

## TOP 10 DAILY NEWS DIGEST

1. OIL CLIMBS TOWARD 7-YEAR HIGHS ON US STOCK DRAW, EYES ON OPEC+ MOVE
2. OPEC+ FORECASTS GLOBAL OIL DEMAND TO BE ABOVE PRE-COVID LEVEL IN 2022
3. OPEC UNDERPRODUCTION IS DRIVING BULLISH SENTIMENT IN OIL MARKETS
4. WALL STREET REFUSES TO YIELD TO FIERY FED OUTLOOK
5. US TRADE OFFICIAL SAYS CHINA FAILED TO MEET 'PHASE 1' COMMITMENTS
6. GOLDMAN SACHS: OPEC+ COULD ANNOUNCE LARGER PRODUCTION HIKE
7. SURPRISE CRUDE DRAW SUGGESTS TIGHTER OIL MARKET
8. NEW ENERGY DEALS ARE TRANSFORMING GEOPOLITICS IN THE MIDEAST
9. UKRAINE TENSIONS: US TRYING TO DRAW RUSSIA INTO WAR SAYS PUTIN
10. SAUDI, KUWAIT MULL FUTURE NEUTRAL ZONE PROJECTS

### RECOMMENDED REPORTS

- **BIG OIL FACES CASH TUG-OF-WAR**
- **AMERICAN POWER**
- **DON'T BLAME PUTIN FOR EU'S ENERGY CRISIS**
- **INDIA'S JANUARY FUEL SALES HIT BY COVID CURBS**
- **GERMAN PETROL SUPPLY FIRM OILTANKING PARALYZED BY CYBER ATTACK**
- **OPEC+ STRUGGLES TO HIT PRODUCTION TARGETS WITH OIL DEMAND ON THE RISE**
- **EXXONMOBIL EARNS \$23BN IN 2021, INITIATES \$10BN SHARE REPURCHASE PROGRAM**
- **THERMAL COAL COULD EXTEND PRICE RALLY THROUGH MARCH: LIBERUM**



## Daily Energy Markets

## PODCAST



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**Ole Hansen**  
Head, Commodity Strategy  
Saxo Bank



**Sara Akbar**  
Chairperson & CEO, OILSERV,  
Kuwait & Non-Executive  
Director, Petrofac



**Adi Imsirovic**  
Senior Research Fellow  
The Oxford Institute for  
Energy Studies

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## PODCAST



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## TOP 3

**WEDNESDAY /// FEB 2<sup>nd</sup>**

## TAKEAWAYS

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### FX

The US dollar fell for a third day running against the Euro as markets look ahead to a potentially disappointing January non-farm payrolls number and increase their expectation that the ECB could actually raise rates at some point this year. EURUSD added 0.33% overnight to 1.1272 while USDJPY also moved in favour of the yen with the pair closing down by 0.35% at 114.71. Among the more risk-oriented currencies there was a broad move higher. GBPUSD added 0.56% ahead of tomorrow's BoE meeting to settle at 1.3522 while USDCAD moved in favour of the loonie by 0.17% to 1.2687. AUDUSD jumped 0.88% to 0.7129 even as the RBA struck a relatively dovish tone in its meeting while NZDUSD added 0.9% to 0.6638.

### Equities

After a rocky January overall, notwithstanding something of a recovery in the closing days of the month, equity markets have started February on the front foot, with gains seen in most major global indices on the first day of the month

amid a general turn back towards risk. All three major US indices closed higher, with both the Dow Jones and the NASDAQ adding 0.8%, and the S&P 500 0.7%. In Europe, the FTSE 100 and the DAX gained 1.0% and the CAC 1.4%. Italy's FTSE MIB added 1.5% amid some positive signals on the political side. Things had been more muted earlier in the day in Asia with Chinese and Hong Kong markets shut for the new year celebrations. The Nikkei added 0.3% and is currently trading up 1.6% in the morning session.

### Commodities

Oil prices were mixed overnight ahead of today's OPEC+ meeting. Brent settled down 2.2% at USD 89.16/bl while WTI was essentially flat at USD 88.20/bl. Both contracts are nudging higher in early trade today. OPEC+ should be able to quickly endorse a plan to increase output by 400k b/d for March at their meeting today and may consider even larger increases to accommodate the elevated geopolitical tension affecting

oil markets. However, market surveys of OPEC production show that hitting the monthly increases is proving to be a challenge. Total production among OPEC countries was up by just 50k b/d in January according to Bloomberg estimates as Libyan output fell back sharply thanks to militants disrupting infrastructure. Saudi Arabia, the UAE and Kuwait all managed to increase output, however. Among the countries participating in the OPEC+ arrangement, they increased output by 160k b/d compared with a target of around 250k b/d. The joint technical committee from OPEC+ estimates that the oil market will record a surplus of 1.4m b/d in 2022 as large supply increases, both from within the producers bloc as well as outside it, will accommodate the sustained rise in demand this year.

Source: Emirates NBD

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**Dr. Anas Al-Hajji**

Managing Partner  
Energy Outlook Advisors

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## INDUSTRY SURVEY



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**64%**  
Yes



**36%**  
No

Source: GI Research Feb 2022

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# Daily Energy Markets BULLETIN

WEDNESDAY /// FEB 2<sup>nd</sup>



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## Daily Energy Markets VIEWS YOU CAN USE



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### Walter Simpson

Managing Director  
CC Energy Development



#### Are these prices an opportunity for more investment by producers?

It is a time to be investing if you've got the ability to add to your production. I'm sure that every operator around the world is looking at that at the moment, and I suspect that's what's behind the increase in US production. But there are still supply chain hurdles with everybody looking to increase production on the back of increased demand, and not just for oil. The supply chain has suffered but it will start to clear over the next couple of quarters, and we can then start to be able to move forward.

#### Has the OPEC agreement run its course considering production limitations?

Not yet. It takes time for production to come back, and producers also need to be confident that that market and price is right to get investment into it. So, there's always a bit of a lag from when the production curbs have been eased, to being ready to meet new levels. I think the OPEC strategy has been successful and production will rise to meet it.

#### Is the lack of capex in recent years coming home to roost?

Assuming energy demand continues to grow as economies recover, there is going to be this tightness and it is going to be a market where prices will stay high. We need to invest, but access to capital is a challenge. Even if you have the ability from a technical perspective, you may not have the cash to do it. And so national oil companies are going to drive investment going forward, rather than the independents. ■

*\*Paraphrased comments*

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#### Mashreq 60-SECOND SOUNDBITE

### Adi Imsirovic

Senior Research Fellow  
The Oxford Institute for Energy Studies

**"This oil market is  
fundamentally very  
tight!"**

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#### Mashreq 60-SECOND SOUNDBITE

### Sara Akbar

Chairperson & CEO, OilSERV, Kuwait &  
Non-Executive Director, Petrofac

**"For OPEC+ to be  
credible they have to  
meet their commitments  
to the market"**

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