

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// NOV 16th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES DROP ON DEMAND WORRIES, RISING SUPPLIES
2. AT ADIPEC, OIL INDUSTRY DEFENDS FOSSIL FUELS IN COP26 AFTERMATH AT ABU DHABI EXPO
3. SAUDI SAYS OPEC+ BROUGHT STABILITY TO OIL MARKETS THROUGH ITS POLICIES
4. BIDEN MOVES TO BAN OIL, GAS DEVELOPMENT OUTSIDE NATIVE AMERICAN PARK
5. BP: OIL & GAS WILL BE IN THE GLOBAL ENERGY SYSTEM 'FOR DECADES'
6. EU'S VON DER LEYEN REGRETS COP'S COAL COMPROMISE
7. DUBAI AIRPORT PASSENGER TRAFFIC CONTINUES TO RISE
8. UAE, KUWAIT SEE NO REASON TO CHANGE OPEC+ PLAN
9. NATURAL GAS PRICES COULD SPIKE AS EU BRACES FOR ITS FIRST COLD BLAST
10. SHELL DITCHES THE DUTCH, SEEKS MOVE TO LONDON IN OVERHAUL

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RECOMMENDED VIDEOS & REPORTS

- ENI CEO: OIL PRICES COULD REACH \$100, BUT NOT FOR LONG
- CHINA'S BAN ON AUSTRALIAN COAL BACKFIRES, CAUSES ENERGY CRISIS
- RENEWABLES ARE POWERING THE ENERGY TRANSITION
- SHIPPING - 2021 YEAR IN REVIEW AND 2022 OUTLOOK?

DAILY ENERGY MARKETS FORUM NEW SILK ROAD

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PODCAST



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TOP 3

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TAKEAWAYS

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In my best Richie Benaud impersonation, hello everyone and what a fascinating days play we have ahead of us. Shexit. More on that in a moment. Brent? Let's start with that. Brent is trading this morning up, for some reason, 0.82 at \$82.87/bl and WTI is trading at \$81.45/bl up 0.57. OK, so yesterday was one of those too stubbornly annoying days in the oil world. We traded down for most of the day on the back of general sentiment in most markets that, whilst the recovery is set, rising Covid cases have put the brakes on what has been something of an extraordinary year for oil with prices doubling in twelve months. Then the market decided yeah, nah, can't be bothered with any of that reality nonsense, and we went from trading at \$80.67/bl at 3:30pm London time to closing at \$82.05/bl. This morning we are up 0.82 because, ummm, \$82.87/



BY MATT STANLEY
DIRECTOR
STAR FUELS

bl is a nice number? Look, the story remains the same, demand is outpacing supply and that supply was cut in the first place because demand was down. Now demand is down a bit and supply is up a bit, but demand could go down so if supplies go up and demand does

go down then prices go down, and with supplies up, demand down and oil down then supply will outstrip demand. OK? I mean that's where the market is, can't be bothered to read that again, reads the first bit and hits the buy button. Anywayyy, like I said last week, I think the story remains the same until the end of the year and \$80/bl is far too good a bargain to miss out on for the bulls so that is where the floor is on prices for the next six weeks in my opinion. \$90/bl could still be very much on the cards by year end. I don't agree with it, but you can't stop a runaway train. I mean you can. It would probably just take a long time. And you'd need some very grippy shoes. Let's worry about that in January says Mr Bull. So, Shexit. For the uninitiated, Shell have decided to drop the "Royal" and move their corporate headquarters to London. Shexit. This was summed up by a

man called Frank van der Vorm, a man who advises organisations in the Netherlands on how to obtain "royal" in their title. "Their reputation had already come under pressure due to the global focus on fossil fuels," he said. "It's losing its shine." Ooooooh, someone's tiredddd. Not bitter their Frank, no? I mean it's the end of an era, of course, but move on Frank, wow. Back to oil and this headline struck me as something that pretty much sums up 2021 - "U.S. oil producers are struggling to find enough crews, vehicles and equipment to take advantage of rising global demand and a seven-year high in crude prices, say executives at oilfield service firms." I will leave you with this classic from the late, great Richie Benaud though, just to encourage some optimism - "And Glenn McGrath dismissed for two, just 98 runs short of his century". Brilliant. Good day.

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

Peter McGuire
Chief Executive Officer
XM Australia

**"Inflation
frightening scenario
for consumers"**

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

Chris Wood
Chief Executive Officer
Savanara DMCC

**"Time needed for
energy transition now
being recognized"**

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Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency



Will Covid resurgence in Europe affect oil demand recovery?

I've always considered that to be a significant risk as we go into winter. And with increases in oil supply expected in 2022, oil prices are likely to stabilize and if anything, go slightly lower. Covid is going to factor into our balances for rather longer than we would like.

Are US gasoline prices, at above \$5, problematic to that economy?

We have been here before and the world didn't come to an end, which is not to say that it won't be painful for many people in the US who are totally reliant on personal transport to get around. In Europe by contrast, we've been used to significantly higher pump prices, partly because of taxes and we also have viable alternatives to getting around.

Expectations for OPEC output policy for next year?

The producers are walking a tightrope, meeting every month to try and keep this balance between bringing more supply back - while simultaneously reducing the spare capacity cushion that we've got - and keeping prices which meet their revenue needs while not adversely impacting consumers. But I would be very surprised if they were to amend the deal in any way when they meet in December.

How is the lack of capex in oil and gas being viewed as we end COP 26?

Oil demand will continue to grow during the 2020s, albeit at a slower pace, and we are going to need supply and therefore investment to maintain production at current levels, let alone expand it. If we don't, we will be running up against a supply crunch by the middle of the decade and we could see oil rise way beyond \$80. It's a simple supply demand analysis - the numbers are all there. ■

*Paraphrased comments

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