

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// JUNE 16th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES CLIMB ON HUGE INVENTORY DRAW
2. OIL BULLS TAKE CHARGE AS DEMAND OUTLOOK IMPROVES
3. TOP OIL FORECASTERS WARN OIL PRICES COULD HIT \$100/B
4. EU REFINERIES RESTART AHEAD OF FUEL DEMAND RETURN
5. SHELL'S PERMIAN ASSETS SEEN AS A BELLWETHER FOR SHALE DEMAND
6. CHINESE GASOLINE DEMAND IS DRIVING OIL PRICES HIGHER
7. DEPLETED GAS STOCKS FORCE EUROPE TO USE MORE COAL
8. VITOL WARNS OF OIL SUPPLY 'GAP' IN 2025-2035
9. SUDAN'S PRIME MINISTER WARNS OF RISK OF CHAOS
10. US POWER & NATGAS PRICES SPIKE IN TEXAS & CALIFORNIA HEATWAVES

RECOMMENDED VIDEOS & REPORTS

- FED WALKS TIGHTROPE BETWEEN BIG JOBS GAP & RISING INFLATION
- TOP TRADING HOUSES SPEAK AT COMMODITIES CONFERENCE
- THE RENEWABLE BOOM FACES A MAJOR HURDLE DESPITE RECORD INVESTMENTS
- TURKEY AGREES TO FOREIGN MERCENARIES' EXIT FROM LIBYA

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Sara Akbar
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Kuwait & Non-Executive Director,
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Victor Yang
Senior Editor
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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// JUNE 16th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to another episode of an American President meets another world leader in an independent state. This time however the waist band on the trousers is a little bit less. For the uninitiated US President Joe Biden is meeting Russian President Vladimir Putin in Geneva today. In a park. I can see the memes now. "Right Grandpa, tops off, we're having a race on the back of a bear round the park. Loser buys the drinks." "Hey Joe, nice to meet you, weak handshake though, you won't get far feeding the ducks in the pond with that, stiffen up man!". I could probably go on for hours but I'm a professional, so I will keep it that way. Anwayyyyy, oil? Shall we?



BY MATT STANLEY
DIRECTOR
STAR FUELS

Oh, OK then. Brent. Wait a minute. Hold the phone, hold this beverage and call the feds. It's trading at \$74.50/bl, up 0.51/b. Incredible. WTI is trading up 0.46/bl, at \$72.58/bl. Goodness me. Anyone seen

Dumbo? And no don't go "well yeah I've met you haven't I Stanley?" I'm talking about the Disney film. There's a train called Casey Junior. Incredible little anthropomorphic train that never gives up, once it's going there's no stopping him. That's what this oil market is. It's Casey Junior. Going down the track. With his smoking stack. It seems that the \$100/bl oil argument could very well ring true if we continue to go down the path that Casey is carving. What are the reasons though? Now, this is an interesting question. Yesterday, the CEOs of various oil traders got together and discussed their outlooks for oil. Most of them see demand returning to pre-

pandemic levels by "Q3 or Q4 of 2022." The reason flat price is trading where it is, is because of supply being held back. This I fear, is a dangerous plan. Sure, OPEC did a great job in stabilising the market last year when negative oil was thrust upon even the most optimistic of us. But can we say that oil prices at levels not seen in over two years when demand is down is a good thing? This is something that, by and large, is being ignored. The other main takeaway and I quote Mr Igor Sechin here "The world consumes oil but is not ready to invest in it." GRETTTTAAAAAAA !!! Stats later, more builds on product stocks apparently? Oh, hello can, fancy seeing you here. Kapow! Good day.

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Richard Redoglia
CEO
Matrix Global Holdings



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DAILY ENERGY MARKETS FORUM INDUSTRY SURVEY



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39%
Agree

61%
Disagree

Aviation travel
will return to
pre-covid levels in
the US & EU by
end of 2021?

Source: GI Research June 2021

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Vitol



aramco



مؤسسة نفط
الشارقة الوطنية
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Mashreq 60-SECOND SOUNDBITE

Sara Akbar
Chairperson & CEO, OilSERV,
Kuwait & Non-Executive
Director, Petrofac

**“OPEC+ will probably add
1mn bpd at July 1 meeting
to cool markets”**

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Mashreq 60-SECOND SOUNDBITE

Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

**“Record shipping rates
will impact the price
of your Nikes”**

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Omar Najia
Global Head, Derivatives
BB Energy



Will anything stop Brent hitting \$75 soon?

No – we are now going to get what we call ‘mass amnesia’, where everybody forgets that they were bearish. That’s going to take us another \$7 or \$8 higher by the end of the year - I would be looking at WTI to trade very close, if not at \$80, along with higher equities, higher commodities, higher bitcoin. Market participants are going to wake up and it’s going to be risk on and decent buying across the board. Shorter term, we could hit \$72 this week, with the next target at \$78 or \$79.

Is this bullishness purely sentiment driven given Covid realities?

Bottom line is that Covid was done and dusted for the markets about a year ago. Covid will still be in the news but the pool of possible people that can get infected and transmit it is getting smaller and smaller and deaths are mercifully falling everywhere. If the massive vaccine drive is not convincing people that Covid is coming to end, nothing will. Everything from inflation to massive liquidity, to growth and overheating economies - all of that is positive for oil and commodities. The only thing that keeps being brought up repeatedly is Covid. OPEC meanwhile is not going to shoot itself in the foot by allowing prices to drop - it will continue to keep oil off the market and keep prices in line with inflation, the S&P and other commodities. ■

**Paraphrased comments*

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