Daily Energy Markets
BULLETIN
WEDNESDAY /// MAR 2nd

Consultancy Intelligence Publishing

TOP 10 DAILY NEWS DIGEST

1. OIL INVENTORIES UNEXPECTEDLY DROP BY 6.1MN BLS LAST WEEK
2. OPEC'S FEB OIL OUTPUT BOOST EXCEEDS TARGET FOR FIRST TIME IN MONTHS
3. OPEC+ FACES DIFFICULT MEETING AMID UKRAINE CRISIS
4. IEA TO RELEASE 60MN BL OF OIL FROM RESERVES
5. PUTIN ALLY CHINA SAYS IT 'DEEPLY REGRETS' UKRAINE CONFLICT & CALLS FOR DIPLOMACY
6. US HAS NOT SANCTIONED RUSSIAN OIL BUT TRADERS AVOIDING IT
7. WHITE HOUSE QUIETLY CALLS ON US OIL COMPANIES TO INCREASE PRODUCTION
8. AMERICAS SUEZMAX RATES JUMP ON CONFLICT
9. UKRAINE PRESSES BIDEN, SENATORS TO HIT RUSSIAN ENERGY EXPORTS
10. OMV DECIDES TO NOT FURTHER PURSUE THE POTENTIAL ACQUISITION OF AN INTEREST IN ACHIMOV

Series Supported By: ADNOC, OMV, CC Energy Development, Uniper, FOIZ Fujairah Oil Industry Zone

RECOMMENDED REPORTS

- GLENCORE STATEMENT REGARDING THE WAR IN UKRAINE
- EXXON MOBIL TO EXIT MAJOR RUSSIAN VENTURE, WILL NOT INVEST IN NEW DEVELOPMENTS
- 'PLAYING WITH FIRE': BRINKMANSHIP AT ENDGAME IRAN TALKS
- TURKEY'S ERDOGAN CALLS FOR IMMEDIATE UKRAINE-RUSSIA CEASEFIRE
- 'YES, HE WOULD': FIONA HILL ON PUTIN AND NUKES
- STATEMENT BY PRESS SECRETARY JEN PSAKI ON COORDINATED IEA RELEASE TO SUPPORT GLOBAL ENERGY SECURITY
- RUSSIAN URALS DIFFERENTIALS WEAKEN $6.805/B DAY ON DAY TO NEW RECORD LOW

Daily Energy Markets PODCAST

ADNOC — Consultancy Intelligence Publishing

Albert Stromquist
Principal
Lanstrom Advisors

Peter McGuire
Chief Executive Officer
XM Australia

Randall Mohammed
Managing Director
PetroIndustrial USA

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Daily Energy Markets TOP 3 TAKEAWAYS

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TOP 3

WEDNESDAY /// MAR 2nd

TAKEAWAYS

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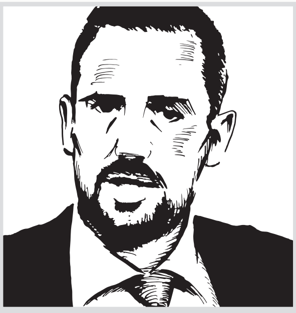

BY MATT STANLEY
DIRECTOR
STAR FUELS

Brent is trading this morning at $112.19, up $7.22 and WTI is trading up $7.19 at $110.62. I really did not want to be right about oil grinding its way up to $120/bl. The thing is though - where does it stop? I have a feeling today could be one of those "once in a generation" days. OPEC+ meet, we have a highly concerning situation in Ukraine and EIA data is out later. So here it is. Do OPEC+ bring back more production, and let's forget a moment the "if they are able to" argument because clearly those that have been given license to pump more, are not able to pump more. The ball firmly rests in the hands of Saudi Arabia and the UAE in order to bring more oil back to a market that quite clearly, is in desperate need of it. My guess is that OPEC+ will not announce an increase in supply later today. Now, in a "normal world" this would probably mean a spike in prices of between $2-3/bl. In the world we are in now? With supply seemingly looking less and less easy to come by with the world turning its back on Russia, my guess is that this OPEC decision later could be worth triple what it usually is. Then we have stats later from the US. Again, in a "normal world", a draw in US crude oil inventories would probably be worth say, a buck? Again, I think this could be tripled in terms of flat price moves. Then we add on the ever-escalating tensions in Eastern Europe and I'm pretty sure even George Clooney would have trouble in attempting to take on this perfect storm. Apart from jet fuel, I am having a hard time forming an argument to sell any part of the oil barrel right now.

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HALF-TIME TALK
INTERVIEW SERIES

"Biden is Extremely Motivated to do a Deal with Iran!"

Edward Moya
Chief Market Strategist
Oanda

CLICK HERE FOR FULL INTERVIEW

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INDUSTRY SURVEY

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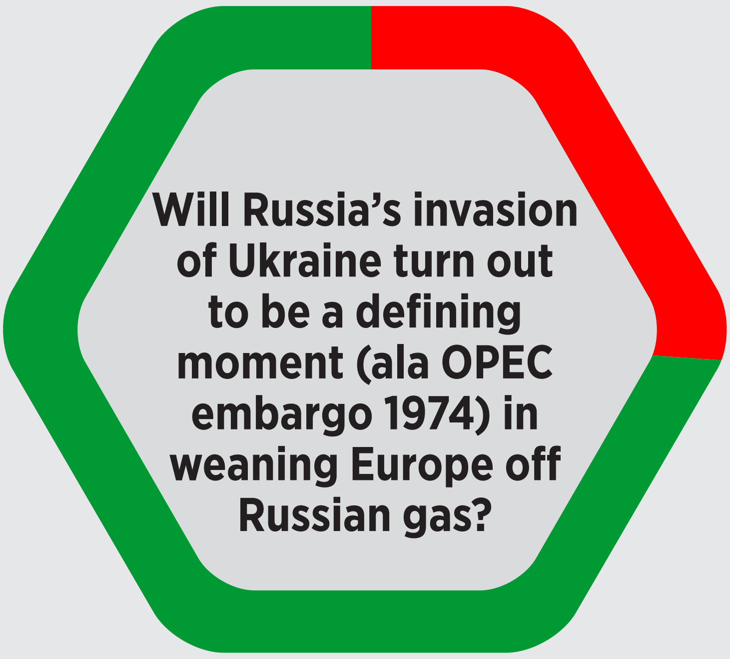
74%
Yes



26%
No

Source: GI Research Mar 2022

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Daily Energy Markets VIEWS YOU CAN USE

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Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence

Oil market likely to mirror past reversion patterns from elevated prices.

Brent crude has dropped about 80% on three occasions since the 2008 peak and its current rate around $100 may have entered a lose-lose stage. Despite a substantial rally since 2020 and Russia's invasion of Ukraine, the fact that the price today would need to increase about 50% to reach the 2008 peak is indicative of bigger-picture headwinds. Front Brent futures are at about triple the average cost of US shale production of $33/bl, and the ability of suppliers to hedge a few years out over double costs, portends the profits and supply to expect. I see spiking energy prices in 2022 akin to 2008, just before a collapse, but with demand tilting unfavorably due to the war. The new world order is also likely to shift liquid fuel flows from Russia to China, rather than cut supply.

$100 Crude and war may trigger recession

The Russia-Ukraine war is a potential catalyst for a global recession and energy-price spike. The conflict is unique, but in 2008, severe risk-asset reversion was aggravated by a sharp rally in WTI crude oil to its peak around $145/bl. If crude oil keeps rallying like 14 years ago, it may tip the world toward recession and follow the high-price-cure trajectory.

Energy price spike to accelerate energy transition

The switch to alternative cleaner fuels from the old-world dependency on fossil fuels will be incentivized by these higher energy prices. In the meantime, Europe's energy crisis should spur plenty of stockpiling before next winter and tilt demand toward the world's largest LNG exporter, the US. ■

**Paraphrased comments*

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THURSDAY /// MAR 3rd /// 10:30AM (UAE)

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Robin Mills
Chief Executive Officer
Qamar Energy

DENMARK

Ole Hansen
Head of Commodity Strategy
Saxo Bank

UAE

Andy Laven
Chief Operating Officer
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