

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// DEC 14th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES STEADY ON DEMAND CONCERNS OVER OMICRON SPREAD
2. OPEC COUNTRIES' PERFORMANCE OF VIENNA AGREEMENT WAS 122% IN NOV
3. SAUDI OIL MINISTER SAYS GLOBAL PRODUCTION COULD PLUNGE 30% THIS DECADE
4. EU COULD START JOINT GAS BUYING TO AVOID FUTURE SUPPLY & PRICE CRISES
5. IRAN'S NIOC SHIFTS CRUDE SELLING BENCHMARK FOR EU
6. WHERE WILL THE OIL INDUSTRY SPEND ITS MONEY IN 2022?
7. PUTIN'S COUP IN INDIA WILL SHOCK THE US
8. BANKS PUT PRESSURE ON OIL COMPANIES TO GO GREEN
9. VENTURE CAPITAL IS BETTING HUNDREDS OF BILLIONS ON ENERGY TECH
10. UK RAISES COVID-19 ALERT LEVEL; WARNS OF OMICRON TIDAL WAVE

RECOMMENDED VIDEOS & REPORTS

- OPEC INCREASES GLOBAL OIL DEMAND FORECAST FOR Q1 2022
- USGC REFINERY MARGINS GAIN DESPITE HIGHER CRUDE PRICES
- SAUDI ARABIA WARNS ENERGY TRANSITION WILL CAUSE OIL
- CANDIDATE LIST FOR LIBYAN ELECTIONS HELD BACK AS NUMBER OF NOMINEES SOARS
- MOTIVA RESTARTS CRUDE UNIT AT PORT ARTHUR, TEXAS, REFINERY
- ACTIVIST GROUP TARGETS EXXON WITH SHAREHOLDER CLIMATE RESOLUTION

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NEW SILK ROAD

PODCAST



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NEW SILK ROAD LIVE

TOP 3

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TAKEAWAYS

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Welcome to twitchy Tuesday, that goes for the oil market as well as most men knowing they still have all their Christmas shopping to do. Brent is trading this morning at \$74.61/bbl up 0.22 and WTI is trading up 0.15 at \$71.44/bbl. OK, today's cracker - my daughter asked me yesterday where I get all my Christmas chocolate from. I said, "I always have a few Twix up my sleeve". Excellent. Right then, pretty much the middle of December, markets are looking to wind down as we approach the festive season and of course, the middle of the month wouldn't be the middle of the month without an OPEC report, would it? "OPEC on Monday raised its world oil demand forecast for the first quarter of 2022 and stuck to its timeline for a return to pre-pandemic levels of oil use, saying the Omicron



BY MATT STANLEY
DIRECTOR
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coronavirus variant would have a mild and brief impact." I mean, what do we expect from a group of oil producers who are in charge of keeping oil at satisfactory price levels to all and sundry? Some kind

of anapaestic tetrameter like Dr Seuss' The Grinch? "Maybe high prices" the group thought, "don't come from a store" "maybe curtain supply perhaps, a little bit more!". Something like that, anyway. I don't know, I'm sure quoting a mad poet would have me ouching like hell before you can even say "but but but, prices might go down to Thanksgiving levels again". Anywayyyyyy, yes OPEC have kicked the demand can down the road but not done it in a way that they have told the markets that Omicron is of concern to them. I'm actually going to leave my thoughts on Covid alone today, you all know them well enough by now but one thing that 2021 has proved to be, in the oil markets at least, is that it has been one of expectations, not acknowledgement of reality. None more so is this

being reflected however in the front Brent structure. Today we are trading at \$0.11 for Feb/March Brent. Whilst to the uninitiated this may seem far too technical, this level of 0.11 is significant. Remember that Feb/March Brent was trading at \$1.11 on the 2nd November. This collapse in structure, and it is a collapse, is a clear sign that the fundamental traders are concerned about prompt demand. We know that many are forecasting a supply surplus come Q1 and with demand potentially hampered by Omicron then structure will need to shift to contango to cover some of that cost if oil on boats can't go anywhere. This is what I am keeping my eye on to the end of the year. And my cheese football supply. Because who doesn't love a cheese football? Good day to all.

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Omar Najia
Global Head, Derivatives
BB Energy



I'm no longer a fan of crude.

We saw the dramatic price drop two weeks ago on the sentiment of fear because of Omicron and then prices recovered on a sentiment of relief. As a result, there's been damage to the crude structure and the curve has certainly flattened a lot. I'm not convinced that the oil market is going to set new highs. At some point, there's going to be another sell off. People are a bit complacent about the prospect of higher prices and the power OPEC has on that. We may edge a little higher in the short-term but then we come off for a long period of time.

Wont continued liquidity prop up the oil market, as it has in 2021?

From where we were at \$40 earlier this year to where we are today, is a massive move. The idea that more liquidity from the Fed will help oil is flawed. You need to get into the market when everybody's telling you it's going down. We need to have a flush of all this length in the market and for it to become really cheap, before we see real money coming in again, and then when that happens, the market will fly. But short term, my gut tells me people are being suckered in and they're going to be smashed hard.

What would you be watching out for 2022?

We will probably see Iran doing a deal, but I don't think that affects the market that much because they're already selling so much oil. It will however be significant politically, making the US and the EU look weak. On oil demand, everyone keeps saying how its coming back but most of the heavy lifting has been done. I think 2022 is going to surprise people to the downside. ■

**Paraphrased comments*

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Mashreq 60-SECOND SOUNDBITE

Reem Shamseddine
Senior Correspondent
ZAWYA, Arabic

**"Uncertain outlook
for oil supply needs
to be watched closely
in 2022"**

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Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International

**"Mountain of Central
Bank Liquidity is still
the Pillar Keeping
Markets Inflated"**

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