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Did the market need the oil that was released from the US SPR?

One interesting aspect of this release was the coordination with China, given that US -Chinese relations are not great. Also, China has typically used its strategic oil and commodities stocks to control prices but the US SPR is supposed to be saved for emergencies. If it's used in a more flexible way going forward, that would certainly be a change. But for the short term, it doesn't have a big market impact. In fact, prices bounced back when it was announced.

Do you expect OPEC will respond in any way?

I don't think OPEC needs to get drawn into a war of words on this and anyway, this SPR oil won't sharpen balances this month, so they should just watch and make a decision based on the balances in December, when they could decide whether to still increase production in January as much as they would have done.

OPEC has not reached its 400,000 bd commitment in recent months?

It is a genuine concern for the market that some members can't meet quotas. If you look at OPEC's own forecasts for balances next year, they see a surplus but only if they actually increase by 400,000 bd each month and they won't. Even Kuwait will hit its ceiling late into 2022. If Saudi and UAE don't do a deal which allows them to produce more than their current monthly increases, OPEC will get increasingly behind its desired level.

Will recent regional geopolitical dynamics influence the Iran nuclear talks?

There is a desire from the Gulf countries to stabilize the situation in the region. There is a clearer status quo emerging with conflicts being dialed back a bit. It's good for regional stability and also for reducing possible risks to energy supplies. It's also interesting for the Iranians that the Gulf countries are being more positive and more verbal about the talks. Even the Israelis are not being as hard on Iran as they were. Still, I'm not very positive about any short-term success for the talks, but there isn't so much regional opposition to them. ■

**Paraphrased comments*

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