

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// NOV 18th /// 2021

TOP 10 DAILY NEWS DIGEST

1. **OIL PRICES SLIDE AS CHINA READIES RELEASE OF CRUDE FROM STRATEGIC RESERVES**
2. **OPEC MEMBER CALLS FOR CALM AFTER US PRESSURE TO PUMP MORE OIL**
3. **US ASKS BIG COUNTRIES TO COORDINATE RELEASES FROM OIL RESERVES**
4. **GULF OIL SALE DRAWS BIG BIDS**
5. **US & CHINA AGREE TO EASE RESTRICTIONS ON JOURNALISTS**
6. **US FLOATS INTERIM IRAN NUCLEAR DEAL**
7. **UAE SPEEDS UP \$20BN NATURAL GAS PROJECTS**
8. **AGGRESSIVE MIDDLE EAST OIL PRICE HIKES HINT AT STRONG DEMAND IN ASIA**
9. **STORM OF THE CENTURY CUTS OFF TRAFFIC TO CANADA'S BIGGEST PORT**
10. **OPEC+ MAY FIND ITSELF BETWEEN A ROCK AND A HARD PLACE AS US SHALE RISES**

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RECOMMENDED VIDEOS & REPORTS

- **QANON SHAMAN SENTENCED TO 41 MONTHS PRISON FOR JAN 6 CAPITOL RIOT CASE**
- **FED IS LOSING CREDIBILITY OVER ITS INFLATION NARRATIVE**
- **EMIRATES NBD REPORT: GLOBAL INFLATION ACCELERATES**
- **DOLLAR TAKES BREATH FROM RALLY, HOVERS JUST OFF 16-MONTH TOP**

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NEW SILK ROAD

PODCAST



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NEW SILK ROAD

TOP 3

THURSDAY /// NOV 18th

TAKEAWAYS

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FX

Currency markets showed little substantial movement on the close with the DXY index falling less than 0.1% and EURUSD settling unchanged. USDJPY fell by 0.6% in one of the outsized moves for the day, closing at 114.08. GBPUSD rallied strongly though on the back of the high inflation print for October firming up rate hike expectations. In the commodity currency space, USDCAD rose by 0.4% to 1.2610 while AUD fell almost 0.5% to 0.7267 amid broader weakness in raw material prices.

Commodities

Oil prices slumped sharply, by recent standards, falling 2.6% in Brent futures to USD 80.28/bl and by almost 3% to

USD 78.36/bl in WTI. Oil markets continue to price in the potential of a release of strategic reserves with the topic apparently under discussion when the US and Chinese leadership met earlier in the week. EIA data showed a sizeable drop in US crude inventories last week, falling by 2.1m bbl along with drops in gasoline and distillate stocks. Production fell by 100k b/d to 11.4m b/d while product supplied jumped sharply by 2.3m b/d to nearly 22m b/d.

Equities

The inflation print in the UK weighed on the FTSE 100 yesterday as it dropped -0.5% on the day. The stronger pound (driven by greater rate hike expectations) dragged

down multinationals on the index. On the continent, however, equity indices continued to hit new record highs, albeit on minor moves. The DAX closed almost flat, up 0.02%, while the CAC added 0.1%. In the US, all three major indices closed lower. The Dow Jones lost -0.6%, while the NASDAQ and the S&P 500 both dropped -0.3%. The DFM continued to give back some of its recent gains yesterday, falling a further -0.8% - but the index remains up 16.4% m/m. The ADX also dropped, by -0.2%, while the Tadawul added 0.1%.

Source: Emirates NBD

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

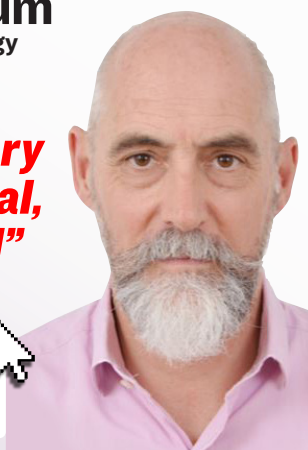
James McCallum
Executive Chairman of Xergy
Professor of Energy at
Strathclyde University

**“US shale recovery
will be incremental,
not fundamental”**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Andy Laven
Chief Operating Officer
Sahara Energy Resources

**“Demand assumptions
for 2022 very hard
to call!”**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV



Dry bulk rates are off their highs as raw materials demand has slowed into China.

Conversely, tanker freight rates have been moving up higher, which is in line with Q4 and Q1 seasonal trade flows, with distillate rich crudes moving to the right locations. Container freight rates meanwhile have retreated a little but will remain elevated as supply bottlenecks have not eased much and probably won't until Q3 of next year. Until we can incentivize people in the support logistics streams of driving trucks to move the containers out of ports, it's hard to alleviate the problem. We almost need a shutdown on the demand side to let the supply chain readjust to the new demand profile.

Will the recent US China talks have any tangible impact on trade relations?

It depends on how much of the Trump tariffs Biden is able to roll back. Any détente is good, especially rhetoric around Taiwan, and that seems to be the big sticking point. Will it get resolved or will we just go back to the status quo pre-Trump, where Taiwan lives in this realm of a bubble that you can't really talk about.

Outlook for the US economy in 2022?

There are worries about the Chinese property crisis with a lot of moving parts to that as it unfolds. I think that issue is going to rear its ugly head in December or in January when some of these huge billion-dollar bond payments come due. If these real estate companies have trouble meeting those, there will be a knock on impact into the world economy. ■

**Paraphrased comments*

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