

ENERGY MARKETS FORUM DAILY BULLETIN



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MONDAY /// OCT 25th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES EXTEND GAINS TO MULTI-YEAR HIGHS ON TIGHT SUPPLY
2. IS \$85 THE NEW NORMAL FOR OIL MARKETS?
3. AVERAGE US PRICE OF GAS SPIKES 13 CENTS PER GALLON TO \$3.44
4. SUDAN BLOCKS OIL TANKERS FROM DOCKING OVER PROTESTS
5. BRITISH GOVT RULES OUT MOVE TO COVID PLAN B AS CASES RISE
6. CHINA EXPECTS NEW COVID-19 CASES TO RISE IN COMING DAYS
7. TURKEY ORDERS REMOVAL OF 10 AMBASSADORS, INCLUDING US ENVOY
8. ISRAEL'S COVID-19 TSAR WARNS AGAINST EASING RULES & FEARS 5TH WAVE
9. INDIA'S TOP UTILITY LOOKS TO IMPORT COAL AS ENERGY CRISIS CONTINUES
10. PUTIN LAYS CARDS DOWN: APPROVE NORD STREAM 2 TO GET MORE GAS

RECOMMENDED VIDEOS & REPORTS

- PERMIAN BASIN PRODUCTION IS BACK, AND BOOMING
- IF CHINA'S ECONOMY KEEPS STUMBLING — THE WHOLE WORLD WILL COLLAPSE WITH IT
- SAUDI ARABIA FLEXES ITS ECONOMIC MUSCLES
- TECH GIANTS' EARNINGS MAY BE ANOTHER TEST FOR MARKETS AT NEW HIGHS
- "IRAN-SAUDI TALKS ARE JUST WINDOW DRESSING"

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NEW SILK ROAD

PODCAST



Andrei Belyi, PhD
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NEW SILK ROAD

TOP 3

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TAKEAWAYS

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Welcome to the last week of October. Apologies you haven't had the opportunity to read my ramblings over the last few days, I was struck down with a virus and no, it wasn't Covid. Oh, by the way, in case you didn't know, Covid-19 is a pandemic, and we're still in the middle of it but don't say it too loudly, ok? Thanks. No, I had every other conceivable virus known to man which manifested itself into man flu. No dramas though, a few bottles of Lucozade, a copy of The Beano and I'm good as gold. Right, oil? Shall we? Brent is trading this morning at \$86.33/bl up 0.80 and WTI is trading up 0.77 at \$84.53/bl. So, nothing much has changed, Brent



BY MATT STANLEY
DIRECTOR
STAR FUELS

flirts around \$85/bl and WTI continues its path to come and meet its European brother. Reasons? Well, no new ones, if we're honest, the "energy crisis" is very much still front and centre and until we see

some evidence, as opposed to noise, that more gas or other fossil fuel supplies are starting to increase then energy markets have no reason whatsoever to sell off. Why would they? That would be like The Glazer's firing Ole Gunnar Solskaer. Why would they do that? I'm having far too much fun watching them play for any of that nonsense. Punchy for an Arsenal fan to throw that banter about but whilst the iron's hot and all that. Back to oil - riddle me this please, one of you, and I'm referring back to the energy crisis here. How is it on one hand OPEC+ can say "Owing to the uncertainty around the Covid situation, we will look to maintain supply at current planned levels". Yet

the rally we have seen across the energy complex this year has been solely attributed to demand returning owing to countries making their way OUT of the Covid situation? Or am I missing something? Don't answer that. This is the problem though, 2021 has so far seen a robust return to "pre-pandemic" levels of demand, we aren't back there yet, and the forecasts haven't rung wholly true but if we are in a market where supply is still being curtailed owing to concerns around Covid then how can those same demand forecasts call for a return to normal? Hmm. Let's see what the week brings. Good day, and week to all.

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

Omar Najia
Global Head, Derivatives
BB Energy

***"We are in the last
legs of this rally!"***

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

Ali Al Riyami
Consultant & Former Director
General of Marketing
Ministry of Energy & Minerals, Oman

***"Cheating is there
within OPEC+, but
it is under control"***

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Ole Hansen
Head, Commodity Strategy
Saxo Bank



The month-long run-up in commodity prices shows no sign of easing with the main engine continuing to be the global energy crisis and its direct impact on other sectors, not least the energy-intensive industrial metal sector. Shortages of fuel leading to record-high prices has forced reductions in metal production from China to Europe, thereby exacerbating price gains for several key metals, many of which are important components in the global push to decarbonize economies.

The continued rally has however by now also started to raise concerns about its impact on consumers and whether high prices eventually will dampen the prospect for demand, thereby supporting more balanced markets. Global growth is already seeing regular downgrades with rising energy prices acting as a direct tax on consumers. Adding to this are higher inflation and a slow resolution of supply bottlenecks around the world as well as the need for an even greater medical effort to combat a not yet under control virus.

In addition to the price-induced demand destruction and the impact of energy/power cost inflation on disposable incomes, a slowdown in the Chinese property market and cuts to Chinese industrial production could be forces that in our opinion may slow but not curb further commodity gains during the coming months.

Inflation remains a hot topic and following months of range-bound trading the difference between inflation protected and normal bonds has started to move higher. The so-called breakeven yield, which reflects the markets expectations for U.S. inflation over the next five years, reached 3 percent, thereby exceeding the previous high from 2005. A rise in the ten-year breakeven yield to 2.70 percent helped keep real yields suppressed around -1 percent, thereby supporting a gold market which increasingly has been competing with cryptos, not least after this week's launch of a Bitcoin futures-linked ETF. ■

(Source: Saxo Strats 24/10/21)

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