

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// AUG 25th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL UP 3% ON STRONGER DEMAND OUTLOOK; MEXICAN OIL RIG OUTAGE
2. OIL GLUT IN ASIA WORSENS
3. CHINA'S COVID-HIT MEISHAN TERMINAL STARTS TO REOPEN
4. OIL SECTOR IMPOSING VACCINE, MASK MANDATES AT RIGS, REFINERIES
5. INDIA'S JULY OIL IMPORTS HIT 1-YEAR LOW ON REFINERY MAINTENANCE
6. SAUDIS SIGN MILITARY COOPERATION AGREEMENT WITH RUSSIA
7. OIL DEMAND GETS BOOST AS CHINA'S HARSH CURBS BRING DELTA TO HEEL
8. IN CENTRAL AFRICA, RUSSIA WON THE WAR—BUT IT'S LOSING THE PEACE
9. DELTA BLOW KNOCKS WIND OUT OF ASIA'S ECONOMIC RECOVERY
10. GOLDMAN SACHS RAISES ODDS ON US FED TAPER ANNOUNCEMENT IN NOV

RECOMMENDED VIDEOS & REPORTS

- TOUGH TIMES FOR OIL SHIPPERS
- BIDEN STICKS WITH AUGUST 31 DEADLINE TO WITHDRAW US TROOPS FROM AFGHANISTAN
- GEOPOLITICS, COVID-19 THREATEN GLOBAL CHINA'S YUAN USE
- AFGHANISTAN'S NEW TALIBAN RULERS FACE AN UPHILL ECONOMIC BATTLE

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NEW SILK ROAD LIVE **PODCAST**



Robin Mills
Chief Executive Officer
Qamar Energy



Ole Hansen
Head, Commodity Strategy
Saxo Bank



Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

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NEW SILK ROAD LIVE

TOP 3

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INDUSTRY SURVEY**



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Source: GI Research Aug 2021

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Ole Hansen
Head, Commodity Strategy
Saxo Bank



“Oil is stuck in \$65-\$75 range through to end of the year”

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Robin Mills
Chief Executive Officer
Qamar Energy



“OPEC+ likely to proceed with September supply increases”

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DAILY OIL COMMENTARY

Morning all and welcome to the last Wednesday of August. Brent is trading this morning at...wait, what? Yup, your eyes do not deceive you my grace, \$71.12/bl, up 0.07/bl. WTI is trading at \$67.49/bl, down 0.05/bl. Here are two headlines this morning that sum up the “Yeah, nah” market we are in quite nicely at the moment. “Oil up 3% on stronger demand.” And then “Oil glut in Asia worsens.” Ummm, it actually feels like an “and then” market as well as a “yeah, nah.” Only the “Dude, where’s my car?” initiated could understand the hilarity of “and thennnnn.” Anyway, back to the point of this venting medium - oil. So, August has seen us drop around 15% since the end of July when we were at \$76.40/bl. On



BY MATT STANLEY
DIRECTOR
STAR FUELS

Monday we touched a low of \$64.60/bl. Yesterday we hit a high of \$71.27/bl. A recovery of 10% in ONE DAY. Now, why Stanley? Why? I hear you ask and allow me to try and put some thoughts around that.

As I mentioned last week, I am writing a piece on OPEC+ and what they may, or may not do, at next week’s meeting. The problem is that the market seems to be in such a fragile state with regards to the demand/supply balance that I start writing it and then five minutes later I change my mind. I can form a strong argument for barrels to be brought back, and one for them not to. Honestly if I was a one-man band, I would have split up owing to musical differences. Bye bass drum. The strong bounce back from Monday’s low I can only attribute to the situation in the Gulf of Mexico and a fire on an oil platform that has knocked out 440,00 b/d of production. “It was not a good weekend,”

Mexican President Andres Manuel Lopez Obrador said on Monday. Quite. Now, I know in the grand scheme of things 440,000 bbls isn’t that much oil but when the market is as finely balanced as it is right now, it negates the return of 400,000 bbls of additional OPEC production. It also suits the high sulphur fuel oil market very nicely thank you very much, as those USGC refiners who were buying that specific crude will need to replace supply with high sulphur straight run fuel oil which will come from either Europe or the Middle East. Yet Asia is a different story, demand is spluttering and keeping a lid on prices for now. A balanced market? I feel like I work for the BBC. Weird. Good day.

DAILY ENERGY MARKETS FORUM VIEWS YOU CAN USE

Ali Al Riyami
Consultant & Former Director General of Marketing
Ministry of Energy & Minerals, Oman



What is the Impact of Greater Volatility in the Oil Markets?

For countries like Oman, this scale of volatility is not healthy. We very much depend on the oil price for our budgets and for our future expenditures. So, when you have this kind of fluctuations in price, then planning is quite difficult. We want to see a sustainable stable price over the coming months, but I don’t think that we will have that kind of situation very soon. It appears to me \$65 to \$70 is the right price to expect.

Did OPEC+ Make the Right Decision to Raise Supply by 400k Every Month?

Regarding the OPEC+ decision, I was not really in favor of increasing by 400,000 barrels a day on a monthly basis for the coming five or six months. That is too much. I don’t think that the market is ready to accept the extra volumes which are going to come from OPEC+. But nevertheless, the decision is made, and it is water under the bridge now. We will have to wait and see the impact that this increase will have in the market, especially when you consider that early next year, we will start implementing the new quota baselines for some countries. This will result in further production increases from Saudi Arabia, UAE, Russia and so on.

What is Your Outlook for demand Recovery?

I’m not so sure about the outlook for Demand. I mean, are we really talking about expectations of higher demand, especially when you consider in the fourth quarter and the first quarter when we are in the winter when demand is seasonally lower? So, my worry is that we are talking about adding more production this year and adding extra production quotas next year and demand recovery is still uncertain. We have to be very careful, and OPEC+ need also to be careful not to allow production to go beyond demand, or else we will see the return of high levels of inventories. That is what worries me basically. ■

*Paraphrased comments

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