

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// SEP 2nd /// 2021

TOP 10 DAILY NEWS DIGEST

1. **US CRUDE-OIL INVENTORIES DROP MUCH MORE THAN FORECAST**
2. **OPEC+ STICKS TO PLAN TO RAISE CRUDE OUTPUT IN OCTOBER**
3. **THE US OIL INDUSTRY IS FACING A TALENT CRUNCH**
4. **IRAN DETERMINED TO INCREASE ITS OIL EXPORTS DESPITE US SANCTIONS**
5. **IRAQ GEARS UP FOR HIGHER BASRAH MEDIUM SALES**
6. **POWER OUTAGES CONTINUE TO PLAGUE US GULF REFINERS**
7. **UNCERTAINTY ABOUT BUSINESS TRAVEL COULD KEEP JET FUEL DOWN**
8. **INDIA ASKS UTILITIES TO IMPORT COAL AMID SHORT SUPPLY AS DEMAND SPIKES**
9. **DISAPPOINTING ADP JOBS REPORT SHOWS ECONOMY NOT IN FULL SWING**
10. **US MANUFACTURING ACTIVITY RISES; SHORTAGES LINGER**

RECOMMENDED VIDEOS & REPORTS

- **OIL-PRODUCING COUNTRIES NEED SUPPORT IN NET-ZERO SCENARIO**
- **WHO SAYS IT IS MONITORING A NEW COVID VARIANT CALLED 'MU'**
- **OPEC PRESS RELEASE : GLOBAL OIL INVENTORIES TO KEEP FALLING**
- **POLLS SHOW NEWSOM RECALL ELECTION SURVIVAL TOO CLOSE FOR DEMOCRATS' COMFORT**
- **EMIRATES TO RECEIVE FINAL A380 IN NOVEMBER**

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



Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



Walter Simpson
Managing Director
CCED

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TOP 3

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Mashreq 60-SECOND SOUNDBITE

Dr. Carole Nakhle

Chief Executive Officer
Crysol Energy

"Market fundamentals didn't require OPEC+ to deviate from plan"

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Mashreq 60-SECOND SOUNDBITE

Walter Simpson

Managing Director
CCED

"OPEC+ getting ready to displace 'Big Oil' as major players in the market"

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DAILY OIL COMMENTARY

Morning all. Welcome to the day after the night before's OPEC meeting. I mean if you can call it a meeting. 20 minutes I think, honestly, I've had a pint of Dublin's finest take longer to settle than that. Anyway, we shall talk about what happened, or what didn't in but a moment. Brent? Where are you? Ah yes, there you are, around \$70/bl. Brent is trading this morning at \$71.52/bl, down 0.07/bl. WTI is trading down 0.14/bl, at \$68.45/bl. So, "kell seprees" as Del Boy would say, OPEC maintained course and kept their promise of returning 400,000 bpd of production next month. Grandpa Joe was "glad" at this. I'm sure OPEC are very happy POTUS is glad (insert roll eye emoji). It wasn't particularly difficult to see this decision coming, things



BY MATT STANLEY
DIRECTOR
STAR FUELS

have been fairly stable in the oil market over the last few months, and this is reflected in the range bound market Brent has been in since April, really, between \$65/bl and \$75/bl. The thing is, the market likes a

bit of drama, doesn't it? I mean you don't tune in to EastEnders to watch Frank Butcher make beans on toast, do you? No, you watch him as he embarks on an adventure to steal money out of Dot Cotton's purse in the launderette. Some say I miss the UK. Maybe. Anywayyy back to non-drama - I mean there have been myriad stimuli to create volatility recently, a hurricane in the USGC, tensions in the Middle East, US oil production at 11.5mn b/d (the highest since May 2020), Mexican oil outage and of course, the main story that is always there but seemingly largely ignored - COVID-19. Yet the market has by and large shrugged these concerns off and this was reflected in the OPEC statement yesterday that the group sees oil demand rising in 2022. Now, I know this

week I said may be of a more bullish persuasion these days but there's bullish and there's overly optimistic, yes that's about as polite as I can put that - "overly optimistic". The market reaction to the OPEC decision? Meh. I mean it was largely priced in and I don't think anyone saw a surprise coming. The next few weeks will be of high importance to the market though with economic data coming in, especially non-farm payrolls tomorrow and the significance that Labor Day in the US next week marks the end of driving season. Oil data in the US will be skewed owing to the effects of Hurricane Ida so I expect the market to stay range bound and look for general direction from the upcoming data out over the next few days. Good day.

DAILY ENERGY MARKETS FORUM VIEWS YOU CAN USE

Ahmed Mehdi

Research Associate

The Oxford Institute for Energy Studies



Main questions OPEC faces as they decide what to do next?

Many banks and credit agencies have been revising demand estimates downwards but I think fundamentally, OPEC will continue with their planned 400,000 bd increase. We have had a lot of pressure on spot premiums for Middle East crudes appearing in the last trading cycle entering China, particularly crude purchased by the independent refiners because they were very much sidelined from the spot market. However, it's important to remember India has very much come back since earlier this year, and Japan as well, so the Asian spot market is gearing up for another healthy cycle. Inventories are also continuing to draw in the US, where we have a production rate which is still two million barrels a day lower than pre-Covid. But the real question for OPEC strategy today is more to do with 2022. On quotas, most of its members with spare capacity have now been accommodated for since the last meeting - and we have to remember that some countries in the group aren't able to achieve their quotas.

Iran nuclear talks no longer appear to be a big factor for the oil markets?

The new Iranian negotiating team, though quite inexperienced, is more aligned with the supreme leader, so one could argue that it's more likely a deal will be reached, particularly given the mounting economic challenges the country is facing. From its energy sector perspective, the issue is more to do with the fact that the condensate balance in Iran has to be managed, for it to keep all parts of the system running and to avoid fuel switching in the power sector, as well as maintain product exports. They have a problem with condensate storage at the moment in terms of where that limit is going to be reached. ■

*Paraphrased comments

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