

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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THURSDAY /// JUNE 24th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL CLIMBS AS DRAW IN US CRUDE STOCKS BOOSTS OPTIMISM ABOUT DEMAND
2. OPEC HAS A ROLE IN TAMING INFLATION, SAYS SAUDI ENERGY MINISTER
3. CHINA'S PRIVATE REFINERS SUSPEND BITUMEN BLEND IMPORTS
4. EIA: US CRUDE OIL INVENTORIES DECREASE LAST WEEK
5. IRAN SAYS US TO LIFT OIL SANCTIONS, GERMANY CAUTIOUS ON MATTER
6. A RECORD CASH FLOW IS BREWING FOR THE WORLD'S PUBLIC E&PS
7. MAINTENANCE IN RUSSIA AFFECTS PRODUCT SUPPLY
8. INDIA'S MIDDLE EAST CRUDE DEPENDENCE RISES IN APRIL-MAY
9. ANALYSTS AT ODDS OVER WHERE COMMODITY PRICES WILL HEAD FROM HERE
10. TESLA LIFTS NASDAQ TO RECORD-HIGH CLOSE

RECOMMENDED VIDEOS & REPORTS

- MIDWEEK OIL REPORT
- DALLAS FED ENERGY SURVEY
- ABN AMRO RAISES OIL PRICE OUTLOOK
- US NEW HOME SALES TUMBLE TO ONE-YEAR LOW AS PRICES SOAR
- BUILDING A GULF NATIONAL OIL WORKFORCE OF THE FUTURE?

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Ole Hansen
Head, Commodity Strategy
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Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



Vitaly Yermakov
Senior Research Fellow
The Oxford Institute for Energy
Studies

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3 THURSDAY /// JUNE 24th TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. Brent is trading this morning at \$75.47/bl, up 0.26/bl. WTI is trading up 0.27/bl, at \$73.35/bl. So, where do we begin, I know - Napoleon Bonaparte "The fool has one great advantage over a man of sense; he is always satisfied with himself." Sums up the bull market quite nicely. Thanks for that Napy, Bony? I don't know, what was his nickname? Anyway, good news! If you're in the UK you can go to where Bony was buried - Saint Helena, that's on the travel green list. Just make sure you book in advance because there's only one flight every six weeks. And this is where I'm going with this because I want to talk about international travel and the effect thereof on jet fuel demand. Let me start with why this is important. Oil demand is still down by



BY MATT STANLEY
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about 5mn b/d since the start of the pandemic, (a pandemic we are still in by the way even if you do have to search for headlines on it). Many are predicting, including OPEC+, that the vast majority of that

demand will come back by the end of 2021. Half of this demand return is jet fuel. There was a poll on the radio this morning and it asked a very simple question - What are your summer travel plans? There were three answers to choose from. 1) Booked a holiday. 2) Staying in UAE. 3) Still deciding. The results were 1) 30%, 2) 47% and 3) 23%. I am using this poll result because this is a real-life question that people are answering. It's not been put together by a desk of people with way bigger brains than mine and applying lots of algorithms to lots of models. No. This is the reality. Don't get me wrong I want the freedom to travel as and when I please back more than I could go on about, but the reality is that people are just genuinely a little bit afraid

of international travel. That may vary from anxiety about getting put on a red list whilst you're in the middle of sipping on some of Piedmont's finest to calming your apprehensive daughter down about a cotton bud being shoved up her nose. The situation is this - we are in a better place than we were regarding demand, EIA data showed this last night, but talk about demand returning in the fashion many forecasts is frankly a little delusional. The public have spoken. All the while Brent has consolidated above \$75/bl. At what point do those barrels eventually start making a comeback? Because this isn't a demand driven rally, it's all down to side-lined supply. Ohhhhhh Viiennnnnnnaaaaaa. Via Zoom. Because remember, we are still in a pandemic. Good day to all.

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

Dr. Carole Nakhle
Chief Executive Officer
Crysol Energy

**“Oil Being Swept
Along with Energy
Commodities Sugar
Rush”**

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

Ole Hansen
Head, Commodity Strategy
Saxo Bank

**“OPEC Meeting Next
Week Most Critical of
The Year So Far”**

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Maleeha Bengali
Founder
MB Commodity Corner



What impact have recent Fed statements on rate hikes had on oil markets?

The Fed is still very committed to a loose monetary policy, but it is indicating that the rate of change of QE is slowing down and the market is digesting that. We're now talking about inflation being quite sticky, not transient, and that can change the whole inflation dynamic. Commodities have been knocked lower in general but not oil, as supply is very tight right now and we have seasonal demand in US gasoline and European travel also opening up. We will have a shortage of oil for the next two or three months.

The Fed backtracked a little this week – why?

The Fed was caught by surprise as to how the markets reacted to their comments about rate hikes. But the long-term story is still that they will be looking to take their foot off the pedal. It won't be a fast tapering because of the risk of collapse, but the needle has moved in the right direction. At end of the day though, they're still buying \$120bn of assets every month – that's a lot of QE and liquidity in the market.

Should OPEC be concerned about oil prices harming emerging markets?

OPEC has the opportunity to take their time to manage any market supply increase. Oil demand is picking up but interestingly, one thing they cannot quantify is how much of that is coming from commodity index fund flows. Still, it suits them to run with \$75 or \$80 for now. They have worked hard to get prices up and there's no risk of US shale coming back due to capital discipline. They can take it one month at a time. ■

**Paraphrased comments*

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