

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// OCT 14th /// 2021

TOP 10 DAILY NEWS DIGEST

1. **LARGE CRUDE BUILD PUSHES DOWN OIL PRICES**
2. **OPEC CUTS 2021 OIL DEMAND FORECAST**
3. **US EIA EXPECTS SURGING WINTER FUEL SPENDING AS GASOLINE PRICES TOP \$3/GAL**
4. **CHINA CRUDE OIL IMPORTS DECLINE BETWEEN JAN & SEPT**
5. **IS THE US STILL A SWING PRODUCER OF OIL?**
6. **PUTIN DISMISSES ACCUSATIONS THAT RUSSIA IS WEAPONIZING NATURAL GAS**
7. **RUSSIA COMPLIES WITH OBLIGATIONS TO REDUCE OIL OUTPUT UNDER OPEC+ DEAL**
8. **WHITE HOUSE ASKS US OIL & GAS COMPANIES TO HELP LOWER FUEL COSTS**
9. **US INFLATION RATE RISES TO 13-YEAR HIGH OF 5.4%**
10. **ENERGY WATCHDOG SAYS NET ZERO CAN PROTECT AGAINST FUTURE PRICE SHOCKS**

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RECOMMENDED VIDEOS & REPORTS

- **OPEC MONTHLY OIL MARKET REPORT OCTOBER 2021**
- **WORLD ENERGY OUTLOOK 2021 SHOWS A NEW ENERGY ECONOMY IS EMERGING**
- **PUTIN SAYS RETURN TO \$100/BL OIL 'QUITE POSSIBLE'**
- **EGYPT'S RETURN TO REGIONAL LEADERSHIP AND HOW EUROPE SHOULD RESPOND**
- **"LESS INTERVENTIONIST REGIONAL APPROACH BY US FAVORABLE TO IRAN SAUDI RELATIONSHIP"**

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NEW SILK ROAD LIVE PODCAST



Dr. Charles Ellinas
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NEW SILK ROAD LIVE

TOP 3

THURSDAY /// OCT 14th

TAKEAWAYS

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My Mum always told me "If you can't say anything nice, then don't say anything at all". So, today I will keep things short. Brent is trading this morning at \$83.98/bl up 0.80 and WTI is trading up 0.69 at \$81.14/bl. We all have morning routines; without routine or structure I would argue we would all go insane. Mine is to usually read the headlines, energy especially (because I'm committed like that boss, in case you're reading). Here is a snapshot of today's headlines "China's energy woes



BY MATT STANLEY
DIRECTOR
STAR FUELS

showing up in divergent commodity imports". "Singapore marine fuel sales drop in Sept as bunker calls hit 4-year low". "China Sept factory

inflation hits highest since records started". "OPEC trims 2021 demand forecast". "(API said on Wednesday U.S. crude stockpiles rose by 5.2 million barrels". "Hmm", I say. In that immediate blurry eyed vision when you first wake, when your brain is in the sea of nothing and you still don't want to acknowledge what day it is, my first thought was "Ah, crude must be down based on all this". Nah. Yah, nah. Crude was up 0.65. Ha! Suddenly I realise it's Thursday and my initial hope of markets reacting

to negative headlines sensibly, have been dismissed like an English Test Batsman at The Gabba. Very quickly. This is the headline people are reacting off, apparently "A larger-than-expected drop in the U.S. gasoline and distillate inventories led to fresh buying". Some of you may be thinking I only have negative filters on my news feed. I can tell you I do not. But I think I'll change the real news filter for the ignorance one, because everyone else seems to. Stats later. Bothered? Nope. Good day.

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

Dr. Carole Nakhle
Chief Executive Officer
Crysol Energy

**"I get confused when
people talk of an
'Energy Crisis'?"**

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

John Defterios
Professor of Business, NYU-Abu Dhabi
Energy Fellow, World Economic Forum
& Former Emerging Markets Editor, CNN

**"IEA has pivot
away from their
original mandate of
delivering energy!"**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency (IEA)



Should OPEC+ be adding more oil into the market today?

The recent ramp up in prices is not based on a careful analysis of the underlying fundamentals - it's all wrapped up in the understandable fears we have about logistics, inflation and potential shortages. As we move into 2022, fundamental demand is likely to fall back. We're already seeing a slackening in the pace of the demand growth that we've had in 2021. On the supply side, we've got planned increases from the OPEC+ countries into 2022 as well as signs of higher production from the US, Canada, Brazil and one or two other places. On balance, we are going to see a surplus of supply over demand. The one caveat is if we see continued stress on the natural gas market because of a cold winter in the northern hemisphere. We could see a big increase in the volumes of oil that are diverted to be used in power generation, primarily in Asia. People are talking of up to a million barrels a day of extra demand for diesel and fuel oil if we get really low temperatures.

How critical is the gas situation in Europe?

Gas stocks are lower than normal levels. In the UK, stocks are almost non-existent because of policy decisions that have essentially eliminated domestic storage. Europe will be competing for any available LNG cargoes against the mighty buying power of the Asian economies, particularly China, which will pay whatever it takes to secure supplies.

Are we moving too fast on the transition at the expense of required oil and gas?

It is not moving anywhere like fast enough. But for the next decade or so, oil demand will continue to grow because transport will remain overwhelmingly dependent on liquid fuels - whether it be passenger cars, aviation, shipping or trucking. We've also got the petrochemical sector to support the production of consumer goods. We need continued investment into new and existing oil production. The IOCs are in a very difficult place because they are coming under investor pressure to do more on clean energy investment and being criticized if they discuss investing in traditional oil and gas projects. They need to point out more clearly that there is a real need for affordable energy today, that will bring economic growth and bring people out of poverty. ■

*Paraphrased comments

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