

ENERGY MARKETS FORUM DAILY BULLETIN



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MONDAY /// JUNE 28th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL STRIKES 2018 HIGHS ON DEMAND RECOVERY, IRAN NUCLEAR TALKS
2. INDIA AGAIN URGES OPEC TO PHASE OUT OIL OUTPUT CUTS
3. ASIAN SHARES KICK-OFF WEEK ON CAUTIOUS NOTE AS COVID-19 CASES SPIKE
4. DOLLAR OFF TO FIRM START AS US PRICE DATA FAIL TO QUELL INFLATION WORRIES
5. OIL RIG COUNT FALLS AS US DRILLERS EXERCISE CAUTION
6. INDIA SHIFTS 50,000 TROOPS TO CHINA BORDER IN HISTORIC MOVE
7. US AIR STRIKES AGAINST IRAN-BACKED MILITIA IN SYRIA AND IRAQ
8. WASTEWATER PROBLEM COULD CAP US SHALE GROWTH
9. WHY DID IRAQ PULL THE PLUG ON ITS \$2BN OIL DEAL WITH CHINA?
10. VOLKSWAGEN TO STOP SALE OF COMBUSTION ENGINES IN EU BY 2035

RECOMMENDED VIDEOS & REPORTS

- STATE STREET JUNE GLOBAL MARKETS OUTLOOK
- WHAT IS CHINA'S COMMUNIST PARTY PLANNING FOR THE CENTENARY DAY?
- BUILDING A GULF NATIONAL OIL WORKFORCE OF THE FUTURE?
- CHINESE SCIENTISTS SEND FIRST ROBOT ROVER TO ROOF OF THE WORLD
- EXODUS OF MIGRANT WORKERS FROM DHAKA AHEAD OF COVID-19 LOCKDOWN IN BANGLADESH



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NEW SILK ROAD LIVE PODCAST



Walter Simpson
Managing Director
CCED



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



Omar Najia
Global Head, Derivatives
BB Energy

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NEW SILK ROAD LIVE

TOP 3

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TAKEAWAYS

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Brent is trading this morning at \$76.17/bbl down 0.01/bbl and WTI is trading at \$74.09/bbl up 0.04/bbl. So, we're nearly halfway through the year and I want to run some facts by you, if you'll allow me to. More people have died from Covid-19 this year than in all of 2020. The Delta variant makes up about 20% of all new cases in the United States, up from 10% about two weeks ago, Fauci said. He has previously warned the country must avoid falling into the trap of believing the cCovid-19 crisis was over and no longer needed to be addressed. This weekend Sydney and Darwin locked



BY MATT STANLEY
DIRECTOR
STAR FUELS

down. Malaysia had their lockdown extended. Flights between the UAE and India remain suspended. Pakistan is warning of a deadly fourth wave. I could go on, of course. I'm

not being negative, but I look at the oil market and I am confused when I put things into context. John Kemp however summed things up very well at the end of last week "..... the rise in Brent prices (now around \$75/bbl) to well above the pre-epidemic five-year average (\$58/bbl) is a measure of how far producers are willing to withhold output to secure higher revenues, even as consumption remains well below the pre-epidemic trend". I said it at the end of last week but this week's OPEC+ meeting is just about the most important one for a long time. OPEC+ went into the historic

agreement together and they will need to come out of the agreement the same way. The issue is how they balance it. I am highly surprised we are yet to see an increase in US oil production if I'm honest, but I wonder if those US oil producers are going to look at what OPEC+ does before they ramp up production to fill in supply gaps that are visible to even the most optimistic of bovine. It will be an interesting week to see how the market reacts to inevitable headlines from various ministers, and nobody will be watching those closer than those wearing Stetsons. Good day, and week to all.

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

Walter Simpson
Managing Director
CCED



**“Should OPEC+ Stick with
3-Month Outlook on New
Supply?”**

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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



**“OPEC+ Likely to
Maintain Posture of
Great Caution”**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

John Defterios

Former Emerging Markets Editor & Anchor, CNN
Chairman, The Agora Group



How are oil markets moving around the expected US Fed restraints?

The rally we are seeing today is constraint driven because there's still oil off the market. The long-term trend is that the Federal Reserve is not going to let the economy tilt off the edge. They're going to be accommodative but just not at the levels that we've seen before. It's a balancing act by the central banks – to maintain this momentum as we start to open up, but also keep an eye on real demand and demand for energy.

Will OPEC bring back more than a million barrels from August?

It will be interesting to see how accommodative the OPEC Plus group will be on July 1. I don't think they're going to overreact. They will want to send a signal that they're sensitive to not killing off the rally and not come back too quickly, while watching fourth quarter demand. The Saudi strategy has prevailed, and not necessarily to the happiness of all OPEC plus members. Extra capacity of 5.8mn barrels is substantial at the end of the day. OPEC is also managing the signals from the US Fed. They will give the market a line of sight for the next three months but will be ready to respond month to month if necessary.

How uncertain is demand for the remainder of the year?

I don't see any real shocks on the economic front between now and December unless there's a further flare up in the Delta variant. First quarter 2022 demand for oil and gas could be back up to pre pandemic levels. In the G7 economies, there's a lot of pent-up demand, particularly from the US. People are trying to deploy their assets as much as possible and look for returns. We see it in the real estate market for example. However, it's not the same scenario in China or other emerging markets. We don't have that robust demand coming from Southeast Asia, from Africa, or from India which is still struggling with Covid. And even within Europe, we still don't have free movement of travel, with debates between countries on the pace of opening up – that's going to actually hold back growth when it comes to consumer and business movement, at least for the next three or four months. ■

**Paraphrased comments*

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