

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// OCT 13th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL FALLS ON FEARS INFLATION MAY DENT FUEL DEMAND GROWTH
2. GULF FISCAL BREAK-EVEN OIL PRICES TO DROP IN 2022 ON HIGHER CRUDE OUTPUT
3. SAUDI TO ASK FOREIGN ENERGY COMPANIES TO UP DOMESTIC INPUT TO 70%
4. WHY US LNG IS GOING TO ASIA INSTEAD OF EU
5. LEBANON'S FUEL CRISIS COULD SPARK CIVIL WAR
6. CHINA SEPT EXPORT GROWTH UNEXPECTEDLY PICKS UP, IMPORTS SLOW
7. BOEING WILL REQUIRE ITS 125,000 US EMPLOYEES TO BE VACCINATED
8. EASING OF CHINA'S POWER CRISIS HINGES ON RETREAT IN COAL
9. EON CANCELS GAS CONTRACTS FROM ITS OFFER
10. MEXICO'S TULA REFINERY HALTED SINCE LATE SEP DUE TO BLOCKED ROADS

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RECOMMENDED VIDEOS & REPORTS

- **KPLER REPORT: DAILY CRUDE**
- **CRISIS LOOMS IN BRITAIN, STEEL MAKERS WARN**
- **CALIFORNIA MOVES TOWARD BAN ON GAS LAWN MOWERS AND LEAF BLOWERS**
- **STEAKS COULD SOON BECOME CHAMPAGNE**
- **CHINA TO OUTLAW ALL NEWS OUTLETS NOT FUNDED BY COMMUNIST PARTY**

DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



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



Neil Atkinson
Former Head of Oil Markets
International Energy Agency (IEA)



Laury Haytayan
MENA Director
Natural Resource Governance
Institute

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// OCT 13th

TAKEAWAYS

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Wednesday 13th October and I have opened the windows. And I won't shut them until mid-April. Brent is trading this morning at \$83.29/bbl down 0.13 and WTI is trading down 0.11 at \$80.53/bbl. Question. For everyone. Has anyone seen the price of anything, and I mean anything, from oil to gas to marshmallows or pencils - has anyone seen the price of anything come down over the last twelve months? I would argue no. And I honestly cannot think of anything. Apart from an Arsenal season ticket. Maybe. Everything has gone and continues to go up. Have wages? Well, if you work for Eddie Stobart then you're



BY MATT STANLEY
DIRECTOR
STAR FUELS

beaut, but those who now work from home and have had salary adjustments? Arguably last Friday's US Non-Farm payrolls was a fair reflection of things at the moment - 194,000 jobs

added vs a 500,000 bbl forecast. Did the market react to this accordingly? Well, initially it did, the market came off then everyone decided that this was a buying opportunity and up we went again. The IMF yesterday downgraded global economic growth, not by much but still, it wasn't an increase. Market reaction? Gold star, come and collect your prize. Down we went, then the market bought the dip. This morning? China September crude oil imports fell 15.3% from a year earlier. Guess what happened. Bingo. Down we went to \$82.65/bbl. An hour later, we were back up by another dollar. The energy crisis is now firmly in

the hands of the funds and every trader. Sentiment is bullish and every negative headline is being dismissed, as it has been for most of the year but eventually, once the winter heating season has been largely priced in, I think the market is in for a correction based on fundamental realities. We will see all the barrels back from OPEC+ by May next year and if trajectory is anything to go by from recent weeks, then US oil production will also come back. In the meantime, however, the "crisis" is firmly front and centre so expect anything negative to be dismissed. Because negative news is positive news, remember? Good day.

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Dr. Banafsheh Keynoush

Author

“Saudi Arabia and Iran: Friends or Foes?”



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DAILY ENERGY MARKETS FORUM INDUSTRY SURVEY



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68%

Yes

32%

No

**Do oil producers
want to see
\$100 oil?**

Source: GI Research Oct 2021

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Chris Wood
Chief Executive Officer
Savanara DMCC



What's driving the current spike in gas prices?

One is general underinvestment and the other is simple economics because people are stocking and in some cases, overstocking, ahead of winter. So, all the short consumers like China and Japan, and possibly India, have been looking for other solutions. They aren't going to pay \$8 for gas because that will make their energy intensive industries uncompetitive globally so they're switching to alternative fuels, and hence the resurgence in coal.

Can OPEC oil supply provide a solution to this shortage?

It's mostly developing countries which still have the capacity to use oil in power generation. Those in the US, Europe and even Australia, which have decommissioned all their oil power stations, do not. It will certainly help alleviate the problem in some of these developing countries, assuming they can get the oil to the right place economically to compete.

Are current oil prices in a healthy range?

Anything over \$75 is not good for the global economy because it's taking money out of the wrong places. You have working capital sitting there not doing much; you've got margin calls happening; you've got developing countries having to pay huge bills for day-to-day activities. The winner from these higher prices could be the resurgence of shale oil as it makes it interesting to invest.

Will global supply chain bottlenecks clear out anytime soon?

We're going to have these troubles for some time. When we have such elastic demand, you see the amplitudes in the supply chain get bigger and bigger, which means that we don't have a consistent steady stream of goods. They end up in the wrong place and this affects availability. We're seeing these shortages soaring in the UK with panic buying - that was purely down to the amplitude in the supply chain - one side getting out of kilter with the other. I don't see it resolving until we start to smooth out that demand and supply. ■

**Paraphrased comments*

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