

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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SUNDAY /// OCT 17th /// 2021

DAILY OIL COMMENTARY



US HANDS OFF APPROACH TO REGION FAVORABLE TO IRAN-SAUDI RELATIONSHIP

Dr. Banafsheh Keynoush

Author, "Saudi Arabia and Iran: Friends or Foes?"

The US will continue to play a pivotal role in maintaining and ensuring the power balance between Saudi Arabia and Iran, both from a security and energy perspective. However, the fact that the Biden administration is

aiming to have more of an over the horizon monitoring of Gulf events rather than being a direct actor, has been a reassuring factor to Iran. One of the basic parameters and strengths of the Saudi Iranian relationship is how it can stand on its own two feet without extreme foreign interventions. This was the case in the period before the Second World War but since then, the relationship has become contingent on

what foreign powers did in the region. The fact that the two neighbors are talking today is positive, but they still have a long way to go. Saudi Arabia particularly has said that the current level of talks with Tehran are exploratory and are contingent on the outcome of the nuclear discussions between the US and Iran. If those talks fail, we cannot be certain how willing Riyadh and Tehran will be to maintain a relationship.

Tehran meanwhile is engaging on two parallel tracks - one with the West and the US on the nuclear issue and the other with Saudi Arabia. It wants to maintain the talks with Saudi Arabia no matter what, and indicated that it wants the reopening of mutual embassies as a precursor to the continuation of further talks about security in the region.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Maleeha Bengali
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TOP 3

SUNDAY /// OCT 17th

TAKEAWAYS

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1. OIL'S LEAP THROUGH \$85 SHOWS SPILLOVER EFFECT FROM ENERGY CRISIS
2. US OIL RIG COUNT CLIMBS IN LOCKSTEP WITH CRUDE PRICES
3. INDIA'S PETROL, DIESEL PRICE HIKED AGAIN; DIESEL NEARS RS 100-MARK IN GOA
4. GERMANY'S INCOMING GOVT AGREES TO PHASE OUT COAL
5. CHINA SEEKS LONG-TERM US LNG SUPPLY AMID ENERGY CRISIS
6. SAUDIS "SERIOUS" IN TALKS WITH IRAN
7. COVID HAS KILLED HUNDREDS OF US POLICE OFFICERS
8. CHINA ONCE AGAIN CUTS OIL IMPORT QUOTAS FOR INDEPENDENT REFINERS
9. GLOBAL ENERGY CRISIS HITS SINGAPORE AS ISWITCH ENERGY GOES BUST
10. CHINA'S ENERGY CRISIS DEEPENS AS COAL PRICES SURGE

RECOMMENDED VIDEOS & REPORTS

- FRAC SPREAD COUNT - APPROACHING OUR 275 TARGET
- WHAT DOES CHINA'S ENERGY CRISIS MEAN FOR RUSSIA?
- CHINA'S XI JINPING EXPECTED TO SNUB UK SUMMIT ON CLIMATE CRISIS
- UNCLOGGING THE PORTS WILL NOT FIX THE SUPPLY CHAIN'S EVEN BIGGER TRUCKING CRISIS
- RACE MARKS SYDNEY'S EMERGENCE FROM LONG COVID-19 LOCKDOWN

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Maleeha Bengali
Founder
MB Commodity Corner

**“Stagflation is
certainly a concern
for the Markets”**

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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

**“We see Risk-on
appetite everywhere
in the markets”**

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EXCLUSIVE SERIES VIEWS YOU CAN USE

Dr. Carole Nakhle
Chief Executive Officer
Crytol Energy



OPEC + is still the biggest variable affecting where oil prices can go.

And looking at the groups' forecasts for the rest of year, we shouldn't expect major deviations for their output plans. The other variable is demand and if we look at the macro picture and IMF world economic forecasts, the numbers are heading in the wrong direction for major economies like the US, China and the UK. At the same time, we also see inflationary pressure increasing everywhere - stagflation is the biggest problem that could change the momentum in oil markets. Supply chains have also not been resolved with the current upturn in demand not helping in that regard.

What's causing the lack of investment into new oil and gas capacity?

Oil price direction is one variable - you need spot prices to be higher than index constructed prices for much longer than just one winter to encourage investment. But the other dimension is confusion and contradiction on the policy side. - investors receiving different signals on whether their projects will be profitable or not is not conducive to them committing their capital long term.

Market momentum in the coming week?

Volatility will continue but there hasn't been any major change to justify prices breaking away from the range in which they are trading. The gas shortage and storage situation in Europe will continue to be a concern, with some attention on whether Russia can or will play a role in resolving that, following President Putin's remarks. ■

**Paraphrased comments*

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