

# ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy  
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MONDAY /// SEP 6<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL EXTENDS LOSSES AFTER DEEP SAUDI PRICE CUTS SIGNAL DEMAND CONCERNS
2. US OFFSHORE OIL OUTPUT LAGS AS LOUISIANA REFINERS RESTART AFTER IDA
3. SAUDI CUTS OCT. OSPS FOR ASIA, MED AS OPEC+ KEEPS BOOSTING OUTPUT
4. IRAQ AND TOTAL SIGN \$27BN ENERGY PROJECTS DEAL
5. SAUDI FOILS MISSILE ATTACK ON ITS OIL FACILITIES
6. LIBYAN STATE OIL FIRM SAYS IT WILL HIRE RIVAL'S EMPLOYEES
7. ARMY COLONEL ON GUINEAN TV SAYS GOVT DISSOLVED, BORDERS SHUT
8. EU'S POWER COMPANIES STILL RELY ON COAL DESPITE GREEN PLANS
9. ASIA SHARES EDGE HIGHER ON HOPES FOR MORE STIMULUS
10. OVER 1,000 AWAIT FLIGHT CLEARANCE TO LEAVE AFGHAN CITY

### RECOMMENDED VIDEOS & REPORTS

- BITCOIN MINERS, OIL AND GAS EXECS TALK ABOUT NATURAL GAS MINING
- HOW THE FED PLANS TO SLOW ITS BOND PURCHASES WITHOUT WRECKING THE ECONOMY
- AUSTRALIA'S TREASURER SAYS ECONOMY MUST DIVERSIFY & RELY LESS ON CHINA
- "LEBANON IS AT WAR BETWEEN CORRUPT POLITICAL CLASS AND THE PEOPLE!"

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### NEW SILK ROAD LIVE PODCAST



**Omar Najia**  
Global Head, Derivatives  
BB Energy



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



**Marc Ostwald**  
Global Head, Derivatives  
BB Energy

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## DAILY ENERGY MARKETS FORUM

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### NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Morning all. And to all those in the US enjoying one the last barbecues of the Summer I hope you feast on wings and ribs until your heart's content, or gives out, hopefully the former though. Brent is trading this morning at \$71.60/bl, down 1.01/bl. WTI is trading down 0.98/bl, at \$68.31/bl. So, September has started off just as brightly as August did when it comes to data in the oil market. We shall get on to Friday's US non-farm payrolls in a moment, but the market reaction to official selling prices (or OSP's as they are known) released by Saudi Arabia for the month of October being cut sharply, by some \$1/bl for all crude sold to Asia no less is why we are down this morning. These



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

cuts imply weaker demand in what is Saudi Aramco's biggest buying region and let's bear in mind that October is the start of Q4. Hmmm. Back across the pond and Friday's non-

farm payroll report came in at a woeful 235,000 for the month of August, way below the forecasts of 733,000. "Fear not" says President Biden. Oh OK, thanks for that Joe. The market reaction to this was fairly muted, as it always is whenever a negative headline comes out because it means interest rate hikes may kicked further down the road, and in fact probably will, but the market is certainly sitting up and taking notice, September NFP's will really be the swinger among swingers as Federal support schemes end this week, so those who have been sitting at home collecting free money whilst playing Sonic the Hedgehog on their Sega Megadrive and

then buying half a bitcoin at 3am, may just have to stretch and creek their way out of Mum's, sorry "Mom's" basement, go and get jabbed and take up one of the jobs that are seemingly available everywhere. People still play Sonic, right? Anywayyyy. Two months into the second half and I don't think those forecasts so many made during the first half of the year about oil demand returning to normal are ringing true. September will be key. For both the oil market, and Mikel Arteta. In the meantime, I expect Brent to hang on to \$70/bl like I'm clinging on to hope for an England test match win later. It's nice to be optimistic, isn't it? Good day, and week to all.

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

### Marc Ostwald

Chief Economist & Global Strategist  
ADM Investor Services International

***"Saudi discounts to Asia  
is acknowledgement of  
weaker demand"***

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

### Kate Dourian, FEI

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

***"OPEC+ to continue to  
manage the market like  
a Central Bank"***

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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#### Jorge Montepeque President & Founder Global Markets



#### Current status of oil supply and demand fundamentals?

Demand is growing despite Covid. At the same time, OPEC is keeping global supply restrained and so inventory destruction continues. We need to be ready for price surprises to the upside. The first of these we have seen already in the past couple of weeks in natural gas, which has jumped over \$20 per million BTUs.

#### Cost implications for oil markets if these high gas prices remain?

Globally, LNG demand has been rising strongly as people move away from sulfur and carbon emissions. Policy makers have not been paying attention to the supply side. Both the general public and governments are in a way too bullish about green policies; they want the supply of hydrocarbons to be reduced over the long term and at the same time want oil prices to remain low. We already see the signs of a disjointed policy with, for example, the Biden administration issuing a statement for lower gasoline prices and for OPEC to increase supply. But increasing supply is a 3 to 5 year journey at least so we will get price surprises next year and the year after. There is too much demand today on gas to produce electricity and wind driven electricity is not reliable. All these forces and imbalances can only be resolved through price.

#### Any concerns on the outlook for China's organic economic growth?

China is one of the main drivers of energy demand, not just oil and gas. Growth in China will be lower than before because the government is intervening and preventing market forces to prevail. Too much taxation, too much regulation, too much 'Big Brother' and your growth incline decreases. We have seen that in Europe in the past and the US when government intervention grew too much. I still expect China to grow and oil demand is now coming back but all these measures are going to take away confidence – they're already affecting the Chinese stock market. We need to be ready for a lower incline in growth – it's part of the overall reset. ■

*\*Paraphrased comments*

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