



NEWS RELEASE

APICORP ISSUES ITS ANNUAL TOP PICKS FOR ENERGY INVESTMENTS IN 2020

- *Assuming balanced markets and barring other geopolitical events, Brent prices are expected to trade in the USD55-65 range*
- *“Wait-and-see attitude” on geopolitical and economic issues loom over market and investors*
- *Natural gas, system flexibility and carbon capture, utilisation and storage (CCUS) solutions and service sector require investment support to facilitate energy transitions*

Dammam, Saudi Arabia, 04 February 2020: The Arab Petroleum Investments Corporation (APICORP), a multilateral development financial institution, issued the annual *APICORP’s Chief Economist’s Top Picks 2020*.

Despite a set of recent regional geo-political events as well as global health concerns such as the coronavirus, which has impacted China and prompted the Central Bank of China to inject \$174 billion via reverse repo operations to support the economy, APICORP remains confident of the estimated committed and planned energy investments in the MENA region reaching USD1 trillion – as stated in APICORP’s [MENA Annual Energy Investment Outlook 2019](#).

“For once, oil prices could be the least volatile market signal, barring other unthinkable developments. Coronavirus will impact demand growth in 2020 but we still do not know by how much, with early estimates indicating a downward revision of 300,000 barrels per day to 2020 global liquids demand. Assuming certain other factors continue to balance each other out, particularly post-Q2 2020, we expect Brent prices to trade in the USD55-65 range,” Dr. Leila R Benali, the Chief Economist at APICORP noted.

The real cause for concern is the prevalent ‘*attentisme*’ (wait-and-see attitude) on various key geopolitical and monetary policies, which is in turn affecting the market and investors’ mindsets. Market players are looking for clear signals on three ambiguous issues: macroeconomic complacency, climate change (i.e. carbon pricing), and the tit-for-tat retaliation between the United States and Iran.

“With regards to carbon pricing, the *attentisme* recently translated into calls to divest away from hydrocarbons. But we have to highlight the USD70 billion drop in investments as per our [Gas Investment Outlook 2019-2023](#) compared to the previous 2018 report,” she said.



Furthermore, as highlighted in APICORP's November 2019 White Paper, "[The Energy Transition: Reshaping Investments and Strategies](#)," carbon pricing helps level the playing field for energy technologies and provides finance stakeholders, particularly from the private sector, greater visibility.

"In the light of dwindling returns across investment assets, a fascinating transformation is materialising in the relationship between energy companies and investors that may shape what [the energy company of the future looks like](#)," Dr. Benali said.

She went on to add that APICORP's current and future research encompasses three areas where investment support is particularly needed to facilitate sustainable energy transitions, including the **natural gas, system flexibility and carbon capture, utilisation and storage (CCUS) solutions** and energy services, with a particular focus on **value erosion and stranded assets**.

The full report can be found [here](#).

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About APICORP:

The Arab Petroleum Investments Corporation (APICORP) is a multilateral development financial institution established in 1975 by an international treaty between the ten Arab oil exporting countries. It aims to support and foster the development of the Arab world's energy sector and petroleum industries. APICORP makes equity investments and provides project finance, trade finance, advisory and research. APICORP is rated "Aa2" with stable outlook by Moody's and its headquarters is in Dammam, Kingdom of Saudi Arabia.

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