

ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// JUNE 6th /// 2021

DAILY OIL COMMENTARY



The US appears to see the goal of the talks in Vienna is to secure an amended nuclear agreement with Iran that is longer and stronger than its predecessor. That means the sunset provisions that expire in

WE SHOULD NOT EXPECT ONE BIG ANNOUNCEMENT ON EVERY ASPECT OF THE IRAN NUCLEAR DEAL

Amos Hochstein, Former Obama-Biden Special Envoy for International Energy Affairs, US Department of State

2030 for example, would probably have to be extended as we have lost several years from the Trump administration's withdrawal from the agreement. The Biden administration is demonstrating an earnest desire to return to a negotiated framework with Iran and reach an agreement that both sides can work with, but whatever form this takes it may not necessarily be final. There could be many steps to the

removal of certain sanctions aligned with progress on nuclear enrichment, followed by a more comprehensive agreement that would govern a new verification mechanism. These negotiations are not simply a matter of returning to the JCPOA of 2015. The ultimate goal for the US today is not to allow Iran to have nuclear weapons and the best way to achieve that is through an agreement. That was the rationale

in 2015 and still is. But we live in a different world in 2021 and so we must make adjustments based on newly gathered intelligence. The region is not what it was six years ago, and I would hope that any administration coming in now would want to tweak any previous agreement, while not overhauling it too much so that it makes it impossible to reach agreement.

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TOP 3

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TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. OIL HITS TWO-YEAR HIGH ON OPEC+ DISCIPLINE, DEMAND HOPES
2. WTI NEARS \$70 AS BULLS RUN RAMPANT
3. US RIG COUNT FALLS AS DRILLERS SHOW DISCIPLINE
4. COMMODITIES HEDGE FUNDS BACK IN VOGUE AFTER YEARS OF OUTFLOWS
5. CHINA: BITUMEN BLEND TOPS MAY CRUDE IMPORTS FOR INDEPENDENT REFINERS
6. JOB CREATION ACCELERATED BUT IS STILL BELOW LOFTY EXPECTATIONS
7. WALL ST WEEK AHEAD INVESTORS EYE WASHINGTON TALKS
8. NILE RIVER SECURITY ORGANIZATION IN THE MAKING?
9. THE FED'S INFLATION LOGIC IS FLAWED & DANGEROUS
10. IRAN NUCLEAR TALKS TAKE A BREAK: HERE ARE THE STICKING POINTS

RECOMMENDED VIDEOS & REPORTS

- AIRPORT'S DAILY TRAFFIC VARIATION
- CHINA IS ENCOURAGING THE USE OF GREENHOUSES TO SECURE PRODUCE SUPPLY CHAINS
- CHINA MANUFACTURERS 'WAIT & SEE' AS VIRUS OUTBREAK SNARLS-UP SOUTHERN SHIPPING HUBS
- US PUSHING FOR EXTENSION TO IRAN NUCLEAR DEAL SUNSET CLAUSE BEYOND 2030

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Mike Muller
Head
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***"Global Oil Stock Draws
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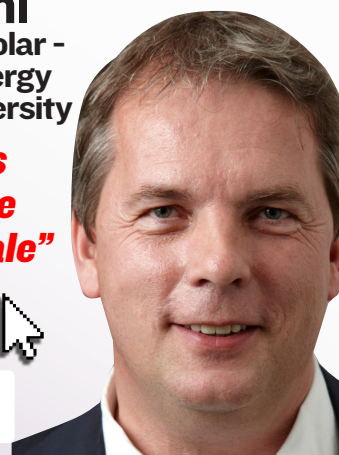
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Christof Rühl
Senior Research Scholar -
Center on Global Energy
Policy, Columbia University

***"At these Prices
we've Seen Little
Reaction from Shale"***

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Amena Bakr
Deputy Bureau Chief
Energy Intelligence



Any surprise at OPECs decision this week?

No surprise but they do still have time to alter the agreement. They're going to meet on the 1st of July, so they have time to see how the market responds. One of the main reasons that the meeting was so short is that Iran was not discussed and that's because nobody knows when the nuclear talks will be concluded or how the sanctions will be lifted. Still, informal conversations have taken place with Iranian officials on plans for a timeline and volumes of oil returning to market once a deal is done. The Iranians have so far said that they will not accept a controlled come back and that they will do it at their own pace, regardless of what happens to prices.

Has the momentum on the talks in Vienna diffused a bit?

Many of the OPEC states do not see this nuclear deal as imminent anymore and that will give them more time to digest what Iran is capable of bringing back. We expect to see an increase in Iranian exports of around 350,000 bd by August and another 650,000 bd by early 2022, from about 900,000 bd today. And production will hit around 2.9mn bd from around 2.6mn now.

OPECs stance on higher prices versus putting more barrels into the market?

One of the reasons they chose to roll over the current agreement is because they're happy with where prices are. But in the second half of the year, there's going to be a supply deficit and they do have room to continue to gradually ease those cuts.

How is capital expenditure in oil and gas fairing in 2021?

We expect investment in upstream this year to be around \$370bn, \$25bn below 2019 levels. This includes many Gulf producers who are investing now to boost their capacity. Saudi Arabia has said it wants to go beyond 13 million bd. They're betting there will be a shortage in the market, and as low cost producers, they want to take advantage of the situation later on. ■

**Paraphrased comments*

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