

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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THURSDAY /// JULY 8th /// 2021

TOP 10 DAILY NEWS DIGEST

- 1. OIL PRICES STABILISE AFTER LOSSES AS OPEC+ UNCERTAINTY LINGERS**
- 2. API REPORTS SEVENTH STRAIGHT INVENTORY DRAW**
- 3. US SHALE FIRMS HESITATE TO HEDGE MORE, DESPITE SURGE IN OIL PRICES**
- 4. SAUDI-UAE STILL AT IMPASSE AS RUSSIA STEPS IN TO RESCUE OPEC+ DEAL**
- 5. WHITE HOUSE DENIES ANY RESPONSIBILITY FOR HIGHER GAS PRICES**
- 6. CHINA-EU RAIL TRADE POSTS RECORD TRAFFIC VIA XINJIANG**
- 7. DELTA VARIANT UPENDS GOVERNMENTS' PLANS FOR LOCKDOWN EXITS**
- 8. HAITI PRESIDENT JOVENEL MOÏSE KILLED IN ATTACK AT HOME**
- 9. SAUDI ATC SEEKS FREE-ZONE IMPORT CLARITY**
- 10. FED KEEN TO BE 'WELL POSITIONED' TO ACT ON INFLATION**

RECOMMENDED VIDEOS & REPORTS

- CAN THE US KEEP CLEAN ENERGY JOBS WITHIN ITS BORDERS?**
- ETHIOPIA BUILDING UP FORCES ON WESTERN BORDER OVER 'NATIONAL THREAT'**
- VANDA INSIGHTS: CRUDE EXTENDS LOSSES, STARTING TO PRICE IN UAE EXIT FROM OPEC+**
- FUJAIRAH SAW RECORD THROUGHPUT MONTH-ON-MONTH IN FIRST HALF OF 2021**

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NEW SILK ROAD **LIVE** **PODCAST**



Richard Redoglia
Chief Executive Officer
Matrix Global Holdings



Vandana Hari
Founder & CEO
Vanda Insights



Narendra Taneja
India's Leading Energy Expert

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NEW SILK ROAD **LIVE**

TOP 3

THURSDAY /// JULY 8th

TAKEAWAYS

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Brent is trading this morning at \$73.22/bl, down 0.21/bl. WTI is trading at \$71.93/bl, down 0.27/bl. Robert Louis Stevenson once said, "Everybody sooner or later sits down to a banquet of consequences". Well, feast away because OPEC+ is dishing up roasted confusion served with a side of no statement drizzled with a jus mostly made out of belligerence. The market does not seem to like the fact that no official statement from OPEC+ is a good thing. Sure, there won't be as



BY MATT STANLEY
DIRECTOR
STAR FUELS

much oil in August as the market hoped for, but everyone is looking beyond that. The longer that we do not hear of a resolution seemingly

between the UAE and Saudi Arabia, the longer the market assumes that taps will be opened. Here is the thing: EIA data later today will more than likely show sizable draws of both crude oil and gasoline. The first week of July, the first week of the second half of the year, and this draw on products proves the forecasters right that demand is indeed getting better in the second half. This is bullish. No? Wrong. Here is why. I think if stats show draws, there will be an immediate spike before the market says, "hang

on, demand is picking up, that means we need more oil, more oil!?!? no" and bosh down we go. So, we find ourselves in the extraordinary position of positive news being negative. Bear in mind that for the last year or so, it has been the other way - negative economic news was positive: "NFPs much lower than forecast". Excellent news! More free money! And up we went. Now? It is the other way. And it does not sit well with a transitory inflation argument the Fed is banging on about either.

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

Vandana Hari
Founder & CEO
Vanda Insights

***"Should OPEC+ Couple
Supply Increase with an
Extension of Agreement?"***

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

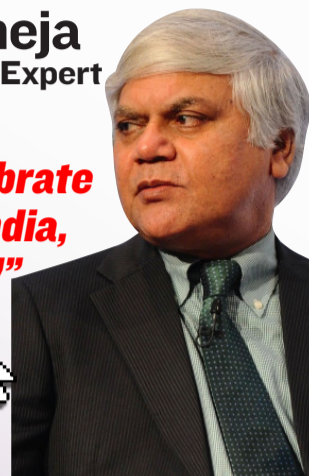
Narendra Taneja
India's Leading Energy Expert

***"It is Rare We Celebrate
Traffic Jams in India,
But we do Now!"***

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

Kevin Wright
Lead Analyst APAC
Kpler



Is there an urgency for OPEC to address the post April 2022 period?

The world is looking at Brent now in the high \$70s and refiners, in this region in particular, and traders, are looking at the uncertainty and raised volatility in the market. The biggest indicator of where we're going to go is the current spat between the UAE and Saudi Arabia. I do think prudence will come to the fore but until that gets resolved, we're going to see the volatility continue.

Is OPEC disagreement causing concern in Asia on pushing prices higher?

There's a lot of noise about Chinese refining margins potentially coming under pressure and they already are because of weak gasoil and jet fuel margins especially. But we're still seeing relatively stable import numbers into China of around 9.6 - 9.7 million barrels per day.

What's the outlook for global refinery margins?

We've got a real problem with the oversupply of middle and heavy distillates in Asia but on the other side of the world - looking at US gasoline cracks for example that were at \$25/bl - those are the highest we've seen in years. Margins in Asia are going to continue to struggle, and I think that's going to be the case for Europe as well. We also have the complexity and scale of the refineries that have been built in Asia in the last 10 or 20 years; when you compare that with those around the Med and NW Europe, you're going to see margins in Europe coming under pressure much more quickly and therefore run rates getting trimmed while Asian refineries in countries like Korea, China and India, are going to try and carry on running as long as they can.

How disruptive is China's structural management of its products market?

The tax changes on imports are going to have a big impact on the balances in Asia, including in China, because all of a sudden, that LCO flow that was going from Korea in particular to the Chinese refineries, suddenly stops, and you lose the surpluses. That could start to be more supportive for products like gasoil in the region. ■

**Paraphrased comments*

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