

ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// JUNE 20th /// 2021

DAILY OIL COMMENTARY



I think OPEC+ will open the taps when they meet on July 1st. There is about five to six million barrels of crude capacity locked up in various countries, so some of that will have to

OPEC+ SHOULD ADD A FURTHER 1 MILLION BARRELS A DAY TO COOL-OFF THE MARKET!

Sara Akbar, Chairperson & CEO, OilSERV, Kuwait & Non-Executive Director, Petrofac

come back. I believe that they will have to act, probably they should add a further one million barrels a day to cool off the market. We have been through many cycles where we have seen that higher oil prices can be as harmful as very low oil prices. The demand is coming back much quicker than anybody had expected, so they must balance that by adding some production to the market. I do not think

anyone expected this level of price, and with the forecasts for crude to reach \$80 or \$90 they will have to open a little bit more. I suspect Russia will insist. Kuwait has shut in about 800,000 barrels of capacity and we are very keen to put some of that back into the market. Now, if you can sell more barrels at a higher price, then why not if the market demand is there. That said, I think OPEC and non-OPEC, everyone

has learned the lessons from the past – if you exaggerate the price too fast and you continue this upward trend, then in the longer run you lose. At \$75, definitely you will have Shale oil come back. There is already a lot of activity going into shale. A lot of capital is now looking to get back into the shale oil patch, and other renewables become far more competitive.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



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Dr. Sara Vakhshouri
Founder & President
SVB Energy International



Christof Rühl
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Center on Global Energy Policy
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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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TOP 10 DAILY NEWS DIGEST

1. OIL GAINS ON OPEC OUTLOOK THAT US OUTPUT GROWTH WILL SLOW
2. OPEC TOLD TO EXPECT LIMITED US OIL OUTPUT GROWTH FOR NOW
3. BRENT CRUDE'S PREMIUM TO DUBAI HITS 21-MONTH HIGH
4. BAKER HUGHES: US RIG COUNT RISES BY 9 THIS WEEK
5. US WANTS NUCLEAR DEAL DONE BEFORE IRAN'S NEW PRESIDENT TAKES POWER
6. EIA: US WEEKLY LNG EXPORTS INCREASE, FOLLOWED BY HENRY HUB
7. CHINA'S SHENZHEN AIRPORT CANCELS FLIGHTS ON COVID SCARE
8. AS IRAN VEERS RIGHT, TIES WITH GULF ARABS MAY HINGE ON NUCLEAR PACT
9. CHINA TO CRACK DOWN ON SPECULATION AS COAL PRICES BREAK RECORDS
10. TAIWAN FINALIZES MISSILE SYSTEMS DEAL WITH US

RECOMMENDED VIDEOS & REPORTS

- CHINA: MAY EXPORTS OF KEY OIL PRODUCTS FALL 21% ON MONTH TO 3.8MN MT
- FOUR DAYS & FOUR NIGHTS WAITING FOR DIESEL IN VENEZUELA
- APOCALYPTIC' HEAT WAVE SCORCHES US SOUTHWEST AGAIN
- IRAN ELECTION: HARDLINER RAISI SET TO BECOME PRESIDENT
- HOW WILL EGYPT BE IMPACTED BY ETHIOPIA FILLING ITS GERD RESERVOIR?
- TECHNICAL ANALYSIS OF OIL MARKETS POINT TO HIGHER PRICES

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Dr. Sara Vakhshouri
Founder & President
SVB Energy International

“How will new Iranian President impact progress of nuclear talks”

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Christof Rühl
Senior Research Scholar -
Center on Global Energy Policy
Columbia University

“Can the FED manage a soft landing following massive cycle of easing”

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EXCLUSIVE SERIES VIEWS YOU CAN USE

Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV



What is the Outlook for Container Shipping Rates?

Record container shipping rates is a story that has been hitting international freight markets pretty much all year. We have had multiple supply chain disruptions, from Covid to the Suez Canal blockage, and now the economic recoveries that are starting to take hold in the US, which are driving up demand and causing delays at many different ports.

What Impact is it all having on China?

The current issues right now are at Gaoujong and Shenzhen, which are two of the largest export facilities in China, they are experiencing up to 16 or 17-day delays in getting ships in and out of ports. This is causing shippers who want to move boxes, to re-route containers through other ports, which then incurs even more costs, and it just starts adding up to the inflationary pressure that we are seeing across the board.

What about Fuel Prices?

If you couple the port congestion with the higher price of fuel oil, because as fuel prices move along the same route higher as crude oil prices have been moving -- you have got the ultralow sulfur bunker fuel price above \$525 dollars per ton, and you have high sulfur fuel oil above \$400 per ton. That adds even more upward price pressure to the market.

How are Retailers Handling such Uncertainty?

Home Depot, which is one of the larger box stores in the United States, akin to Walmart, but they are more into the home improvement sector. They have chartered their own ship, which is the first time they have ever done anything like that, to secure their own supply chain because of all these delays that are happening downstream from their retail side. They do not have the goods in store to sell. So, when you start seeing retailers chartering a ship that just tells you this inflation period is going to continue all the way through to 2022. ■

**Paraphrased comments*

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