

THURSDAY /// DEC 16<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL PRICES RISE AS FUEL DEMAND SURGES IN TOP CONSUMER US
2. FOMC MONTHLY TAPER PACE \$30BN VS \$15BN PRIOR
3. BRENT TO FALL TO \$70 IN 2022 AS SUPPLY OVERTAKES DEMAND
4. EIA: RECORD US DIESEL DEMAND SURGE CUTS STOCKS
5. EU SUPERMARKETS STOP SELLING BRAZIL BEEF OVER DEFORESTATION LINKS
6. RUSSIA PUTS THE BLAME ON EU AS ENERGY CRISIS WORSENS
7. OMICRON SPREADING SO FAST IT THREATENS BRITAIN'S HOSPITALS
8. UN WATCHDOG SAYS IRAN WILL ALLOW NEW CAMERAS AT NUCLEAR SITE
9. ADNOC STUDYING LNG BUNKERING START-UP IN UAE'S FUJAIRAH OR JEBEL ALI
10. EU'S REJECTION OF LONG-TERM GAS CONTRACTS COULD LEAD TO HIGHER PRICES

### RECOMMENDED VIDEOS & REPORTS

- FOMC PRESS CONFERENCE DECEMBER 15, 2021
- EIA: THIS WEEK IN PETROLEUM
- A FULL RECAP OF THE FED DECISION WITH POWELL HIGHLIGHTS & INSTANT INVESTOR INSIGHT
- DOW JUMPS 380 POINTS, NASDAQ SURGES 2% IN RELIEF RALLY AFTER FED GIVES RATE HIKING TIMELINE
- RUSSIAN LIQUIDS OUTPUT GROWING SLOWLY

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### NEW SILK ROAD

### PODCAST



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Chief Executive Officer  
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### NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Brent is trading this morning at \$74.66/bbl up 0.78 and WTI is trading up 0.84 at \$71.71/bbl. 9 sleeps until the big day and I am going to do my best to sound positive and full of Christmas cheer. Shall we start with a cracker? Oh, go on then - What do you call a child who doesn't believe in Santa? A rebel without a Claus. Right! Enough of that, let's talk about oil. Well, it seems to be doing nicely actually. I am really trying my best today to not get bogged down with what I think is consuming everyone's minds this morning and that, of course, is news about Covid. So let me just get it out of the way. Dr David Nabarro, special envoy on Covid-19 for the WHO, said, "I've been watching this pandemic and working on it since January 2020, and I have never been more concerned than I am tonight, not just about the UK but about the world."



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

Of course, there were various press conferences going on around the globe last night and all of them conveyed the same message, one of extreme concern about the Omicron variant of Covid-19, but Dr Nabarro's sentence is about

as grim as it gets. If I selfishly talk about my home country of the UK, then yesterday 78,610 people tested positive, a record, and Dr Chris Whitty warned of worse to come. I understand, and completely agree with, that we have to learn with Covid, that variants will emerge, and we will be in situations like we are in. What I cannot just get on with is that variants are ignored by market participants. Statements emanating from various news outlets regarding Omicron took everyone back, but at the same time we had EIA release data on weekly oil stocks on the US. Which surprised to up the upside and of course we traded up. Brent traded down to a low of \$72.50/bbl yesterday and this was understandable bearing in mind various headwinds oil markets face themselves with come Q1-2022. However, everything was ignored once

stats came out as the market celebrated that demand for oil products in the US hit a record high. Brent ended the day at \$73.88/bbl, up 0.43. So, what does tell us about what market participants in the oil market right now? Is data coming out of the US the only driving force that the market needs to consider? These are rhetorical questions, of course, but I guarantee (sadly) that the Covid situation will be a lot worse this time next week than now. Yes, we are learning to live with Covid, but if that means that the situation needs to be ignored and dismissed then Santa may jolly well leave you nothing but coal in your sack. Actually, not coal, because Greta would go mad. Just a stick. Yes, a socially responsibly, well cared for, stick. Commentary returns Monday. Good day to all.

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# ENERGY MARKETS FORUM DAILY BULLETIN



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## DAILY ENERGY MARKETS FORUM



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## NEW SILK ROAD

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#### Amena Bakr

Deputy Bureau Chief & Chief OPEC Correspondent  
Energy Intelligence



#### The oil price drop that we're seeing is temporary.

According to the latest OPEC report, the new variant of the virus did not factor into their demand forecasts. I think it's more of a psychological effect that's impacting markets and prices are still around the \$72 mark. The real thing to watch is how OPEC+ members are going to struggle to deliver incremental supply to the market over the coming months. They're already not delivering the 400,000 bpd that they're promising, and when we hit next summer, that's when we might see an increased tightness in the market and perhaps a spark in consumer concern. We will wait to see if they decide to release other reserves.

#### At what point does the challenge of supply put a stress on the organization?

There is a need to review the baselines, but it will cause conflict and open up another can of worms that the group is not ready for. Even if some of the members are not being to deliver their quotas, they want to maintain a guarantee of their share in the market and so don't want to change any of the official records.

#### Main takeaway from 2021 for OPEC and how that carries through into 2022?

The cohesion that we saw in the group this year was in stark contrast to what happened in 2020. Everyone agrees that this alliance is benefiting all in the group and they want to stick together despite the disagreements on baselines earlier in the year, that were resolved. Saudi Arabia's officials went into the last meeting without a set proposal in their mind. They waited to hear from other producers such as Russia, the UAE, Kuwait and Iran and they all agreed to stay the course. There was no other proposal. ■

*\*Paraphrased comments*

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### Mashreq 60-SECOND SOUNDBITE

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

**"The Powell-Pivot -  
inflation moves from  
transitory to maybe  
permanent?"**

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### Mashreq 60-SECOND SOUNDBITE

**Omar Al-Ubaydli**  
Director of Research  
Bahrain Center for Strategic International  
& Energy Studies (DERASAT)

**"Every country in the Gulf  
is facing uncertainty and  
seeking new alliances in the  
shadow of US withdrawal  
from the region"**

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