

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// OCT 19th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OPEC+ UNDER PRODUCES QUOTA DESPITE CALLS FOR MORE OIL
2. HEDGE FUNDS CUT BULLISH BETS ON OIL AMID PROFIT-TAKING
3. REFINING BILLIONAIRE: \$100 OIL IS LIKELY
4. WHITE HOUSE SAYS CONTINUING TO PRESS OPEC TO ADDRESS OIL SUPPLY ISSUE
5. JAPAN TO URGE OPEC TO BOOST OIL PRODUCTION AMID PRICE SURGE
6. UK FIRMS WILL HAVE TO DISCLOSE CLIMATE IMPACT
7. BANK OF ENGLAND SAYS IT WILL ACT ON INFLATION
8. IRAN RESUMES EXPORTS TO SAUDI AFTER A YEAR OF 'ZERO' ACTIVITY
9. US STAGFLATION FEARS OVERBLOWN, BOND MARKET INVESTORS SAY
10. OIL PRICES FALL AS WEAKER CHINA GROWTH, US OUTPUT STOKES DEMAND CONCERNS

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RECOMMENDED VIDEOS & REPORTS

- COLIN POWELL DIES, TRAILBLAZING GENERAL STAINED BY IRAQ
- EMIRATES NBD REPORT: CHINA GDP RESULTS HOLD INDICATIONS FOR GLOBAL TRAJECTORY
- AMAZON OFFERS BONUSES OF UP TO £3,000 IN RUN-UP TO CHRISTMAS
- INDUSTRIAL PRODUCTION FALLS 1.3% AS EFFECTS FROM IDA LINGER
- DOLLAR SOFTENS AMID BETS OTHER CENTRAL BANKS TO OUTPACE FED TIGHTENING
- IMF BLOG INSIGHTS & ANALYSIS ON ECONOMICS & FINANCE

DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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Peter McGuire
Chief Executive Officer
XM Australia



David Rundell
Author
"Vision or Mirage, Saudi Arabia
at the Crossroads"



Henning Gloystein
Director -
Energy, Climate & Resources
Eurasia Group

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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TOP 3

TUESDAY /// OCT 19th

TAKEAWAYS

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Tuesday. Brent is trading this morning at \$84.75/bl up 0.42 and WTI is trading at \$82.97/bl up 0.53. 2021. If you had one word to sum up this year so far, what would it be? It's an interesting one, isn't it? I mean some would say "great", just ask Pierre Andurand. An energy journalist may use "confusing", and they would be right, too. If you're a seafarer you would more than likely use an expletive, and again, who can blame them for that. What would I use though? "Hmmm". That's how I would sum up 2021. "Hmmm". But that's just me being a bit annoying, I suppose. Because 2021 has been "annoying". Not sure many of us can argue with that. What about the oil market



BY MATT STANLEY
DIRECTOR
STAR FUELS

though? How would I sum that up? "Delusional?", no, too harsh, demand has come back, even if those forecasts were always a little excessive. "Ignorant?". Well, arguably one could

say that but then when has the oil market ever really fully reflected physical fundamentals? In the words of being asked who Accrington Stanley are? Exactly. I think there's one word to sum up the oil market this year and that is "tenacious". Brent has been on a path that not even the Four Horseman could have stopped. STAT TIME (blows whistle) - this time last year, when Boris was about to announce another lockdown, Brent was trading at \$42.62/bl. A week later, after his Borisness did announce such lockdown, Brent traded down to \$35.74/bl. Here we are, not even a year later and Brent has doubled. DOUBLED. If I had sat down for socially distanced brew with you

this time last year and said "Yeah, nah, don't worry, in less than a year's time Brent will be trading in the mid \$80's". You would have chuckled me out, shut the door in my face and put up a sign in your window that read "NO STANLEY'S WELCOME". Quite right, too. You read any newspaper in any part of the world and with no doubt one of the first five pages would have a story about the current energy crisis. Until we really see some tangible evidence that said "crisis" is eased, whether that be more gas or colder than forecast winters and then this news filters down to "The Daily Nonsense", then oil prices could quickly rise to those dreaded triple digits. All eyes on OPEC+. Again. Good day, and week to all.

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Peter McGuire
Chief Executive Officer
XM Australia

**“Most Traders Still
Holding on to a
Long Position”**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Henning Gloystein
Director - Energy, Climate & Resources
Eurasia Group

**“China’s Outlook
for 2022 doesn’t
Look Very Good”**

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Amena Bakr
Deputy Bureau Chief & Chief OPEC Correspondent
Energy Intelligence



OPEC+ is not overly concerned about the market overheating at this point.

On the contrary, we’re hearing that the group is opening up to the possibility of Brent reaching \$100 a barrel. I see them continuing with the current policy of easing production cuts by 400,000 bd and no appetite to ease the cuts more than that. OPEC+ states are still trying to make up for losses incurred in 2020.

Does the group feel any responsibility for the current inflation narrative?

They understand that oil prices impact the world economy, but they also don’t see extra demand. Refineries in Asia and the US are not asking for more oil. They want to examine the market fundamentals and the fear is that by 2022 we will get an overhang in supply, so they need to be proactive now.

Might a cold winter propel them to add more barrels?

I don’t see them revising stock outlooks for 2022. There’s also a lot of focus on the group’s spare capacity but some countries can’t even reach their current quota and they would have to be compensated by other players like Saudi Arabia and maybe the UAE. Kuwait has huge issues with declining capacity, Nigeria and Libya also have issues and of course, Iran can’t export. That is all adding a lot of pressure. There is about six million barrels of spare capacity among OPEC+ members, but that figure can’t come to the market very quickly.

Where does OPEC+ sit on the issue of energy transition ahead of COP 26?

OPEC+ states are investing in new energy projects but there are questions around the pace of the transition and how it is managed. The current energy crisis has highlighted that investment in upstream needs to continue in parallel with renewables. It also comes down to affordability - there needs to be a level of transparency with consumers on how much the transition is going to cost. ■

*Paraphrased comments

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