

ENERGY MARKETS FORUM
DAILY BULLETIN

GI Consultancy
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TUESDAY /// NOV 23rd /// 2021

TOP 10 DAILY NEWS DIGEST

- 1. OIL PRICES SETTLE UP 1% ON REPORTS OPEC+ COULD REASSESS OUTPUT
- 2. OPEC CONSIDERS LOWERING PRODUCTION TO ACCOUNT FOR OIL RESERVE RELEASES
- 3. ASIA'S BIG 3 LNG BUYERS RAMP UP NOV IMPORTS AS EU STRUGGLES
- 4. NIGERIAN OIL OUTPUT GROWTH THREATENED BY TECHNICAL & SECURITY HURDLES
- 5. AMERICANS BLAME HIGH GAS PRICES FOR "BAD ECONOMY"
- 6. US SHALE IS REFUSING TO REINVEST DESPITE RECORD HIGH CASH FLOW
- 7. TOTAL ENERGIES, CONOCOPHILLIPS TO BUY HESS OUT OF LIBYA
- 8. BIDEN TO KEEP POWELL AS FED CHAIR, BRAINARD GETS VICE CHAIR
- 9. DEMS CONFIDENT ON METHANE FEE AS BUDGET BILL MOVES TO SENATE
- 10. OCT EXISTING HOME SALES HIT FASTEST PACE SINCE JAN

RECOMMENDED VIDEOS & REPORTS

- EU STOCKS CLOSE MIXED AS FED CHAIR POWELL GETS SECOND TERM
- 'PLEASE GET VACCINATED': FRANCE CAUTIOUS ON COVID SITUATION AFTER AUSTRIA
- XI SAYS CHINA WILL NOT SEEK DOMINANCE OVER SOUTHEAST ASIA
- BULB'S COLLAPSE PUSHES ENERGY CRISIS' UK VICTIMS BEYOND 3.5MN



DAILY ENERGY MARKETS FORUM
NEW SILK ROAD
PODCAST



Henning Gloystein
Director - Energy, Climate
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Vandana Hari
Founder & CEO
Vanda Insights



Albert Stromquist
Principal
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DAILY ENERGY MARKETS FORUM
NEW SILK ROAD

TOP 3
TUESDAY /// NOV 23rd
TAKEAWAYS

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23rd November. 32 days to go. 31 and a half days left of Christmas shopping. Brent is trading this morning at \$79.12/bl down 0.58 and WTI is trading at \$75.87/bl down 0.88. You know it's strange this oil market. I mean it's nuts actually but when has it ever been any different? No, I mean where we are trading at right now, \$79.12/bl. It seems weak but it's only about 7 bucks off the recent highs of \$86/bl. \$79/bl is still a lot for a barrel of oil but it just seems like the market has lost a bit of faith in itself. Maybe it's me, probably. What's the reason for this shift in sentiment? Well, as I have mentioned the last couple of days - the main reason is COVID and what is happening in the EU. Pretty grim by the sounds of it and fears are reverberating across energy markets that



BY MATT STANLEY
DIRECTOR
STAR FUELS

further lockdowns are coming. The other thing though that can be attributed to the sell off is the collusion of major economies releasing oil from their strategic reserves. This will only be a very short-term fix and if anything, I

think this will be a bullish factor as traders everywhere will say to themselves "nice, they'll need to replenish those reserves soon", which in turn will justify an increase in cargo premiums at some stage during Q1. Maybe, let's see how that pans out. Apparently, OPEC are looking at this SPR info and rumours are abound that they may look at adjusting crude supply cuts accordingly. I don't believe that, if I'm honest. I think if they did do that then integrity the group have built up vis-a-vis production cuts and discipline thereof over the last couple of years will be questioned. The one thing that has surprised me around oil markets and reactions though is that of President Joe Biden. His energy policy to me seems nothing short of chaotic. Sure, the policy has always been

to move to greener fuels, as it should globally, but gasoline prices in the USA are at record highs. POTUS does not support big oil, that much is clear but then why write to other nations and oil producing countries to release more oil only for it to be imported and burnt by the US anyway? This may sound nuts to you but one thing that Trump did well was manage energy policy. If there was an issue, he'd be straight on Twitter (oh how I miss those tweets), or he'd be on the phone to Putin or MBS. Biden? Yeah, nah, none of that, write a strongly worded letter to OPEC pls guys. We need a mix of Biden and Trump. A Triden. Or a Bump? Don't answer that. Anywayyyy, let's see what happens when those inevitable OPEC rumours appear on the newsfeed. Good day y'all.

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Vandana Hari
Founder & CEO
Vanda Insights

**"OXY CEO told me that
US oil production is
'never ever' going back
to 2019 levels!"**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Albert Stromquist
Principal
Lanstrom Advisors

**"China has been successful
in restoring power supply to
consumers -- residential &
industrial."**

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Henning Gloystein
Director - Energy, Climate & Resources
Eurasia Group



The consideration to release SPR is entirely US domestic policy driven.

The Biden administration is under pressure and wants to ease inflation pressure and so they've targeted gasoline prices. That's fair enough but the IEA, of which the US is a member, states that the emergency response system is not there to influence prices. So, the US is losing credibility.

Should OPEC suspend its current output agreement?

OPEC has been quiet so far, but it has to react if there is a big release of oil by the US and other consumers because the market will flip from being slightly undersupplied to being quite oversupplied. If it's just a few million barrels over a month or so, they will probably sit tight but if it's 80-100 million barrels, they could suspend the deal for at least a month or two. It's a tricky situation and this polarization of the market isn't good.

But OPEC+ are not even meeting their current supply agreements?

That's true and mostly because of upstream production problems for some members, but the GCC countries have been trying to increase supply. OPEC is worried about the demand situation going into 2022 - with inflation, new waves of Covid and lockdowns and the China slow down.

Has the Covid resurgence in Europe given the markets a bit of a wobble?

There is concern in Europe and the rising cases have been a surprise because with vaccination rates at around 70%, everything should have been alright. There will be more restrictions to come - Germany is almost certainly going to do something soon and the Netherlands have already - but it won't mean that everything shuts down. The one to really keep an eye on is the US. ■

*Paraphrased comments

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