

June 2018, Issue 38



SafeSourcing e-Newsletter

Have comments, questions, or suggestions about the SafeSourcing e-Newsletter? Let us know what you think by emailing us at the following address. We look forward to hearing from you!

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Trivia!

What does Manufacturing Process mean?

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Industry News

Fuel Increases—Coal, Shale, and Gas

Coal Prices Increase

Not only is crude oil on the rise, but also the US export price for electricity-generating coal has surged 16% in the past four weeks, according to S&P Global Platts. “Export Prices for thermal coal from other big producers such as Australia have also advanced, making the fuel one of the past year’s best performing commodities. At nearly \$100 a metric ton, the price of thermal coal from Australia’s Newcastle export hub is up by more than one-fifth from a year earlier.”

The reason for the increase in thermal coal may be that South African state-owned power company, Eskimo, ran out of fuel and rushed to buy 3 million tons from domestic suppliers. China still leads the way for global coal markets, accounting for approximately one-fifth of global sea-borne coal demand. Negotiations amongst the top thermal coal shippers (Glencore PLC) and one of the largest buyers (Tohoku Electric Power Co., Japan) have dragged on. While the contracts are unresolved, coal sellers are enjoying the upper hand. ■

Rhiannon Hoyle, WSJ, 5/16/2018

INSIDE THIS ISSUE

1	Coal Prices
2	Gas Prices
2	Trivia! Answer

COMING NEXT ISSUE

Jul.	Answer to our Trivia!
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Shale Drillers Ramp Up Production

As oil prices rise, U.S. shale drillers ramp up production beyond West Texas, the country's largest drilling center. The Permian Basin in Texas and New Mexico is still the fastest growing shale area; congested pipelines as well as labor and material shortages are crimping profits, allowing new fields as attractive alternatives. EOG Resources, Inc., is active in the Permian Basin, but in the last two years has also been active in Colorado, North Dakota, and Oklahoma. "Chief Executive Bill Thomas recently touted the diversified assets of EOG's portfolio when discussing the company's blockbuster first quarter, in which production rose over 15% and profit surged over 2,000% from a year earlier."

There was a sharp decline in oil prices in 2014, and shale drillers went to the Permian Basin because it was the least expensive place to produce oil by fracking. The oil rigs more than tripled during that time. The oil output rose to over three million barrels a day. Baker Hughes, a company that tracks oil rigs, reported that the number of rigs outside the Permian Basin have more than doubled during this timeframe. ■

Rebecca Elliott, WSJ 5/15/2018

Gas Prices Rise After US Exits Iran Deal

The average gas price rose in all 50 states last week as oil prices reached \$71/barrel making it the highest level since 2014. Some factors in play: "President's Trump's withdraws the U.S. from the nuclear deal with Iran and oil supplies that have continued to drop as U.S. exports surpass Venezuela—a surprising feat given Venezuela has the largest proven oil reserves in the world. In addition, as money continues to rally in the weeks ahead, with the odds of hitting \$3/gallon nationally now better than 65% just in time for the summer driving."

The transition to summer gasoline is complete and no longer affects the rising gasoline prices; however, the continued rise in oil prices is due to OPEC's 2017 production cuts, rising U.S. exports, and the situation with Iran are the culprits. ■

GasBuddy <https://Business.gasbuddy.com/author/GasBuddy> 5/14/2014

Trivia! From May 2018 Issue What is an Intrapreneur?

An Intrapreneur is an inside entrepreneur or an entrepreneur within a large firm who uses entrepreneurial skills without incurring the risks associated with those activities. Intrapreneurs are usually employees within a company who are assigned a special idea or project, and are instructed to develop the project like an entrepreneur would. Intrapreneurs usually have the resources and capabilities of the firm at their disposal.

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