

# ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// AUG 5<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. SAUDI ARAMCO HIKES OIL PRICES TO ASIA FOR SECOND CONSECUTIVE MONTH
2. RAISI PRAISES OPEC'S EFFORTS IN MAINTAINING STABILITY IN OIL MARKET
3. US LNG REBOUND BOOSTS GLOBAL EXPORTS
4. TOP US NEGOTIATOR: IRAN NUCLEAR DEAL MAY BE IMPOSSIBLE
5. US CRUDE STOCKPILES RISE, GASOLINE DRAWS DOWN - EIA
6. RUSSIAN HOPEFUL IRAN WILL PLAY ITS PART IN ENSURING OIL MARKET STABILITY
7. KEY FED OFFICIAL SEES RATES LIFTOFF IN 2023 AS POLICY DEBATE HEATS UP
8. CHINA IMPOSES DOMESTIC TRAVEL CURBS TO STEM COVID SURGE
9. TOP COURT FINES FRENCH STATE OVER AIR POLLUTION LEVELS
10. US AIRPORTS ARE FACING SERIOUS JET FUEL SHORTAGES

### RECOMMENDED VIDEOS & REPORTS

- THE GLOBAL ECONOMY IS DOING SURPRISINGLY WELL AS WE LEARN TO CO-EXIST WITH COVID
- UK MOVES UAE, SAUDI, QATAR AND INDIA TO AMBER LIST FOR MEDIUM-RISK TRAVEL
- HALF OF US NOW IN COVID VERY HIGH RISK. HERE'S HOW CALIFORNIA STANDS
- WHO CALLS FOR HALTING COVID-19 VACCINE BOOSTERS IN FAVOR OF UNVACCINATED
- TOYOTA REPORTS RECORD PROFIT AMID PANDEMIC, KEEPS FORECASTS

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## NEW SILK ROAD LIVE PODCAST



**Andy Laven**  
Chief Operating Officer  
Sahara Energy Resources



**Dr. Carole Nakhle**  
Chief Executive Officer  
Crystal Energy



**Edward Bell**  
Senior Director, Market Economics  
Emirates NBD

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## NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Let's get on to all things red, amber, and confusing in a moment. First let's talk about a bawwel of Bwnt, as Jonathon Ross would say - Bwnt is trading this morning at \$70.35/bl, down 0.03/bl. WTI is trading up flat at \$68.15/bl. Good news! Lots to get on with so let's get cracking. OK, so for the uninitiated it was announced last night that the UAE (and others) have been moved off the UK travel red list and placed on the amber list. It was also announced the UAE authorities are allowing flights to resume from India, Pakistan, Sri Lanka, Bangladesh and others. It was also announced yesterday by the lads and ladettes at the EIA that gasoline stocks in the US fell last week. It was also announced that some people who allegedly boarded a boat



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

quickly disembarked, and all is OK. Excellent news all round, I'm sure you'll agree. Wait for ittttt. However. And I use the word "however" because I said a few months ago that the world is in a

"however economy." I'm not being negative, so don't start all your "Oh Stanley cheer up will you miserable (insert)." I'm being realistic and looking at the facts. First things first - the move to amber is excellent news - HOWEVER vaccinated people are allowed in only if you have had your vaccine administered in the UK, EU, or US. So, it's still ten days quarantine. Just not at the "Inn on the Lake" in Slough. The flight resumption from seven countries is also encouraging - HOWEVER this is only for valid residency visa holders. Gasoline stocks drew - HOWEVER crude stocks built. The alleged incident offshore the Gulf of Oman is pleasing to hear - HOWEVER markets are concerned about rising tensions. Look, I fully

understand that decisions need to be made, sensible decisions, and we have to start somewhere and from a personal point of view the fact that family and friends can come to the UK without staying in a hotel on their arrival back is exciting. The path to recovery was always going to be patchy and ambiguous but we are on that path, no doubt. The issues the oil market faces HOWEVER are that with Covid-19 still with us and demand forecasts constantly being adjusted the sell off may continue unless some real robust demand data makes an appearance very, very soon. Now if you'll excuse me, I'm off to stock up on marmite, pickled eggs, PG tips, Branston pickle, HP sauce and trifle. Ohh, how I've missed thee.

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

**Dr. Carole Nakhle**

Chief Executive Officer  
Crystal Energy

**“Outlook for oil markets  
through August - greater  
volatility!”**

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

**Andy Laven**

Chief Operating Officer  
Sahara Energy Resources

**“US oil inventory report  
indicates people are more  
comfortable driving”**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Robin Mills**

Chief Executive Officer  
Qamar Energy



#### Is China's economic outlook giving the oil markets any concern?

Now that we have a clear look ahead on OPEC production, the focus is back on demand. And Asia, which has so far contained the pandemic rather well, is now coming to terms with the fact that the Delta variant is more contagious and proving much harder to contain. This raises the question on the strategy that countries like China and Australia have pursued - of the absolute elimination of Covid - and whether that is tenable, particularly given that at some point, they have to open up their economies and have relatively open borders and so on. How will they transition to this while still having relatively low rates of vaccination?

#### Does the recent tanker attack impact the continuation of Iranian nuclear talks?

It was more serious than previous ones but there have been casualties on both sides and so both can be blamed for escalating this situation. It does link to the nuclear negotiations, which are anyway not going well. Whether things will pick up more seriously when Al Raisi is in place, with a less experienced team, in a less friendly geopolitical environment, is a concern. And while efforts on the talks continue, the prospects certainly look less promising than a month or two ago. That is bullish long term but not short term, given the supply that OPEC can bring back. The primary factor impacting the market today is clearly the Asian economic situation and what's happening with Covid, which is clearly hampering recovery.

#### How is cohesion within OPEC following the recent quota dispute?

The issue has not gone away because the UAEs production capacity continues to increase and it has expansion plans. Come April, it may choose at some point to push again and seek a further increase. The shifting balance of power within OPEC will be an important one to watch, with certain countries, such as Iraq, also facing uncertainties on how much they can grow production. And in parallel, we have a steady increase each month by the group, which may run into concerns if we see weaker demand. It's always difficult assessing whether market weakness is a one off thing or a more general slowdown, in which case the whole basis of the OPEC increase would have to be reconsidered. ■

*\*Paraphrased comments*

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