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Summer Playlist 2026 | Episode 3

Arjun Murti, Partner at Veriten & Publisher of “Super-Spiked” on Substack

This week on our Summer Playlist, we welcome Arjun Murti back into the SmarterMarkets™ studio. Arjun is Partner at Veriten and Publisher of “Super-Spiked” on Substack. David Greely sits down with Arjun to discuss the lessons learned from the closure of the Strait of Hormuz, the risk of a super spike should the conflict continue, and the key themes he'll be following in the second half of 2026.

Arjun Murti (00s):

For most of our career Dave, it was only energy nerds that cared about energy, and then the rest of the world only cared about it during the bad times when something spiked or rose or was causing some sort of calamity and chaos. And while there is some of that that we see with straight-up removes, I think the power super cycle is clearly bringing together tech, industrials, energy, power companies in a way where everybody is recognizing, how are we going to power economies?

Announcer (24s):

Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?

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David Greely (01m 45s):

Welcome back to Summer Playlist 2026 on SmarterMarkets. I am Dave Greely, Chief Economist at Abaxx Technologies. Our guest today is Arjun Murti, Partner at Veriten and Publisher of Super-Spiked on Substack. We will be discussing the lessons learned from the closure of the Strait of Hormuz, the risk of a super spike should the conflict continue, and the key themes he will be following in the second half of 2026. Hello, Arjun. Welcome back to SmarterMarkets.

Arjun Murti (02m 16s):

Dave, always great to be back with you. Thank you for having me on again.

David Greely (02m 20s):

Oh, absolutely. It's always great to have you here. The last time we talked was probably a little too short. It was during Sierra Week in March when you made some time at the conference, and it really feels like since then we have been in this on again, off again, high stakes conflict in the Middle East between the United States, Israel, and Iran, and crude oil prices have been on a real roller coaster with Brent trading near \$100 a barrel in May before selling off to near 70 at the start of July, and now climbing back towards \$100 a barrel again as the conflict re-escalates. As high as those prices have been, there were expectations that they would go even higher, and they still may. I was curious as you take a look back over the past few months, what have you learned from this experience about the oil market's ability to handle a supply shock, even one as big as the closing of the Strait of Hormuz?

Arjun Murti (03m 19s):

I think you know, Dave, been sort of the cliché geopolitical risk, and it actually happened, right? We knocked out 20 million barrels a day of crude and products of which 15 is crude, and while oil, as you noted, rallied from 70, I think it got as high as 120, kind of settled out at 100, then all over the map between 70 and 100, it didn't go, at least not yet, to that kind of \$150 to \$200 level, and I think the surprises are threefold, of which the biggest one was really China's meaningful reduction to their oil imports. So, if you take the 15 million barrels a day of crude that was disrupted, we will focus on that. The Saudi redirection of five is a little more from the UAE, that I

think the market knew was there, it happened. The drawdown of strategic petroleum reserves from the US, Japan, a few other countries, maybe a little bit higher overall crude exports from the US, but if that's another two to three million barrels a day, I am going to put that in the expected category. The big surprise has really been China, where their crude imports are down anywhere from 4 to 6 million barrels a day, depending on whose numbers you're using, and we knew they had a big SPR, we knew they built that over the course of the previous year, but I think China being a balancing factor in oil markets, not just during this high price period, but Dave, if you rewind back to the end of last year, when many people thought there was an oversupply, now some people thought it was going to be a massive oil glut, we didn't quite agree with the magnitude of oversupply, but there was some amount of oversupply. China was absorbing barrels last year, whether they got lucky or anticipated this crisis, who knows, but China being a balancing factor in oil markets, I just don't feel like that's something any oil expert, I put myself in this category, anticipated to the degree it's worked out, both in the bear market and now in the bull market for crude oil.

David Greely (05m 11s):

The China piece, as you said, was the surprise, the unexpected for many, and as you said, it was pretty remarkable the extent to which China could slash its crude oil imports, reducing them by over 40% in June, the lowest levels in a decade, and there's the questioning of how much of that was a draw on inventory, how much is demand delayed, I guess the question is, do you see that reduction being sustainable, or should we expect that China will need to increase those imports significantly?

Arjun Murti (05m 47s):

I mean, to answer the question directly, we don't think the reduction is sustainable, and it's just a question of time before they go back to something around the 12 million barrels a day in round numbers they were doing. With that said, there is a lot of lack of clarity on exactly how this math has worked out, so we can all see the refinery runs are down, and therefore the crude imports are down, but most measures of Chinese activity, whether that's various mobility indicators, traffic, flights, all these kind of things, they certainly don't indicate some sort of deep recession that would account for a justification of that type of run, cut, and import reduction. The visible crude stocks also haven't really drawn either. Now, there are stocks we don't see, there is floating storage around the world, I think there's still a lot of math and accounting to do on this. There probably has been some element of maybe demand hit to the Chinese economy, but if you ask me, could they have adjusted to switch to, let's just call it electric vehicles or other modes of transportation, the tune of 4 to 6 million barrels a day over the course of a few weeks, and that somehow they were voluntarily not doing that before when they were importing 12 million barrels a day for the last five years? I mean, that's where I find it far-fetched to believe there is some permanent reduction in their import level, again, presuming the Chinese economy is at least going at a modest clip, if not something better than that. So, the exact timing of getting back to 12, I think we could spend a lot of time debating, but we expect them to fully get back to there.

David Greely (07m 17s):

I want to come back to China, but first I would like to kind of pair that up with this seemingly not sustainable reduction in Chinese imports. On the US side, you have had a draw on the SPR that you said that people expected would be coming, but now we're at the point where the strategic petroleum reserves in the US are at some of their lowest levels since the early 1980s. So, when I put those two pieces together, my question to you is, should this conflict continue? Are we at risk for a super spike?

Arjun Murti (07m 51s):

I want to address the word super spike specifically, but let me just start with the sort of where we are on inventories. And I think, probably about a month ago now, Dave, when the MOU was announced, and while I think everyone realized that was a very imperfect agreement and no one thought, quote, peace was going to be here permanently, I think there was a sigh of relief that, okay, if people were worried about, quote, tank bottoms and really drawing down SPRs and commercial stocks, maybe that had been pushed out. And at least in the first few weeks after the MOU, a lot of the stranded ships in the strait got out and it drove oil from \$100 down to \$70 a barrel. I think people were overly discounting. We now know that. We have seen renewed hostility and so forth and therefore, the prospects of worrying about inventories has come back. I think the market very quickly moved to, are we going to go back to an oil glut? Again, we pushed back on it a year ago. We were pushing back on the renewed oil glut. And it only took, of course, a few weeks for the ceasefire to completely break down and we are back to now around \$100 a barrel. So, we are getting back to where I think we are going to have to start worrying about how much more can these SPRs being drawn down? When do we get to too low levels of commercial inventories and therefore, could oil rally to that \$150 to \$200 a barrel level that people did worry about at the start of this conflict, moved off of when the MOU was signed, and now maybe we're headed back there. But I do want to address the term super spike because you and I were both colleagues when we wrote our famous note from the 2000s. That term was meant to indicate a multi-year upturn in oil driven by economic expansion and the challenge of, in the near term, finding enough oil to meet the oil

demand that would come from that economic expansion. I have not used that term for this cycle because this is a more classic geopolitical risk disruption and I have not used the super bullish language around crude oil, recognizing the risk that, yeah, we can go to \$150 to \$200. That to me is a very bearish outcome for the global economy. So, unlike the calls that you and I worked together at during the... Your team called it revenge of the oil economy. I called it super spike. The same essence of multi-year BRICS expansion, that's not what we're facing now. We are facing the risk of deep global recession to rebalance supply and demand once we draw it on inventories. And so, I think a very high spike is indeed possible. But I think the flip side of it, once you get through that, is that's the time when you're forcing demand out of the equation. That's a painful and terrible process. No one who is bullish on oil equity should be rooting for that. We are rooting for peace. We're rooting for flows to resume. We are rooting for inventories to not go to these rock-bottom levels. And again, we view it as a very bearish sign, ultimately, for crude oil and the global economy if oil did have a very high spike in the short term because we would run out of the inventory buffer.

David Greely (10m 40s):

And I wanted to go back because I think people often, when you say something like \$150 to \$200, there is that, well, where do you get that number from and you and I go back a long way, so I have a sense of where those numbers come from. But it's really about the demand destruction piece, right? When you have kind of lost the ability for supply to respond, and whatever the number is, you know that all that's left is taking demand out of the system. How do you think about that today versus, say, 20 years ago?

Arjun Murti (11m 10s):

Historically, when we were trying to figure out how high could oil go and perhaps stay to slow the rate of demand growth, and again, going back to the China BRICS expansion phase, we looked at gasoline spending and transportation fuel spending as a percent of personal consumer expenditures. We thought that that was going to have to equilibrate in the U.S., primarily because the US had a freely floated gasoline price. In almost every other country at the time, consumers were often insulated from the near-term movements in crude, so we kind of balanced it in the US, if you will. And then the math would be that if the US economy weakened, probably would lead to weakness in other economies. I would say that still, I think the broad framework that people use when they come up with 150 to 200, but the other important variable that's especially relevant this go-round, that also qualifies as the big surprise, is the bigger geopolitical risk disruption has actually been on the refining side. Ukraine has had a lot of success hitting Russian refineries that, in many cases, are a thousand kilometers away, certainly more than just right next door, and that has taken off a significant amount of Russian refining capacity. I talked about 50 million barrels a day out of the straight. There was another five of product exports that were coming out. That continues to be quite challenged. And so, on the refining side, we are seeing crack spreads that are \$40, \$50, \$60, \$70 a barrel, when normally we'd be discussing \$15 at the low end, maybe \$25 at the high end, so materially higher refining margins and when you think about gasoline prices simplistically, crude price plus refining margin plus a marketing margin, it's that refining margin piece that could mean we don't need to go to \$200 oil, maybe it's \$125 plus the \$75 crack spread. You can get to the kind of demand destruction price a few different ways, and at least this go-round, it does seem like refining is going to play at least as an important role, so we ought not to just too much focus on the crude price alone.

David Greely (13m 04s):

That's such a great point because, obviously, ultimately, it's demand that has to be taken out of the system, and consumers don't really care what the crude oil price is. They care about gasoline, they care about jet fuel, they care about diesel. And as you point out, those crack spreads have really been amazing. To a certain extent, there is a refining shock as much as an oil shock. And perhaps we have seen some of that acute spike already when you look at the product prices, particularly in Asia. So, you caught my attention when you said going back a few years to the 2000s, you were looking at kind of the balancing point being in the United States. And it feels like now more and more the balancing point is in some of the more developing countries, particularly in Asia, and you have always really pointed out the need for reliable, affordable energy in those countries. Where do you see the balancing point when there's not enough supply regionally?

Arjun Murti (14m 05s):

It's a great question, David. I think it's one of the surprises that I probably should have highlighted in an earlier discussion about the ability to handle the Strait of Hormuz crisis. To be simplistic, when you have disruption in rich, developed areas, think about Europe, think about the United States, consumers' ability to live with pain is almost non-existent. And so, there is a freak out, and that's how you get \$500 per barrel equivalent LNG prices when Russian gas was cut off to Europe. Oh my gosh, we cannot live without natural gas for even five seconds. We might have discomfort this winter. So, we are going to pay anything for LNG to ease our pain. In the US in the 70s, we had odd even license plate gas lines, quite traumatic. We were willing to pay anything to ensure we could drive our cars. You fast forward to Asia today, we have learned some lessons as a world, but including in Asia, that from COVID, you can work from home.

And so, Asian countries very early on in the crisis said, we're going to mandate essentially Zoom for some portion of the workforce. We are going to have businesses close earlier to try and reduce oil and electricity consumption. We are going to cut a non-profitable flight that perhaps were subsidized at the country level. So, they took a lot of actions, but there is also a general ability for less developed countries to absorb pain and therefore not bid for the marginal barrel in a way that we do not have in the United States that I'm speaking generally, or that Europeans appear to have. I am not trying to pass a moral judgment on whether this is good or bad, but more as an observation as an analyst, that the way you get those really high prices is rich consumers say, I can't do without this for even five seconds, where in the developing world, there's been an ability, for lack of a better phrasing, to take some pain. We are not trying to dismiss the pain in any way. We are just trying to explain why we have not had as big a spike as possible. And therefore, it becomes a more complex equation when it's really Asia, where a lot of these trade-off removes barrel for going to. And when the United States, unlike 20 years ago, Dave, when you and I were doing this together, the US was short everything. Now we are more balanced in refined products, more balanced in crude oil. We are obviously exporting LNG. So we are not facing the risk of a pure shortage. We are exposed to global prices, but not experienced that shortage risk, which Asia is facing at this moment.

David Greely (16m 27s):

Yeah, I am old enough to remember when we turned on a president in the United States, when he told us to put a sweater on. So I get your point about not wanting to accept much pain.

Arjun Murti (16m 39s):

It's funny. He gets a lot of flack for that and I think politically it was a bad decision. I am going to defend Jimmy Carter and say the messaging was accurate. I am a proponent of efficiency. I am a proponent of trying to have as high of a multiplier of GDP relative to the energy you use. So I don't think President Carter was incorrect. It was definitely a losing message for sure.

David Greely (17m 01s):

Well, with that, let's turn from the US back to China. You were one of the first to note that China's move into electric vehicles and renewables was being driven far more by energy security concerns than by climate concerns. How do you see China continuing that approach following the lessons from the Strait of Hormuz and do you see other countries following that model?

Arjun Murti (17m 28s):

I think all countries will aspire to follow that model. I think when you are a billion-person scale economy, as obviously China is and India is, you are going to be forced to follow that model. So if we do some simple math on China, at 12 million barrels a day of oil imports, their oil consumption at the country level is about four barrels per person. Rich countries like South Korea, Canada, the US, were at 20 barrels of oil per person. Imagine if China got to the 20, that's 5x on 12. There is no chance, Dave, they are all going to want to get to 60 million barrels a day of oil imports and just sit back and only drive, say, gasoline cars and diesel trucks and so forth. If they even got to Thailand, no one thinks about Thailand as some dominant economy anymore, but if they got to Thailand's level of oil penetration, you would basically about double crude imports from 12 to 24. So China has been trying everything in their power to ensure they can have economic growth, but try and do it in as geopolitically secure a manner as possible. And so to their credit, they have had a lot of success building out EVs, pioneering, I want to call it LNG trucks, or at least commercialization of these technologies, and doing it not just at the production level, but including all the raw materials, rare earths, critical minerals, not just mining the stuff, but also processing and refining it. And they now dominate those value chains. I will often hear China is now an electro state and I am going to push back on that. They are in all of the above state. They have built crude oil SPR that is estimated to be at 1.2 billion barrels. At our height, we were at 750 million barrels and we are down to, I want to say 350, 400 today. We have drawn it down meaningfully. So we've got a massive SPR. They continue to build out renewables and power, but they also continue to build out coal plants. And while the utilization of those coal plants drops, because on the margin they have a lot of solar and wind, it is an awesome source of base load backup power for when you have intermittency as well. So they, for some reason, unlike the Western world, had been able to do all of the above within what's in their control. We are saying we need to close coal plants and maybe not invest in natural gas potentially, and only do solar renewables. We ought to be following that type of model where, okay, let's do as much as solar and wind as you can, but you are going to have to ensure you have base load supply to back it up. I think China has been a real model of success, but that said, Dave, I think we'd say they're surely not poor anymore. They are pockets that are rich, but they are still trying to move up that economic S curve to be a truly rich at all levels across 1.4 billion people and so there is still a long way to go, I think, both on oil and in EVs and renewables and in natural gas and in coal and in nuclear and in who knows what comes next and I want to give China a lot of credit for having a sort of all the above geopolitical security, economic prosperity is what they care about type of mindset, and frankly, pretty unapologetically too.

David Greely (20m 22s):

And this is probably a related point, but you have also been someone who is consistently pushed back on the idea that we are approaching peak oil demand. Has the current crisis changed your thinking on that at all?

Arjun Murti (20m 33s):

I don't think it's been anywhere near long enough. So when you think about some of the changes that happened after the 1970s, there are two things. It was a traumatic crisis. You and I were probably elementary school at the time. We can remember waiting in the gas lines with our parents, but my parents who are 87 now, they will still turn the thermostat way down. They still have that sort of energy shortage mindset to them so many, many, many decades later and we did have a major adjustment in oil demand after the 70s, twofold. One was taking oil out of power generation. Now that was entirely possible because we had coal, nuclear, all these different things where we could eliminate oil from one of its uses, power generation in the rich world. We also had the only period of time in American history where we actually drove small cars. That was the influx of Japanese imports at the time. And it's the only period of time in our lifetime today where miles per gallon really increased at a material rate. That time period very famously ended with, and I am not joking, Sammy Hagar's, I Can't Drive 55 release. That was when America said no mas to fuel economy and that became the age of SUVs. And so a crisis that while tragic and traumatic, it's only been several months in the making. So we still have like six or seven years to go before we might wonder about behavioral change. But if we still take a step back and say at the big picture level, what is oil demand? It's GDP times what I am going to call an efficiency gain metric that incorporates both fuel economy and EV substitution. We are so far from even leveling off oil demand that I don't get how anyone comes up with these big demand calls. They will anecdotally say, hey, the government promised this on fuel economy, yeah, but we missed those targets 75 to 90%. They will say, oh, we are buying more EVs and so forth. But you don't see it show up in the aggregate metric of sort of an efficiency gain relative to oil demand and we are talking 2.7% global GDP, meaning we are far from the kind of levels that would suggest a fall in oil demand. I am sorry, the final point, Dave, is I actually think EVs have been helpful and one of the mitigants to why we have not had more of a GDP correction. When you are no longer dependent on only one thing, especially in a country like China, for transportation fuels, I am going to say this has been positive for oil demand in the sense that we didn't have to have odd and even license plates or these kind of things during this crisis. Some of it has been absorbed by greater EV penetration and usage and I think it's been a very positive thing for the global economy and therefore for oil demands as a result of that.

David Greely (23m 10s):

I will be fascinating once all the accounting is done that you discussed earlier. We have seen a lot of China's electric vehicle fleet is more of the hybrid variety where it has the petrol engine. It also has the electric engine. Be curious how many people ran more on electricity over the past few months and how big a swing that created for substitution.

Arjun Murti (23m 31s):

It for sure created a swing. I think where people go too far is that somehow that explains the 6 million barrel a day drop in crude imports. So I think one might generously, very generously, get to somewhere between a half a million barrels a day or maybe a little bit more than that if aggregate fuel substitution is switching. I have seen estimates as high as 1 million barrels a day. That seems slightly aggressive. But if we want to be generous, I think we are talking that order of magnitude again as opposed to multiples of that per their crude import reductions.

David Greely (24m 03s):

I would like to head back to the US with you and ask you to put on your equity analyst or at least your former equity analyst hat. I think it's pretty clear now the US is the dominant oil and gas exporting nation. How do you see the landscape right now for US energy companies?

Arjun Murti (24m 21s):

I think the dominant theme has really been on the power side. So the other thing that has sort of gone on throughout the Strait of Hormuz crisis is the AI expansion. It's a separate topic on data centers and some of the public pushback that's happening right now. But the sort of booming tech trade without question has been positive for economic growth and has actually probably muted what might otherwise have been more of a risk of recession or pullback as a result of the crisis we have had. And I think trying to understand and solve how do we meet what is now, again, growing power demand in the United States, the rest of the developed world, and of course, much of the developing world for both economic reasons, for industrial manufacturing, re-shoring reasons, and then finally for AI and those types of topics, that is really kind of the dominant energy theme or question that's out there. It's kind of left some of those exposed to the oil value chain a little bit on the sidelines. Oil demand is growing. I have pushed back on peak demand, but I'm not

using the super spike language from 20 years ago because we are not having the kind of big upside surprises to oil demand that we had back then beyond it simply growing at some modest rate, but not a robust rate. We have also shown an ability to meet that supply from continued expansion in US shale. There has been recent developments in the Middle East of all areas where there are contracts being signed that signify we're going to get supply growth out of that region. And there is an ongoing enthusiasm and probably a rising enthusiasm about Latin America, both with existing fields we know about, places like Guyana and Brazil, and then some of the political changes that have happened in places like Venezuela and before that, Argentina had a political change. Colombia's had a political change. So is there hope there? And then lastly, Canada has got a prime minister that while he was head of GFAN, supposedly anti-oil during the height of energy transition, I guess I will give him credit for this prime minister of the country. He is recognizing the value of oil to Canada's economy. So now there is some hope we will get more pipe out of there. So I think the oil value chain, I think it's going to be about who can generate good returns, who might be able to figure out what the next low cost supplies, but power is still the kind of the major US energy theme. I think oil is secondary on that front.

David Greely (26m 28s):

And you touched on it with Canada, but I was curious too, clearly in the United States now we have a presidential administration that's more friendly to the energy industry. Do you see the stance of the US government towards energy policy? Do you see that being more supportive to the industry on a longer term basis?

Arjun Murti (26m 48s):

I think that's the big question, whether it's 2028 or 2032, there does seem to be risk that we are going to keep flipping back and forth, sort of. And again, I have said it before, I'll say it again. To me, it's absurd that somehow oil and gas is viewed as Republican and renewables and a lot of new tech is viewed as Democrat. Now there has been some common ground. I think Republicans have shown enthusiasm for enhanced geothermals, nuclear, both traditional and the new stuff. Republicans, I think, unfortunately continue to push back on a lot of the renewables value chain, as well as some of the energy efficiency stuff that I think we need. On the Democrat side, I think there is more openness to natural gas. That's not across every Democrat, but I think they are surely not going to stand in the way as we wondered about four years ago. And I think their ability to impact oil is probably not super relevant given that the Permian Basin is in Texas and we have States rights and it's on the water and so forth. So it might not be super relevant if Democrats remain anti-oil and then from a country perspective, there is actually a lot to learn from China. There is a lot to learn from places like Saudi Arabia and UAE that are truly all of the above that reflect what those countries have in terms of resources. And I will always say we should be pushing to have maximum oil, maximum natural gas. I would say maximum coal exports. We should also be looking to do nuclear, which you'd be looking to do and figure out enhanced geothermal. We should support solar, wind and batteries, especially in the areas that they make sense. We should make sure that growth is base loaded with whether it's natural gas or nuclear or geothermal. We should be looking to actually have miles per gallon improvement as opposed to letting vehicle weights overwhelm what otherwise is a sensible fuel economy policy. And so how do you, again, maximize GDP, minimize your energy inputs, ensure you can lead in oil, both the traditional and new technologies? We don't have bipartisan agreement on that, but if I'm going to be optimistic, it's better today than it was four years ago. And I think we can only hope. It's probably too much to ask for a normal president in 2028 or 2032, but at least someone, either party, Republican or Democrat, who can see the wisdom in a true all-of-the-above kind of strategy that makes sense for our country.

David Greely (28m 59s):

I would feel remiss if I left Europe out of this conversation. You are currently recording from Europe, and while the US, even though we have had higher prices, natural gas prices are climbing in Europe once again. Natural gas at TTF is trading over \$20 in MMBTU compared to \$3 at Henry Hub in the United States. I was curious, how do you see the policy stance in Europe, which is, I would say, clearly different from your own policy stance? And how do you see that affecting energy companies and consumers in Europe relative to the US?

Arjun Murti (29m 31s):

I am in the English countryside, and there is a fan in the background because apparently air conditioning has not been invented in Europe yet. So it's manageable, though I am missing American AC for sure. But on a serious note, I do think European energy policy has generally been very misguided, certainly at the national level. I think in the name of climate, in the name of addressing carbon emissions, all they have done is ruined their industrial manufacturing base, which has reduced jobs, taxes, and revenues, and has led to actually higher carbon emissions because most of those jobs have shifted to places like China, which has the worst carbon emissions profile than does any European country. So I would say this, since I haven't explicitly addressed it, for the people who care, who will put a higher priority than perhaps I do on dealing with carbon emissions and the risks of climate change, which I take seriously, I just

don't prioritize it as my top risk. I'm probably closer to Chris Wright or Roger Pielke in how I think about these things. I would say this, how do you have healthy energy policies that allow you to have as much domestic manufacturing as possible, and then with that, what would be your carbon emissions profile and other environmental profile? Carbon and climate policy cannot simply be, we have now given our, quote, dirty industries to other countries. There is nothing carbon or climate friendly or environmentally friendly about that. So the challenge will be, what is the mix that Europe needs and I think it's sensible for Europe to say, hey, we don't want to be dependent on foreign oil imports when we have so much oil we can produce here domestically. There's probably the more they could do on shale gas, but we will leave that aside. Certainly, France has shown you can be dominant in nuclear and not depend on fossil fuels for your power generation. So that's a possibility. But there has been huge deindustrialization in Europe. It's only on track to continue. I always say this as an American, I pray we never go in the direction of Europe, and I don't think we are on track to. But this idea that you are just going to shift, quote, dirty industries to higher polluting countries, there's no way that makes sense as an environmentalist. There is no way that makes sense as a climate person. So what are the policy changes Europeans should be thinking about to re-attract business back to their shores? How do they maximize natural gas out of the North Sea and Norway? What is the stuff they should be doing on the nuclear side to ensure they have base load power? They are going to need to be competitive, and they are going to need to figure out, it's not just climate and energy regulation, it is other regulations as well, in all fairness, that contribute to a less than ideal business culture that has contributed to essentially deindustrialization, to simplistically use the term. How do you reverse that and I don't know if it's not too late for them. So again, I am just going to hope that I think America is on track from both parties, recognizing both Republicans and Democrats, we can't follow down that path and we have to ensure that not only do we maintain our industrial base, but we bring back some of the stuff that we sort of overly exported in the prior 30 years.

David Greely (32m 37s):

Well, Arjun, I appreciate the time you make for us, and I want to get you back to enjoying that English countryside. But before you go, I just wanted to ask you one more question, because you joined us at the beginning of the year to share some key themes that you would be watching. As we have been discussing, a lot has changed since then, but some things probably remain the same. Now that we have reached the middle of 2026, what are some of the key themes that you will be watching in the second half of the year?

Arjun Murti (33m 06s):

One of our key themes, Dave, was geopolitical supervol. We did not anticipate this type of US-Israel-Iran Strait of Hormuz crisis, but there was the idea that there was a lot of change happening in the world and the world order of, I will say the last 40 years, which plus or minus covers my career, but frankly, it's kind of post-World War II that major changes were happening that COVID showed and Russia-Ukraine showed. You do need to control more of the stuff that drives your economy. You can't outsource everything. You probably can't re-shore everything either, but there was going to be some major geopolitical changes and turmoil that was coming as a result of that. I think now we obviously have the Strait of Hormuz crisis. That's going to be, I think, the dominant narrative for the rest of this year, probably much longer than that. I probably will wonder what has to happen to normalize continued on-again, off-again flows out of the Strait. What's the timing to building new pipelines and making it less of the critical choke point that it is, is probably then the duration of how long it specifically matters. But that geopolitical supervol theme, that people ought to stop trying to guess, say, oil prices or refining margins and simply recognize it's going to be all over the map, it's going to be low, it's going to be high, and sometimes that can change week by week, not just on an annual or multi-year basis and then that tech power AI theme is the other dominant theme and I will say, I get really excited. The other thing I am optimistic about is that for most of our career day, it was only energy nerds that cared about energy and then the rest of the world only cared about it during the bad times when something spiked or rose or was causing some sort of calamity and chaos. And while there is some of that that we see with Strait of Hormuz, I think the power super cycle is clearly bringing together tech, industrials, energy, power companies in a way where everybody is recognizing, how are we going to power economies? What are the legitimate sustainability things that should happen to ensure data centers are welcome in communities? You can blame anti-degrowth extremists, but there is a lot of legitimate pushback. And it does not strike me that tech or data center companies have done a good enough job explaining to enough people why the data center will be good beyond stealing their jobs and soaking up all their water and electricity. Some of that's not true, but if that's the perception you have to explain to people in normal human language, what your true sustainability attributes are. And I think they really miss on that. I think companies like Microsoft and big cap, they're going to recognize the ridiculousness of their net zero objectives. And I have always pushed back on that as a framework. That's not to say that there shouldn't be some ultimate aspiration to have decreased carbon intensity, but net zero specifically never made sense, especially at the individual corporate level. And they are getting called out. You guys promised by 2030, you are going to have cleaned up everything since your company was founded in some garage 35 years ago, your emissions are actually increasing. It makes sense their emissions are increasing because they're bringing productivity, economic improvement from these data centers, but that still needs to be reconciled with their statements. And from a policy standpoint, what does make sense? Where could that be offset? I don't think it's going to be in the data centers themselves. It's just a lot of that stuff that

I think needs to get work through. And while I will always emphasize prosperity and everyone in the world, all 8 billion people getting to enjoy the kind of life that me and my family get to take for granted, that doesn't mean it comes with zero sustainability responsibilities. We don't say that at all. It has to be grounded in economic prosperity and what makes sense in ultimately lifting people out of poverty and making them, as I will say, energy rich. I think there is a lot that needs to be worked through on that. So I think the sustainability and climate theme, it needs to be reworked for the reality that all anyone cares about is how do I live a better economic life? And then therefore, how do we meet sustainability and climate goals in light of that, as opposed to it trying to drive the narrative of what we should do from an energy policy standpoint? I hope that all makes sense, Dave.

David Greely (37m 00s):

Thanks again to Arjun Murti, Partner at Veriten and Publisher of Super-Spiked on Substack. We hope you enjoyed the episode. We will be back next week with another episode of Summer Playlist 2026. We hope you will join us.

Announcer (37m 18s):

This episode is brought to you in part by Abaxx Technologies. AI agents are fundamentally changing how people and organizations interact with computers and the internet. A race is underway to establish the path that will govern the nature of these interactions. Abaxx Technologies introduces Abaxx Labs as its center for engaging with the developer community through the release of open source software to promote a path that empowers users to maintain control of their identity, data and agents in digital spaces. Abaxx Labs' first release is the Agents++ library, a subset of Abaxx's ID++ software development kit that has been tuned for use with AI agents. Download Agents++ on GitHub today at github.com/abaxx-labs. That's github.com/abaxx-labs.

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