

# ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy  
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MONDAY /// AUG 23<sup>rd</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. [OIL PRICES REBOUND FROM 7-DAY LOSING STREAK AS INVESTORS SNAP UP BARGAINS](#)
2. [CHINA'S OIL IMPORTS PLUMMET 20% FOR 2ND STRAIGHT MONTH IN JULY](#)
3. [EU SIGNATORIES TO JCPOA URGE IRAN TO RESTART VIENNA TALKS 'AS SOON AS POSSIBLE'](#)
4. [LEBANON FACES RISING FUEL PRICES AS OFFICIALS AGREE ON SUBSIDY CUTS](#)
5. [MERKEL OFFERS REASSURANCES ON RUSSIA PIPELINE, UKRAINE URGES CLARITY](#)
6. [CHINA REPORTS NO NEW LOCAL COVID CASES FOR FIRST TIME SINCE JULY](#)
7. [PLANNED PANAMA CANAL MAINTENANCE TO SEVERELY IMPACT TRANSIT CAPACITY](#)
8. [COULD CHINA'S CRACKDOWN ON BIG TECH, PRIVATE ENTERPRISE BACKFIRE?](#)
9. [TAKE FIVE: THE JACKSON HOLE JAMBOREE](#)
10. [WILL US MILITARY EXERCISES SEND THE DESIRED SIGNAL TO CHINA?](#)

### RECOMMENDED VIDEOS & REPORTS

- [CHINA THROWS WEIGHT AROUND IN OIL MARKETS](#)
- [BIDEN'S JOB APPROVAL RATINGS DROP AS COVID CASES RISE & CRISIS IN AFGHANISTAN MOUNTS](#)
- [CANADIAN OIL & GAS OPERATORS PLAN TO GROW PRODUCTION](#)
- [TALIBAN BEAT BACK CROWD AT KABUL AIRPORT AFTER SEVEN KILLED IN CRUSH](#)



10<sup>th</sup>

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Port of Fujairah  
ميناء الفجيرة  
United Arab Emirates

### DAILY ENERGY MARKETS FORUM NEW SILK ROAD **LIVE** **PODCAST**

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**Peter McGuire**  
Chief Executive Officer  
XM Australia



**Matt Stanley**  
Director  
Star Fuels



**Sean Evers**  
Managing Partner  
Gulf Intelligence

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### DAILY ENERGY MARKETS FORUM NEW SILK ROAD **LIVE**

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# TOP 3

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# TAKEAWAYS

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Mashreq 60-SECOND SOUNDBITE

**Matt Stanley**

Director  
Starfuels

***"Bearish sentiment  
weighing down on  
markets until liquidity  
returns"***

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Mashreq 60-SECOND SOUNDBITE

**Peter McGuire**

Chief Executive Officer  
XM Australia

***"Tapering was nearly  
a done deal, but now it  
looks Derailed"***

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I hope everyone had a good weekend. Brent is trading this morning up 1.31/bl, at \$66.49/bl. WTI is trading at \$63.35/bl, up 1.21/bl. Wellllllll, crude oil markets had its worst week since October 2020 last week. Let's bear in mind though that at the end of October 2020 Brent was trading at \$37.46/bl. I actually remember that very well as it was when the UK went into another lockdown. It is quite incredible to think that when that lockdown was announced by his Borisness that vaccines were merely a rumour. It wasn't until early December when they started to roll out and since that day there have been over 4,934,496,760 people who



BY MATT STANLEY  
DIRECTOR  
STAR FUELS

have received a first dose. Quite an achievement. Brent has also been on a relentless upward trajectory, rising from that October low of \$37.46/bl, all the way up to (aside from a

few pauses) \$76.72/bl during mid-July. Impressive, I'm sure you will agree. Of course, with the success in the developed world of the vaccine rollouts markets have been buoyant and forecasters globally saw this vaccine rollout maintaining course and everyone was bullish that demand for oil would return to pre-pandemic levels by the end of the year. Then delta hit. Economic data for July has been weaker than expected and with lockdowns implemented in places like China, New Zealand and Australia, figures for August will also look weak. Jackson Hole - that time of year when everyone goes fishing with the Chair of the Federal Reserve -

has been moved virtual from its romantic Wyoming based location. And here is the irony - rumours that the Fed will look to taper monetary policy have spooked markets over the last couple of weeks, but the very meeting they will have to discuss this topic will not be held face to face but over Zoom, because of Covid-19. Talking about holes, let's not talk about Arsenal - shall we? Keep your eyes on flash PMI's later. If data continues to come in weaker than forecast then the bargain hunters could quickly do an about face in oil markets. Good day, and week to all.

## DAILY ENERGY MARKETS FORUM VIEWS YOU CAN USE

**Maleeha Bengali**

Founder

MB Commodity Corner



### What is Driving the Direction of Oil Prices?

The oil price is really a story of two sides -- the macro and the micro. The macro provided tailwinds to the oil market recovery in the first half of the year as we had the general reflation trade and general commodity inflows. The micro story had been supported due to OPEC+ taking oil off the market, keeping it tight on average. Now, something has changed. We are seeing global growth demand downgrade from highs of 8% or 9%, down to 4% or 4.5%. When you get a macro headwind on the demand side of global GDP, obviously that takes all commodities down. That's one of the reasons why copper is down as well. We have always said the oil price has never been a result of shortage, it has just been a question of timing and OPEC+ did a very good job over a very short period of time to keep the market tighter.

### Could the Market Structure Change from Backwardation to Contango?

In terms of the market structure -- backwardation and contango -- the investment-funds money going into commodities has pulled back from oil. This is why oil prices are falling. The curve is tight right now because OPEC's probably releasing 400000 barrels per day, while we still have robust demand. While we haven't recovered the jet fuel demand, we still have strong gasoline demand and strong distillate demand.

### Outlook for FED Policy?

The big question for this week will be -- is the Fed going to taper or not? I'm sorry, but that is what is going to drive all prices for commodities right now. It's not a micro story, it's a pure macro story for right now. The Fed has this year been fighting the battle of reaching its employment goals and keeping inflation contained. Inflation is already running ahead of its targets. We had a massive payroll number in July and will probably get a great payroll number in August. If we get the employment number that the FED need, they may start to taper off the asset purchases. The big question that people are asking is, can financial asset prices withstand this liquidity being withdrawn from the market because we have not been in a world for a long time where there's been no liquidity support from the Fed. ■

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