

ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// SEP 26th /// 2021

DAILY OIL COMMENTARY



“Outlook for Oil Markets in Q4?”

Mike Muller, Head, Vitol Asia

Demand is going to climb quarter-on-quarter. People often get distracted by the summer driving season, but the bigger features are general seasonality and that the baton gets passed from the US to Asia. You have places like

Japan, which traditionally consumes more jet fuel, heating oil, and has higher distillate consumption. Generally, Asia will be pulling a lot of oil from the supply system. Plus, OPEC's meetings on a near-monthly basis are keeping the market guessing a little bit. The underlying philosophy is clear and it has been augmented as and when needed by the Saudis. Taking incremental oil off the market via a pretty disciplined approach may suit the playbook. That said, the bottom line is very

simple: we have net plus gradually putting 400,000 b/d of oil back into the market monthly – and that is causing some difficulties. Plus, we must not forget that we are still coming off the back of a low-price cycle and an economic wobble driven by Covid-19. Neither is exactly conducive to investments in megaprojects five years away from producing, or the drilling and enhanced production investments required to keep mature fields producing at current levels. So, those natural

declines have been kicking in and biting in certain provinces, such as various deep water areas off West Africa and in the North Sea. Also keep in mind that the world normally looks at supply and demand with pretty equal measure. But right now, it is really all about the supply side of the equation. There are not too many economic scenarios that are going to move the needle for demand.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Maleeha Bengali
Founder
MB Commodity Corner



Christof Rühl
Senior Research Scholar
Center on Global Energy Policy
Columbia University



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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

SUNDAY /// SEP 26th

TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. OIL PRICES CONTINUE TO CLIMB ON SUPPLY DISRUPTIONS
2. US OIL RIG COUNT JUMPS AS CRUDE PRICES NEAR 3-YEAR HIGH
3. WORLDWIDE ENERGY SHORTAGE SHOWS UP IN SURGING COAL, GAS & OIL PRICES
4. INDIA STATE REFINERS TO BUY MORE LIGHT CRUDE TO BOOST GASOLINE OUTPUT
5. CHINA'S MAIDEN SPR AUCTION UNLIKELY TO AFFECT GLOBAL OIL MARKETS
6. PROSPECTS OF RETURN TO IRAN NUCLEAR DEAL DIM AFTER UNGA 2021 TALKS
7. HUNDREDS PROTEST AGAINST NO-CONFIDENCE VOTE IN LIBYA GOVT
8. CHINA'S POWER CUTS WIDEN AMID SHORTAGES & CLIMATE PUSH
9. UK MAY EASE TRUCKER VISAS; EG CAPS FUEL BUYING: ENERGY CRISIS
10. BEARISH HEDGE FUND MANAGER: 'NOTHING CAN SAVE OIL'

RECOMMENDED VIDEOS & REPORTS

- OIL TRADING IS ABOUT TO CHANGE FOREVER
- IRANIAN PRESIDENT LAMBASTS US, BIDEN PROPOSES COMPLIANCE TO NUCLEAR DEAL
- HERE'S WHAT WILL HAPPEN WHEN THE FED'S 'TAPERING' STARTS
- SINGAPORE TIGHTENS RESTRICTIONS WITH COVID-19 CASES POSSIBLY HITTING 3,200
- 5 THINGS TO KNOW ABOUT THE EVERGRANDE CRISIS: A SIMPLE BREAKDOWN
- MIKE MULLER (VITOL): "OUTLOOK FOR OIL MARKETS IN Q4?"

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

Maleeha Bengali

Founder
MB Commodity Corner

***"We need to keep an eye
on what Fed didn't say,
as compared to what
they did say!"***

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

Christof Rühl

Senior Research Scholar -
Center on Global Energy Policy
Columbia University

***"There is no example of
an economy moving from
Industrial to Service without
passing through Financial
crisis, and China won't be an
exception!"***

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Randall Mohammed

Former VP, Energy Solutions
Ahart Solutions International



How has the slow resumption of US production post-Ida impacted oil prices?

US production is creeping – not rushing – back to the market. This has put some downward pressure on oil prices. The Gulf of Mexico is still essential to US production. Over the next couple of weeks, we are going to see more and more production coming back on stream. However, we are currently in the peak of the hurricane period and there are still storms brewing. We do not know what direction they will take, but we need to keep an eye out.

What is the sentiment in the US around mobility and continued retail spending?

There has been a lot of talk around pent up demand and from what I have read, it is estimated to be valued at \$2trn. US retailers and the business environment have anticipated this. What we are seeing is inevitable as we transition into a recovery. We are going to see more retail activity. The US is the world's largest consumer of gasoline, consuming 420mn gallons of fuel in 2019. This trend will remain as the economy continues to open up. There are two segments though that have not picked up yet – international flights and the cruise industry. These should pick up towards the end of this year.

What do you expect from the US Fed this week?

The US Fed is not about to rock the boat. Obviously, we must look at the data. We must look at inflation and unemployment. This is what the US Fed is going to look at before any decisions are made on tapering. I do not expect a lot. The US Fed will be more dovish than hawkish. ■

**Paraphrased comments*

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