[Shell takes earnings hit of up to $7.7bn in quarter]

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Body

Shell said its fourth-quarter earnings took a hit of between $US2.5bn and $US4.5bn ($7.7bn) in impairments, offset by significantly higher ***gas*** trading, while its overall production volumes are on track to meet targets.

The London-based energy giant said the impairments were primarily driven by macro developments as well as portfolio choices, including its Singapore chemicals and products assets, which it has been trying to sell.

The FTSE 100 leader by market capitalisation also said it expected cash flow from operations to take a hit from a $US900m charge related to timing of payments of emissions.

Shell expects to report integrated ***gas*** production between 880,000 and 920,000 ***oil***-equivalent barrels a day for the fourth quarter, which would be in line with its guided range of 870,000-930,000 BOE a day, and compares with third-quarter production of 900,000 BOE a day.

Fourth-quarter volumes of liquefied natural ***gas*** are expected to be between 6.9 million and 7.3 million tonnes compared with 6.9 million tonnes in the preceding quarter. ***Shell*** previously expected LNG volumes of 6.7 million-7.3 million tonnes.

Gains from integrated ***gas*** trading are expected to be significantly higher quarter-on-quarter, while the trading result from chemicals and crude ***oil*** refineries is seen to be significantly lower. The former segment was expected to make an adjusted earnings loss, the company said.

However, the expected uptick in fourth-quarter ***gas*** trading comes despite declining ***oil*** and ***gas*** prices throughout the period, with ***oil*** hitting a five-month low in early December, reflecting supply and demand concerns despite support from geopolitical uncertainty.

Upstream production - the extraction of crude ***oil*** and natural ***gas*** - is expected to meet the guided range of 1.75 million to 1.95 million BOE a day at 1.83 million to 1.93 million a day. It reported 1.75 million BOE a day in the third quarter.

Elsewhere, Saudi Aramco said it would cut crude prices to all regions, including its largest market in Asia - a move that comes amid weaker global ***oil*** prices and increased production by producers outside the Organisation of the Petroleum Exporting Countries.

After a summer rally attributed in large part to Saudi Arabia's decision to implement a production cut of one million barrels a day on top of existing cuts by other members of OPEC and its allies, including Russia, crude fell sharply in the fourth quarter. Saudi Arabia and OPEC+ have extended cuts into 2023.

West Texas Intermediate crude, the US benchmark, fell more than 21 per cent in the fourth quarter of the calendar year to post a 2023 decline of 10.7 per cent. Brent crude, the global benchmark, fell around 19 per cent in the fourth quarter to lose 10.3 per cent in 2023. Dow Jones newswires

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