

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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TUESDAY /// AUG 24th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL JUMPS 5% AFTER 7 DAYS OF LOSSES, BOOSTED BY WEAKER DOLLAR
2. OFFSHORE PLATFORM FIRE CUTS MEXICO OIL OUTPUT BY 444,000 BPD
3. DOE ANNOUNCES NOTICE OF SALE OF CRUDE OIL FROM THE STRATEGIC PETROLEUM RESERVE
4. INDIA'S INTERNATIONAL AIR TRAFFIC RISES IN JULY
5. OMAN TO LIFT ENTRY BAN ON 21 COUNTRIES FROM 1 SEPTEMBER
6. IRAN RESUMES FUEL EXPORTS TO NEIGHBOURING AFGHANISTAN
7. CHINA CUTS NEW COVID-19 CASES TO ZERO
8. IRAN'S PRESIDENT SAYS 'A LOT OF POSSIBILITIES' FOR OIL SALES
9. CHINA'S BIG OIL TO EXPLOIT CORE STRENGTHS IN DECARBONIZATION
10. OIL RISES AS US CLEARANCE FOR COVID-19 VACCINE STOKES FUEL DEMAND HOPES

RECOMMENDED VIDEOS & REPORTS

- FED'S JACKSON HOLE SHIFT SHOWS DELTA VARIANT'S ABILITY TO SKEW PLANS
- FRANCE'S COVID-19 HOSPITALISATIONS HIGHEST IN 2 MONTHS
- PENTAGON SAYS IT HAS NO IDEA HOW MUCH US MILITARY EQUIPMENT TALIBAN SEIZED
- BITCOIN PRICE RISES PAST \$50,000 THEN RETREATS

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ANNIVERSARY
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NEW SILK ROAD LIVE PODCAST



Narendra Taneja
India's Leading Energy Expert



Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International



Ali Al Riyami
Consultant &
Former Director General of
Marketing, Ministry of Energy &
Minerals, Oman

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NEW SILK ROAD LIVE

TOP 3

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TAKEAWAYS

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Mashreq 60-SECOND SOUNDBITE

Marc Ostwald

Chief Economist & Global Strategist
ADM Investor Services International

**"Consumers in China &
US are showing some
degree of Caution"**

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Mashreq 60-SECOND SOUNDBITE

Narendra Taneja

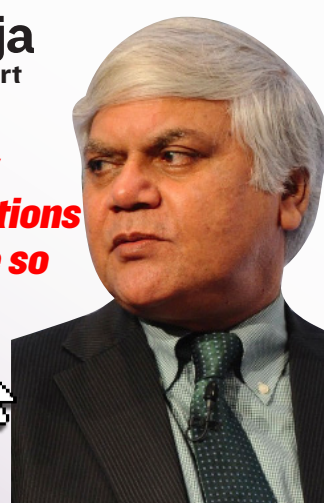
India's Leading Energy Expert

**"We didn't know
Afghanistan's institutions
of Democracy were so
weak!"**

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DAILY OIL COMMENTARY

FX

Some of the dollar strength of last week was rolled back yesterday as concerns around the global economy seemingly abated somewhat on positive vaccination news. The dollar index lost -0.6% on the first day of the week to 92.958, although it is ticking up marginally this morning. The commodity currencies in particular saw a stronger performance against the greenback following their sharp sell-offs last week. The AUD and the NZD, which alongside the global issues are also being beset by domestic coronavirus crises, both rebounded yesterday. The AUD gained 1.1% to 0.7209 and the NZD 0.8% to 0.6892. The CAD appreciated 1.4% yesterday. The gains against the dollar were also

seen in the majors, as GBP added 0.7% to 1.3719 while the euro added 0.4%. The Yen was less pronounced at 0.1%.

Equities

Equity markets started the week on the front foot yesterday, amid buy-the-dip action and a general improvement in sentiment. In the US, the NASDAQ gained 1.6% to hit a new record close, while the S&P 500 and the Dow Jones added 0.6% and 0.9% respectively, while remaining off their peaks hit last week. The positive movement started in Asia where the Shanghai Composite added 1.5% and the Nikkei 1.8%. This momentum continued later in the day in Europe where the composite

STOXX 600 added 0.7%. Within the region the Tadawul lost -0.1% yesterday while the ADX (0.1%) and the DFM (0.7%) both closed higher.

Commodities

Oil prices benefitted from the broader market rally, with prices rising more than 5% yesterday for both Brent and WTI. China appears to have successfully halted the community spread of the coronavirus and the full FDA approval for the Pfizer-BioNtech vaccine in the US is likely to result in more widespread public and private sector vaccine mandates.

Source: Emirates NBD

DAILY ENERGY MARKETS FORUM VIEWS YOU CAN USE

Matt Stanley

Director
Star Fuels



How have we gone so quickly from talk of \$100 oil to now possibly \$60?

At the end of July, Brent was at \$76.40 a barrel. Talk of \$100 oil was not delusional – it was not out of the realm of possibility. And then, slowly but surely July data started coming in that was below expectations -- China slowdown, disappointing PMI reports landed from Japan, which came in at 46. The numbers didn't support the expectation rhetoric from the first half of the year when many were forecasting that demand would get better in the second half as vaccine programs rolled out. The Fed started talking about tapering stimulus measures, and that didn't help market confidence. There has also been some volatility due to low liquidity during the August holiday season. It's been quite quiet over the last few weeks. But overall, there is a bit of a bearish sentiment at the moment in oil markets.

What impact is China having on the direction of oil prices?

We can't discount the impact of China. The record move down in iron ore last week was extraordinary, especially after a run in the first half of the year which was incredible. The commodity markets leveraged a lot of the return in demand last year versus China -- you know the famous saying that when China sneezes, the rest of the world gets a cold! That is certainly what the market is looking at currently. That is where concern is coming in. US demand has been good, it has been resilient, as well as certain parts of Western Europe have also been good, but these Delta variant lockdowns are causing people to get concerned. They are causing investors to panic a little bit.

What is your outlook for Central Bankers' Jackson Hole meeting this week?

I think what got washed under the carpet a little bit last week was the decision by the New Zealand Central bank to abandon an expected interest rate hike. The first major economy to shift policy and start increasing rates got cancelled on the back of one infection, which shows you how fragile the global recovery is. It was probably a decision that was made in the few hours before they held their meeting. The whole situation is so fluid and fragile. The central bankers meeting in Jackson Hole has been abandoned as an in-person event and will now be held over ZOOM, which tells its own story. They may mention the word Tapering, but given all the context in recent days, they are likely to just punt it further down the road. ■

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