

Daily Energy Markets BULLETIN

TUESDAY /// FEB 8th

TOP 10 DAILY NEWS DIGEST

1. IF RUSSIA INVADES UKRAINE, THERE WILL BE NO NORD STREAM 2, BIDEN SAYS
2. POSSIBLE IRAN NUCLEAR DEAL COULD REVERSE OIL RALLY
3. GOLDMAN SACHS SEES SHORTAGE ON ALL COMMODITY MARKETS
4. US OIL MAJORS SET THE PACE IN THE PERMIAN BASIN
5. LNG CAN REPLACE UKRAINE GAS FLOWS TO EU
6. EU UNION'S CARBON PRICE NEARS THE 100 EURO MILESTONE
7. ELECTRIC VEHICLES ARE GETTING BIGGER & HEAVIER. WHY?
8. IMF URGES NIGERIA TO SCRAP FUEL SUBSIDIES, TARGET POOR WITH SUPPORT
9. SHELL'S SIZEABLE OIL DISCOVERY MEANS HUGE OPPORTUNITY FOR ECONOMIC GROWTH
10. DIESEL SHORTAGE ATTRACTS HEDGE FUND ATTENTION

RECOMMENDED REPORTS

- CHINA KICKS OFF YEAR OF TIGER WITH 'FULL CONFIDENCE, COURAGE AND OPTIMISM'
- FACEBOOK \$250BN SLUMP PUNCTURES ANTITRUST CASE
- FITCH RATES PUBLIC INVESTMENT FUND OF SAUDI ARABIA 'A'; OUTLOOK STABLE
- US GASOLINE PRICES SET TO EASE
- MIKE MCGLONE, BLOOMBERG - GASOLINE, INFLATION, RISK ASSETS REMINISCENT OF 2008
- "OPEC+ SPARE CAPACITY DECLINING TO ALARMING LEVELS"



Daily Energy Markets PODCAST



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Peter McGuire
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of Business Section
Arab News

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Daily Energy Markets PODCAST

TOP 3

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TAKEAWAYS

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Brent is trading this morning at \$92.77/bbl up 0.08 and WTI is trading up 0.15 at \$91.47/bbl. This is the second time this year I have asked this question but define irony? The irony series we shall call it. But in today's episode of defining irony, I saw this headline this morning "Fifteen climate activists glue themselves to German motorways". OK. So, you are making a point about how the world isn't doing enough about climate change and CO2 emissions, using an adhesive probably made from petroleum whilst laying on a road made from petroleum. Moving on, shall we talk about other madness? Let's keep up with the theme of the week and let's continue the chat about gasoil. We are moving into the expiry of the front



BY MATT STANLEY
DIRECTOR
STAR FUELS

gasoil contract on ICE and with a 5 dollar move down on that spread yesterday to \$19 backward I wouldn't be surprised if we saw it shift further south today. The problem is however is that structure on Brent is a ten year

high in terms of backwardation. On the physical side however gasoil imports into the EU have fallen to an eleven-month low, this despite the usual increased demand we see for heating this time of year. Winter has been mild. Winter is not coming John Snowww. Maybe he should change his name to John Sleet. Or John Slightly Moist But Not Too Cold. Hmm, not quite the same ring to it. Anyway, I have been going on about the potential outcomes that such a steep backwardated market may bring, but also where demand is emanating from and that was Latin America. The latter may be coming to an end as those demands have been filled but the backwardation part was always something of a concern,

so keep your eyes out on what is happening in the front on product structures as Brent could very well follow. In other news, geopolitical tensions seem to be easing somewhat, even if the rhetoric from Grandpa Joe is somewhat aggressive towards Russia. I think a bottle of three of Montrachet when Macron sits down with the powers that be will hopefully yield something more of a diplomatic resolution, but again, keep your eyes on those headlines. Across to Vienna where later in the week we may see more progress made on the JCPOA. Whilst this may not result in any crude oil returning to the market possibly this year, it is the sentiment behind a possible new deal that seems to be driving oil markets right now. Good day.

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WEDNESDAY /// FEB 9th /// 10:30AM (UAE)

UAE



Chris Wood

Chief Executive Officer
Savanara DMCC

INDIA



Narendra Taneja

India's Leading Energy Expert

VENEZUELA



Jose Chalhoub

Political Risk & Oil Analystes

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Daily Energy Markets INDUSTRY SURVEY



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19%
Russia Invade
Ukraine

19%
Both will
Happen

35%
Neither will

27%
Iran Nuclear
Deal

Which is
most likely to
happen in Q1:

Source: GI Research Feb 7, 2022

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Daily Energy Markets VIEWS YOU CAN USE



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Laury Haytayan

MENA Director

Natural Resource Governance Institute



How should we interpret Russia's actions with Ukraine?

Russia is unlikely to jeopardize everything by going to war with Ukraine. Why would Putin endanger what he already has and incur economic loss because of sanctions? Russia is making all these gains as a main part of the OPEC+ coalition. If it does invade Ukraine, it would have to sustain that war and that would be at a big cost.

How destabilizing is the situation in Libya for its oil industry?

It's very unclear where the situation is going politically but there is an understanding between the different parties that they need to keep the oil money flowing - everybody's paid by the government in Libya. The most important issue is this clash between the National Oil Company chairman and the Minister of Oil. There are discussions that even if they don't have elections, maybe they can form another government. Whether they will keep the Ministry of oil is also in question, but they don't want any more clashes as that will impact oil production and revenue.

Where are the plans at to get Egyptian gas to Lebanon?

We are in the lead up to the US midterms and every day, there's a letter from a Republican to the Biden administration questioning whether the proposal to send gas from Egypt to Lebanon will empower Syria's Assad regime. The Egyptians want guarantees that they will not be sanctioned at any moment in time by the US administration or by any entity in the US, because of this project. The Egyptian gas sector is doing very well. The country is attracting many investors and they have new discoveries. With Europe in need of diversifying its sources of gas, Egypt wants to play the role of provider, with its LNG plant and future planned pipelines. It is not going to jeopardize all that opportunity and potential for a small market like Lebanon. ■

**Paraphrased comments*

Daily Energy Markets



Mashreq 60-SECOND SOUNDBITE

Mike McGlone

Senior Commodity Strategist
Bloomberg Intelligence

***"It's a matter of
when, not if, Putin
will invade Ukraine!"***

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Mashreq 60-SECOND SOUNDBITE

Peter McGuire

Chief Executive Officer
XM Australia

***"China should emerge
from Olympics
with more robust
economic outlook"***

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