

# ENERGY MARKETS FORUM DAILY BULLETIN



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MONDAY /// SEP 27<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. CRUDE EXTENDS RALLY AS DEMAND OUTLOOK REMAINS BULLISH AMID SUPPLY CONSTRAINT
2. UK SUSPENDS COMPETITION LAW TO GET PETROL TO FORECOURTS
3. ASIA SHARES HESITANT AS OIL HITS 3-YEAR HIGHS
4. EARTHQUAKE IMPACTS OPERATIONS AT CALIFORNIA REFINERIES
5. NATURAL-GAS SHORTAGES THREATEN GOVERNMENTS' GREEN GOALS
6. SUDAN WILL TALK WITH PROTESTERS THREATENING FUEL REVENUES
7. INDIA AT UN HIGH-LEVEL DIALOGUE ON ENERGY
8. GERMAN ELECTIONS: CENTRE-LEFT NARROWLY WINS AGAINST MERKEL'S PARTY
9. THE BEST SELLING VEHICLES IN THE US, BY STATE
10. BRITAIN IS FACING A 'DIFFICULT WINTER'

### RECOMMENDED VIDEOS & REPORTS

- BILL SPINDLE: OUR 9/11 JOURNEY, OUR CLIMATE COMMITMENT
- DITCH YOUR PANDEMIC NEUTRALS: COLOUR IS FASHIONABLE AGAIN
- RIYADH SEASON 2021 COMING TO A DESERT NEAR YOU
- WONKING OUT: THIS MIGHT BE CHINA'S 'BABARU' MOMENT
- KATE DOURIAN: NO WELCOME MAT FOR OIL COMPANIES AT COP26 CLIMATE SUMMIT
- MIKE MULLER (VITOL): "OUTLOOK FOR OIL MARKETS IN Q4?"

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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

**Bill Spindle**  
Council on Foreign Relations  
International Affairs Fellow in India

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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# TOP 3

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# TAKEAWAYS

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Well, that was good, wasn't it? A 19 - 9 drubbing at the hands of the Americans, but much deserved and congrats to the American team. Could be worse though, I could be a Tottenham fan as well, so you know, every cloud. Rightttttt oil. Brent is trading this Monday morning at \$79.23/bbl up 1.14 and WTI is trading up 1.12 at \$75.10/bbl. So, it looks like \$80/bbl will more than likely be broken today on Brent and then, who knows? \$85/bbl? It wouldn't surprise me. I was thinking about it over the weekend, whilst watching a load of old "hullabaloo" break out at a petrol forecourt in Chichester. How is it that the oil market has got itself to this point? If we were to take photos this time last year of a UK petrol station you would be



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

greeted with pictures of diligent workers ensuring everyone was wearing their masks properly and after filling up, you'd go into the shop, grab a pint of milk before heading home back to the comforts of Get Fit

with Joe Wicks. A year later? Look at us. Fighting over jerry cans of fuel because we have been coerced into panic buying by the likes of The Daily Mail jumping on an "energy crisis" headline. The thing is though is that it didn't have to happen this way. We don't need to be in a market that is facing a supply crunch when the people holding back supply are the ones who have tried to manage the worst destruction to oil demand in a lifetime. Can we form an argument morally that OPEC are doing the right thing? If the world is in some form of energy crisis, be that Natural Gas for power generation, fuel oil for utility demand or petrol for the UK forecourt - then the arguments answer themselves in that the world needs more

oil, and with more oil comes more gas. To be fair, I am being harsh there - the UK forecourt issue is because nobody seemingly wants to work for Eddie Stobart anymore, they want to sit behind a screen and buy bitcoin, so it is, actually, nothing to do with oil supply but ineptitude from the current UK government to solve a problem that has been years in the making, nothing to do with OPEC+. Still, opinions aside, ahem, all of what is going on, whether rightly or wrongly, all points to oil going one way, and that is up. I have a feeling the word "Fossil fuel investment" could be a key word over Q4, otherwise \$100/bbl oil could be here before you're putting up your tree. Good day, and week to all.

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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

***"We are Entering  
a Period of Supply  
Tightnes"***

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

**Bill Spindle**

Council on Foreign Relations  
International Affairs Fellow in India

***"Markets currently  
trying to digest some  
massive developments  
in US & China"***

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# DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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## EXCLUSIVE SERIES VIEWS YOU CAN USE

**Christof Rühl**

Senior Research Scholar - Center on Global Energy Policy  
Columbia University



### Are we going to see China returning to normal growth?

Even before covid, China's growth and its shift to the service sector was slowing, political centralization was tightening and there were big worries about financial instability. Now, we are in a return to even slower growth and the political campaigns are becoming all encompassing in an attempt to reassert control. But let's also remember there is no example of a heavy industrialized economy successfully shifting to a modern market service-oriented economy without going through a financial crisis and China will not be an exception to that. It seems to be getting into a more fragile situation as the economy develops and as the race between centralization and decentralization, and market and politics tightens.

### When do we expect to see tapering in the US or any move on interest rates?

The Federal Reserve has a credibility problem. It has to show that inflation doesn't lift above its target of 2% although they probably would prefer rates of 3% or 4%. Another issue is one of asymmetry in their policy. Since at least the financial crisis of 2008, the Fed seems to have had a bias; when the economy and markets were weakening, they were quick to buy bonds and leave interest rates lower but when the economy was getting stronger, they were slow in tightening up and adjusting. They now need to convince everybody they mean business with tapering and that will probably start by November with interest rates being delayed a little bit.

### Anything to stop Brent getting to \$80 perhaps as soon as this week?

What would stop it is a return to normality – an end to this relentless flow of disruption such as the hurricanes and outages we have seen. It looks as if the lasting damage from both hurricanes is US inventories drawing again and US demand could be strong enough to get us to \$80. But the fundamental picture is also one of too much oil – we see the rig count reacting and price mechanisms kicking in, so sooner or later we could see the price spike and drop – there's a lot of volatility on the cards and it will be very much driven by what happens in the US because there's not much support coming from the Chinas of this world.

### Are we still expecting a return to the table for Iran nuclear talks?

There are a number of hot spots emerging globally. One is the Iranians trying to find their way back to normality and Biden trying to deal with it. Another is the impact of energy prices on growth and on inflation in particular and what that does to central bank policy. A third is what happens to Nord Stream 2 after the German election – we'll likely have to see some very swift action on this with the Russians and the Germans probably declaring victory over the US. And all of these are happening in the run up to COP 26 and winter, with high gas and power prices very much top of mind and threatening industrial production and competitiveness both in Europe and China. ■

*\*Paraphrased comments*

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