

...their rights and that in the

...economic growth—look at countries like the US, UK and China. That said, many of our local banks regard these

...university graduates set up businesses instead of looking for jobs. Such a product could greatly spur innovations, which like we all know are the stuff that helps

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Silver Kayondo Oil

Uganda's oil sector is still viable for investment

Oil prices have plunged again after China and South Korea posted weak economic results, while fading prospects for a coordinated output cut by leading crude exporters to reduce over-supply continue to hurt the market. China's manufacturing sector has contracted at the fastest pace since January 2012, adding to the pile of worries about demand from the world's top energy consumer at a time when the market is already saturated with a large supply overhang. In South Korea, exports have crumbled down to levels last seen during the 2009 financial crisis.

The Ugandan business space has been rife with speculation concerning the future of oil sector investment in light of the falling prices. By the end of January, Front-month Brent crude LCOc1 was down by 79 cents at \$35.20 per barrel, while US West Texas Intermediate CLc1 was down by 70 cents trading at \$32.92 per barrel. The prices have further come under intense pressure from dimming prospects of a coordinated production cut by exporters like the Organisation of the Petroleum Ex-

porting Countries (OPEC) and Russia due to their differences.

In a twist of new dynamics, OPEC-member Iran, which last month was allowed to fully return to trade in the oil market after years of sanctions, is not willing to undertake any cuts. Partly because of Iran's return, OPEC total production has increased to 32.60 million barrels per day (bpd), adding to a global outlay of over 1 million bpd in excess of demand crude, which has clawed down oil prices by 70 per cent since mid-2014.

A respected oil and gas industry firm that carries out analysis, forecasts and investment advisory in developed, emerging and frontier markets, BMI Research has slashed its oil price outlook for Brent to a projected 2016 average of \$40 per barrel from \$42.5 previously, citing the oversupply side as the major market problem. It expects the West Texas Intermediate (WTI), a grade of crude oil used as a benchmark in oil pricing to average \$39.50. In addition, the weakness of the Chinese Yuan, uncertainty concerns over global economic

The key to surviving the ups and downs of the cyclical oil and gas market is to learn how to adapt quickly and position our economy for recovery. Proper natural resource management must address fragility not by running away from it, but by managing it in a way that minimises losses and maximises benefits.

recovery and the well-stocked inventories of crude and fuels will be major market determinants this year. All these developments have massive ramifications on Uganda's oil sector.

Currently, industry activity is on the very low. The success of Uganda's oil and gas sector will largely depend on availability in sufficient quantities and at a reasonable price. According to PWC, Tullow Oil alone reduced its global 2015 exploration budget to \$200 million, an 80 per cent reduction in what it spent in 2014. The annual financial review by Burbidge Capital shows that the number of

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