ENERGY MARKETS FORUM DAILY BULLETIN

Consultancy Intelligence Publishing

WEDNESDAY /// JULY 7th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL DROPS SHARPLY AFTER OPEC CANCELS MEETING
2. OPEC+ STALEMATE RAISES PRICE VOLATILITY CONCERN
3. SAUDI RAISES AUGUST CRUDE OIL OFFICIAL SELLING PRICES FOR ASIA
4. BIDEN TEAM SPOKE TO SAUDIS, UAE ABOUT OPEC TALKS, OIL PRICES
5. US PULL-OUT FROM AFGHANISTAN '90 PER CENT COMPLETE'
6. CHINA SHOWS WORLD AN ALTERNATIVE PATH TO MODERN FUTURE
7. ASSET OWNERS MANAGING $6TRN CALL FOR GLOBAL CARBON PRICE
8. UAE: A HISTORY OF OPEC & OTHERS AT ODDS
9. PUBLIC FINANCES VULNERABLE TO SHOCKS AFTER COVID
10. OMAN: TOTAL LOCKDOWN TO BE IMPOSED DURING EID AL ADHA

Series Supported By:

RECOMMENDED VIDEOS & REPORTS

- HOW WILL EGYPT BE IMPACTED BY ETHIOPIA FILLING ITS GERD RESERVOIR?
- OPEC DISCORD COULD UNLEASH A NEW LEVEL OF VOLATILITY IN OIL MARKET
- CIRCULAR ECONOMY: MUST RETHINK PRODUCT DEVELOPMENT
- THERE IS ROOM IN THE WORLD FOR MANY MORE CRUDE OIL BENCHMARKS!

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NEW SILK ROAD LIVE PODCAST

Ali Al Riyami
Consultant & Former Director General of Marketing Ministry of Energy & Minerals, Oman

Matt Stanley
Director
Star Fuels

Kevin Wright
Lead Analyst APAC
Kpler

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NEW SILK ROAD LIVE

TOP 3

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TAKEAWAYS

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FX

The dollar benefitted from a general risk-off mood overnight with the DXY index adding almost 0.4% to 92.546. Lower UST yields do not appear to be a deterrent to drawing investors toward the dollar at the moment even if the mixed US data will affirm the Fed's still dovish commentary, if not necessarily its projections. Minutes from the FOMC will be released later tonight and will provide the next catalyst for the move in the dollar. Euro and sterling were among the main victims of the dollar's overnight rise. EURUSD fell 0.34% to 1.1824 while GBPUSD settled at 1.38, down 0.32%. USDJPY is performing its function as a risk-off relief, falling 0.3% overnight to 110.63. Commodity currencies were battered by the substantial move lower in raw materials overnight. USDCAD added almost 1% to settle at 1.2461 while AUD fell 0.44% to 0.7497% and NZD sank 0.23% after an initial pop higher at the start of trading.

Equities

Global equity markets were largely in the red at the close of yesterday. European stocks were among the biggest losers on the day, with the benchmark indices from the UK, Italy, France, and Germany all closing down between -0.8% and -1.0%. The composite STOXX 600 lost -0.5%. Despite the disruption to tech stocks in China, the Shanghai Composite lost a relatively muted 0.1% yesterday. In the US the tech-heavy NASDAQ shrugged off the issue with a climb of 0.2%, compared to losses of -0.2% for the S&P 500 and -0.6% for the blue-chip Dow Jones. Within the region the EGX 30 was a notable loser as it dropped -1.9%. The ADX lost -0.2%, the Tadawul -0.3%, and the DFM -0.7%.

Commodities

The uncertainty around the next steps from OPEC+ held markets on edge for much of the day before they pushed considerably lower midway through the day. Brent futures fell 3.4% to $74.53/bl while WTI sank 2.4% to $73.37/bl. The Biden administration has reportedly been discussing oil market issues with both Saudi Arabia and the UAE, likely to avoid prices moving much higher.

Source: Emirates NBD

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Capt. Salem Al Hamoudi
Director
Fujairah Oil Industry Zone

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Source: GI Research July 2021

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Mashreq 60-SECOND SOUNDBITE

Matt Stanley
Director
Star Fuels

"Stocks Will Draw and Draw Heavily Without OPEC+ Agreement!"

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ENERGY MARKETS FORUM

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Mashreq 60-SECOND SOUNDBITE

Ali Alriyami
Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman

"Without OPEC+ Agreement the Problem will be Huge!"

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Peter McGuire
Chief Executive Officer
XM Australia

What's at stake for the markets following the inconclusive OPEC meeting?
The overall momentum is to the upside due this brinkmanship being played out between the UAE and Saudi. It's been approaching $80 with a great degree of horsepower so we have very bullish undertones. NYMEX is at $76.70, closing in on Brent. The USD is still sitting at that 92.2 handle and there could be a little bit of softness there which could even push crude up a little higher. I won't be surprised to take the $80 handle out for Brent this week. Just two weeks ago, everyone thought this was possibly achievable and now we are almost there.

How can we still be bullish with six million barrels sitting on the sidelines?
There is admittedly a lot of hurt on main street within emerging economies and with inflation sitting where it is. Everything's up except wages. We're nearly at the tail end of a bull market but I don't expect a significant correction to the downside. We could strip out five or ten bucks.

How's Chinese demand looking for the second half of the year?
Chinese equity markets have been very bullish - we will see how Asia positions itself in the next two months or so. Global oil demand is set to increase considerably by about five million bd over the second half of the year versus the first half and China is probably at the top of the ladder. The demand picture is going to be fairly strong leading into 2022. The UK and Europe are also coming out of lockdown so overall, the next two quarters there are looking quite rosy unless we see this opening reversing. ■

**Paraphrased comments*