

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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Publishing

SUNDAY /// OCT 10th /// 2021

DAILY OIL COMMENTARY



Bangladesh will Show Resilience Against Record LNG Prices!

**Mohammad Hossain, Ministry of Power,
Energy & Mineral Resources, Bangladesh**

We are facing severe difficulties with energy pricing, which has led to us having to abandon some of our import plans. This is not something that could have been

predicted when we started taking LNG in 2018, when prices were very competitive. We are adjusting our long-term purchase portfolio, and also spot purchases, so that at least we can blend this cost for the future. LNG supplier countries also have some sort of responsibility to

sustain these LNG markets; otherwise, if importers don't feel comfortable, they will divert to other options. That said, Bangladesh is in a more comfortable situation than some other countries during winter because our demand for energy reduces then to about

10,000 MW. Our main need is for cooling in the summer months when demand for electricity goes up to 14000 MW. We have been trying to have a land LNG terminal for the last few years and if we had succeeded, we could have offset this recent price hike.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Jorge Montepeque
President & Founder
Global Markets



Christof Rühl
Senior Research Scholar
Center on Global Energy Policy
Columbia University



Dyala Sabbagh
Partner
Gulf Intelligence

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

SUNDAY /// OCT 10th

TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. US OIL FUTURES POST A NEARLY 5% WEEKLY CLIMB AFTER TOUCHING HIGHS ABOVE \$80
2. OPEC+ OUTPUT UP BY 650,000 B/D IN SEPT
3. EU GAS MARKET PONDERS A WEEK OF UNPARALLELED MOVEMENTS
4. SEPT JOBS CREATION COMES UP SHORT WITH GAIN OF JUST 194,000
5. CHINA'S CRUDE OIL IMPORTS DIP IN SEPT
6. NIGERIA LOOKS TO BOOST OIL PRODUCTION BY 310% TO 4MN BPD
7. CHINA-TAIWAN TENSIONS: XI JINPING SAYS 'REUNIFICATION' MUST BE FULFILLED
8. COLD WINTER WILL LEAVE EU SHORT ON GAS UNLESS RUSSIA BOOSTS SUPPLY
9. PREPARE FOR A PROLONGED PERIOD OF HIGH ENERGY PRICES
10. CHINA TO BOOST ENERGY SUPPLY TO ENSURE PEOPLE'S BASIC LIVING NEEDS

RECOMMENDED VIDEOS & REPORTS

- DUTCH ALUMINIUM MAKER ALDEL TO HALT OUTPUT DUE TO POWER PRICES
- DOMESTIC REFINED OIL PRICES WILL INCREASE ACCORDING TO THE MECHANISM
- REFINERY MARGINS STRENGTHEN
- LUMBER PRICES HAVE RISEN 50% SINCE AUGUST
- PUNJAB SAYS IT WILL CUT POWER FOR 2-3 HRS DUE TO NATIONWIDE COAL SHORTAGE
- CIA CREATES NEW MISSION CENTERS FOCUSED ON CHINA & TECHNOLOGY

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

Jorge Montepeque
President & Founder
Global Markets

**“Oil prices likely to
hit \$100 over the
winter”**

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

Christof Rühl
Senior Research Scholar -
Center on Global Energy Policy
Columbia University

**“There is no
shortage of oil
capacity!”**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

Pradeep Rajan
Senior Managing Editor, APAC Freight Markets
S&P Global Platts



It's been an unprecedented and phenomenal year for shipping.

Containers are making around \$10,000 to \$12,000 for shipping a 40 foot-foot equivalent unit (FEU) from the Far East to North America. Dry bulk markets across every sector are above the \$35,000/day range. Tanker markets by contrast, is where the grief is. After the contango market that we had in 2020 with oil demand destruction happening, a lot of the tankers went into floating storage. Now, with crude in backwardation, those ships are being redelivered back to the market and adding to spot supply. To move one metric ton of crude from the Persian Gulf into a port in China on a VLCC today, you are only paying between \$6 to \$7 a metric ton. Some vessels are operating below OpEx levels and not making enough money to run even day to day activities. But with oil demand recovering now, we're starting to see signs of tanker markets coming back to life.

What tanker routes are showing the best recovery?

We're starting to see more oil from the Atlantic basin coming into the Far East. There and back, that's a 90-day employment for a ship. A trip from the Persian Gulf to the Far East by contrast completes a return trip after 30 or 40 days. So, we're seeing slightly better freight rates in the VLCC markets and across the dirty tanker markets. We could also expect the same story in the clean tanker markets given that a lot of refineries are not carbon compliant and will have to slow down their operations. As a result, clean products could be in short supply in particular areas, so we will start to see clean tankers making longer hauls to supply those areas. By Q1 or Q2 of next year, tanker markets should have recovered.

Are crew changes still an issue because of Covid restrictions?

Currently, the main issues are travel restrictions and closed borders and that is still leading to crew changes as well as delaying ships. Individual port states also have their own restrictions and quarantine rules which causes congestion and further delays, all these factors are adding to the strength in shipping markets.

Are ports and the shipping sector adapting fast enough to the energy transition?

The International Maritime Organization is coming up with new legislation for 2023 for ships to reduce carbon emissions. They will get a grading depending on the ship's efficiency and carbon emission levels. Large chartering companies such as Vitol, Trafigura or Reliance, which are members of an initiative called Sea Cargo Charter, are likely to only use compliant ship owners. The shipping sector is currently working on processes and technologies that will make them compliant once the new emission regulations kick in. Various alternative fuels are being looked into delivering energy transition in the maritime sector. Many ports, too, are working on setting up infrastructure to facilitate as well as cater to energy transition in the shipping markets. ■

**Paraphrased comments*

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