Daily Energy Markets BULLETIN

THURSDAY /// FEB 10th

Consultancy Intelligence Publishing

TOP 10 DAILY NEWS DIGEST

1. LIBYAN PM SURVIVES ASSASSINATION ATTEMPT, SOURCE CLOSE TO HIM SAYS
2. OPEC+ CRUDE OUTPUT 800,000 B/D SHORT OF JAN TARGET
3. EIA INVENTORY REPORT - CRUDE INVENTORY FALLS UNEXPECTEDLY
4. JAN CONSUMER INFLATION EXPECTED TO RISE BY 7.2%, THE HIGHEST SINCE 1982
5. UK SAYS SUPPORT FOR OIL & GAS ESSENTIAL FOR NET ZERO TRANSITION
6. NEW YORK PENSION FUND TO DIVEST HALF ITS SHALE COMPANIES
7. GERMAN EXPORTS RISE AGAIN IN DEC, STRONG GAINS IN 2021
8. PHILIPPINES WELCOMES BACK FOREIGN TRAVELERS AFTER 2 YEARS
9. JAPAN TO DIVERT LNG TO EU AMID WORRIES OVER UKRAINE
10. INDIA'S FUEL DEMAND REINED IN BY COVID CURBS IN JAN

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RECOMMENDED REPORTS

- UAE EXPANDS STRATEGIC OIL HUB TO COUNTER IRANIAN THREAT
- SCALE OF INVESTMENT NEEDED FOR ENERGY TRANSITION MAKES NO SINGLE MODE INEVITABLE
- LIBYAN POLITICS BROKEN BUT WAR NOT SEEN AS INEVITABLE
- BRAZIL'S LULA SAYS HE WOULD TAX RICH MORE, CHANGE PETROBRAS FUEL PRICE POLICY
- 1 BIG THING: INSIDE THE BIDEN-BENNETT CALL ON IRAN
- READOUT OF BIDEN'S CALL WITH KING SALMAN BIN ABDULAZIZ AL-SAUD OF SAUDI

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

Omar Al-Ubaydli
Director of Research
Bahrain Center for Strategic International & Energy Studies

Reem Shamseddine
Senior Correspondent
Zawya, Arabic

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TOP 3

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TAKEAWAYS

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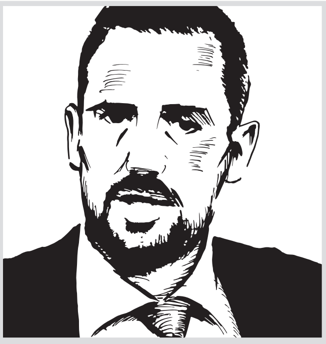

BY MATT STANLEY
DIRECTOR
STAR FUELS

Thursday, arguably my favourite day of the week, not sure why, I just like Thursdays. Right, oil? Oil it is. Brent is trading this morning at $91.18/bl down 0.37 and WTI is trading down 0.26 at $89.40/bl. Today I want to talk about mango farming. Don't laugh, I know this is a very sensible commentary usually but today I want to talk about mangoes. "A really premium class, large R2E2 mango was worth $5 16 years ago — it's still worth $5," Mr Smith said. "And yet all our input costs, our fertilisers, our fuels, everything has gone up significantly, extremely. "We got our monthly [diesel] bill for January, which is our biggest month, and it was up about 30 per cent on normal for our harvest period, and that really stood out. "We're struggling. We don't have that expendable cash at the end that we used to have.". See. Mangoes. Told you. And you thought I was going to make some stupid joke about mangoes, didn't you? Honestly as if I would do that? It's enough to make a mango crazy thinking about jokes like that. Anywayyyy. Mangoes and Mr Smith. I think this could well be a theme for 2022, ever rising ancillary costs and not a great deal that can be done about increasing the price of the thing you are actually producing, it doesn't matter whether it's a mango, a chocolate bar or a lawn mower, all end user products are facing increased costs to be produced and eventually this will be passed on. Of course, all this boils down to the very real threat of demand destruction, and in a world that is coming out of a pandemic this will need to be managed very carefully. POTUS is thinking along these lines too and he is actively in talks with energy producing nations to find a way to bring prices back down, indeed the first call of which happened yesterday with King Salman of Saudi Arabia. What do I think will happen here? My guess is that not a lot, really, but the fact that Biden is actively involved in trying to calm increasing energy prices may be enough for producers to try and increase production. The thing is however that OPEC+ have managed the supply situation so expertly over the last two years that even the President of the USA may not be enough to allow the group to change course on a policy that has worked very well since the pandemic began. Mr Smith the mango farmer? Hmm, here's the irony, perhaps OPEC+ listen to Mr Smith, more than they would to Mr Biden. Must be off, this tropical fruit diet isn't going to eat itself.

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Daily Energy Markets LIVE VIDEO PODCAST

SUNDAY /// FEB 13th /// 10:30AM (UAE)

"WEEK IN REVIEW // WEEK AHEAD OUTLOOK"

THAILAND

Dr. Xavier Chen
CEO, CN Innovation
President, Beijing Energy Club

UAE

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

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Daily Energy Markets INDUSTRY SURVEY

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44% Yes

56% No

Source: GI Research Feb 2022

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VIEWS YOU CAN USE

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Jose Chalhoub
Political Risk & Oil Analyst

How bad is the health of PDVSA?
Fifteen years ago, $90 barrel would have been very good news for PDVSA and Venezuela because our production cost per barrel was around $10 to $15. Now, costs are hovering over $35 and we're not producing enough - hardly reaching one million barrels per day. To recover our production, we need to get massive investments and loans from international institutions. PDVSA needs around $50 billion just to recover its oil refining sector, which is heavily damaged and has caused our gasoline shortages. We are getting a bit of relief from our swap deal with Iran where we get condensates and in exchange, send Iran heavy crude. But if Iran reaches a deal with the US, it could lose its incentive to keep on exporting condensates and oil to Venezuela.

Your view on new opportunities in other Caribbean countries?
There's a changing landscape in South America, such as in Guyana, but it needs to be careful with managing any inflow of money. Look at what's happened with resource nationalism in Venezuela in the last 15 years and Argentina has gone in the same direction. Petrobras in Brazil is having a significant recovery after years of corruption. Pemex in Mexico is now facing problems under Lopez Obrador, following a relatively important reform process under the previous administration for the last five or six years.

Should Chevron be able to get paid back its debt in Venezuelan oil cargoes?
If Washington moves ahead with that waiver, I think it would be a good idea. Chevron is one of the few international companies that remain here, and their facilities and security protocols are one of the best in the country. It has a very good reputation. ■

**Paraphrased comments*

Daily Energy Markets
Mashreq 60-SECOND SOUNDBITE

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Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

"How low would OPEC+ spare capacity need to reach to warrant definition as alarming?"

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Daily Energy Markets
Mashreq 60-SECOND SOUNDBITE

Consultancy Intelligence Publishing

Reem Shamseddine
Senior Correspondent
Zawya, Arabic

"The US doesn't have many options on the table to cool down oil prices"

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