

# ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// AUG 4<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL SETTLES LOWER IN VOLATILE TRADE ON WORRIES ABOUT DELTA VARIANT
2. LIBYA: SHELL CONSIDERS RESUMING ACTIVITIES IN COUNTRY
3. WILL BIDEN'S INFRASTRUCTURE PLAN THREATEN THE US OIL INDUSTRY?
4. WITH GAS PRICES HIGH, BIDEN TELLS OPEC: OIL FOR THEE, BUT NOT FOR ME
5. IRAN WARNS OF RESPONSE IF SECURITY THREATENED AFTER SHIP ATTACK -TV
6. INDIA PUSHES BACK ON CALLS TO SET NET-ZERO TARGET AHEAD OF COP26
7. UK NAVAL MONITOR REPORTS POTENTIAL HIJACK IN ARABIAN SEA
8. VENEZUELA'S OIL EXPORTS UP IN JULY, FUELED BY SHIP-TO-SHIP TRANSFERS
9. US STILL SHOWING STRONG APPETITE FOR RUSSIAN OIL DESPITE TENSE GEOPOLITICS
10. INDIA'S JULY GASOLINE SALES ABOVE PRE-PANDEMIC LEVELS -PRELIM DATA

### RECOMMENDED VIDEOS & REPORTS

- COAL REPLACES OIL AS MAIN TARGET FOR ACHIEVING CLIMATE GOALS
- SOLID US FACTORY ORDERS, BUSINESS SPENDING ON EQUIPMENT POINT TO ENDURING MANUFACTURING STRENGTH
- API: CRUDE -0.879M CUSHING +0.659M GASOLINE -5.751M DISTILLATE -0.717M
- TSA CHECKPOINT TRAVEL NUMBERS (CURRENT YEAR VERSUS PRIOR YEAR(S)/SAME WEEKDAY)
- QANTAS IDLES 2,500 MORE STAFF AS COVID-19 CUTS DOMESTIC FLIGHTS

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### NEW SILK ROAD LIVE PODCAST



**Richard Redoglia**  
Chief Executive Officer  
Matrix Global Holdings



**Frank Kane**  
Senior Business Columnist  
Arab News



**Rustin Edwards**  
Head, Fuel Oil Procurement  
Euronav NV

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### NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Brent is trading this morning down 0.04/bbl, at \$72.37/bbl. WTI is trading at \$70.34/bbl, down 0.22/bbl. Hmm. Hmmmm. An interesting day yesterday in the oil markets. "A volatile day" as it has been coined by some journo's and they would indeed be right. At one point yesterday the gloves were off with Brent trading at \$71.05/bbl and WTI trading at \$69.19/bbl, below that crucial \$70/bbl mark. Was there any specific reason for this drop in prices? Let's bear in mind last Friday Brent was trading at \$76.38/bbl at one point - a drop of 7% in less than a week. I mean let's throw the positive side out there as to why Brent was up to those dizzy heights last week - demand in



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

certain places is good, excellent in fact. And if you fancy a drive from San Diego to Napa Valley for your holiday this year then you'd better have booked in early because good luck finding

a hotel room. Also, I hope you have your stimulus check with you because you'll need it with where gas prices are. OK, other side of the coin? Let's say you fancy a drive from Singapore to Port Dickson in Malaysia for your summer holiday. Good luck with that, because you can't. Because the borders are closed. Domestic tourism is looking good and getting close to offsetting the drop in jet fuel demand owing to international borders being shut but the threat that the delta variant of Covid-19 offers is looking to choke off that saviour and nowhere more is this being evidenced than in China. We're in peak tourism season and authorities in China are

imposing strict measures owing to outbreaks. Inevitably this will have an impact on energy demand and China last year were the saviour, coming out of the pandemic first and showing how resilient their economy is. However, a raft of data from China points to an economy that is slowing down and if you compound this with renewed lockdowns owing to the delta variant then you are left with a market that is concerned, hence the 7% drop in flat price. Stats will be key this week from the EIA to provide an olive branch of hope that demand in the US remains strong, but any builds on products then \$70/bbl could seem a distant memory for a barrel of Texas' finest.

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**INTERVIEW SERIES**

**Vladimir Langhamer**  
Managing Director  
Supply & Trading  
OMV



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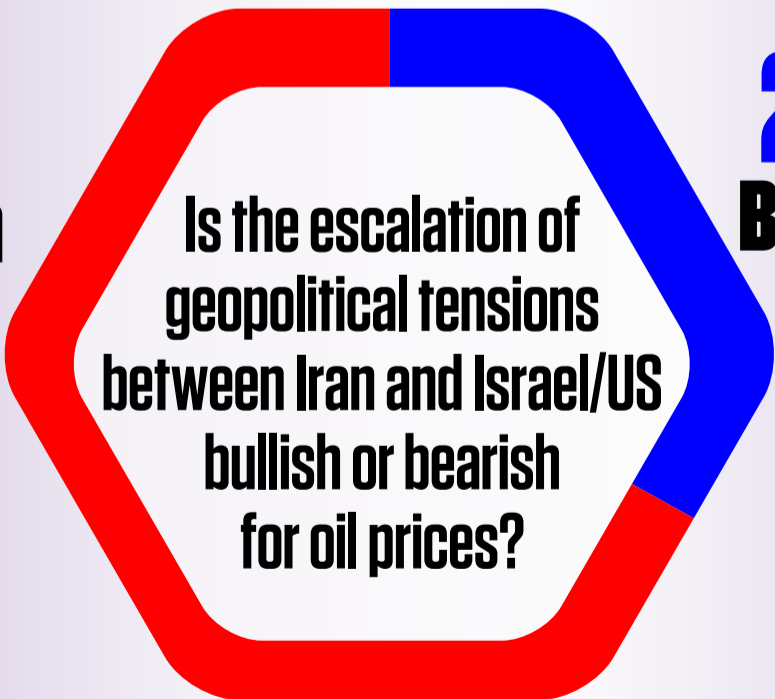
DAILY ENERGY MARKETS FORUM  
**INDUSTRY SURVEY**



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**76%**  
**Bullish**

**24%**  
**Bearish**



Source: GI Research July 2021

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

### Richard Redoglia

Chief Executive Officer  
Matrix Global Holdings

**“Oil market structure  
tells you this market is  
still in a relatively strong  
upward trend”**

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

### Frank Kane

Senior Business Columnist  
Arab News

**“Outlook for Saudi  
Aramco's Half-Year  
Earnings?”**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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### EXCLUSIVE SERIES VIEWS YOU CAN USE

#### Mike Muller

Head  
Vitol Asia



##### What is your Outlook for Chinese Oil Demand?

I think the underlying demand in China is there. It's just a question of how it plays out in terms of oil inventories because they've done another thing in terms of market intervention -- they've released oil from the strategic stockpile. We believe that the Chinese Strategic Petroleum Reserve will see a draw of 25 to 30 million barrels of oil in the 4th quarter of this year, which at some point will need to be replenished because the economy is still growing. In the long run, one assumes that the SPR oil will need to be put back, especially if strategic petroleum reserves are being held for strategic reasons. I think that we should not make more of these headwinds we're seeing out of China unless we get more definitive data on the economy. I believe all the measures, sanctions and import quotas not being granted are more temporary in nature. China's growth is irrepressible. It will continue to point north and that will manifest itself in stock draws and ultimately in stronger demand.

##### What impact will the Delta Variant have on oil demand?

I think we need to watch road transport data in places like the US where you can't apparently find a hotel room for love or money right now, especially in the National Parks. Let's also keep an eye on Asian demand and how Asia, which seems to be peaking right now on the case count, even in those countries which seem to have a real struggle in controlling things, such as Indonesia. It looks like the worst news is already beyond us unless there's another variant that's even more contagious than Delta getting out there. Most analysts have taken a few 100,000 barrels a day off Asian demand for the month of July and August as a consequence of lockdowns in places like Malaysia, Indonesia, and individual cities such as Brisbane and Sydney

##### What is your Outlook for the Saudi September OSPs?

The Saudi OSPs are due out at the end of this week, and consensus is that they will be a little on the hawkish side because they want to mirror the fact that they're withholding supply from the market. There's a view that maybe it's time to start letting loose. So, whilst many peoples' economic models predict that they can put their Arab Light and Arab Extra Light premium up by 50 cents or more -- there's a view that they won't do so or they ought not do so in order to not send the wrong message at a time that more OPEC and OPEC+ oil is coming into the market and that people opt for the spot barrels that are available on the on the IFAD and the DME in the case of Murban or Oman, instead of instead of Saudi grades. ■

*\*Paraphrased comments*

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