

# ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// SEP 30<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL PRICES SLIP AS US INVENTORIES RISE, DESPITE OPEC'S SLOW ROAD TO ADDING SUPPLY
2. OPEC+ SEEN STICKING TO NOV OUTPUT PLANS, DESPITE \$80 OIL
3. IRAN READY TO EXAMINE GAS CONTRACTS WITH IRAQ AMID INTERMITTENT SUPPLY
4. CHINA'S POWER CRISIS HITS MANUFACTURING
5. OIL TANKER MARKET SET FOR ANOTHER YEAR OF DISAPPOINTING PROFITS
6. US ASKS CHINA TO REDUCE OIL IMPORTS FROM IRAN
7. GLOBAL SUPPLY DISRUPTIONS COULD STILL GET WORSE
8. GLOBAL COAL EXPORTS CONTINUE TO LAG PRE-PANDEMIC LEVELS
9. CAN THE US AVOID ANOTHER GOVERNMENT SHUTDOWN?
10. QATAR SIGNS 15-YEAR DEAL TO SELL CHINA 3.5 MIL MT/YR LNG

### RECOMMENDED VIDEOS & REPORTS

- CHINA'S SHANDONG PRIVATE REFINERIES TO KEEP MINIMUM THROUGHPUT
- EIA: WEEKLY PETROLEUM STATUS REPORT
- EIA: US CRUDE, FUEL STOCKPILES RISE AS PRODUCTION RETURNS
- UN SAYS LEBANON'S ECONOMIC CRISIS BLIGHTS SYRIAN REFUGEES
- DALLAS FED ENERGY SURVEY
- CHINA'S BELT & ROAD PLANS LOSING MOMENTUM AS OPPOSITION, DEBT MOUNT

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NEW SILK ROAD **LIVE** **PODCAST**



**Ali Al Riyami**  
Consultant & Former Director  
General of Marketing, Ministry of  
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**Dr. Carole Nakhle**  
Chief Executive Officer  
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**Andrei Belyi, PhD**  
Professor, Founder & CEO  
Balesene OU

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NEW SILK ROAD **LIVE**

# TOP 3

THURSDAY /// SEP 30<sup>th</sup>

# TAKEAWAYS

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End September, end Q3 and plans are being formed for Christmas. I can scarcely believe that. Brent is trading this morning at \$78.60/bbl down 0.04 and WTI is trading at \$74.92/bbl up 0.09. There was a notification that came through on my phone last night, just after EIA data reported builds on US crude and product stockpiles, that sums this market up perfectly "Oil ignores weekly U.S. weekly build to focus on Goldman's \$90/bbl call". I mean, I'm not really sure what I can add to that? It's absolutely spot on. If we dissect that sentence in to two - then we can see exactly what the push and pull factors of this market are right now. On one hand you have the people who are looking at the facts, the truth, and the



**BY MATT STANLEY**  
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reality of the markets. This, it turns out from experience, is quite a lonely place to be and not a very popular spot. A bit like Margate and I like Margate. Then you have the other side. The place that

looks at Margate and its Scenic Railway and laughs in its face whilst wearing stupid VR glasses and bumping into things. This side is where it doesn't really matter what's going on. It doesn't matter that US oil production is back to pre-Ida levels. Nor does it matter that there is still some 300k b/d of USGC refining production still down. Oh, hang on, nor does it matter that these two issues combine and manifest themselves into crude oil stocks building last week. A nice place to be that "...to focus on Goldman's \$90/bbl call". Here's the thing. Will the market persist with this seemingly nothing but upward trajectory it has been on for more or less that past 12 months? My answer is yes, it absolutely will. OK fair enough, there have been

some corrections along the way but in all honesty the lowest Brent has traded in 2021 has been \$50.70/bbl and that was at the start of the year and looking back nobody can argue that supply cuts and discipline thereof have worked wonders to not only provide support but to get oil prices back to three-year highs. What's the next move I hear you ask? Ah, there be a little meeting on Monday with OPEC+, apparently they will maintain the planned return of 400k b/d. Arguably the world needs more oil than that, so I wouldn't be surprised if we see the market pop its head above \$80/bbl again if no more oil is bought back. Oh, remember the OPEC+ meeting is over Zoom by the way. Because we are still in a pandemic. Just saying. Good day.

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## NEW SILK ROAD

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**Kevin Wright**  
Lead Analyst APAC  
Kpler



#### Are vaccination rates and demand showing any improvement in Asia?

Not really. When it comes to Covid policy, Singapore is a good example of rhetoric not matching action. And if we look at Thai jet fuel, passengers through airports in August were at 365,000 - the lowest since May 2020. So, demand is not improving on that side at all. And if we look across at the larger nations, China crude imports in September were 8.7 million bd; that's compared to six months ago when it was consistently importing just over 10 million bd. If China is backing off, then that's a poor sign for the rest of the region. On the clean products side, exports of gasoline and diesel are way down on what we've seen over the last 18 months. So, all in all, relatively bearish signals in key economies across the region.

#### Is acknowledgment that inflation is here to stay a significant shift for markets?

We've reached a situation now in so many markets and with so many commodities and sectors, where supply chains are creaking on the demand for end-user goods, and that's all knocking into inflation, going to fairly high numbers in the US and the UK and other places. But bear in mind, it's about a disruption to distribution and not actual supply issues.

#### Is there a requirement for OPEC Plus to calm the market with supply?

There needs to be a sympathetic approach on the fundamental priorities of managing price and consumers. Given that OPEC has effectively restricted supply over the last year and a half, and that is what has driven this price rise that we've seen, we have to expect that the group has some sense of responsibility and may see a need to increase output as they said they would. Otherwise, it starts to push through to the major customers and actual buyers of crude from Abu Dhabi and Saudi etc. So, the signals from OPEC need to be pretty positive next week when they meet, in terms of increasing production. ■

*\*Paraphrased comments*

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