

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// DEC 8th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL EDGE LOWER AS INVESTORS TRY TO ASSESS OMICRON'S FULL IMPACT

2. API: OIL INVENTORIES FALL BY 3.1MN BLS LAST WEEK

3. GLOBAL LNG EXPORTS HIT EIGHT-MONTH HIGH

4. EU GAS FUTURES SOAR AS US WEIGHS SANCTIONS AGAINST RUSSIA

5. IRAQ OIL MINISTER CALLED OIL AT \$75

6. CHINA COULD CAUSE THE NEXT MASSIVE CRASH IN OIL PRICES

7. GLOBAL TRADING GIANT GLENCORE TO CLOSE THREE AUSTRALIAN COAL MINES

8. EIA: INCREASED OIL PRODUCTION TO CONTRIBUTE TO LOWER PRICES IN 2022

9. PFIZER SAYS OMICRON APPEARS Milder BUT SPREADS FASTER

10. EU MARKETS CLOSE SHARPLY HIGHER AS OMICRON FEARS RECEDE

RECOMMENDED VIDEOS & REPORTS

- US TO LAUNCH STRONG ECONOMIC MEASURES SHOULD RUSSIA INVADE UKRAINE
- EIA REPORTS NATIONAL DIESEL AVERAGE TRENDS DOWN FOR THIRD STRAIGHT WEEK
- PETROBRAS CLOSES SALE OF 3 OIL-FIRED POWER PLANTS
- "CRASH OR NORMAL REVERSION - CRUDE OIL MACRO IMPLICATIONS?"

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NEW SILK ROAD

PODCAST



Peter McGuire
Chief Executive Officer
XM Australia



Vandana Hari
Founder & CEO
Vanda Insights



Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

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NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// DEC 8th

TAKEAWAYS

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Welcome to Wednesday! Festive party season is in full swing, as are those PCR test bookings. Right, oil. Brent is trading this morning down \$75.01/bl down 0.43 and WTI is trading at \$71.45/bl down 0.60. Today's cracker. And I'm sure Greta will find this funny. Why is Santa banned from coming down the chimney this year? His carbon footprint is too big. Ooooh witty and cleva. Seeee? Back to other nonsense - this oil market. So, here we are, with Brent back trading at \$75/bl after hitting a low last Thursday of \$65.72/bl, granted we closed at \$69.67/bl but still, impressive. Look, I think the sell off last week was overdone, but we have clawed back 50pct of those losses over the last few



BY MATT STANLEY
DIRECTOR
STAR FUELS

days. Today we seem to be taking a pause. Fundamentally I cannot attribute much to said rally, apart from some technical levels kicking in and market confidence that things won't drop much lower than

\$65/bl save you those OPEC+ naysayers. Are the group happy with \$75/bl? I'd argue yes, all day long. Are US oil producers happy with WTI above \$70/bl, again, mine, all day long. Can those two live in harmony? Whoahhh there Nessie, slow down. I don't even know if that argument exists anymore if I'm honest. Do OPEC+ see the US oil industry as a threat any longer? Are monthly Saudi OSP's enough of a hedge for the group to offset a threat from US oil producers? Hmm, this is one to think about and it will certainly be interesting to see what happens next year if the market flips in to a surplus but OPEC+ are there to defend oil prices. And this I think will be the theme of 2022. 2020

was the Year of Pants. Because it really was just pants. 2021 has been the Year of recovery, and nobody can argue with that. 2022 is going to be the Year of Adjustment. Not least because the UAE will be on a Monday to Friday working week (what happens to my midweek golf membership I hear you ask?!?) but one where balance sheets of oil producers have consolidated, now they have to look to the future. Investment in fossil fuels really will be front and centre over the coming months so this is one to keep an eye on. Anyway, forget what next year may hold, let's see what today brings and EIA data. \$75/bl is nice, let's see if Brent can hold on to it. Good day.

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HALF-TIME TALK INTERVIEW SERIES

*“China’s Annual Oil Imports Decline
for First Year in Decades”*

Clyde Russell

*Asia Commodities & Energy Columnist
Thomson Reuters*

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FULL INTERVIEW**



DAILY ENERGY MARKETS FORUM INDUSTRY SURVEY



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**75%
Bullish**



**25%
Bearish**

Source: GI Research Dec 2021

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NEW SILK ROAD

EXCLUSIVE SERIES VIEWS YOU CAN USE

Wael Mahdi

**Senior Business Editor & Head of Business Section
Arab News**



Your take on the shuttle diplomacy in the region this week?

The Gulf is trying to reorganize itself. This is a trend we have seen since the end of last year with the return of the relationship between Saudi Arabia and Qatar. The kingdom is setting itself targets to develop its relationships and there's a big push to make all these things happen at a faster pace. One reason is the Iranian nuclear talks - the Crown Prince visit to Oman is a signal that Saudi is reaching out to those who have a good relationship with Iran. It wants to contain any negative development. It also wants to improve its relations with other regional players like Turkey. In tandem, we have a Biden administration in the US which does not have such a strong relationship with the GCC.

What impact does this have on the oil price and regional economies?

The Saudis have come to the realization that for oil market security to be sustainable, the geopolitical situation must also be sustainable. At the end of the day, the whole project Saudi Arabia is working on is economic. They want to invest abroad and encourage inward investment to the kingdom. They can't do megaprojects like the one on the Red Sea, if the area is tense politically. The best way is through economic cooperation.

How dependent are these economic plans on a certain oil price level?

The Saudi economy had a budget surplus in the third quarter, the first time since 2019, and it is expecting a surplus in 2022. It's managing its budget well with a more diversified income. Taxation is playing a big part in the increase of non-oil revenues. The crackdown on corruption has returned 250 billion Saudi riyals to the state. Commodities are doing well as is its stock market. Thirty companies listed this year, with strong interest from foreign investors. The last IPO for ACWA Power attracted \$300 plus billion - that's almost half of the country's GDP.

Were you surprised at the OPEC decision last week?

For OPEC to change course, there has to be a long-term risk factor such as an expected 10% drop in demand for example. These ingredients are not there today. Let's also remember that reaching this current deal and

**Paraphrased comments*

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Mashreq 60-SECOND SOUNDBITE

Peter McGuire
Chief Executive Officer
XM Australia

**"If you are a crude oil
trader you probably
want to buy into Santa
Claus rally!"**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing

Mashreq 60-SECOND SOUNDBITE

Vandana Hari
Founder & CEO
Vanda Insights

**"Saudi/OPEC+ sent a
signal to the market
that they are not that
scared of demand
weakness"**

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