

ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// NOV 28th /// 2021

DAILY OIL COMMENTARY



“ADIPEC 2021 - Top 3 Takeaways: Green-Green-Green!”

***Christof Rühl, Senior Research Scholar - Center on
Global Energy Policy, Columbia University***

For the first time in the history of the oil and gas industry, people are seriously worried about the massive attempt to cut into production and supply opportunities. We saw this at ADIPEC last week, where industry representatives showed they

were feeling the heat of the energy transition coming closer. And it wasn't only talk about carbon prices. It was concrete conversations about access restrictions and massive public opinion supporting that. As a result, oil and gas companies are now seeing it as more tangible and more practical to accept something like a carbon price but they don't want their volumes of production threatened. Another takeaway from last week was the strong reaction to what has been labeled this year as an energy

crisis - of high oil prices and in particular, gas prices. The first voices are now being raised to say that we cannot sell the energy transition in this blue eyed, hilarious fashion, as a free ride into a good future where everybody creates green jobs and it's basically cost free. People are getting much more on the front foot. OPEC has said repeatedly that the energy transition is not simply about fuel substitution and voices from Africa are especially coming out strongly to say that they are not going to

leave valuable barrels in the ground. That they need the money and also only account for about 3% of global emissions. The realization is that we can't just jump out and away from fossil fuels tomorrow - the world is a bit more complicated than that. And those who see that their livelihood is directly attacked - whether as companies or as countries, are now more willing and have more analytical material to raise their voice. That's a debate which I see getting stronger.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Mike Muller
Head
Vitol Asia



Jorge Montepeque
President & Founder
Global Markets



Sean Evers
Managing Partner
Gulf Intelligence

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

SUNDAY /// NOV 28th

TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. OIL PRICES COLLAPSE TO \$69 ON NEW COVID FEARS
2. OPEC SAYS SPR RELEASES MAY WORSEN COMING GLOBAL OIL SURPLUS
3. OIL PRODUCERS CANNOT HOLD CONSUMERS TO RANSOM, SAYS INDIA OIL MINISTER
4. CHINA'S FOCUS ON DATA SECURITY & THE IMPACT ON AIS SIGNALS
5. METHANOL'S GROWING TRACTION AS ALTERNATIVE SHIPPING FUEL
6. EU STOCKS CLOSE DOWN 3.7% AMID CONCERNS OVER NEW COVID VARIANT
7. FED RISKS RUNNING BEHIND THE CURVE ON INTEREST RATES
8. EQUINOR SHIFTS OSEBERG OUTPUT FOCUS TOWARDS GAS
9. NEW COVID VARIANT THREAT CAUSES WORLDWIDE SCRAMBLE
10. US TO SELL 32MN BBLs OF MOSTLY SOUR CRUDE FROM 4 SPR SITES

RECOMMENDED VIDEOS & REPORTS

- IEA CHIEF CRITICIZES 'ARTIFICIAL TIGHTNESS' IN ENERGY MARKETS
- US LAWMAKERS MEET WITH TAIWAN'S PRESIDENT IN A SURPRISE VISIT
- RETAIL SALES SURGED THIS BLACK FRIDAY, THOUGH THE DAY'S IMPACT IS DILUTED
- EU TO SUSPEND TRAVEL FROM SOUTHERN AFRICAN NATIONS OVER NEW CORONAVIRUS VARIANT

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Jorge Montepeque
President & Founder
Global Markets

**“The algorithms took
over on Friday, on
Monday the Humans
will return!”**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Mike Muller
Head
Vitol Asia

**“In a world without
Omicron we were
looking at an ever
tightening oil market!”**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Robin Mills
Chief Executive Officer
Qamar Energy



The US SPR release didn't have the desired impact on the market?

We were expecting the release and the scale of the volumes were not that big. There's also talk that some of those volumes should be returned to the US after a few months, so it created a kind of disappointment in the market and backfired.

Should OPEC react?

There are lots of wise people in OPEC who understand Biden's dilemma. Biden had to be seen to be doing something in the current inflationary environment, especially ahead of the big Thanksgiving weekend when Americans go to great expense. But he didn't do it as an act of war against OPEC. If you recall, he also made an announcement before the SPR release, that he would be investigating whether local domestic distributors - petrol stations and various refineries - were manipulating supplies and therefore price. OPEC sees the SPR move as something to meet Biden's domestic agenda. It may be too early to tell whether they will retaliate but I doubt it. They have to ask themselves - do they want to win the battle or the war.

Why has the IEA now stepped in to urge OPEC to do more?

Interestingly, the IEA did not get involved with the US SPR release debate and were in fact saying that they saw no crisis. The IEA and OPEC have generally been aligned in their statements in the last few years. But perhaps because of the change in the US administration, we have seen some indirect pressure on the IEA to change its tone this year. That first emanated in their 2050 outlook report, which called for no further investment in oil and gas, and most importantly, with recently pointing the finger at OPEC and its allies to put more oil in the market to ease pressure on a weakening global economy. It's been a 180 degree shift in their position.

Will improved US jobless claims lead to faster monetary tightening?

The figures this week sent a very positive signal that despite all the talk about high energy prices and worsening inflation, the US economy seems to be on firm ground for a recovery after Covid. The Fed has always had two targets in mind - inflation and unemployment. If we see them both heading in the right direction, the Fed might at its next meeting announce an acceleration of tapering, that would also lead to an acceleration of when to raise interest rates. ■

*Paraphrased comments

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