

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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THURSDAY /// JUNE 17th /// 2021

TOP 10 DAILY NEWS DIGEST

1. **CRUDE OIL PRICES DROP, PRESSURED BY STRONGER US DOLLAR**
2. **CLIMBING OIL PRICES SIGNAL NEED FOR MORE OUTPUT**
3. **CRUDE INVENTORY DECLINED 7.4MN BBL LAST WEEK, SAYS EIA**
4. **DOLLAR HITS TWO-MONTH HIGHS ON FED'S HAWKISH SURPRISE**
5. **SAUDI: OIL PRICE SURGE COULD FOLLOW REDUCED GLOBAL CRUDE EXPLORATION**
6. **BULLISH FUNDAMENTALS DRIVE OIL PRICES HIGHER**
7. **GOLDMAN SACHS DELAYS RETURN TO OFFICE FOR WORKERS**
8. **FEDERAL RESERVE WARNS US ECONOMY PATH DEPENDS ON VIRUS**
9. **CHINA TO SELL RESERVES OF COPPER, ALUMINIUM, ZINC TO FABRICATORS**
10. **TURKEY'S EXPORTS TO LIBYA UP 67% THIS YEAR COULD TRIPLE BY YEAR END**

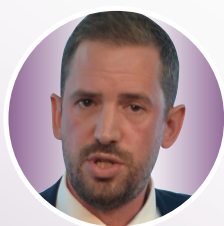
RECOMMENDED VIDEOS & REPORTS

- **LIVE: FED CHAIR HOLDS PRESS CONFERENCE FOLLOWING 2-DAY POLICY MEETING**
- **THE FED MOVES UP ITS TIMELINE FOR RATE HIKES AS INFLATION RISES**
- **EXORBITANT LUMBER, SCARCE MATERIALS HAMPERING US HOMEBUILDING**
- **TECHNICAL ANALYSIS OF OIL MARKETS POINT TO HIGHER PRICES**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Matt Stanley
Director
Star Fuels



Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



Randall Mohammed
Former VP, Energy Solutions
Ahart Solutions International

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

THURSDAY /// JUNE 17th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to Saturday at The Masters. Or "moving day" as a non-golfer would call it. And no, I'm not talking about packing up your tupperware and moving home. I'm talking about moving day in markets. Brent is trading this morning at \$73.80/bl, down 0.59/bl. WTI is trading down 0.56/bl, at \$71.59/bl. OK so, Saturday at the Masters, what are you talking about Stanley? I shall explain. Yesterday Jerome Powell, Chair of the US Federal Reserve, hinted at the possibility of tapering stimulus and raising interest rates. Not until 2023, sure, but it is the first signal that the free money party may be coming to an end. I mean come on, this was inevitable, surely? I remember my first job. It was in McDonald's and



BY MATT STANLEY
DIRECTOR
STAR FUELS

one of the perks you used to get was a free meal during break time. Beaut. 17 and free McDonald's? Course you would. But there was one guy who took advantage - a nugget here, apple pie there,

stuffing as many fries into a large box ("just a medium portion guv"). Greedy. He got caught and subsequently dismissed. That's where the markets are. Free money wasn't going to last forever and a few of the funds will be a bit concerned they've had their hand in the chicken nugget jar for too long. What does it mean for oil? Well, here's the thing. Stats last night showed a 7.8mn draw on crude stocks. Crude stocks continue to draw and are at a four-month low. Nice. Right? Ehh uhh (That's the noise the buzzer makes on Family Fortunes. erhh urgh? Ehh uuuh?). Anyway...NOT that nice actually as gasoline and jet fuel stocks rose. Gasoline stocks are above the 5-year average for the first time since February. What's happened

to all this supposed demand returning? Too early Stanley. OK fine. Here's another indicator for you - the 321 WTI crack. 3 barrels of crude in. 2 gasoline, 1 diesel out. Long seen as a bellwether for US product demand. May 18th it was trading at \$24.02/bl. Today? \$17.22/bl. The lowest since February. I mean don't get me wrong, it's a lot better than this time last year (12.57 FYI), but I'm sorry comparing any economic indicator to this time last year when you had to give a valid reason why you need a loaf of bread from the shops, is not what I would call an "indicator." Wall Street has led the way in economic recovery. How much of this is and was leveraged off stimulus measures will be the talking point over the next few weeks and months. Good day.

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

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

***“The FED Finally
Acknowledge Inflation
Concerns”***

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

Matt Stanley
Director
Star Fuels

***“Crude may be Going Places
but Gasoline Stocks are
Building - Why?”***

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EXCLUSIVE SERIES VIEWS YOU CAN USE

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



Is \$75 the new target price for OPEC Plus?

They have never set a target but if you can sell more barrels at a higher price, then why not? However, the lessons from the past tell us that if prices are exaggerated, we lose in the long run. At \$75, US shale will definitely come back - a lot of capital is already looking back into that and renewables also become far more competitive.

What do you expect from OPEC's July 1st meeting, given demand?

They will start to open the taps. They have 5 to 6 million barrels of crude locked up in various countries so some of that will have to come back. They will probably add a million barrels to cool off the market and to address the balance - demand is recovering faster than anybody thought. And with some price forecasts now at \$80 or \$90, they're bound to open up a little more. Russia especially will insist. Kuwait also needs capital. We have 800,000 barrels of capacity and we are very keen to put some of that back into the market.

Kuwait's GDP contracted 9.9% in 2020 - how challenged is the fiscal position?

The break-even price to balance the budget is \$79. But the main issue is the political standstill between government and parliament. The government is not able to pass legislation that is essential for cash flow management. We need to completely restructure things.

Will the region invest in more capacity given these prices?

This region will not change its plans based on this or any cycle. Yes, there was some delay last year in the sanctioning of some projects, but it was not cancellation. We go through cycles; we don't move with them. The Saudis have said they want to go to 13 million bd and probably already have plans in place and the UAE is on a route to 5 million bd. ■

**Paraphrased comments*

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