

# ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// NOV 25<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

- 1. CRUDE OIL FUTURES STEADY AS RISK SENTIMENT REMAINS FIRM DESPITE US STOCK BUILD
- 2. CONSUMERS SHAKE FIST AT OPEC-PLUS WITH SPR ACTION
- 3. OIL BULLS REJOICE AS BIDEN'S SUPPLY STRATEGY BACKFIRES
- 4. IEA URGES OPEC TO TAKE 'NECESSARY STEPS' TO LOWER OIL PRICES
- 5. UAE & IRAN TO DEVELOP TIES IN 'NEW CHAPTER IN RELATIONS'
- 6. CHINA KEEPS MARKETS IN THE DARK ABOUT SPR RELEASE
- 7. RUSSIA'S OIL RESERVES ARE BECOMING INCREASINGLY HARD TO RECOVER
- 8. WEEKLY JOBLESS CLAIMS POST STUNNING DECLINE TO 199,000
- 9. RUSSIA EXPECTS DECREASE IN WHOLESALE & RETAIL PRICES FOR DIESEL
- 10. UAE: NO NEED FOR OPEC+ TO DEVIATE FROM 400,000 B/D OIL OUTPUT INCREASE

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### RECOMMENDED VIDEOS & REPORTS

- IRISH CITIZENS IN ETHIOPIA ADVISED TO LEAVE IMMEDIATELY
- UAE'S CROWN PRINCE TRIP TO TURKEY TELLS US ABOUT THE POST-AMERICAN MIDEAST
- IT'S NOT JUST PENG. CHINA IS CRACKING DOWN ON METOO MOVEMENT
- A NORDIC ENERGY GIANT SHOWS HOW A CARBON TURNAROUND HAPPENS
- CHINA'S 7-WEEK COVID-19 PORT QUARANTINE SNARLS SUPPLY CHAINS FURTHER
- ROBIN MILLS, QAMAR ENERGY: ENERGY THIS WEEK REPORT

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## NEW SILK ROAD

## PODCAST



**Robin Mills**  
Chief Executive Officer  
Qamar Energy



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



**Victor Yang**  
Senior Editor  
JLC Network Technology

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## NEW SILK ROAD

# TOP 3

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# TAKEAWAYS

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To everyone over the pond and celebrating around the world may I wish you a very Happy Thanksgiving. Like a Michael Carrick interim appointment, let's keep it brief. Brent is trading this morning at \$82.40/bl up 0.15 and WTI is trading up 0.01 at \$78.40/bl. So, EIA data out last night showed draws on product stocks and modest builds on crude. That was perfectly acceptable for the bulls to rest happily over the long



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

weekend so don't expect much else to happen over the next couple of days. The market will happily sit at \$82.50/bl until

OPEC+ meet next week. I find it quite bizarre that the market is expecting some form of reaction from the group on output levels to compensate for the SPR releases. Quite frankly, as I have mentioned before, if the group do adjust output in line with what has been released then the group lose a lot of credibility, they have spent time, effort and indeed money, building up over the last 18 months or so. It would

also send a clear signal that OPEC+ are trying to protect prices at these levels and not considering the longer-term effects on the end user and the inflationary argument thereof. Oof. Very serious today. Shall we have a Thanksgiving cracker? OK then let's do that. What's the best song to play while cooking a turkey? All about that baste. OH, COME ONNNN. I wish everyone a good day ahead.

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

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

**“US Economic  
Recovery Appears to be  
on a Firm Ground”**

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

**Victor Yang**  
Senior Editor  
JLC Network Technology

**“It is almost impossible  
for China’s 2021  
GDP growth to  
fall below 6%”**

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# DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Vandana Hari**  
Founder & CEO  
Vanda Insights



### Will OPEC counter oil consuming countries’ releases of SPR?

It depends on the magnitude, but I absolutely expect OPEC+ to respond with an equal and opposite reaction and as a result, so we won’t see much change on supply. OPEC is hell bent on ensuring that they keep the markets undersupplied, at least through the fourth quarter as it still expects a surplus next year. It would be a fool’s errand releasing these SPR barrels and the companies that borrow them will also have to return the oil at some point with interest. If it does materialize, China’s volume will probably be around seven million barrels. South Korea and Japan will do something as it’s diplomatically hard for them to say no to the US request, but volumes will be token gestures. As for India, it doesn’t have much SPR (about 37 million barrels) and I would be very surprised to see them releasing a big chunk of it.

### Are we going to see oil prices back up above \$80?

Friday’s sell off was overdone so I remain constructive. The energy crisis is still here so oil fuel substitution remains in the picture for oil demand. The market probably overreacted to Austria going into full lockdown. Most of the western European countries that account for most of the oil demand growth have reasonably high rates of vaccination and I expect these governments to avoid very stringent Covid restrictions.

### US shale producers’ reinvestment rates at all-time lows in Q3. Why?

Hundreds of millions of dollars have been lost on hedging this year with more losses expected into next year because most of the hedges were put in place in the first half of 2021. So, the mantra of cash discipline is very much intact. There’s also more consolidation expected with the smaller players in trouble. Those are the producers who would have in current times drilled more wells, while the majors would remain more cash disciplined and are also pivoting away their entire business more towards clean energy. ■

\*Paraphrased comments

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