

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// JUNE 15th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL RISES AS THREAT OF IMMEDIATE IRAN SUPPLY RECEDES
2. DOLLAR NEAR ONE-MONTH HIGH WITH MARKET FROZEN BEFORE FED TEST
3. THE EMIRATI OIL DEAL THAT HAS INFURIATED ISRAELI ENVIRONMENTALISTS
4. NATO WARNS OF MILITARY CHALLENGE POSED BY CHINA
5. LOCKDOWN EASING IN ENGLAND DELAYED TO 19 JULY
6. PRIVATE EQUITY-BACKED DRILLERS UNDER EMISSIONS SCRUTINY
7. PAUL TUDOR JONES: 'GO ALL IN' ON INFLATION TRADES IF FED IGNORES HIGHER PRICES
8. INDIA'S Q1 GDP DATA SUGGEST STRONG POST-PANDEMIC REBOUND
9. RENEWABLE ENERGY REVOLUTION HAS A MAJOR EMPLOYMENT PROBLEM
10. SUPREME COURT TOSSES BIG OIL APPEAL TO MOVE CLIMATE LAWSUIT TO FEDERAL COURT

RECOMMENDED VIDEOS & REPORTS

- TSA SCREENED OVER 2MN PEOPLE - BIGGEST AIR TRAVEL DAY SINCE PANDEMIC BEGAN
- MORE DEPARTURES FROM EXXON MOBIL'S TRADING OPERATION
- GLOBAL FOSSIL FUEL USE SIMILAR TO DECADE AGO IN ENERGY MIX
- FREQUENCY & DISTANCE OF HUMAN TRAVEL FOLLOWS UNIVERSAL PATTERN
- CHINA ACCUSES G7 LEADERS OF 'SMALL CIRCLE' POWER POLITICS AFTER REBUKE
- THE FINANCIAL FUTURIST NEWSLETTER

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Dr. Charles Ellinas
Chief Executive Officer
Cyprus Natural Hydrocarbons Co.



Bora Bariman
Managing Partner
Hormuz Straits Partnership



Kevin Wright
Lead Analyst APAC
Kpler

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

TUESDAY /// JUNE 15th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. Where have you been? I'll get on to that in a moment. And no, it's got nothing to do with anything remotely close to anything "Coming home?", OK? Brent is trading this morning at, hang on, \$73.28/bl? What? \$73.28/bl? Let me just wipe the old eyeballs. Nope I read it right. Brent is trading up 0.42/bl this morning at \$73.28/bl. WTI is just as mad trading at \$71.24/bl, up 0.36/bl. "Most human beings have an almost infinite capacity for taking things for granted." Aldous Huxley said that. Many years ago. But you know people who are clever are just that - clever and quotes like that still apply today, especially in oil markets. What do I mean by this? Well as human beings we are eternal optimists, except me, I didn't hit any of those



BY MATT STANLEY
DIRECTOR
STAR FUELS

branches when I fell off the Tree Of Optimism, I just about brushed a sapling, anyway, that's just me. The oil markets are quite extraordinary however. We seem fairly well set in a \$70/bl - \$75/bl range on

Brent yet demand is still around 5mn barrels lower than we were pre-pandemic. This consistent hope that markets foresee regarding demand making a return to pre-pandemic levels is no longer a discussion it seems, it is fact. And what a remarkable world we live in when forecasts are fact. You wouldn't say that if I said "It's coming home" and had Baddiel and Skinner on repeat, would you? Oil supply is returning in the hope that these demand forecasts prove true, but then I look at real tangible data and if those very forecasts are ringing true. And I'm sorry they're not. Don't pass go. And definitely don't collect \$200. Emirates Group announced full year results this morning and whilst balance sheet

strength remains strong we can't ignore the fact that revenues were down 65% and the group posted a net loss of \$6bn. This is the group's first loss in over three decades. To be honest, those who weren't expecting such brutal numbers have climbed so far up that tree of optimism that they will have a nose bleed. Last year was a year like no other. 2021 is about bringing things back to normal, but with lockdown restrictions vis-à-vis international air travel still some way away and half of product demand returning being jet fuel demand, I just can't join this bullish conversation. Time to prune that sapling me thinks. Good day, and week to all.

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

Kevin Wright
Lead Analyst APAC
Kpler

***"Asia hasn't taken
advantage of time gained
from defeating first Covid
wave"***

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

Dr. Charles Ellinas
Chief Executive Officer
Vision or Mirage, Saudi
Cyprus Natural
Hydrocarbons Co.

***"Biden may compel
Turkey's Erdogan to
turn back Westward"***

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Vandana Hari
Founder & CEO
Vanda Insights



Do you agree that all boats seem to be rising fast across markets?

It's obvious that demand is picking up. All the macroeconomic data in the US shows that everything there is rebounding nicely – it's almost a Goldilocks economy scenario. However, there is a blind spot; the oil market might be ignoring the 5.8mn bd of supply that OPEC and non-OPEC will still be withholding from the market at the end of July. Even the IEA report last week seems to be assuming that all or most of this will not be coming back. That would be a mistake. Saudi Arabia is managing to keep a very tight rein on supply, but I see Russia flexing its muscles at the next meeting on July 1. I expect the 5.8mn bd to start coming back and faster than what we have seen in the first six or seven months of the year.

Any concern on China's slightly weaker growth projections?

Asia does have a new Covid playbook, with governments able to move very fast and ring-fence and contain virus outbreaks. That gives the market confidence, but I don't think Asia is past Covid. Let's also remember that incremental demand growth globally for the past decade or more, has come from Asia and after Covid, it will continue to do so. I would be cautiously optimistic.

Should OPEC be concerned about market share at these prices?

They need to ensure that they don't lose market share as demand returns. They should keep an eye on US crude exports instead of simply on US production. The US exported on average 2.8 - 3mn bd in 2019. Last year, it exported 3.2mn bd. In Q1 2021, the number was 2.85mn bd, with 3.7mn bd for last week. So, the US is using much less crude at home but exporting more. OPEC will start to have internal tensions and leaks might occur if demand growth and prices remain high and countries like Norway and Canada are bound to increase as well - another reason I feel OPEC will start opening the spigots. ■

**Paraphrased comments*

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