

# ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy  
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TUESDAY /// SEP 28<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL EXTENDS RALLY INTO 6TH DAY ON TIGHT SUPPLY, BRENT HITTING 3-YR HIGH
2. AS OPEC REOPENS THE TAPS, AFRICAN GIANTS LOSING RACE TO PUMP MORE
3. ADNOC REINSTATES FULL OIL SUPPLIES IN DEC AS OPEC+ BOOST OUTPUT
4. SUDAN OIL EXPORTS RESUME AFTER DEAL BETWEEN KHARTOUM & PROTESTERS
5. NATURAL GAS PRICES IN EU HIT AN ALL-TIME HIGH
6. UAE'S OIL DRILLING UNIT IPO ATTRACTS \$34BN IN ORDERS
7. US TO IRAN: GRANT INSPECTORS ACCESS TO WORKSHOP OR FACE ACTION AT IAEA
8. CHINA'S POWER SUPPLY TIGHTENS AS WINTER DAWNS
9. SUPPLY SHORTFALL, DEMAND STRENGTH TO SUPPORT OIL
10. US SENATE FAILS TO ADVANCE DEBT CEILING, GOVERNMENT FUNDING MEASURE

### RECOMMENDED VIDEOS & REPORTS

- CHINA TO RELEASE METALS STOCKS TO COMBAT TIGHT SUPPLY
- RYSTAD ENERGY: CHINA SET TO SPLURGE OVER \$120BN ON SERVICES & DRILL WELLS
- VITOL CEO ROOTS FOR WTI CRUDE TO BE ADDED IN DATED BRENT BENCHMARK
- TOTALENERGIES EXPECTS PEAK OIL DEMAND BEFORE 2030
- ARE CARBON TAXES TO BLAME FOR EUROPE'S ENERGY CRISIS?
- MIKE MULLER (VITOL): "OUTLOOK FOR OIL MARKETS IN Q4?"

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## NEW SILK ROAD LIVE PODCAST



**Marc Ostwald**  
Chief Economist & Global Strategist  
ADM Investor Services International



**Richard Redoglia**  
Chief Executive Officer  
Matrix Global Holdings



**Frank Kane**  
Senior Business Columnist  
Arab News

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## NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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September is nearly over, and the coats are close to being pulled out from under the bed. Oh hang, not here they aren't. Smugggg. Anyway, Brent is trading this morning at \$80.32/bl up 0.79 and WTI is trading up 0.81 at \$76.26/bl. Today I want to talk about Orangina. Why? Have you actually lost it Stanley? Like actually? No. No, I haven't, but thanks for checking. Orangina, like this current oil market, is a phenomenon. It has always amazed me that some people still don't get that if you accidentally shake or agitate a can of fizzy drink, it will inevitably blow up in your face, soaking you in sugary stickiness that will have you chased by wasps all afternoon. Not Orangina though, oh no, you can



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

shake that can and it will open with only the quietest of "hsss". Phenomenon. It is also the only fizzy drink you would give your children, because it has bits in it. Orangina - the soda worlds

phenomenon. Oil at \$80/bl - a fossil fuel phenomenon. Or is it though? I mean if you're trading this market every day, as many of you do, then the picture is actually very clear, and that is that there isn't enough oil to meet current and future demand. Simple. Trading 101. If there's not enough of something make the price higher as people have to buy it anyway. Collect your gold star and carry on. I get that. You get that and I'm pretty sure my 2-year-old gets that (extra cuddles for the last bowl of Cheerio's. It's not just oil that can be leveraged). Anywayyy. This apparent supply crisis that it seems the UK are in with petrol and most of the world for that matter are in vis-à-vis regarding natural

gas - is it that the world has suddenly run out of gas? No. No, it hasn't. But because of certain supply cuts and a shift in energy policy from certain producers we do face ourselves with a crisis that has stemmed from, with all respect, exceptionally poor planning. We all need fossil fuels to survive, that is clear, but the green agenda, whilst extremely important and one that has to be addressed immediately (right Greta?) has shifted focus away from market needs and unfortunately all this has resulted in is higher prices for the end user. Next week's OPEC meeting is key, the world needs more oil and more than what the group initially agreed they would bring back. Let's see what happens. Good day.

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## ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

**Frank Kane**  
Senior Business Columnist  
Arab News

***“OPEC+ has a plan and they are likely to stick to the script!”***

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## ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

**Marc Ostwald**  
Chief Economist & Global Strategist  
ADM Investor Services International

***“Hurricane Ida was the straw that broke the supply-shortage camel’s back”***

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Kate Dourian, FEI**  
**MEES Contributing Editor & Non-Resident Fellow**  
**The Arab Gulf States Institute in Washington**



#### How come we suddenly have a supply shortage?

We've been warning about this since 2014 and 2015 so it's sort of a compounded effect. Add to that 2020 when the industry couldn't conduct proper maintenance and staff had to be pulled away from projects. We are in for period where supply is tight and going to be determining market direction because demand is coming back. Some estimates have demand returning to 2019 levels by mid-2022. OPEC and the IEA see it coming back by the end of next year. When we have a massive shock to the system, as we did in 2020, predicting demand patterns is very difficult. I think the forecasts were lower than they should have been to start with and we're now realizing that. We also have inventories that need to be filled at some point and we're coming into winter with stocks at low levels. The whole energy complex is up at historically high prices and it's likely to stay up.

#### Should OPEC add more than 400,000 bd to calm the market down?

If required, the likes of Saudi Arabia and the UAE will have to act as swing suppliers, but they don't particularly like to do that. Russia says it's going to be at record levels next year. But if you look at other countries like Kuwait, their capacity is at its lowest in 10 years because they've delayed so many projects. There's a need for investment across the board just to maintain production capacity and this hasn't been done in several countries. Many OPEC members can't meet their quotas and for example Iran's not coming back any time soon. So, many unknowns on the supply side.

#### The UK seems to be having its own energy crisis?

It's not just about a gas shortage in the UK. It's about Brexit. It's about lorry drivers not being available. Supply chains are affecting all commodities. There are low stocks of gas across Europe. The Russians have their own internal storage to think about and to ship to China. They're meeting their commitments, but not going beyond that. Even China is dipping into its stock. The shortage of gas globally means people are burning liquid fuels. Coal is even coming back when we're supposed to be phasing it out. Everybody's burnishing their environmental credentials ahead of COP 26, but the reality is that we are in this spiral where demand needs to be met more immediately. ■

*\*Paraphrased comments*

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