

ENERGY MARKETS FORUM DAILY BULLETIN



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MONDAY /// NOV 15th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES SLIDE AMID FEARS OF SUPPLY BOOST, WEAKER DEMAND
2. OPTIONS TRADERS ARE BETTING ON \$300 OIL
3. BIDEN MUST TAP OIL RESERVES TO LOWER GASOLINE PRICES
4. CHINA'S DALIAN URGED TO RATCHET UP EFFORTS TO STIFLE COVID-19 RESURGENCE
5. TAIWAN QUESTION TO TOP XI-BIDEN MEET
6. SON OF LIBYA EX-RULER RUNS FOR PRESIDENT
7. AUSTRIA INTRODUCES LOCKDOWN FOR UNVACCINATED
8. COP26 MESSAGE TO BUSINESS - CLEAN UP TO CASH IN
9. HISTORY SAYS DON'T PANIC ABOUT INFLATION
10. BANK OF ENGLAND TO BE FIRST MAJOR BANK TO HIKE RATES, PROBABLY IN DEC

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RECOMMENDED VIDEOS & REPORTS

- SEC BLINKEN'S CALL WITH CHINA STATE COUNCILOR & FOREIGN MINISTER WANG YI
- WE'RE CONCERNED ABOUT A 4TH WAVE OF COVID FROM EU, EMIRATES PRES SAYS
- GERMANY IS SEEING 50,000 CASES A DAY, PROMPTING A DRAMATIC WARNING
- DELTA AIRLINES SAYS CLIMATE CHANGE MEANS FLYING WILL COST MORE
- NOW YOU CAN CYCLE ON RIVERS, LAKES, AND OCEANS WITH THIS HYDROFOIL BIKE

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NEW SILK ROAD

PODCAST



Omar Najia
Global Head, Derivatives
BB Energy



Narendra Taneja
India's Leading Energy Expert



Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

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NEW SILK ROAD

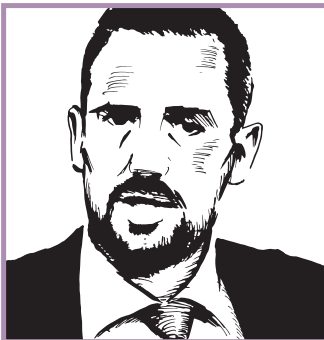
TOP 3

MONDAY /// NOV 15th

TAKEAWAYS

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Good weekend? Done your Christmas shopping? Ahem. Let's speak about other delusions, shall we? This oil market. Brent is trading this morning at \$81.28/bl down 0.89 and WTI is trading perilously close to the milestone of \$80/bl, down 0.75 at \$80.04/bl. Question. Has anybody seen Greta? I mean Glasgow was hardly a success, was it? She's probably stomping her feet so hard she's creating her own geothermal energy and the Rainbow Warrior is on the way to harness it, and her. I mean, seriously. Can we call COP-26 a "success"? I mean for the neep and tatties industry I am sure they received a much needed boost, and I'm sure Sir Thomas Lipton was looking down with pride, but aside from vegetables and the tea industry, how did our powers that be fair in agreeing to tackle climate change, and I mean actually



BY MATT STANLEY
DIRECTOR
STAR FUELS

tackle climate change. I quote from fairplanet.org - "Climate summits like COP26 are urgently needed, that much is clear; but the evident lack of international solidarity suggests a general unwillingness for countries to work through

discomfort - it's only a matter of time before they'll no longer have that choice". Gulp. I mean that'll do it, won't it? ANYWAY. Now that COP-26 is over the oil market can start piecing together what the future of fossil fuels looks like and, arguably, it looks OK. Yes, sure talk about transitional fuels is paramount as is the end goal of net zero climate emissions in a few decades time, but in the meantime if you want to drive your car, heat your home or complete a joint-the-dots book you will jolly well need some oil. Other fossil fuels are available. Apparently. Right, moving on from Greta and Glasgow and Green-ness. All the G's. Let's talk about what nobody wants to talk about, shall we? Arsenal to win the Premier League. Stop it. No, really - let's talk about COVID. Oh mannnn, I hear you cry. Let's look at a headline from this time last

year - "European countries have been grappling with a second wave of infections since September... It comes after new lockdowns and tough social restrictions were reintroduced across numerous European countries in October in an effort to contain the second wave". Let's have a look at the headlines this weekend - "European countries have crossed the danger threshold for a new wave of Covid-19 infections in Europe, forcing the Netherlands to impose a partial lockdown and Germany to warn its people new restrictions are on the way". The pandemic is still very much with us. We are in a much better place than we were, but certain areas are in danger of revisiting a place nobody wants to go back to. This fear is pricing in across oil markets, so keep your eyes on those headlines over the week. Good day, and week to all.

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

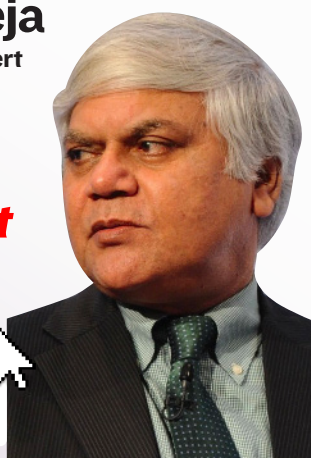
Narendra Taneja
India's Leading Energy Expert

**"India had no
alternative but
to defend coal at
COP26"**

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

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

**"Covid hasn't
gone away!"**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy



Blaming high prices on OPEC is too simplistic a view by the US.

OPEC policy has contributed to where prices are today but the main problem the US faces is inflation. The macro picture is a worry for the entire global economy and the oil sector also. The CPI in the US in September was at 5.4% and at 6.2% in October. In China, factory gate prices were the highest in 26 years and in Germany, the inflation rate hit the highest rate in 28 years. We have a problem of rising prices everywhere.

Has the Fed lost control of this market?

Not yet. They're still saying this inflation is transitory and will hopefully be resolved by the middle of next year once supply chain bottlenecks ease. This may be true, but the question is whether consumers can sustain the additional pain for so long. Politicians are quite sensitive to the reaction of the average person in the street so that raises a dilemma for the government because it wants to trust the economists but also has to respond to the needs of consumers. The Fed might well accelerate its tapering and even revisit its increase of interest rates.

Will Chinese demand remain an engine of demand growth?

I would be cautious about the outlook for Chinese demand in the short term, but it's the longer-term picture that matters most. The country already had structural problems before Covid with regards to its GDP and oil demand slowing down. Meanwhile, we've also seen US crude inventories rising for a third straight week, reaching the highest level since August this year. Everybody seems to agree that supply growth will outpace demand growth in 2022.

Takeaways from COP 26?

It's all in the eyes of the beholder - some might see it as a major success, and others a major failure. One thing that was interesting to hear was John Kerry, the US climate czar, saying that the US would stop producing coal by the end of 2030, only eight years from now. Bearing in mind that coal represents 10% of the country's primary energy mix and 25% of the power sector, it begs the question of how that gap would be filled. The natural gas industry would be the most logical substitute. ■

**Paraphrased comments*

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