

# ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy  
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THURSDAY /// JULY 29<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL EDGES HIGHER ON INVENTORY DRAWDOWNS, BRENT TOPS \$75 A BARREL

2. FUJAIRAH DATA: OIL PRODUCT STOCKS FALL TO 2-MONTH LOW

3. US OIL REFINERS SET FOR FIRST PROFIT SINCE ONSET OF PANDEMIC

4. LIBYA LOOKS TO BOOST OIL PRODUCTION TO 1.6MN BPD IN 2022

5. VALUE OF SAUDI OIL EXPORTS JUMPS 147% IN MAY

6. GLOBAL GASOLINE DEMAND COULD FLATTEN

7. FED LEAVES RATES & QE PACE UNCHANGED

8. CONTAINERS ARE BEING BUILT AT A RECORD PACE

9. US WARNS IRAN'S NEW GOVERNMENT

10. FED SAYS ECONOMIC RECOVERY REMAINS ON TRACK

### RECOMMENDED VIDEOS & REPORTS

- ENGLAND TO ALLOW UNQUARANTINED TRAVEL FROM US & EU IF JABBED
- TEXAS PRESSES BIDEN TO ENGAGE MEXICO ON ENERGY FIGHT
- FEDERAL RESERVE ISSUES FOMC STATEMENT
- AS COVID SURGES, ABBOTT AGAIN CALLS FOR 'PERSONAL RESPONSIBILITY'
- COAL REPLACES OIL AS MAIN TARGET FOR ACHIEVING CLIMATE GOALS

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## NEW SILK ROAD LIVE PODCAST



**Dr. Aldo Flores-Quiroga**  
Former Deputy Secretary of  
Energy for Hydrocarbons  
Mexico's Ministry of Energy



**Dr. Carole Nakhle**  
Chief Executive Officer  
Crystol Energy



**Albert Stromquist**  
Principal  
Lanstrom Advisors

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## NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Morning all and welcome to what seems global holiday mode ACTIVATED. Brent is trading on, have a guess, go onnnn! Bingo! Around \$75/bbl at \$75.27/bbl, up 0.53/bbl. WTI is trading up 0.65/bbl, at \$73.05/bbl. "Seek opportunity, not security. A boat in a harbour is safe, but in time its bottom will rot out." Said a bloke, who probably had one too many rums. It's a good quote though because trust me it seems this market could be visiting the dry dock soon to have those barnacles looked at. \$75/bbl is proving to be quite a belligerent level and Brent isn't really dropping much below or indeed popping higher from it. The thing is though that arguably the current state of the oil market is skewed



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

towards the bulls, but this is not being reflected in prices, now why would that be? The bulls have never really needed much of an excuse to cause a head scratching rally but last night's EIA data,

which showed draws on crude, gasoline & distillates did not make the bovine charge towards \$80/bbl. Data also showed a drop off in US crude production. Yet still nothing. If we look beyond EIA data and further out, then demand forecasts from pretty much everyone point to a market that will be under supplied. But nothing. I mean not nothing, just all a bit meh, no fireworks, no amateur dramatics, just a sort of shrug. So, what does this mean? I will say it again, the word that is playing on many people's minds and that is Covid-19. Forget the Fed for a moment, as indeed, most people did. All while the bullish arguments remain at the forefront of most funds' minds it is becoming ever more

difficult to not be distracted by the fact that Covid-19 cannot be dismissed. Here are some facts - UK deaths yesterday were the highest since March, the USA issued travel warnings to Spain and Portugal, Abu Dhabi added 12 countries to its red list, Tokyo is on track to record a record number of cases, Argentina, Colombia, Cuba, Ecuador and Paraguay are among the countries with the world's highest weekly death rates. I could go on, but I won't, because you all know this is happening, even if we don't want it to. This is why the oil market is clinging on to \$75/bbl with all its might. All of this is going on and I still can't take my eyes off Team GB in the Trap shooting event. Ha. What a world we live in. Good day.

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

**Dr. Carole Nakhle**  
Chief Executive Officer  
Cristol Energy

***"FED is teaching us  
new language to  
interpret - 'a ways  
away'?"***

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

**Dr. Aldo Flores-Quiroga**  
Former Deputy Secretary of  
Energy for Hydrocarbons  
Mexico's Ministry of Energy

***"Oil Producers need to  
take cautious approach  
to adding new supply"***

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Maleeha Bengali**  
Founder  
MB Commodity Corner



#### Is the pent-up demand we've seen in 1H 2021 sustainable?

Analysts have already priced that demand rebound and stimulus benefits into growth estimates for the remainder of the year. Now, it is the marginal rate of change of demand that matters – for example, potential Delta variant variables which have not been priced in. Growth is spluttering in the US and Europe and China has been slowing down for the last six months. Central banks are now worried about inflation and no longer see it as transitory, with expectations for 2022 a lot higher. But if they take money off the table, equity markets could collapse. That's the dilemma.

#### Can China and Asia lead global oil demand into the latter half of this year?

It's hard to know right now. China has financial problems. Its growth has been slowing down since November last year and we're now seeing the impact of that in lower commodities prices, such as oil, copper and aluminium. The picture for China looks more negative than expected for the next three months. Still, until the US summer driving season is over in September, we will not see oil prices fall considerably with demand overall remaining strong.

#### What will it take to break the momentum in equity markets?

Despite breaking new record highs, what's happening underneath the surface is very important. The equity market is now very macro driven. US 10-year bond yields, which were trading at highs of 1.8% in May, fell down to 1.13% on deflationary fears and have rebounded back up to 1.3%. The whole market follows these yields as a tracker for reflation or deflation and if we see more unwise gyrations in the bond market, commodities and equities will follow suit. ■

*\*Paraphrased comments*

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