

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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MONDAY /// SEP 13th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL CLIMBS TO ONE-WEEK HIGH ON US SUPPLY CONCERNS
2. HERE'S WHY US CRUDE OIL SUPPLIES TOOK SUCH A BIG HIT FROM IDA
3. VITOL SAYS ASIA TO 'COME ROARING BACK' IN Q4 OIL DEMAND
4. BPGIC COMMISSIONS PHASE TWO OF FUJAIRAH STORAGE
5. US PULLS MISSILE DEFENSES IN SAUDI ARABIA AMID YEMEN ATTACKS
6. HARD ACTS TO FOLLOW, FROM ANGELA MERKEL TO THE QUEEN
7. IMF: OMAN DEFICIT AND DEBT SET TO PLUNGE AFTER COVID-19 SHOCK
8. RECOVERY OF CHINA-US TIES SEES 'TROUBLEMAKING FROM TAIWAN ISLAND'
9. QATAR'S FOREIGN MINISTER VISITS PREMIER OF TALIBAN-RULED AFGHANISTAN
10. WEST PONDS FOR AFGHANISTAN: CHINA & PAKISTAN QUICK TO PROVIDE RELIEF

RECOMMENDED VIDEOS & REPORTS

- JOIN STATEMENT OF IRAN AND THE DIRECTOR GENERAL IAEA
- NORWAY VOTES - BUT IS EUROPE'S BIGGEST OIL GIANT READY TO GO GREEN?
- "UPTAKE OF CIRCULARITY IS NOT AT A PACE WHERE IT NEEDS TO BE"
- "OFFSHORE OIL & GAS VESSELS ARE TAKING A SHARP BEATING!"

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NEW SILK ROAD LIVE PODCAST



Chris Wood
Chief Executive Officer
Savanara DMCC



Sara Akbar
Chairperson & CEO, OILSERV, Kuwait Global Head, Derivatives
& Non-Executive Director, Petrofac



Omar Najia
BB Energy

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NEW SILK ROAD LIVE

TOP 3

MONDAY /// SEP 13th

TAKEAWAYS

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Brent is trading this morning up 0.50 at \$73.42/bbl and WTI is trading at \$70.27/bbl up 0.55. So, here we are, another week and a week most in the oil market would be finalising meetings/side talks at conferences/lunches and all manner of extracurricular activities for the upcoming APPEC week in Singapore. Except the market isn't. Because we're still in a pandemic. I have been fortunate enough over the last couple of decades to attend many an APPEC conference, and perhaps a lunch/ dinner or five, ahem, but it was something myself and I'm sure all of us took for granted. This time last year I am pretty sure we were all saying, "yeah don't worry,



BY MATT STANLEY
DIRECTOR
STAR FUELS

next year we can have a good old catch up", now? I mean I want to be positive, but do I see things going back to 2,000 people in a room eating meat on a stick and drinking from a

glass you're not sure is yours? No, I don't TBH, not any time soon. I imagine the halls of The Fullerton will be adorned with nostalgic black and white photos of oil traders at bygone APPEC cocktail parties in a few years' time. Anyway, enough of being wistful, let's talk about what is happening this week, shall we? Go on then. OK so we have a raft of energy agency data this week, starting with IEA tomorrow. We are near the end of Q3, a quarter that was going to see demand return with a vengeance. Hmm. Let's see what IEA say about that tomorrow. Then we have OPEC's monthly report followed by the EIA. Here's the thing. Does anybody believe these reports are going

to show demand for August was good and September is looking even better? Let's bear in mind that several major cities in China were locked down for August and hurricanes in the USGC have kept people indoors and in general international travel, whilst easing somewhat, is still down, in fact in the period 1 Jan - 30 June 2021 there were a total of 13,365,779 commercial flights tracked, this compares to 12,027,494 in 2020 and 20,181,129 in 2019. I'm just saying. Today though, ignoring everything all the above, crude is up 0.50, on the back of lower of US production and US refineries making a comeback. Long may distraction reign. Good day, and week to all.

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

Sara Akbar

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

***"The Biggest Iceberg
for Oil Market is Supply
Shortages Ahead"***

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

Chris Wood

Chief Executive Officer
Savanara DMCC

***"Is China Rolling
out a New
Socialism?"***

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Christof Rühl

Senior Research Scholar - Center on Global Energy Policy
Columbia University



Why have oil prices reacted so modestly to Hurricane Ida shutting in over 1mbpd?

You could also point to another statistic which came out earlier this month in the US -- the claims for unemployment are now below the available job openings. That indicates a red-hot economy on top of these oil production shortages from Ida of 1.4 mbpd, and what both of them tell us is that there's just plenty of oil around. You can also add to that, August production of OPEC+ was still way below their target quotas, so they are under what their own agreement permits them to pump.

What is the Outlook for OPEC+ to add more supply?

It is worth noting that in the producing countries outside of OPEC, the 'plus' countries of OPEC+, other than Russia, most are struggling to reach their quotas and in some cases are declining. That should be another bullish indicator, and still oil prices are only up to \$73. So even if there is a short-term price spike right now because of this accumulation of bullish things, it just indicates how oversupplied markets are. It indicates the knowledge that shale oil is coming back gradually, as well as expectation that more production will come from the North Sea, from Brazil and other areas of higher cost production, and so there is just no reason for markets to get concerned by current events.

Should the Market be more Concerned about Supply or Demand?

When you combine the outlook for economic growth, the demand side of the equation, you see economies are not exactly taking off like a rocket. You see more worries about the Delta virus and possibly other contagions coming after it. It explains why we are seeing a much more moderated picture. The reality is that despite Hurricane Ida, despite OPEC+ failing to raise production to their quota levels, and despite the strong US economy -- all these factors combined are still not lifting prices much higher. I think it confirms to those of us who sit on fundamentals, there is plenty of oil in the world full stop. ■

**Paraphrased comments*

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