

# ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// APRIL 4<sup>th</sup> /// 2021

## DAILY OIL COMMENTARY



We need to think of the ICE Murban oil futures contract in the broader context of what ADNOC is doing -- ADNOC has lifted the destination restrictions

### "IT IS NOW UP TO THE MARKET TO DETERMINE THE VALUE OF MURBAN!"

STUART WILLIAMS, PRESIDENT, ICE FUTURES EUROPE, INTERCONTINENTAL EXCHANGE

on Murban and its other grades of crude oil. They have indicated that it is now up to the market to determine what the value of Murban is, and for their other grades as well for they will be priced at an announced differential to Murban. The new contract will enable the whole market to contribute to the price formation process in determining the right value for Murban and indirectly for the other ADNOC crudes as well. From an exchange perspective, markets provide the ability to

manage price risk, to create a valuation for a particular asset, and for firms it provides the ability to allocate capital and to be more efficient in the way they operate their business. We're already talking with Asian refiners, producers and consumers that have a nexus into Abu Dhabi oil, on how they can use this contract to help them manage their price risk, and also be more thoughtful about how they allocate their capital. We would consider it important for the success of

the Murban oil futures contract to have a decent forward curve, and absolutely that is one of the key priorities for ICE. One of the things we are doing to deepen the liquidity is inputting the Murban contract alongside Brent and providing the ability to trade the Brent-Murban spread, thereby using the forward liquidity in Brent to help bring some of that liquidity into the Murban contract and start building that forward curve.

[WATCH FULL INTERVIEW HERE](#)

## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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Mike Muller  
Head  
Vitol Asia



Christof Rühl  
Senior Research Scholar  
Center on Global Energy Policy  
Columbia University



Sean Evers  
Managing Partner  
Gulf Intelligence

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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# TOP 3

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# TAKEAWAYS

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## TOP 10 DAILY NEWS DIGEST

1. OIL RISES AS OPEC+ DECIDES ON PRODUCTION POLICY
2. US OIL RIG COUNT POSTS DOUBLE DIGIT GAINS AS OIL PRICES RISE
3. INDIA WIELDS OIL 'WEAPON' TO CUT DEPENDENCE ON SAUDI
4. US JOB GROWTH ACCELERATES; UNEMPLOYMENT RATE FALLS TO 6.0%
5. ASIA'S FAILED HIN LEONG'S OWNERS FACE ASSET CLAIMS
6. CHINA OIL GIANTS STRUGGLE AMID COVID-19 IMPACTS
7. OIL DEMAND BOOSTED BY HIGHEST NUMBER OF FLIGHTS SINCE COVID-19 STARTED
8. RUSSIA TO TAKE 'MEASURES' IF WESTERN TROOPS SENT TO UKRAINE
9. US & CHINA'S NEXT ECONOMIC BATTLE WILL BE OVER CLIMATE CHANGE
10. API SAYS BIDEN'S INFRASTRUCTURE PLAN JEOPARDIZES US ENERGY JOBS

### RECOMMENDED VIDEOS & REPORT

- US LNG EXPORT BONANZA RESHAPES ENERGY MAP IN ASIA
- US & IRAN TO INITIATE INDIRECT TREATY TALKS ON APRIL 6
- BIDEN ON PACE TO ADMINISTER 200MN VACCINE DOSES IN FIRST 100 DAYS
- OIL & GAS MAJORS MUST SHIFT FIDUCIARY FOCUS
- LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

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# OPEC+ Deal

	OPEC+	Saudi	TOTAL
May	350,000	250,000	600,000
June	350,000	350,000	700,000
July	450,000	400,000	850,000
			2,150,000

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## SIX MONTH NOTICE

### The 10<sup>th</sup> Gulf Intelligence Energy Markets Forum 2021

Under the Patronage of His Highness Sheikh Hamad Bin Mohammed Al-Sharqi  
Member of the Supreme Council and The Ruler of Fujairah, UAE

Oct. 4<sup>th</sup> - 5<sup>th</sup>, 2021 | Novotel, Fujairah



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# DAILY ENERGY MARKETS FORUM

## NEW SILK ROAD



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## VIEWS YOU CAN USE

**Mike McGlone**  
**Senior Commodity Strategist**  
**Bloomberg Intelligence**



### Excess supply versus demand is at its highest ever.

We're all hoping for demand to come back but I'm bearish at these levels. The high we saw on Brent in the first quarter, \$71.38/bl, could mark the maximum end of the range since the big breakdown in 2014. Oil is going to continue to do what it's been doing for most of the last six years - trade at the upper end of the range and go back to the mean of that period.

### Should OPEC Plus be concerned about the recovery of US barrels?

The average cost of production in the US has dropped below \$40, the lowest in our database for five years. We already have commercial hedging taking place and futures recently reached a three-year high. So simple economics tells us that US supply is coming back. Every time we get a decent price spike, we get a massive spike in commercial hedging because there's so many producers that cannot wait to sell forward to lock in production and profits. And there's all the excess supply up in Canada too. The problem is that demand may never come back - and downward revisions on estimates have continued.

### U.S. gasoline is looking stronger, creeping back to year ago levels?

Demand might come back to where it was, but it's incrementally been flattening. US liquid fuel demand today is at around 20mn barrels, exactly where it was 20 years ago and yet, we're at higher prices. This is not a level I would want to be long on - I fully expect prices to gravitate back towards the average of the last few years, which is about ten dollars lower than where we are today. ■

*\*Paraphrased comments*

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