

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// OCT 20th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL SLIPS FROM 7-YEAR HIGH AS REPORT SIGNALS RISING STOCKPILES
2. FORGET \$100, OPTIONS TRADERS NOW BETTING ON OIL PRICES HITTING \$200
3. CHINA VOWS TO BRING COAL PRICES DOWN TO ADDRESS ENERGY CRUNCH
4. ADNOC DROPS 200,000 B/D RUWAIS WEST EXPANSION
5. SHALE DRILLERS SEE MORE INTEREST FROM BANKS AS OIL PRICES RALLY
6. COPPER MARKET COLLAPSES AFTER 'CRAZY' PRICE CHANGES
7. CHINA SELLS STRATEGIC OIL AS PRICES SURGE
8. AMAZON, IKEA & UNILEVER PLEDGE ZERO-CARBON SHIPPING BY 2040
9. INFLATION: FOOD PRICE RISES ARE TERRIFYING, WARNS INDUSTRY
10. DRILLING & COMPLETION IMPROVEMENTS SUPPORT PERMIAN BASIN HYDROCARBON PRODUCTION

RECOMMENDED VIDEOS & REPORTS

- EXCITEMENT BUILDS AS BIG OIL PREPARES TO RELEASE EARNINGS
- MAGNESIUM SHORTAGE COULD THREATEN GLOBAL CAR INDUSTRY
- US PROPANE MARKET HEADED FOR 'ARMAGEDDON' THIS WINTER
- BLOOMBERG INTELLIGENCE: BACK FROM THE FUTURE SUGGESTS COMMODITY DEFLATION
- "LESS INTERVENTIONIST REGIONAL APPROACH BY US FAVORABLE TO IRAN SAUDI RELATIONSHIP"

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NEW SILK ROAD LIVE PODCAST



Mike McGlone
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Bloomberg Intelligence



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Chief Executive Officer
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Bill Spindle
Council on Foreign Relations
International Affairs Fellow in India

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NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// OCT 20th

TAKEAWAYS

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FX

The dollar lost ground against its major pairings yesterday to see the DXY drop -0.2% to 93.734, back at levels last seen a couple of weeks ago. Expectations of rate hikes by other central banks sooner than by the Fed are outweighing the risk-off tone that had boosted the greenback in recent weeks. GBP hit a one-month high against the dollar, with traders buying into the narrative that rate hikes are coming sooner than later after comments by BoE Governor Andrew Bailey. It gained 0.5% to 1.3797 while the Euro added 0.2% to 1.1633. The Yen fell to levels last seen in November 2017 yesterday, adding 0.1% to 114.52.

Equities

East Asian equity markets started the trading day off on the front foot with the Shanghai Composite and the Nikkei gaining 0.7% and the Hang

Seng 1.5%. On the other hand, Indian equity markets lost some of their momentum seen on Monday (driven by government assurances over stimulus) yesterday, as the Sensex lost -0.1% and the Nifty -0.3%. Both indices have seen substantial ytd gains however, of 29.2% and 31.7% respectively. European markets were fairly lacklustre through most of the day, before picking up later in the session as strong US earnings started to come in. France's CAC lost -0.1%, but there were gains elsewhere with the composite STOXX 600 and the DAX adding 0.3%, while the UK's FTSE 100 closed 0.2% higher on the day. In the US, there were gains across the board as earnings season continued at a robust clip. The tech-heavy NASDAQ and the broad-based S&P 500 led the charge with a 0.7% gain, while the blue chip Dow Jones

climbed 0.6%. All three remain off their record highs set over August and September, however.

Commodities

Weakness in the dollar provided further impetus to oil markets yesterday, as Brent futures climbed 0.9%, to \$85.1/bbl, while WTI added 0.6%, to \$83.0/bbl, a seven-year high. Both are ceding some ground this morning but remain at highly elevated levels compared to recent historical averages. API reported that US crude inventories rose by 3.3mn bbl last week, which would be the fourth week in a row that stockpiles have climbed if confirmed by the official data later today.

Source: Emirates NBD

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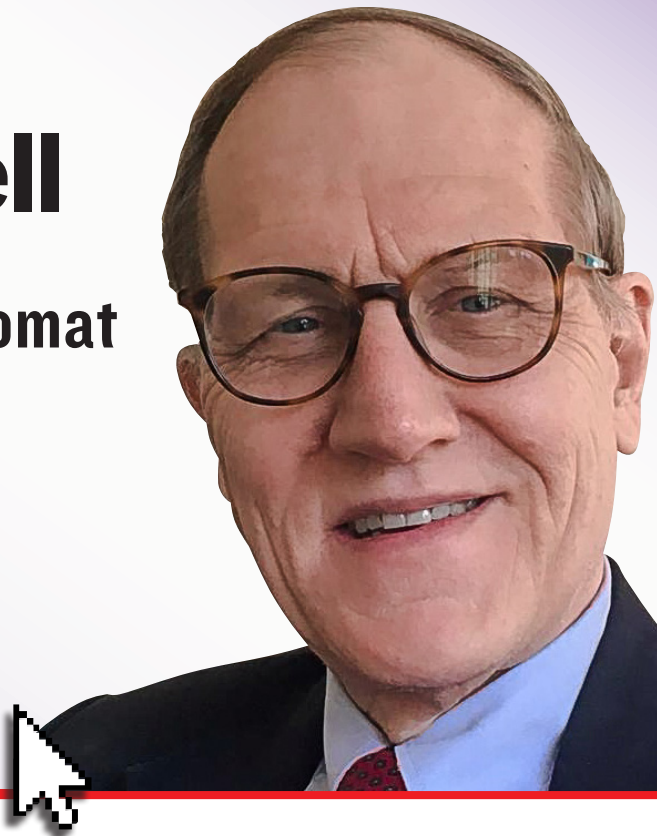


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David Rundell

Author &
Longest Serving US Diplomat
in Saudi Arabia



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DAILY ENERGY MARKETS FORUM
INDUSTRY SURVEY



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61%
Agree



39%
Disagree

Source: GI Research Oct 2021

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WEDNESDAY /// OCT 20th /// 2021

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Mashreq 60-SECOND SOUNDBITE

Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy

**"Oil market bulls
are getting ahead of
themselves"**

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Mashreq 60-SECOND SOUNDBITE

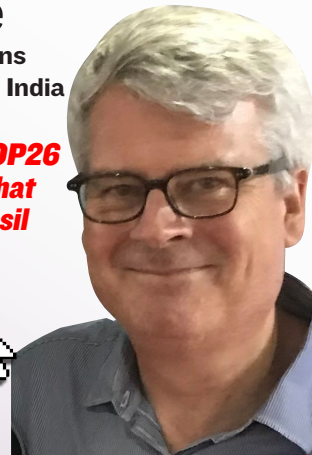
Bill Spindle
Council on Foreign Relations
International Affairs Fellow in India

**"Oil consumers attending COP26
will receive the message that
continuing to invest in fossil
fuels is very risky"**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

Victor Yang
Senior Editor
JLC Network Technology



Chinese GDP growth has not been the priority of the government in 2021.

The focus rather has been on the resurgence of the virus and restructuring industries around carbon emissions targets. Not every industry or local government has followed these directives on efficiencies, which has included power rationing. So, the central government has taken some drastic measures on that front, and that has impacted power prices.

What's your expectation for the slower growth trend through Q4 and into 2022?

We expect more slowdown. It's a critical time for the country to further restructure its industries as well as remove small and outdated capacities in the oil industry. Some of those who did not follow the country's legislation on use of imported crude have had quotas cut or even suspended. The oversight on regulation is increasing.

Expectations for China's average GDP growth number for this year?

It wouldn't be surprising if we slide below the target of 6%. In the past, China liked to bolster its GDP numbers, but that's not the case anymore.

Any impact from higher gas prices on China's oil purchases going forward?

Last year, China bought lots of crude and independent refiners have actually increased buying slightly in the last two months. China will buy gas for the winter no matter how high prices get because it relies a lot on it for winter heating. It's also started to release coal production capacity to replace some of the shortages of natural gas to make sure there's no shortages in power supply.

Will China continue to draw on its crude oil inventories?

In the first nine months of 2021, crude throughout jumped 9.4% versus 2019 so we still see an uptrend. It is slowing down temporarily but that doesn't mean crude demand is weakening. ■

**Paraphrased comments*

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