

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// JUNE 9th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL OPENS HIGHER IN ASIA THIS MORNING ON SIGNS OF STRONG FUEL DEMAND
2. OIL PRICES HIT 2-YEAR HIGH YESTERDAY ON BULLISH INVENTORY REPORT
3. OPEC+ LIFTS OUTPUT BY 430,000 B/D AS SAUDI EASES VOLUNTARY CUT
4. CHINA'S EFFORTS TO CURB OIL PRICES ARE FUTILE
5. US ANTICIPATES HUNDREDS OF SANCTIONS ON IRAN TO REMAIN IN PLACE
6. CHINA TELLS PETROCHINA TO STOP TRADING OFF OIL QUOTAS WITH TEAPOTS
7. INDIA'S STATE-CONTROLLED REFINERS RAISE RUNS
8. INTERNATIONAL OIL MAJORS MUST SOLVE RIDDLE OF NET-ZERO & NET PROFITS
9. CHINA'S FACTORY GATE PRICES RISE AT FASTEST PACE IN OVER 12 YEARS
10. US JOB OPENINGS JUMP TO FRESH RECORD HIGH IN APRIL

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RECOMMENDED VIDEOS & REPORTS

- US CPI MAY PREVIEW: INFLATION ANGST IS COMING
- INDIA'S SERUM INSTITUTE IS AT THE CENTRE OF GLOBAL COVID-19 VACCINE SHORTAGE
- CHINA'S MEDIAN HOME SIZE MAY HAVE TO GROW TO 120 SQUARE METRES
- THE THREE SEAS INITIATIVE AS A GEOPOLITICAL APPROACH & AUSTRIA'S ROLE

DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Mike McGlone
Senior Commodity Strategist
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Senior Director, Market Economics
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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// JUNE 9th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. Welcome to the confusion zone. No, that's not me coining this commentary as one that is constantly confused (leave itttt), but a market that absolutely befuddles me. As Lewis Carroll once said, "I am not crazy; my reality is just different from yours." Lewis also wrote about a pipe smoking caterpillar, but we'll gloss over that. Anywayyyy, Brent is trading this morning at \$72.54/bl, up 0.32/bl. WTI is trading up 0.33/bl, at \$70.38/bl. Ok, so let's get on to that confusion I talk about. Brent this morning is trading at its highest since May 2019. WTI is trading at its highest since October 2018. Demand is down by 5mn b/d. Wait, there's more. China oil imports were down



BY MATT STANLEY
DIRECTOR
STAR FUELS

14% in May. China's highest producer inflation in over 12 years highlights global price pressures. Hang, bit more to go. US crude oil stocks draw 2mn bbl BUT product stocks built 5.8mn bbl. This is including Memorial Day

weekend, a time the bulls were counting to see driving season kick off with a bang, instead it kicked off with a pffff. Anything else? Oh, we're still in a pandemic. I keep forgetting that. Now, let's balance this out a bit, shall we? China oil imports in May were a bit skewed as it was maintenance time at most refineries, so this was widely expected. I expect June to bounce back. The thing is though, the market didn't really react to this bearish news. Arguably the market has looked at Chinese recovery to indeed lead a global recovery, but of course any negative news is dismissed. Clearly. But you wait. If June figures come in at 15% higher than May, which they probably will, then

the market will rally. And this is the state of things right now. Negative news is dismissed in the same way I dismissed my chances on the Euro sweepstake (I managed to draw Hungary and Scotland; I mean really?). Yesterday was quite extraordinary actually and highlights things quite well. We traded down to a low of \$70.71/bl on Brent at one stage before the US got in and, aside from some small profit taking, we ended up closing at \$72.22/bl. The reason? Well, the demand hope for sure but I also think that any negative news is being translated in that OPEC+ will react and look at adjusting production levels accordingly. Negative news is good news. Fancy that. Stats later. Good day.

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INTERVIEW SERIES

Guy Platten
Secretary General
International Chamber of Shipping



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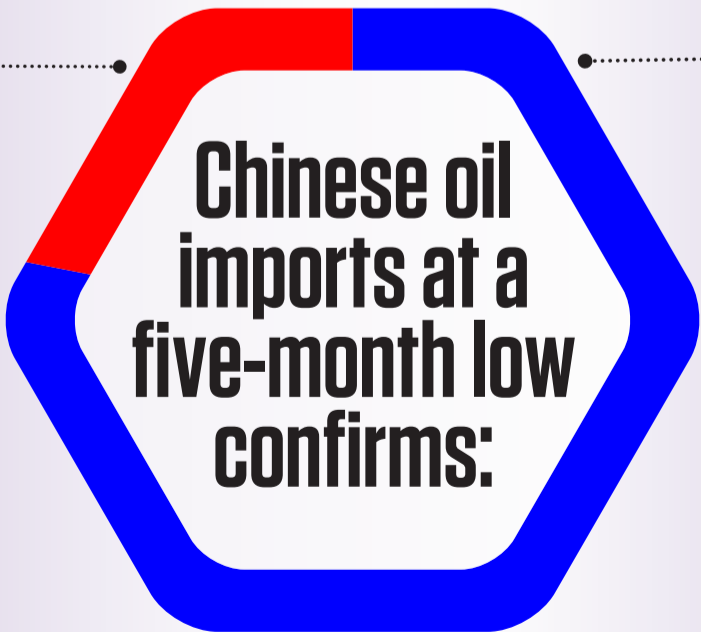


DAILY ENERGY MARKETS FORUM
INDUSTRY SURVEY



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22%
Weakness in
Asia market



78%
Temporary
cyclical

Source: GI Research June 2021

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

Edward Bell
Senior Director, Market Economics
Emirates NBD



**“Outlook for oil Markets to
Keep Moving Higher?”**

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

Kate Dourian, FEI
MEES Contributing Editor &
Non-Resident Fellow,
The Arab Gulf States Institute
in Washington



**“Iran Nuclear Talks Face
Bleak Future Without a
Deal This Week”**

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John Roper
CEO, Middle East
Uniper Global Commodities SE



We're seeing very robust prices for LNG into Asia?

Asian demand is generally loose, but there's been a real surge of imports into China, particularly last month. China imports around 68 million tons of LNG a year. The figures for January to May alone indicate a total of about 50mn tons. That activity is translating into these prices. The average over March and April was about \$7 and we're seeing spot prices for summer demand back up to \$10 and nearly \$11. Some Chinese companies are also taking advantage of this big move in May prices and selling on cargoes that were due to be put into India but diverted to China to cater for demand. China is getting back on its feet quicker than most had expected. Meanwhile, pricing for long term LNG contracts is still at historical lows.

Will Asia invest into the infrastructure needed to avoid these LNG price cycles?

Infrastructure goes hand in hand with the ability to distribute and China has a lot of country to put pipelines through. It's already expanding its network of LNG regasification terminals across the country with plans to increase terminal capacity to 12mn tons. One interesting observation is that trucked LNG has had an absolute surge as the switch from coal to gas in power generation continues. Pipeline networks take time to develop, but in the first quarter of this year, piped LNG was estimated at about 9mn tons compared with 11mn tons for the whole of 2020. ■

**Paraphrased comments*

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