

# ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy  
Intelligence  
Publishing

THURSDAY /// AUG 26<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL PRICES FALL FIRST DAY IN FOUR AS VIRUS CONCERNS RETURN
2. OIL EXTENDS RALLY, RISES OVER 1% ON US FUEL DEMAND RECOVERY
3. ARAMCO TRADING TO JOIN PLATTS OIL PRICING PROCESS IN ASIA
4. IRAQ SEEKS TO EASE SAUDI-IRAN HOSTILITY AT BAGHDAD SUMMIT
5. TALIBAN EARNED \$1.6BN: HERE'S HOW THE TERRORIST GROUP MAKES MONEY
6. CHINA ANNOUNCES MAJOR SHALE OIL DISCOVERY
7. ASIA'S APPETITE FOR US SOUR CRUDE GROWS AMID FALLING PRICES
8. WHY PFIZER'S FDA APPROVAL HAS BEEN A BOON FOR OIL PRICES
9. CRUDE OIL: INVENTORY DRAW NOT ENOUGH TO KEEP RALLY ALIVE
10. US BUSINESS EQUIPMENT SPENDING STRONG EVEN AS NEW ORDERS FLAT IN JULY

### RECOMMENDED VIDEOS & REPORTS

- FUJAIRAH DATA: OIL PRODUCT STOCKS FALL TO 5-MONTH LOW
- LEBANON FUEL SUPPLIERS SAY SHORTAGES WILL CONTINUE DESPITE REVISED SUBSIDY
- 'ZOMBIE APOCALYPSE': FEAR GRIPS AFGHANS UNDER TALIBAN RULE
- SAUDI CROWN PRINCE MEETS QATARI FM IN NEOM
- AFGHAN ALL-GIRL ROBOTICS TEAM MEMBERS, JOURNALISTS LAND IN MEXICO
- IRON ORE SLUMP JUSTIFIED BY IMPROVING SUPPLY, CHINA STEEL CONTROL

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**10<sup>th</sup>**

**ANNIVERSARY**

**ENERGY MARKETS FORUM 2021**

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MARK YOUR CALENDAR **OCTOBER 4<sup>th</sup> - 5<sup>th</sup>, 2021**



Port of Fujairah  
United Arab Emirates

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



**Leo Tameeris**  
Chief Executive Officer  
NRG Global



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



**Mike McGlone**  
Senior Commodity Strategist  
Bloomberg Intelligence

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



# TOP 3

THURSDAY /// **AUG 26<sup>th</sup>**

# TAKEAWAYS

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## THURSDAY /// AUG 26<sup>th</sup> /// 2021

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**Mashreq 60-SECOND SOUNDBITE**

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

***"Where Oil Prices are Today is Quite Healthy Ahead of OPEC Meeting"***

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing

**Mashreq 60-SECOND SOUNDBITE**

**Mike McGlone**  
Senior Commodity Strategist  
Bloomberg Intelligence

***"Oil supply elasticity is kicking-in as Shale breakeven is down to \$35/bbl"***

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## DAILY OIL COMMENTARY

Morning all and say hello to Thursday. Brent is trading this morning at \$71.63/bl, down 0.62/bl. WTI is trading down 0.72/bl, at \$67.64/bl. Like the England cricket test match team, the oil market sure has staged some come back. The great thing about being an England fan of any sport, from cricket to football to Welly-wanging (that is actually a sport before you question me) is the same as being in this oil market, you are always prepared for disappointment. It's kind of charming. The rally we have seen since Monday morning (some 10% no less) has been driven mainly by the fact that the Mexican oil platform in the Gulf of Mexico was seen to be offsetting the increase in supply from OPEC+. I could live with this. It made sense. I



BY MATT STANLEY  
DIRECTOR  
STAR FUELS

rested happily and tucked into a cheese and pickle sandwich safe in the thought that finally, fundamentals were prevailing. Then I read that actually around 200,000 b/d of the 440,000 b/d that were taken offline

had recovered, with the rest anticipated to return within a couple of weeks. The sandwich was put down. OK I said, on that basis we should see the market correct, no? Surely if the reason we have seen such a rally was down to this Mexican outage, but half had returned then so would half the rally, or am I wrong? Alas, of course I am wrong. And I'm back to eating crumbs. This is the reality of the market we are in though. A bullish headline will be bought, of course it will, a bearish one will be nigh on dismissed. The fall in crude oil prices we saw over much of August was not triggered by one specific headline. The drop manifested itself from some negative realities that demand is coming in weaker than forecasts and all this did was stimulate the market into

gradually grinding lower over the course of a couple of weeks. One bullish headline though? Yeah, nah forget all that. Even though India Covid-19 cases are nearly 50,000 a day again. China is still reporting cases even though everyone thinks they have already thwarted this latest wave. People in the US are back to wearing masks and hospitalisations are growing every day. Couple this with builds on jet fuel stocks in the US and passenger traffic at a three-month low and one would be forgiven for scratching their head. I'll insert that "I'm not being negative" caveat again, I'm just being realistic. It seems that the market is looking beyond reality though at the moment. Now, if you'll excuse me, back to shopping for Branston's. Good day.

## DAILY ENERGY MARKETS FORUM VIEWS YOU CAN USE

**Ole Hansen**  
Head, Commodity Strategy  
Saxo Bank



**Your thoughts on today's oil market and reflections on the month of August?**

The market has been range bound but it has recently responded to the negative impact of a third wave in the virus, so demand is again uncertain and that adds to market volatility. There are also worries about a potential taper announcement this week and the impact that may have on the dollar. It's already having an impact on financial players, with speculative interest from hedge funds dropping to a nine-month low. If oil prices fall too much, OPEC Plus might also change its stance on production increases. Overall, we see the oil market stuck in a \$65-75 range through to the end of this year, while continuing to watch developments in the virus and dollar in the short run.

**What happens if and when financial tightening does occur?**

The big question is how much of that has already been priced in. We believe the taper story has been to a large extent, so we won't see large negative effects on commodities. The US is drowning in cash and banks are handing back billions and trillions of dollars to the central bank that they can't find any use for. That means they need to get this liquidity out of the system. The question is where interest rates are heading and as we may have seen peak growth in Europe and especially the US, it means higher interest rates going forward.

**Are commodities caught in the same wave that is keeping equities rising?**

We would like to say that they are living in their own ecosystem of supply and demand, but we are in one big system and responding to the risk on/risk off coming from the bond market and especially the stock market. Overall, we've seen a healthy correction over the past month across oil and industrial metals so I see no reason why we shouldn't now see a pickup in prices again because demand is still strong. And supply bottlenecks also continue to lend support. ■

*\*Paraphrased comments*

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