According to the report, the asset quality of CB has improved as the majority of non-performing loans (NPLs) are legacy. NPLs remained stable at QR4.3 billion at the end of the first nine months of 2021, while the NPL ratio decreased to 3.98 percent against 4.33 percent in FY2020.

"Coverage of stage 3 loans improved, increasing from 66 percent in FY2020 to 75 percent during the first nine months of 2021. Going forward, we expect asset quality to improve further, driven by prudent underwriting and recoveries," the report said.

"We forecast 2020-25 earnings to grow at compound annual growth rate (CAGR) of 27.5 percent against our previous CAGR estimate of 23.7 percent. The double-digit growth and acceleration are partially attributable to a base effect as 2020 earnings were depressed, along with management's ability to deliver strong core banking income," the report said.

The Commercial Bank Plaza in Doha.

Highlighting that the bank's diversification of loan book remains on track, the report said, "During the first nine months of 2021, net loans increased by 4.5 percent from 2020 to QR101.1bn. Moreover, deposits expanded by 6.5 percent during the same period to QR80.7 billion."

"Moreover, in line with management's strategy, the percentage of government loans to total loans increased from 2016's 10 percent to 19 percent in the first nine months of 2021, while real estate loans dropped from 28 percent to 19 percent during the same period. We adopt a conservative approach and estimate net loan growth of 5.1 percent in 2021 (gross loan growth of 6 percent). Our loan growth assumptions have not changed; we pencil in a 2020-25 CAGR of 6 percent against 4.8 percent for 2015-20 period," it said.

"The bank's bottom-line in the first nine months of 2021 was driven by strong core banking income and lack of losses from trading and associates and flat provisions and impairments," the report said.

The report said, "Goodwill impairments on United Arab Bank (UAB) in which CB has 40 percent stake should come to end in the fourth quarter of 2021 and significantly lower net income sequentially. National Bank of Oman (NBO) in which CB has 34.9 percent stake could also face goodwill impairments over the coming 3 to 5 years as its market value is significantly below the book value on CB's balance sheet.

"Management will book further impairments on UAB in the fourth quarter of 2021. CB carried goodwill attributed to UAB of QR1.4 billion in 2018. In 2019 and 2020, CBQK impaired QR413.9 million and QR591.2 million respectively. Hence, QR394 million of goodwill remains. We model the remaining impairments of QR394 million in the fourth quarter of 2021, ending this exercise. We do note QR574 million is being recorded as goodwill for NBO, which if impaired, could depress the bank's earnings going forward."

"The bank's stock has re-rated and traded at 20 percent discount to its BV at the beginning of the year. Having said that, we believe there is room for more upside. The stock remains attractive. We increase our PT to QR7.42 but lower our rating from outperforming to accumulate because of the recent rerating of the stock," it said.

Platts unveils ME's first index to track cost of hydrogen production

AGENCIES
LONDON

S&P Global Platts, a commodities intelligence platform, unveiled the Middle East's first index to track the daily cost of hydrogen production.

One of the lightest and most abundant elements in the universe, hydrogen is being prioritised for development in the Middle East as a viable alternative fuel.

The element, which can be produced with carbon and non-carbon forms of energy, can be used in heavy transport and to decarbonise the power sector.

The new metrics will cover hydrogen produced through proton exchange membrane electrolysis, alkaline electrolysis and steam methane reforming with carbon capture and sequestration.

"Huge amounts of capital are being invested in hydrogen production in the Middle East and the projects under development will put the region at the centre of the emerging hydrogen economy," said Alan Hayes, head of energy transition pricing at S&P Global Platts.

"The Middle East has the potential to become a global supply hub for hydrogen in much the same way as it is now for crude oil."

Including the region in Platts' global coverage of hydrogen production will help producers and consumers to track the cost of producing the fuel.

More importantly, it will also "compare the costs of producing with other hydrogen production hubs around the world", Hayes said.

Hydrogen is on track to become a multibillion-dollar industry in the Middle East, with total announced investments set to hit $44 billion.

Hydrogen is on track to become a multibillion-dollar industry in the Middle East, with total announced investments set to hit $44 billion, according to Platts' estimates.

About $35 billion of the commitments will be in projects that will become operational by 2030.

Under the new metrics, the production of hydrogen through steam methane reforming in the region is cost-competitive.

The product, more commonly known as blue hydrogen, is produced when natural gas is heated with steam to produce carbon monoxide and hydrogen. Associated carbon dioxide is captured and stored to make the process low carbon.

The current prices for blue hydrogen in the UAE and Saudi Arabia are $5.60 a kilogram and $5.50 a kilogram, respectively, according to Platts.

Prices for the commodity in key global producers in Western Australia and Europe, specifically the Netherlands, average $5.95 a kilogram and 5.70 a kilogram, respectively.

Hydrogen produced from electrolysis, which involves splitting water molecules into hydrogen and oxygen, is cheaper in Australia than in the UAE, Saudi Arabia or the US Gulf Coast, according to Platts.

Hydrogen produced through alkaline and PEM electrolysis is twice as expensive to produce in the UAE compared with Western Australia, where it costs $2.11 and $3.39 per kilogram, respectively.

"These latest costs of production assessments indicate that different production routes may favour different regions when it comes to establishing global hydrogen trade routes," Platts said.

How will emerging markets benefit from new carbon rules?

TRIBUNE NEWS NETWORK
DOHA

AMID pledges to phase out the use of coal and reduce methane emissions, world leaders at the recent UN Climate Change Conference (COP26) in Glasgow also agreed to reform global carbon markets and improve rules about carbon trading, seen as key tools in the transition towards decarbonisation.

Carbon trading is a system whereby a government sets a limit on the amount of carbon that can be emitted, and then divides this amount into units. These units are allocated to different groups, industries and businesses, and can then be traded like any commodity.

Proponents say that carbon trading will ultimately increase investment in environmentally friendly solutions, as the price placed on carbon makes fossil-fuel projects less competitive, while at the same time incentivising low-carbon energy sources such as wind and solar.

Indeed, the International Emissions Trading Association says that carbon trading has the potential to halve the cost of implementing national emissions targets, saving an estimated $250bn annually by 2030. It also claims that it could facilitate the removal of around 5bn tonnes of carbon dioxide a year at no additional cost.

While a number of countries already have their own domestic emissions trading schemes in place – and have previously engaged in cross-border emissions trading – COP26 saw participants agree on a set of transparent, uniform rules for international emissions trading.

This means that countries struggling to reduce emissions can partially meet their climate targets by purchasing offset credits from other countries which have successfully reduced their own emissions, Oxford Business Group (OBG) has said in a report released recently.

The deal also allows for the creation of a separate UN-governed carbon offset market where both states and private entities can trade emissions credits through low-carbon projects.

For example, one party could pay for another to construct a solar plant instead of a coal-fired power station. The latter – and, more broadly speaking, the world – would benefit from cleaner energy, while the former would generate carbon credits for the project.

In signing off on the deal, world leaders finally implemented Article 6 of the 2015 Paris Agreement, which had been delayed for six years over a series of disagreements between countries.

Carbon trading is expected to increase investment in environmentally friendly solutions.

The agreement also tightened rules on double counting of credits, thus preventing carbon credits from being counted by both the country selling them and the country buying them.

While it is global in its impact, the implementation of Article 6 is expected to have different implications for developed and for emerging markets.

Most developed nations are likely to be carbon credit purchasers, while most emerging markets will likely be carbon credit exporters. In light of this, the rules clarifying international trade are expected to provide emerging markets with significant opportunities.

For example, Brazil's Ministry of the Environment claimed that the deal was a "Brazilian victory", with the country set to become a significant exporter of carbon credits. Given that Brazil is home to much of the Amazon and has significant potential to build renewable energy projects, the implementation of Article 6 is tipped to drive investment in projects designed to significantly reduce emissions.

In addition, the deal will provide assistance to emerging markets through an adaptation fund. Some 5 percent of all proceeds from offset trades will be directed into the fund, which will assist lower-income nations in their efforts to combat the effects of climate change.

While domestic carbon taxes and emissions trading schemes are predominantly concentrated among wealthier countries, some emerging markets are making progress on this front.

Mexico, Colombia, Chile and South Africa are among those to have either implemented or scheduled an emissions trading scheme or carbon tax.

Another country that could soon join this list is Indonesia.

In mid-November international media reported that the Indonesian government had signed off on new rules relating to carbon trading.

Similar to other carbon trading systems, the Indonesian model would include a so-called cap-and-trade system, whereby a limit is placed on the overall level of pollution, and allowances can then be traded between businesses.

The country will reportedly introduce a carbon tax in April next year, with the fully-fledged carbon market set to be operational by 2025.

Indonesia projects that, without international help, it will be able to reduce emissions by 29 percent by 2030; however, this figure rises to as much as 41 percent with foreign financing and technology.

Although it is seen by many as a key tool in the path towards decarbonisation, emissions trading is not universally celebrated.

Critics argue that the system could simply lead to greenwashing, and that it could incentivise industrialised countries to offset, rather than reduce, their carbon emissions by purchasing carbon credits from other countries.

In effect, some environmental groups say that the system could lead to carbon credits being shifted from one side of the world to the other without significant benefit to the environment.

Indeed, Tina Stege, the Marshall Islands' climate envoy, warned that much work was still needed to realise the benefits of the COP26 agreements.

"On Article 6, we need to remain vigilant against greenwashing, protect environmental integrity, and protect human rights and the rights of indigenous peoples," she wrote on Twitter.

"But a plan is only as good as its implementation. All parties must now go home and get to work to deliver on their Glasgow and Paris commitments."

Orange boss resigns after getting suspended jail sentence

DPA
PARIS

THE head of French telecoms company Orange has resigned from his post after being handed a one-year suspended jail sentence.

Stephane Richard, 60, will leave the company after a successor is appointed and no later than January 31, 2022, Orange announced Wednesday evening.

A court in Paris sentenced Richard after he was convicted of complicity in the misuse of public funds in a fraud case.

The "Tapie affair" concerns the sale of Adidas shares by recently deceased former owner Bernard Tapie. The stake was bought by the French bank Credit Lyonnais, which was later sued by Tapie.

Tapie accused the bank of defrauding him by undervaluing the company.

After arbitration proceedings in 2008, judges ruled that Tapie should receive more than 400 million euros (448.41 million dollars) in compensation. However, the decision was later overturned and a French appeal court ruled in December 2015 that Tapie should pay back the compensation.

The case turned into misappropriation of public funds because the compensation ultimately came from the state treasury.

The former head of staff of the then French Finance Minister Christine Lagarde must also pay 50,000 euros in fines, the court ruled on Wednesday.

Three other defendants, including Tapie's long-time lawyer, were sentenced to terms ranging from two years' probation to three years' imprisonment, as well as heavy fines.

Tapie repeatedly denied allegations of manipulation in the course of the arbitration proceedings. He was acquitted in the first instance in the summer of 2019.

According to our calculations, prices for residential accommodation are 10 to 30 percent above the value justified by the fundamental data," Bundesbank Vice President Claudia Buch said.

German c bank concerned at soaring property prices

DPA
FRANKFURT

THE German central bank expressed concern on Thursday at rising property prices, both within the main urban centres and beyond, and issued a call for rapid action to counter future risks.

"According to our calculations, prices for residential accommodation are 10 to 30 percent above the value justified by the fundamental data," Bundesbank Vice President Claudia Buch said.

This was happening increasingly outside the main conurbations, she added in remarks published as the bank presented its financial stability report.

Buch said that rising property prices could be a critical risk for financial stability if loans were increasingly issued on the basis of lower standards and further price increases were expected.

She noted that around a half of bank loans had interest rates fixed for more than 10 years. "A high proportion of long-term loans and capital investments makes the German financial system vulnerable to changes in interest rates," Buch said.

"Risks resulting from property financing need to be limited," Buch said, noting that the European Central Bank had also issued warnings on the property market in its most recent financial stability report.

The Bundesbank said that Germany's financial system had functioned well through the pandemic. "Comprehensive state measures protected the financial sector against loss," it said.

But Buch also cautioned that vulnerability was on the rise, pointing to negative macroeconomic developments, including rising inflation.

"The risk of a rise in inflation over the medium term has increased," she said, warning that, if this persisted longer than expected, interest would "rise noticeably." "This would result in market corrections and price falls. This would hit the banks directly," Buch said, as banks would have to pay higher rates to secure additional funding.

"Now is the right time for prevention with respect to future risks," she added.

The Bundesbank board member responsible for banking supervision, Joachim Wuermeling, described the country's financial system as sufficiently robust to withstand reduced economic growth.

Banks were able to make use of their capital buffers to forestall a possible restriction of loan issues, he said. But he too warned that the country's banking sector had to prepare for a change in the interest rate environment.

The Bundesbank came out in favour of increasing the so-called "countercyclical capital buffers" held by banks. It was raised to 0.25 per cent in 2019, but cut to zero in April last year to help fight the effects of the pandemic.

Virus, inflation send German consumer sentiment to 9-month low

NUREMBERG: German consumer sentiment is at a nine-month low as a result of the fourth wave of the coronavirus pandemic currently hitting the country and comparatively high inflation, the GfK consumer research institute said on Thursday.

"The consumer climate is currently being squeezed from two sides," GfK analyst Rolf Buerkl said. The propensity to buy was at a level not seen since February this year during a lockdown, he added. Expectations on how the economy will decline in the months ahead declined for the second month in succession and are well down on levels recorded in the summer, although still higher than a year ago, when Germany entered a long winter lockdown.

Buerkl attributed poor sentiment in part to bottlenecks in supply chains, particularly of semiconductors. This had led to decline in the production of goods such as entertainment electronics and vehicles. German expectations on future earnings are also at their lowest level since April, caused again by cutbacks in production leading to shorter hours for many workers.

The GfK carried out the study between November 4 and 15, conducting some 2,000 interviews at the behest of the European Commission. The study is to be repeated each month.

Sweden central bank signals rate hike in 2024

DPA
STOCKHOLM

SWEDEN'S central bank left its key interest rate unchanged, as widely expected on Thursday, and signaled a rate hike in 2024.

At the monetary policy meeting, the executive board of the Riksbank decided to hold the repo rate at zero percent. The bank forecast a rate hike in the latter part of 2024.

The board also decided to purchase bonds during the first quarter of 2022 to compensate for forthcoming principal payments in the Riksbank's asset holdings.

The bank forecast the holdings to remain roughly unchanged in 2022, after which they will gradually decrease. But the message that the balance sheet will "decrease gradually" thereafter suggests that the Bank is eyeing "QT" in 2023, David Oxley, an economist at Capital Economics, said.

"On balance, we think the risks are that it shrinks the balance sheet faster than it has in mind," the economist added.

Riksbank has upgraded its inflation forecasts for this year, 2022 and 2023. Inflation was 3.1 percent in October 2021. The central bank forecasts it to fall next year.

Inflation is seen at 2.1 percent in 2021 instead of 2 percent estimated earlier. Likewise, the outlook for 2022 was lifted to 2.3 percent from 2.1 percent.

The bank forecast inflation to slow to 1.9 percent in 2023 versus prior forecast of 1.8 percent. According to the latest estimate, the economy will grow 4.7 percent this year, unchanged from the previous outlook. The projection for next year was lifted to 3.8 percent from 3.6 percent. In 2024, economic growth is seen at 1.5 percent and inflation at 2.2 percent.

Inflation

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November minutes from US Fed raise possibility of earlier rate hikes

DPA
WASHINGTON

REFLECTING concerns about the pace of inflation, the minutes of the US Federal Reserve's monetary policy meeting in early November reveal that some participants felt the central bank should be prepared to raise interest rates sooner than currently anticipated.

The minutes, released on Wednesday, said various participants believe the Fed might need to both reduce asset purchases and raise rates if inflation continues to run higher than levels consistent with the central bank's objectives.

However, others argued that a patient attitude remained appropriate in light of the considerable uncertainty about developments in supply chains, production logistics, and the course of the coronavirus pandemic.

The participants still agreed that the Fed should not hesitate to take appropriate actions to address inflation pressures that posed risks to its longer-run price stability and employment objectives.

Federal Reserve Chair Jerome Powell in Washington recently. (AFP)

The potential for sooner-than-anticipated rate hikes comes as a number of participants express concerns the public's longer-term expectations of inflation might increase to a level above that consistent with the Fed's longer-run inflation objective.

The Fed has repeatedly indicated it aims to achieve inflation moderately above 2 percent for some time, so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent.

According to the minutes, a couple of participants pointed to increases in survey and market-based indicators of expected inflation as possible signs that inflation expectations were becoming less well anchored.

At the same time, several others said measures of near- and medium-term inflation expectations had not exhibited greater sensitivity than usual and noted indicators of longer-term inflation expectations remained well anchored at levels consistent with the Fed's longer-run 2 percent goal.

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The Fed agreed during the meeting to reduce the pace of its 120 billion dollars per month in asset purchases by 15 billion dollars per month beginning in mid-November.

The minutes showed some participants felt reducing the pace of asset purchases by more than 15 billion dollars each month could be warranted so that the Fed would be in a better position to raise interest rates.

Daimler Truck rehouses historical trucks ahead of split

DPA
BERLIN

GERMAN automaker Daimler on Thursday said Daimler Truck transferred the first batch of historical Mercedes-Benz commercial vehicles and parts of its truck and bus archive to the location in Wörth at the end of November.

The move comes ahead of the planned split of Daimler into two independent companies on December 1.

In the weeks ahead, Daimler Truck plans to relocate additional archival material and exhibits.

The historical trucks that were transferred included a Mercedes-Benz LP 333 from 1960 and a Mercedes-Benz LP 608 which was the first truck produced at the recently opened Wörth plant in 1965. In future, Daimler Truck plans to mainly house its collection of historical exhibits near its truck and bus locations.

Daimler Truck's collection encompasses around 130 vehicles, of which about 30 were previously located in Stuttgart and the surrounding area.

The collection also includes power trains, parts and accessories from the company's 125-year truck history. The oldest collector's item from Daimler Truck is an original Daimler Motor-Lastwagen from 1898.

Another highlight is a replica of the first Daimler Motor-Lastwagen from 1896.

Following the split, the Mercedes-Benz Museum in Stuttgart-Untertürkheim will continue to be the main publicly accessible location for the shared company history including trucks and buses.

WHY THIS CITY IS EUROPE'S BEST KEPT CYCLING SECRET

In Lisbon the use of bikes, including electric ones, to help get up all the hills, has risen by a quarter since the start of the pandemic

AGENCIES
LISBON

RUI Mendes says that when coronavirus first arrived, the business he helps to run had to slam on its brakes and skid to an immediate stop.

Mr Mendes is a director at a Portuguese firm called Rodi, one of Europe's largest manufacturers of bike wheels.

"At the pandemic's onset many clients [bike firms] started to postpone orders, fearing what might happen," he says. "We ended up stopping production." To try to save jobs and salaries, the 300 employees agreed to immediately take a three-week holiday. But then a month later things dramatically changed for the better, as millions of people across Europe took up cycling during the pandemic.

"From April things turned completely," says Mr Mendes. "Orders doubled, the market just exploded. Apprehension gave way to relief as the employees realised that the pandemic wasn't going to threaten their jobs." Rui Mendes says that when coronavirus first arrived, the business he helps to run had to slam on its brakes and skid to an immediate stop.

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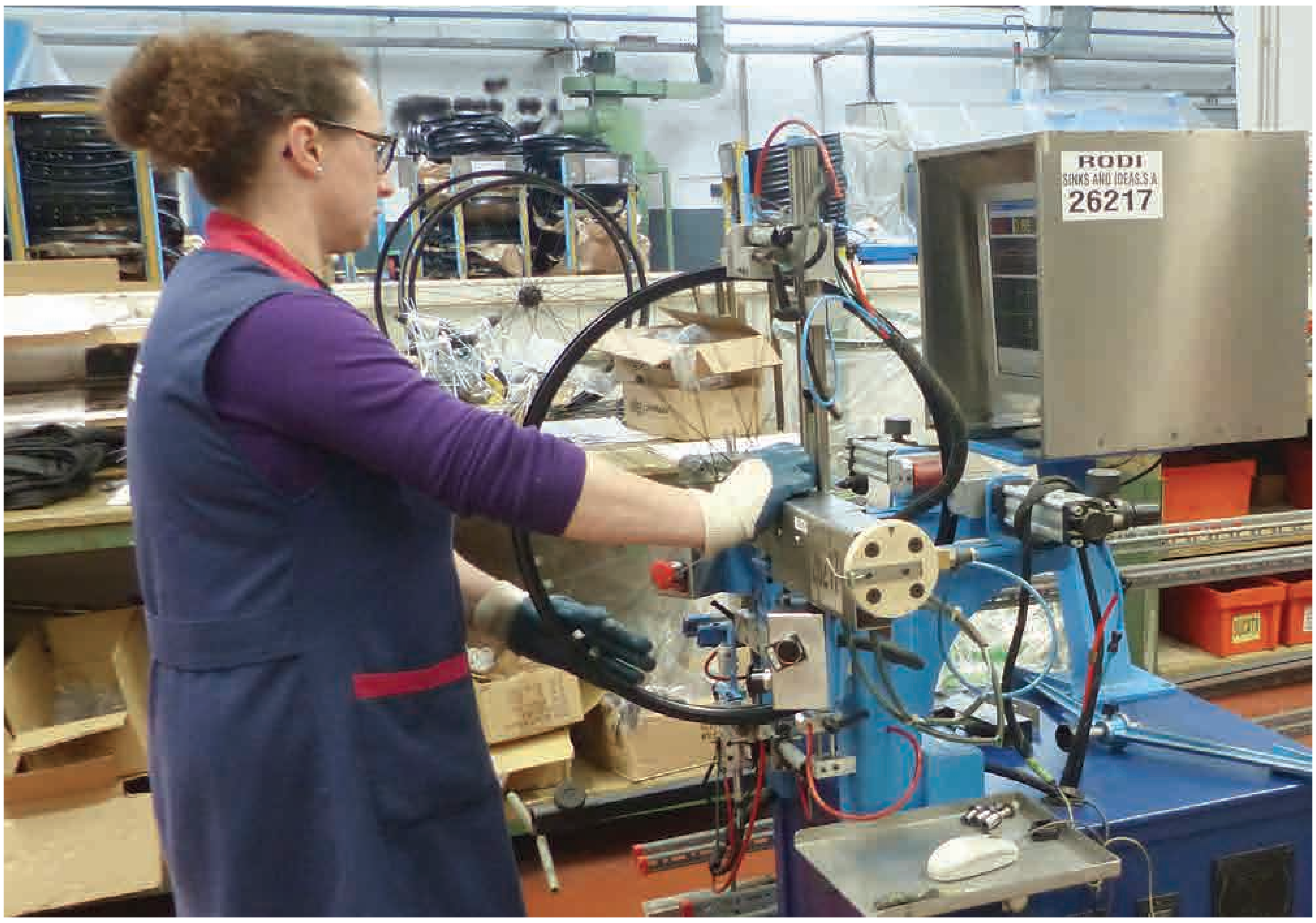
"At the pandemic's onset many clients [bike firms] started to postpone orders, fearing what might happen," he says. "We ended up stopping production." To try to save jobs and salaries, the 300 employees agreed to immediately take a three-week holiday. But then a month later things dramatically changed for the better, as millions of people across Europe took up cycling during the pandemic.

"From April things turned completely," says Mr Mendes. "Orders doubled, the market just exploded. Apprehension gave way to relief as the employees realised that the pandemic wasn't going to threaten their jobs." That was more than one fifth of the total 12.2 million bicycles produced. Italy was in second place on 2.1 million, and Germany ranked third with 1.3 million.



The bicycle industry is concentrated around one small city - Agueda in central Portugal, some 75 km (47 miles) south of Porto.

Portugal doesn't have any big bike brand names, instead it mainly does manufacturing for foreign companies. For example, one of its largest producers - RTE - makes bicycles for French giant Decathlon. Another - FJ Bikes Europe - is owned by Taiwan's Fritz Jou Manufacturing.

The industry is concentrated around one small city - Agueda in central Portugal, some 75 km (47 miles) south of Porto. In addition to the businesses that build full bikes, there are also firms, such as Rodi, that make bike parts or accessories.

In total, there are more than 60 factories, and almost 8,000 people employed in the sector in and around Agueda.

João Filipe Miranda says that his business will post a revenue figure of €27m ($30m; £23m) this year, "our best since the company's foundation" in 1940.

The company - Miranda - makes components for bicycle gears, including those for electric bikes.

Mr Miranda says that while Portugal's bike industry is "known for its quality", it also benefits from offering its European customers much shorter supply chains than rival manufacturers based in Asia.

Portugal is further helped by the continuing tariffs put on Chinese bike imports in to the European Union.

These extra fees or duties currently stand at up to 48.5% for standard bikes, and as high as 79.3% for electric ones.

Yet, Gil Nadais, secretary general of the trade body for the Portuguese cycling sector - Portugal Bike Value - says the pandemic was the main driving force behind the industry's continuing boom."Covid brought a new opportunity to the sector, since it ended up incentivising healthier lifestyles [across Europe]." Mr Nadais adds that industry is expected to see total exports rise between 20% and 30% this year.

But have Portuguese people themselves got more into cycling since Covid? That does appear to be the case, even in the capital Lisbon and second city Porto, where people were traditionally seen as adverse to cycling due to the steep and often cobbled roads in both areas.

In Lisbon the use of bikes, including electric ones, to help get up all the hills, has risen by a quarter since the start of the pandemic, according to one report.

And Fernando Chicarini, the owner of Lisbon's oldest bike shop - Armazéns Airaf, which was founded in 1951 - says his sales have soared by 40% since the start of the pandemic. He has also seen a big rise in the number of people wanting him to fix their old bikes.

"People who already owned bicycles, but didn't use them regularly, or at all, showed up for repairs, revisions, and restorations," he says.

Back at the Rodi parts factory, Mr Mendes says they sold 500,000 bike wheels and three million wheel rims in 2020, a combined 35% hike compared with 2019.

"We were lucky that those of us in the bicycle sector didn't suffer as much as workers in other industries," he adds.

China non-committal on US 'drop in the ocean' oil release

AGENCIES
BEIJING

CHINA, the world's largest crude importer, was non-committal about whether it will release oil from its reserves as requested by Washington, while OPEC sources said the US action has not made the producer group change course.

On Tuesday, US President Joe Biden's administration announced plans to release millions of barrels of oil from strategic reserves in coordination with other large consuming nations, including China, India and Japan, to try to cool prices.

The United States has made the largest commitment for a reserves release at 50 million barrels of pre-approved sales along with loans to the market, but without China, the action would have less impact.


Washington's effort to team up with major Asian economies to lower energy prices was a warning to OPEC+ to control crude prices that are up more than 50% so far this year.

There was no further announcement from Beijing on Thursday after China on Wednesday said it was working on its own reserves release, confirming a Reuters report last week that China would release oil according to its needs.

On Tuesday, Biden had told a briefing China "may do more".

Rumours of coordinated action drove crude prices lower ahead of the US announcement, but the international market rose more than 3% on Tuesday as Washington confirmed it would tap its strategic reserve and the market lacked clarity on China's intentions. The market is also keen to see OPEC's next move as Washington's announcement raised speculation that the Organization of the Petroleum Exporting Countries and allies, collectively known as OPEC+, might respond.

However, three sources told Reuters the group was not considering pausing its current agreement to boost output by 400,000 barrels per day every month, a rate considered too slow by some consumer nations. read more Fuel demand collapsed early in the pandemic but has resurged this year, and oil prices have climbed, stoking wider inflation.

Biden, facing low approval ratings ahead of next year's congressional elections, was frustrated after OPEC+ shrugged off his repeated requests to pump more oil. Retail US gasoline prices are up more than 60% in the last year, the fastest rate of increase since 2000.

On Thursday, Brent crude slipped 31 cents to $81.94 a barrel by 1000 GMT.

"The market seems to believe in OPEC+ to keep oil balances tight more than it believes in the transitory nature of an SPR release," said Rystad Senior Oil Markets Analyst Louise Dickson on Wednesday.

OPEC+, which includes Saudi Arabia and other US allies in the Gulf as well as Russia, meets again on December 2 to discuss policy.

The group is monitoring whether oil markets are balanced, Iraq's oil minister Ihsan Abdul Jabbar said on Wednesday, saying the group needs to study the latest data before making decisions about supply.

Already the producer nations are struggling to pump enough oil to meet existing targets and they are also concerned a resurgence of COVID-19 cases could again drive down demand.

Washington's effort to team up with major Asian economies to lower energy prices was a warning to OPEC+ to control crude prices that are up more than 50% so far this year.

In the past, multi-country releases from reserves have been coordinated by the International Energy Agency (IEA), a Paris-based watchdog. The IEA does not intervene to influence prices, but the head of the agency said on Wednesday some producers have been restricting supply too much.

"Some of the key strains in today's markets may be considered artificial tightness ... because in oil markets today we see close to 6 million barrels per day in spare production capacity lies with the key producers, OPEC+ countries," Fatih Birol, IEA head, said. read more Under the plan, the United States will release 50 million barrels, the equivalent of about 2-1/2 days of domestic demand. However, some analysts called the structure of the US release - a combination of 18 million barrels of pre-approved sales and a loan of 32 million barrels - too small and temporary.

Goldman Sachs said the volume announced was "a drop in the ocean".

The impact of the sale from strategic reserves is expected to be felt first in the United States and then Asia.