

Shell's refining margins tumble amid faltering demand



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[Shell](#) has revealed a steep fall in quarterly profit margins in its oil refining business amid a slowdown in demand globally.

The energy major said its indicative refining margins fell to 5.5 dollars (£4.19) a barrel in the quarter to September 30, down from 7.7 dollars (£5.87) a barrel in the second quarter.

Oil refining businesses such as Shell's have suffered a downturn in global demand recently across both consumer and industrial sectors.

The growing prevalence of electric cars, combined with economic slowdowns in major economies including China, have contributed to the drop.

That stands in contrast to recent years, when refiners enjoyed bumper profits driven by supply shortages caused partly by Russia's invasion of Ukraine.

Shell said it expects “trading and optimisation” results for its chemicals and products business to be lower than the second quarter.

Elsewhere, the company lifted its guidance for liquefied natural gas production to 7.3 million to 7.7 million metric tonnes.

Shell’s third-quarter integrated gas profits are likely to match the second quarter, when it made 2.675 billion dollars (£2.04 billion).

Its oil and gas production outlook also rose to 1.74 million to 1.84 million barrels of oil equivalent per day (boe/d), up from 1.58 million to 1.78 million boe/d.

The rise in production comes during a period when oil prices fell significantly, with Brent crude futures prices tumbling by more than one-sixth during the third quarter.

The figures do not cover the price rises in recent weeks, which have been driven by renewed military clashes between Israel and [Iran](#).

Shell’s shares have risen about 7% since the beginning of last week amid fears of temporary oil supply shortage, after Iran fired a barrage of missiles at Israel in response to the country’s bombardment of Lebanon.

Aside from being a top 10 global exporter of oil, Iran also borders the [Strait of Hormuz](#), an area through which [Saudi Arabia](#), the United Arab Emirates, Qatar and Kuwait also export oil and gas.

US energy giant [ExxonMobil](#) said on Friday that lower oil prices and refining margins in the most recent quarter will likely hit its profits for the period.