

# DAILY ENERGY MARKETS FORUM

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**Richard Redoglia**  
Chief Executive Officer  
Matrix Global Holdings



### OPEC is being threatened from all sides.

By the US SPR release and by governments and banks saying the green agenda is the way to go. OPEC has never adjusted production because of the former but the energy transition will lead member countries to want to maximise oil output for the next ten years. The last two OPEC meetings have been 10 minutes long. The next one will be the most important to date and they might consider suspending any further output increases while they monitor demand. The group is asking itself how it can supply an oversupplied market. They will take their time and not put too many barrels out there.

### What's been inhibiting a price recovery so far this week?

We need to flush the speculative players out and get the market to move into a range and build a base again. What's interesting about the move we have just seen in oil is the spike in volatility. Volatility on the Calendar spread options also doubled last week - I don't think that's ever happened and it means the market doesn't know what to do and so has become volatile. We will probably have a range of \$60 to \$80 WTI for a while, but the big question is how the lack of investment and push towards green will affect price over time. That's the reason we went to \$80 in the first place.

### Can we rely on strong demand into 2022?

US distillate demand and gasoline demand is at five-year highs and stocks at five-year lows, so the demand is real. What's in the crazy box is this mentality of the green agenda and how we're going to make that move. This is supposed to be a transition. We can't build baseload power on inherently random types of energy overnight. You build it on coal and natural gas and things that you need to switch the lights on, and we're not doing that anymore. ■

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