

TOP 10 DAILY NEWS DIGEST

1. OIL GAINS MORE THAN \$1/BBL AFTER SAUDI PRICE HIKE
2. AVERAGE US PRICE OF GAS DROPS 2 CENTS OVER 2 WEEKS, TO \$3.46
3. LIBYA NOC SAYS 4 OIL PORTS SHUT DOWN DUE TO BAD WEATHER
4. OMICRON HAS NOT KILLED ANYONE SAYS WHO
5. US 5 KEY TAKEAWAYS FROM THE NOV JOBS REPORT
6. CHINA SEEKS FIRST MILITARY BASE ON AFRICA'S ATLANTIC COAST
7. CANADA: 'WE ARE BLEEDING CAPITAL' AND THAT SPELLS BIG TROUBLE
8. THE CHINA EVERGRANDE CRISIS IS COMING TO A HEAD
9. FAUCI SAYS EARLY REPORTS ENCOURAGING ABOUT OMICRON VARIANT
10. BIDEN'S PUSH AGAINST SANCTIONS ON RUSSIA'S PIPELINE PUTS DEMOCRATS IN A BIND

Series Supported By:



RECOMMENDED VIDEOS & REPORTS

- BRIEFING WITH SENIOR STATE DEPARTMENT OFFICIAL ON 7TH ROUND OF THE JCPOA TALKS
- NOV CONSUMER PRICE INDEX: WHAT TO KNOW THIS WEEK
- UAE EXPANDS MUGHARRAQ PORT TO BENEFIT FROM OIL & GAS PROJECTS
- CLYDE RUSSELL, THOMSON REUTERS: WHAT OPEC+ DOES WITH OUTPUT MATTERS MORE THAN WHAT IT SAYS
- 2 BIG MARKET RISKS FOR 2022, ACCORDING TO BANK OF AMERICA

DAILY ENERGY MARKETS FORUM
NEW SILK ROAD
PODCAST

Omar Najia
Global Head, Derivatives
BB Energy

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

Clyde Russell
Asia Commodities & Energy Columnist
Thomson Reuters

CLICK HERE TO LISTEN

DAILY ENERGY MARKETS FORUM
NEW SILK ROAD LIVE

TOP 3
MONDAY /// DEC 6th
TAKEAWAYS

CLICK HERE TO VIEW

I hope everyone had a good weekend. Christmas shopping done? Thought so. Brent is trading this morning up 1.66 at \$71.54/bbl and WTI is trading at \$67.97/bbl up 1.71. Today's cracker. Knock Knock. Who's there? Wendy. Wendy who? Wendy red red robin comes bob bob bobbin along. Don't thank me yet, ok? Plenty more of these to come. Rightttt. Oil? Yep, let's talk oil. Actually, do people really want to talk about things that are serious right now? It certainly doesn't seem that way, and this is reflected in the same pattern we have seen every morning over the past week. We trade up, we grind down over a few hours, then the US get in and sell it back down to where we started. I wouldn't call it ignorance, that's too harsh, but



BY MATT STANLEY
DIRECTOR
STAR FUELS

there is certainly something in the air that people don't want to talk about. And of course, that is Covid. And Evergrande actually, nobody wants to talk about Evergrande, so I won't either, even though default

potential is highly likely, but we won't talk about it, seeeee. Back to Covid a second, look I get it, it has been with us for two years now and people don't want to attend the first cocktail party for two years and talk about the very thing that has meant that they haven't been to a cocktail party in two years, do they? Imagine. "So, how have you been? Great to see you, cheers. Family OK? Pleased to hear that. So, this Omicron variant, not very goo...". Before you're evicted by a burly bouncer for using the dreaded "variant" word. A room full of Basil Fawlty's at cocktail parties all around the world - "I mentioned it once, but I think I got away with it Sybil". Anywayyyy, Christmas time, for those that celebrate it, is always one of those "I'll

worry about it in the New Year" periods, and I wouldn't mind betting on the oil market doing the very same thing. It only felt like yesterday that I was using the term "bad news is good news" but because the Covid situation is so fluid, and that markets understand now how variants will be dealt with by the powers that be, we are back in a negative but positive trading environment. So, if Omicron cases continue to rise then this is actually positive for oil because it means OPEC+ step in and we get less oil. Negative is positive. What a market we are in. What does this mean for prices? I'll take your \$70/bbl floor and raise you a \$75/bbl ceiling. Let's see what the week brings, apart from stupendous jokes, obviously. Good day and week to all.

Series Supported By:



DAILY ENERGY MARKETS FORUM
NEW SILK ROAD

EXCLUSIVE SERIES
VIEWS YOU CAN USE

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy Studies



How is the recent OPEC decision impacting market structure?

We've had a big collapse of the backwardation in the market, which is key, because it's been the policy of OPEC to keep that backwardation going - it's been the backbone of price strength. The key thing we got from the meeting last week is that it was not adjourned. OPEC is keeping the market guessing and markets don't like uncertainty. Let's remember that we also have not exited this demand shock mode. We see some borders closing because of Omicron and by the time we find out about its scientific impact, demand will have slowed down to a certain extent anyway, just as we had started to see jet fuel recovering. China is also not looking particularly bullish, with the crack down on the teapot refineries, subprime property crisis and likely restrictions on industrial activity ahead of the Winter Olympic Games. So, we're back to looking at fundamentals.

Impact on oil of what looks like a more hawkish US macro policy for 2022?

An increase in interest rates is usually not good for commodities as it results in less backwardation and a weaker market. But putting macroeconomics aside and looking at oil supply, I am more optimistic about Iranian barrels returning to the market than the recent rhetoric suggests. If Biden wants to reduce the price of oil very quickly, that's the obvious button to press. In our estimates, Iran has at least 100-140 million barrels of stored oil so you could get up to a million barrels a day overnight. Meanwhile, on the bullish side, we have Saudi OSPs coming out in the next few days and those will probably pick up a little. And even though there's plenty of non-OPEC supply expected to come out in the next 12 months, there's very little spare capacity being left in OPEC. If demand keeps picking up, what are they going to do? All the power has been in that spare capacity. ■

*Paraphrased comments

Copyright © 2021 GULF INTELLIGENCE FZ LLC. All Rights Reserved.
Registered at Dubai Creative Clusters Authority. Registered Address: DMC 9, Office 310, Dubai Media City, PO Box 502466, Dubai, UAE.

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

Clyde Russell
Asia Commodities & Energy Columnist
Thomson Reuters

"What I do see coming to an end is China's need to import for SPR - Imn b/d!"

CLICK HERE TO VIEW

Series Supported By:

mashreq المشرق



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

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

"Saudi OSPs are something the market is following much more closely than in the past!"

CLICK HERE TO VIEW

Series Supported By:

mashreq المشرق



Series Supported By:

