

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// SEP 22nd /// 2021

TOP 10 DAILY NEWS DIGEST

1. **US HOUSE PASSES BILL TO AVOID GOVERNMENT SHUTDOWN, SUSPEND DEBT LIMIT**
2. **FED TO REVEAL NEW PROJECTIONS WITH INVESTORS ON ALERT FOR RATE LIFTOFF TIMING**
3. **CHINA EVERGRANDE INCHES CLOSE TO DEFAULT DEADLINE, INVESTORS WAIT**
4. **IEA URGES RUSSIA TO RAMP UP GAS SUPPLY TO EUROPE**
5. **RUSSIA PROJECTS OIL OUTPUT NEAR POST-SOVIET HIGHS IN 2022**
6. **US INDUSTRIALS GROUP PUSHES FOR LIMITS ON US LNG EXPORTS IN WINTER**
7. **IRAN SAYS NUCLEAR TALKS WITH WORLD POWERS TO RESUME IN WEEKS**
8. **POTEN WARNS TANKER OWNERS ON LIMITED GROWTH PROSPECTS FOR CHINESE OIL DEMAND**
9. **OPEC TO STICK TO CURRENT PLAN, SAYS UAE ENERGY MINISTER**
10. **OECD UPS GLOBAL GROWTH FORECAST FOR NEXT YEAR, LOWERS 2021 OUTLOOK**

RECOMMENDED VIDEOS & REPORTS

- **CONOCOPHILLIPS CEO SEES PRE-COVID OIL DEMAND RETURNING IN MONTHS**
- **VANDA INSIGHTS: CRUDE EDGES HIGHER AS API REPORTS MAJOR US STOCK-DRAW**
- **“OIL MARKETS OVER-ESTIMATING SCALE OF OPEC+ IDLE SUPPLY”**

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PODCAST

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Narendra Taneja
India's Leading Energy Expert



Bora Bariman
Managing Partner
Hormuz Straits Partnership



Albert Stromquist
Principal
Lanstrom Advisors

Wednesday. Brent is trading this morning at \$75.37/bl up 1.01 and WTI is trading up 1.04 at \$71.53/bl. Yesterday I said that I hoped Will Young was reading. He never responded. Well, more fool you Mr Young! But today, in all seriousness, I truly hope that Greta Thunberg isn't reading. Even if she was though she'd send me a jolly well strongly worded letter and arrange a meeting for 6-8 weeks depending on sailing conditions. Anyway, I want to talk about not just oil today, but gas. Yes, that's right, gas. It's on everyone's thoughts at the moment and why is that? Well, we as a group seemingly take oil for granted, we use it, we consume it, we need it, yet we moan about carbon emissions. That's like complaining that



BY MATT STANLEY
DIRECTOR
STAR FUELS

you need to lose weight whilst being on a balanced diet of a cheeseburger in both hands. Oil and gas are linked. You drill for oil, you find gas, simples. Yet because gas is something we have to pay for on a monthly

basis, as soon as bills go up owing to a shortage of supply then Greta is placed in the back of the room with people screaming out "Forget about Greta for a moment, I want my roast dinner on a Sunday!". (The price of meat is increasing on the back of gas shortages as well. Just in case you didn't get the bovine Segway there). And this is the thing. We are in a position, (Europe especially) where the price of gas is up around 280pct this year. This is down to a number of factors but if you're an OPEC minister you are looking at this and almost saying "Well I told you so". Lack of investment in the fossil fuel space has, sadly? I'm not even sure on the adjective there, come home to roost and supply is running short and demand

coming into the winter season is increasing. Do we blame the push for renewable energy for this? No. That would be naïve and dangerously arrogant, but we do have to consider all scenarios here. Here's one to ponder and I thank the team at Eurasia for this, "Spain's cabinet this week passed emergency measures that redirect windfall profits mostly from renewable energy companies to consumers, effectively capping retail prices. That's an unusual cross-subsidy by green energy toward capping prices...". Hmmm. In the meantime, Brent hovers around \$75/bl as oil stocks continue to draw. Quite how long the positive outlook on oil can be carried by the supply curtailment can, is anyone's guess. (November). Just saying. Stats later. Good day.

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INDUSTRY SURVEY



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51%
Impact
Chinese economy

21%
Effect
Global economy

28%
Upheaval
will pass



Source: GI Research Sep 2021

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Robin Mills
Chief Executive Officer
Qamar Energy



How will Europe's current gas shortage impact oil markets?

Finally, gas and LNG are back in fashion. In 2019, the LNG industry was incredibly gloomy. We were talking about a glut then and now we are talking about a shortage. People are finally serious about building LNG plants again. The other side to this is China. It is also facing a gas, power, and coal crunch. They are competing for LNG supplies and are a big part of driving up the LNG price as much as it has. China is also getting short of coal because mining has been cut back due to safety and environmental reasons. As a result, the country is finding it hard to get ahead of coal ahead of the winter, which puts more pressure on LNG. This also indirectly puts pressure on oil. We are going to see more fuel oil burned in China, Japan, and countries that have been importing LNG, such as Pakistan and Kuwait. We are in a strange and unusual scenario where LNG prices are significantly more expensive than oil right now.

Will the US-Iran deal be resurrected in coming months?

The US' Biden administration had the opportunity right at the start to rejoin the deal on the terms originally agreed. They did not do that. They chose to negotiate, thinking things may change and perhaps Iran would be under more pressure. As a result, they missed their window. The Iranian elections came along with a new team and a new president in place. However, the Iranians have to do something. They cannot just sit there and accept US sanctions forever. The expectation is that there will be a deal of some kind, but the US is not showing any urgency for it at the moment. The Iranians also think they can wait it out for now. Their oil position has improved enough to take some of the pressure off. This could drag out for quite a while until this dynamic is broken. ■

**Paraphrased comments*

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