

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// JUNE 3rd /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES RISE ON OPEC+ DISCIPLINE, STRONG DEMAND OUTLOOK
2. OIL & GAS STOCKS CARRY \$126BN COST FOR NORWAY'S SOVEREIGN FUND
3. LARGER THAN EXPECTED CRUDE DRAW FUELS OIL PRICE RALLY
4. IRAN NUCLEAR TALKS EXPECTED TO RESUME ON JUNE 10
5. SAUDI ARAMCO LINES UP BANKS FOR BOND SALE
6. RUSSIA, IRAN TO DEVELOP CONTACTS IN DEFENSE SECTOR
7. CHINA'S SERVICES ACTIVITY GROWTH SLOWS IN MAY
8. DOLLAR ON TENTERHOOKS AS PAYROLLS TEST LOOMS
9. MASSIVE BLAZE ENGULFS TEHRAN REFINERY AFTER SINKING OF IRANIAN WARSHIP
10. INDIAN OIL DEMAND TO RECOVER FROM JULY

RECOMMENDED VIDEOS & REPORTS

- IEA: UPSTREAM OIL & GAS SPENDING TO CEDE MORE GROUND TO RENEWABLES
- SOUTHEAST ASIA'S COVID-19 SURGE PROMPTS SHUTDOWNS & ALARM
- ISRAEL'S PRIME MINISTER OPPONENTS REACH A DEAL TO REPLACE HIM
- US PUSHING FOR EXTENSION TO IRAN NUCLEAR DEAL SUNSET CLAUSE BEYOND 2030

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

THURSDAY /// JUNE 3rd

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to the day after the market reacted to the shortest OPEC meeting in history. Honestly, I don't reckon some ministers had even fired up their laptop before they heard "OK thanks guys, see you next month." Brent is trading this morning at \$71.74/bbl, up 0.39/bbl. WTI is trading up 0.34/bbl, at \$69.17/bbl. So, where to begin? OK let's start with OPEC+. I mean we can hardly complain about a quick meeting, can we? A quick game is a good game and all that. Let's bear in mind that it was only a couple of years ago that there were only two of these meetings per annum, you'd sit for hours waiting for the ministers to pop up and it was quite the most frustrating day. 20 minutes? I'll take it. For the uninitiated by the way,



BY MATT STANLEY
DIRECTOR
STAR FUELS

OPEC agreed to return a total of 800,000 b/d of production in July. This was widely expected. The market liked and continues to like the fact that there will be more oil pushed into a world that is still in

the middle of a pandemic. So that's good, isn't it? The reason for this bullish reaction? Well, obviously demand forecasts are great for the second half. Forget current lockdowns, yeah nah yeah, those don't matter, it will all be fine in the second half. The US will lead the way and gasoline consumption will absolutely roof. Yep, all fine, nothing to see here, \$80/bbl oil here we come. What's that? US gasoline stocks up last week? OK, well don't worry about that, tis merely a scratch. Honestly, I'm telling you it will be fineeeee. And the market is buying it. Literally. Look, let's balance this - demand is certainly much better than it was, and vaccination roll outs are good in the developed world, but again here's a stat for you

regarding vaccination progress - High Income 36.4%. Low Income 0.7%. I am getting pretty close to writing two commentaries. One for how developed nations are doing and supporting a bullish argument. And another, more sober and harder commentary to write on how things will, eventually, get better. I know that's grim, but it's the reality the world is facing. The issue is, and with all respect, that Wall Street and most investors don't care about the second commentary. They are buying the return of demand and ignoring issues in other places. End user prices at the pump are at 7-year highs, and look set to go only way. A Yazz market. Let's wait to see what stats show later. Good day.

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Amena Bakr
Deputy Bureau Chief
Energy Intelligence

**“OPEC+ is now a
Lean Mean Market
Management Machine!”**

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Dr. Carole Nakhle
Chief Executive Officer
Cristol Energy

**“Positive Sentiment
Sweeping Oil Markets”**

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Tony Quinn
Operating Partner, Prostar Capital
CEO, Tankbank International



What could stop the market’s upward price momentum?

It’s being driven by Europe and the US and there’s sentiment in there also. But the drivers aren’t there to take the structure any higher. And if it does, it will hurt a lot of Asian economies where the big demand is. India was already complaining when we were at \$65. OPEC has to look at its customers’ positions - many of these countries are today suffering severely from third or fourth waves of Covid-19.

Is there any reason to expect Asian demand to drop?

The fuel business has been relatively resilient throughout the pandemic and the majority of countries that are being affected in Southeast Asia have not seen any significant volume dips. Countries with major problems are also relatively small importers. Chinese demand has been very resilient throughout and Singapore is doing extremely well with trade volumes now back to normal. Exports to other Asian countries are also being maintained. The big issue is if it starts to get expensive, it’s going to hurt the economies of those countries that are really struggling with Covid cases, such as Indonesia and Malaysia.

What’s the outlook for oil storage as the global stockpile declines?

The storage market has been relatively flat. Everyone I talk to here in Singapore is more or less buying everything. Throughput is down a little, but storage terminals don’t live totally on throughput. If a company doesn’t do twelve turns a year, it’s not going to be a real problem. If they do more than 12, that’s a big bonus. Everyone is sitting within that average. ■

**Paraphrased comments*

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