ENERGY MARKETS FORUM DAILY BULLETIN

Consultancy Intelligence Publishing

SUNDAY /// SEP 2nd /// 2021

DAILY OIL COMMENTARY

"Iranian Fuel Cargoes Won't Solve Lebanon's Power Crisis!"

Laury Haytayan, MENA Director, Natural Resource Governance Institute

Lebanon's current fuel crisis is a consequence of the mismanagement by the country's political class for decades. The current absence of gasoline, diesel and fuel for electricity generation in Lebanon is due to a shortage of available US dollars to purchase the necessary cargoes on the international markets – the political elite have embezzled government coffers for years to the point where they are now practically empty. The country is now waiting for handouts from Iran, which is sending fuel shipments to Lebanon through its affiliate in Beirut, Hezbollah. They are supposedly coming to rescue the country from the brink of collapse, yet we still don't know how this product will be used or what the price it will be sold at. In any case, the Iranian shipments will simply deliver a temporary solution for the country. It is clear that special business interests are at play, which is why they're able to bring the fuel in to the country without going through the oversight and financial facilities of the Lebanese central bank – Banque du Liban.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

Consultancy Intelligence Publishing

PODCAST

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TOP 3

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TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. US OIL & GAS OPERATORS RE-STAFFING OFFSHORE PLATFORMS
2. BAKER HUGHES: US OIL RIG COUNT FALLS THE MOST SINCE JUNE 2020
3. GLOBAL MOBILITY AT POST-PANDEMIC HIGH AS CONCERNS EASE OVER DELTA
4. DELTA VARIANT'S SPREAD HAMPERS LABOR DAY AIR TRAVEL
5. GM TO CUT NORTH AMERICAN PRODUCTION, CITING CHIP SHORTAGE
6. US ADDED ONLY 235K NONFARM JOBS IN AUG, MISSING FORECASTS BY A MILE
7. 'STAGFLATION' TRADES BOOM AS INVESTORS FLEE US DEBT
8. HURRICANE IDA REVERSED THE FLOW OF THE MISSISSIPPI RIVER
9. OUTCRY OVER UAE RAW ANIMAL FEED MATERIAL EXPORTS
10. INDIA'S SERVICE ACTIVITY GROWS AT FASTEST PACE IN 18 MONTHS

RECOMMENDED VIDEOS & REPORTS

- OIL ENDS LOWER ON WEAKER-THAN-EXPECTED US JOBS DATA
- UTILITIES ACROSS ASIA, MIDEAST TURN TO HIGH-SULFUR FUEL OIL AS LNG PRICES BITE
- BELGIUM CREATES GARBAGE HIGHWAY FOR FLOOD VICTIMS' WASTE
- US CLIMATE MESSAGE DOES NOT IMPRESS CHINA
- CHINA TO BAN CELEBRITIES WITH 'INCORRECT' POLITICS
- US BUREAU OF LABOR STATISTICS: EMPLOYMENT SITUATION SUMMARY

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Mashreq 60-SECOND SOUNDBITE

Jorge Montepeque

President & Founder
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"Oil Inventory Destruction keeps on Growing Globally!"

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Mashreq 60-SECOND SOUNDBITE

Christof Rühl

Senior Research Scholar -
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"US Jobs number was low but still reported rise in hourly wages"

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NEW SILK ROAD

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Randall Mohammed
Former VP, Energy Solutions
Ahart Solutions International

How has the hurricane in the Gulf of Mexico impacted oil markets?
The task now is damage assessment and recovery. My understanding is that up to 2.3 million barrels per day of refining capacity and about 1.7 million bd of oil production have been shut because of the storms. About 288 rigs have been evacuated and there have been power outages and floodwater and wind damage to the refineries. It's going to take several weeks to recover those operations and we've lost several hundred, if not thousands, of kilometers of transmission and distribution facilities.

The outlook is that US inventories will continue to draw down?
I expect to see more drawdowns as we go forward – it's also going to take a couple of weeks before we can bring that Gulf of Mexico production back online. US production has moved incrementally from 11 million to 11.2 million barrels per day and that's largely because of the reduction in drilled but uncompleted wells. My forecast is that it won't increase by as much as some analysts may expect, even with these higher prices. US producers are still bent on maintaining cost discipline and returning shareholder capital, and they have done a good job thus far. We will see that continue through the fourth quarter and into the new year.

Is the high rate of Covid cases in the US deterring economic recovery?
Mobility is back. People are back in school, back in their cars, which is a good sign for oil demand. But the US has a long way to go in terms of vaccination. It's still at around 56% and nowhere near the 70% that President Biden wanted to get to. But the $1.2 trillion infrastructure deal will I think go through and so will the $3.5 trillion deal. It was no surprise to me that Fed Chairman Powell was quite dovish at the Jackson Hole meeting last week. His strategy continues to be to reduce unemployment and try to maintain a growth trajectory. ■

**Paraphrased comments*